

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35777

**Rithm Capital Corp.**

(Exact name of registrant as specified in its charter)

|  |                                      |    |       |
|--|--------------------------------------|----|-------|
| Delaware   | 45-3449660                           |    |       |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |    |       |
| 799 Broadway   | New York                             | NY | 10003 |
| (Address of principal executive offices)                       | (Zip Code)                           |    |       |
| (212) 850-7770   |                                      |    |       |
| (Registrant's telephone number, including area code)           |                                      |    |       |

None

(Former name, former address and former fiscal year, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

| <u>Title of each class:</u>  | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered:</u> |
|--|--------------------------|---|
| Common Stock, \$0.01 par value per share                                     | RITM                     | New York Stock Exchange                           |
| 7.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock  | RITM PR A                | New York Stock Exchange                           |
| 7.125% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | RITM PR B                | New York Stock Exchange                           |
| 6.375% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | RITM PR C                | New York Stock Exchange                           |
| 7.00% Fixed-Rate Reset Series D Cumulative Redeemable Preferred Stock        | RITM PR D                | New York Stock Exchange                           |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

**Common stock, \$0.01 par value per share: 519,732,422 shares outstanding as of November 1, 2024.**

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Such forward-looking statements relate to, among other things, the operating performance of our investments, the stability of our earnings, our financing needs and the size and attractiveness of market opportunities. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "plan," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations, cash flows or financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently limited. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results, activities and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results.

Our ability to implement our business strategy is subject to numerous risks, and the following is only a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. The following should be read in conjunction with the more complete discussion of risk factors we face, which are set forth under Part I, Item 1A. "Risk Factors" in our Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2023 filed with the US Securities and Exchange Commission on August 12, 2024 (such amendment, the "Amended 2023 Form 10-K/A"), as well as under Part II, Item 1A. "Risks Factors" included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. These risks include, among others:

- our ability to successfully operate our business strategies and generate sufficient revenue;
- reductions in the value of, cash flows received from or liquidity surrounding, our investments, including the valuation methodologies used for certain assets in our funds, which are based on various assumptions that could differ materially from actual results;
- changes in general economic conditions, including a general economic slowdown or severe recession in our industry or in the commercial finance, asset management and real estate sectors, including the impact on the value of our assets or the performance of our investments;
- our reliance on and counterparty concentration and default risks in, the servicers and subservicers we engage ("Servicing Partners") and other third parties;
- the risks related to our origination and servicing operations, including, but not limited to, compliance with applicable laws, regulations and other requirements; significant increases in loan delinquencies; compliance with the terms of related servicing agreements; financing related to servicer advances, mortgage servicing rights ("MSRs") and our origination business; expenses related to servicing high risk loans; unrecoverable or delayed recovery of servicing advances; foreclosure rates; servicer ratings; and termination of government mortgage refinancing programs;
- competition within the finance, real estate and asset management industries;
- interest rate fluctuations and shifts in the yield curve;
- changes in interest rates and/or credit spreads, as well as the risks related to the success of any hedging strategy we may undertake in relation to such changes;
- the impact that risks associated with residential mortgage loans, including subprime mortgage loans, and consumer loans, as well as deficiencies in servicing and foreclosure practices, may have on the value of our MSRs, excess mortgage servicing rights ("Excess MSRs"), servicer advance investments, residential mortgage-backed securities ("RMBS"), residential mortgage loans and consumer loan portfolio;
- the risks that default and recovery rates on our MSRs, Excess MSRs, servicer advance investments, servicer advance receivables, RMBS, residential mortgage loans and consumer loans deteriorate compared to our underwriting estimates;
- changes in prepayment rates on the loans underlying certain of our assets, including, but not limited to, our MSRs or Excess MSRs, as well as the risk that projected recapture rates on the loan pools underlying our MSRs or Excess MSRs are not achieved;

- servicer advances may not be recoverable or may take longer to recover than we expect, which could cause us to fail to achieve our targeted return on our servicer advance investments or MSRs;
- cybersecurity incidents and technology disruptions or failures;
- our dependence on counterparties and vendors to provide certain services and the risks related to the exposure to counterparties that are unwilling or unable to honor contractual obligations, including their obligation to indemnify us, keep our information confidential or repurchase defective mortgage loans;
- the mortgage lending and origination- and servicing-related regulations promulgated by the Consumer Financial Protection Bureau, as well as other federal, state and local governmental and regulatory authorities and enforcement of such regulations;
- risks related to our Asset Management business, which includes Sculptor Capital Management, Inc. ("Sculptor") and Sculptor's funds, including, but not limited to, redemption risk, market risk, historical return-related risk, risks related to investment professionals, leverage risk, diligence risk, liquidity risk, risks related to the liquidation of the funds and loss of management fees, valuation risk, risks related to minority investments, foreign investment risk, regulatory risk, risks related to hedging, risks related to conflicts of interest and risk management and investment strategy risk;
- our ability to realize the anticipated benefits of the acquisition of Sculptor and the acquisition of Computershare Mortgage Services Inc. ("Computershare") and certain affiliated companies, including Specialized Loan Servicing LLC;
- risks associated with our Genesis Capital LLC ("Genesis") business, including, but not limited to, borrower risk, risks related to short-term loans and balloon payments, risks related to construction loans and concentration risk;
- risks associated with our single-family rental ("SFR") business, including, but not limited to the impact of seasonal fluctuations, regulations of the SFR industry, significant competition in the leasing market for quality residents and fixed costs related to the SFR industry, such as increasing property taxes, homeowners' association ("HOA") fees and insurance costs;
- risks related to the operations of our subsidiaries that are registered as a registered investment adviser under the Advisers Act of 1940, including Sculptor and RCM GA Manager LLC ("RCM Manager"), which may impose limits on our operations;
- risks associated with our management of Great Ajax Corp. ("Great Ajax"), including, but not limited to, conflicts of interest related to RCM Manager's, and members of our senior management's, obligations to Great Ajax and termination of RCM Manager as the manager of Great Ajax and the loss of incentive income therefrom;
- our ability to maintain our exclusion from registration under the Investment Company Act of 1940 and limits on our operations from maintaining such exclusion;
- our ability to maintain our qualification as a real estate investment trust ("REIT") for the United States of America ("US") federal income tax purposes and limits on our operations from maintaining REIT status;
- risks related to the legislative/regulatory environment, including, but not limited to, the impact of regulation of corporate governance and public disclosure, changes in regulatory and accounting rules, US government programs intended to grow the economy, future changes to tax laws, regulatory supervision by the Financial Stability Oversight Council, the federal conservatorship of the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, "GSEs") and legislation that permits modification of the terms of residential mortgage loans;
- the risk that actions by the GSEs, Government National Mortgage Association ("Ginnie Mae") or other regulatory initiatives or actions may adversely affect returns from investments in MSRs and Excess MSRs and may lower gain on sale margins;
- risks associated with our indebtedness, including, but not limited to, our senior unsecured notes and related restrictive covenants and non-recourse long-term financing structures;
- our ability to obtain and maintain financing arrangements on terms favorable to us or at all, whether prompted by adverse changes in financing markets or otherwise;
- increased focus related to environmental, social and governance issues, including, but not limited to, climate change and related regulations, and any impact such focus could have on our reputation;
- impact from any of our current or future acquisitions and our ability to successfully integrate the acquired assets, entities, employees and assumed liabilities;

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- the impact of current or future legal proceedings and regulatory investigations and inquiries involving us, our Servicing Partners or other business partners;
- adverse market, regulatory or interest rate environments or our issuance of debt or equity, any of which may negatively affect the market price of our common stock;
- our ability to consummate future opportunities for acquisitions and dispositions of assets and financing transactions;
- our ability to pay distributions on our common stock;
- dilution experienced by our existing stockholders as a result of the conversion of the preferred stock into shares of common stock or the vesting of performance stock units and restricted stock units or other compensatory securities;
- risks related to our ability to maintain effective internal control over financial reporting, including our ability to remediate any existing material weakness and the timing of any such remediation; and
- risks related to the restatement of our consolidated financial statements included in our Amended 2023 Form 10-K/A and our Amendment No. 1 to our Quarterly Report on Form 10-Q/A for the period ended March 31, 2024, including, but not limited to, regulatory, stockholder or other actions, loss of investor and counterparty confidence and negative impact on our stock price.

We also direct readers to other risks and uncertainties referenced in this report, including those set forth under Part I, Item 1A. "Risk Factors" in our Amended 2023 Form 10-K/A and under Part II, Item 1A. "Risks Factors" included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. We caution that you should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statement, whether written or oral, that we may make from time to time, whether as a result of new information, future events or otherwise.

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#### **SPECIAL NOTE REGARDING EXHIBITS**

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about Rithm Capital Corp. (the "Company," "Rithm Capital" or "we," "our" and "us") or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements proved to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Quarterly Report on Form 10-Q and the Company's other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

The Company acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading.

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RITHM CAPITAL CORP.  
FORM 10-Q

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(dollars in thousands, except share data)

|   | <b>September 30, 2024</b> |                      |                          |
|---|---------------------------|----------------------|--------------------------|
|   | <b>(Unaudited)</b>        |                      | <b>December 31, 2023</b> |
| <b>Assets</b>   |                           |                      |                          |
| Mortgage servicing rights and mortgage servicing rights financing receivables, at fair value  | \$ 9,300,989              | \$ 8,405,938         |                          |
| Government and government-backed securities (includes \$10,110,166 and \$8,533,130 at fair value, respectively)                                   | 10,134,897                | 8,557,683            |                          |
| Residential mortgage loans, held-for-investment, at fair value  | 378,032                   | 379,044              |                          |
| Residential mortgage loans, held-for-sale (includes \$3,115,934 and \$2,461,865 at fair value, respectively) <sup>(A)</sup>                       | 3,185,873                 | 2,540,742            |                          |
| Consumer loans, held-for-investment, at fair value <sup>(A)</sup>   | 805,577                   | 1,274,005            |                          |
| Single-family rental properties   | 1,040,645                 | 1,001,928            |                          |
| Mortgage loans receivable, at fair value  | 1,869,852                 | 1,879,319            |                          |
| Residential mortgage loans subject to repurchase  | 2,409,992                 | 1,782,998            |                          |
| Cash and cash equivalents <sup>(A)</sup>  | 1,639,539                 | 1,287,199            |                          |
| Restricted cash <sup>(A)</sup>  | 306,533                   | 378,048              |                          |
| Servicer advances receivable  | 2,726,103                 | 2,760,250            |                          |
| Reverse repurchase agreement  | —                         | 1,769,601            |                          |
| Other assets (includes \$2,326,514 and \$2,005,782 at fair value, respectively) <sup>(A)</sup>  | 4,162,513                 | 3,948,852            |                          |
| <i>Assets of Consolidated CFEs<sup>(A)</sup>:</i>   |                           |                      |                          |
| Investments, at fair value and other assets   | 4,315,417                 | 3,751,477            |                          |
| <b>Total Assets</b>   | <b>\$ 42,275,962</b>      | <b>\$ 39,717,084</b> |                          |
| <b>Liabilities and Equity</b>   |                           |                      |                          |
| <b>Liabilities</b>  |                           |                      |                          |
| Secured financing agreements <sup>(A)</sup>   | \$ 15,357,630             | \$ 12,561,283        |                          |
| Secured notes and bonds payable (includes \$197,234 and \$235,770 at fair value, respectively) <sup>(A)</sup>                                     | 9,410,773                 | 10,360,188           |                          |
| Residential mortgage loan repurchase liability  | 2,409,992                 | 1,782,998            |                          |
| Unsecured notes, net of issuance costs  | 1,200,791                 | 719,004              |                          |
| Treasury securities payable   | —                         | 1,827,281            |                          |
| Dividends payable   | 150,393                   | 135,897              |                          |
| Accrued expenses and other liabilities (includes \$560,312 and \$51,765 at fair value, respectively) <sup>(A)</sup>                               | 2,357,516                 | 2,065,761            |                          |
| <i>Liabilities of Consolidated CFEs<sup>(A)</sup>:</i>  |                           |                      |                          |
| Notes payable, at fair value and other liabilities  | 3,637,458                 | 3,163,634            |                          |
| <b>Total Liabilities</b>  | <b>34,524,553</b>         | <b>32,616,046</b>    |                          |
| <b>Commitments and Contingencies (Note 25)</b>  |                           |                      |                          |
| <b>Equity</b>   |                           |                      |                          |
| Preferred stock, \$0.01 par value, 100,000,000 shares authorized, 51,964,122 issued and outstanding, \$1,299,104 aggregate liquidation preference | 1,257,254                 | 1,257,254            |                          |
| Common stock, \$0.01 par value, 2,000,000,000 shares authorized, 519,732,422 and 483,226,239 issued and outstanding, respectively                 | 5,197                     | 4,833                |                          |
| Additional paid-in capital  | 6,513,768                 | 6,074,322            |                          |
| Retained earnings (accumulated deficit)   | (177,658)                 | (373,141)            |                          |
| Accumulated other comprehensive income  | 57,981                    | 43,674               |                          |
| Total Rithm Capital stockholders' equity  | 7,656,542                 | 7,006,942            |                          |
| Noncontrolling interests in equity of consolidated subsidiaries   | 94,867                    | 94,096               |                          |
| <b>Total Equity</b>   | <b>7,751,409</b>          | <b>7,101,038</b>     |                          |
| <b>Total Liabilities and Equity</b>   | <b>\$ 42,275,962</b>      | <b>\$ 39,717,084</b> |                          |

(A) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs") and certain other consolidated VIEs classified as collateralized financing entities ("CFEs") that are presented separately and measured under the CFE election. VIE assets can only be used to settle obligations and liabilities of the VIEs. VIE creditors do not have recourse to Rithm Capital Corp. As of September 30, 2024 and December 31, 2023, total assets of such consolidated VIEs

were \$5.4 billion and \$5.6 billion, respectively, and total liabilities of such consolidated VIEs were \$4.4 billion and \$4.7 billion, respectively. See Note 20 for further details.

See notes to consolidated financial statements.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(dollars in thousands, except share and per share data)

|  | Three Months Ended |                   | Nine Months Ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | September 30,      |                   | September 30,     |                   |
|  | 2024               | 2023              | 2024              | 2023              |
| <b>Revenues</b>  |                    |                   |                   |                   |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables   | \$ 493,171         | \$ 442,425        | \$ 1,462,040      | \$ 1,377,429      |
| Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of \$(139,784), \$(138,993), \$(421,761) and \$(384,094), respectively) | (747,335)          | 20,934            | (731,058)         | (99,338)          |
| Servicing revenue, net   | (254,164)          | 463,359           | 730,982           | 1,278,091         |
| Interest income  | 550,732            | 462,497           | 1,459,271         | 1,177,688         |
| Gain on originated residential mortgage loans, held-for-sale, net  | 184,695            | 149,230           | 480,894           | 437,082           |
| Other revenues   | 57,212             | 60,319            | 172,060           | 177,672           |
| Asset management revenues  | 81,039             | —                 | 266,332           | —                 |
|  | 619,514            | 1,135,405         | 3,109,539         | 3,070,533         |
| <b>Expenses</b>  |                    |                   |                   |                   |
| Interest expense and warehouse line fees   | 510,168            | 377,528           | 1,385,939         | 1,005,978         |
| General and administrative   | 208,046            | 190,691           | 612,363           | 540,088           |
| Compensation and benefits  | 265,673            | 186,149           | 771,899           | 564,635           |
|  | 983,887            | 754,368           | 2,770,201         | 2,110,701         |
| <b>Other Income (Loss)</b>   |                    |                   |                   |                   |
| Realized and unrealized gains (losses), net  | 412,953            | (114,149)         | 353,338           | (103,522)         |
| Other income (loss), net   | (3,432)            | 6,888             | 23,536            | (66,176)          |
|  | 409,521            | (107,261)         | 376,874           | (169,698)         |
| <b>Income before Income Taxes</b>  |                    |                   |                   |                   |
| Income tax expense (benefit)   | (78,433)           | 52,585            | 66,627            | 92,309            |
| <b>Net Income</b>  | <b>123,581</b>     | <b>221,191</b>    | <b>649,585</b>    | <b>697,825</b>    |
| Noncontrolling interests in income of consolidated subsidiaries  | 1,839              | 4,848             | 8,252             | 10,437            |
| Dividends on preferred stock   | 24,718             | 22,394            | 69,508            | 67,184            |
| <b>Net Income Attributable to Common Stockholders</b>  | <b>\$ 97,024</b>   | <b>\$ 193,949</b> | <b>\$ 571,825</b> | <b>\$ 620,204</b> |
| <b>Net Income per Share of Common Stock</b>  |                    |                   |                   |                   |
| Basic  | \$ 0.20            | \$ 0.40           | \$ 1.17           | \$ 1.29           |
| Diluted  | \$ 0.20            | \$ 0.40           | \$ 1.16           | \$ 1.28           |
| <b>Weighted Average Number of Shares of Common Stock Outstanding</b>   |                    |                   |                   |                   |
| Basic  | 491,362,857        | 483,214,061       | 487,155,900       | 481,503,762       |
| Diluted  | 496,800,687        | 484,350,288       | 491,258,126       | 483,530,227       |
| <b>Dividends Declared per Share of Common Stock</b>  | <b>\$ 0.25</b>     | <b>\$ 0.25</b>    | <b>\$ 0.75</b>    | <b>\$ 0.75</b>    |

See notes to consolidated financial statements.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

(dollars in thousands, except share and per share data)

|   | Three Months Ended |                   | Nine Months Ended |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | September 30,      |                   | September 30,     |                   |
|   | 2024               | 2023              | 2024              | 2023              |
| <b>Net income</b>   | \$ 123,581         | \$ 221,191        | \$ 649,585        | \$ 697,825        |
| <i>Other Comprehensive Income:</i>                                    |                    |                   |                   |                   |
| Unrealized gain (loss) on available-for-sale securities, net of taxes | 11,072             | (945)             | 13,229            | 1,358             |
| Cumulative translation adjustment, net of taxes                       | 2,153              | —                 | 1,078             | —                 |
| <b>Comprehensive Income</b>   | <b>136,806</b>     | <b>220,246</b>    | <b>663,892</b>    | <b>699,183</b>    |
| Comprehensive income attributable to noncontrolling interests         | 1,839              | 4,848             | 8,252             | 10,437            |
| Dividends on preferred stock  | 24,718             | 22,394            | 69,508            | 67,184            |
| <b>Comprehensive Income Attributable to Common Stockholders</b>       | <b>\$ 110,249</b>  | <b>\$ 193,004</b> | <b>\$ 586,132</b> | <b>\$ 621,562</b> |

See notes to consolidated financial statements.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

(dollars in thousands, except share and per share data)

|  | Preferred Stock   |                     | Common Stock       |                 | Additional<br>Capital | Paid-in<br>(Accumulated)<br>Deficit) | Retained<br>Earnings<br>Other<br>Comprehensive<br>Income | Accumulated<br>Stockholders'<br>Equity | Noncontrolling<br>Interests in<br>Equity of<br>Consolidated<br>Subsidiaries |                     | Total Rithm<br>Equity |
|--|-------------------|---------------------|--------------------|-----------------|-----------------------|--------------------------------------|--|--|---|---------------------|-----------------------|
|  | Shares            | Amount              | Shares             | Amount          |                       |                                      |  |  | Capital   | Subsidiaries        |                       |
|  |                   |                     |                    |                 |                       |                                      |  |  | Stockholders'<br>Equity   |                     |                       |
| <b>Balance at June 30, 2024</b>                                | 51,964,122        | \$ 1,257,254        | 489,732,422        | \$ 4,897        | \$ 6,162,872          | \$ (143,185)                         | \$ 44,756  | \$ 7,326,594                           | \$ 94,021   | \$ 7,420,615        |                       |
| Dividends declared on common stock                             | —                 | —                   | —                  | —               | —                     | (129,933)                            | —  | (129,933)                              | —   | (129,933)           |                       |
| Dividends declared on preferred stock                          | —                 | —                   | —                  | —               | —                     | (24,718)                             | —  | (24,718)                               | —   | (24,718)            |                       |
| Capital contributions  | —                 | —                   | —                  | —               | —                     | —                                    | —  | —                                      | —   | 5,776               | 5,776                 |
| Capital distributions  | —                 | —                   | —                  | —               | —                     | —                                    | —  | —                                      | —   | (6,769)             | (6,769)               |
| Issuance of common stock                                       | —                 | —                   | 30,000,000         | 300             | 340,407               | —                                    | —  | 340,707                                | —   | 340,707             |                       |
| Director share grants and stock-based compensation             | —                 | —                   | —                  | —               | 10,489                | (1,564)                              | —  | 8,925                                  | —   | 8,925               |                       |
| <i>Comprehensive Income:</i>                                   |                   |                     |                    |                 |                       |                                      |  |  |   |                     |                       |
| Net income   | —                 | —                   | —                  | —               | —                     | 121,742                              | —  | 121,742                                | 1,839   | 123,581             |                       |
| Unrealized gain on available-for-sale securities, net of taxes | —                 | —                   | —                  | —               | —                     | —                                    | 11,072   | 11,072                                 | —   | 11,072              |                       |
| Cumulative translation adjustment, net of taxes                | —                 | —                   | —                  | —               | —                     | —                                    | 2,153  | 2,153                                  | —   | 2,153               |                       |
| Total comprehensive income                                     |                   |                     |                    |                 |                       |                                      |  | 134,967                                | 1,839   | 136,806             |                       |
| <b>Balance at September 30, 2024</b>                           | <b>51,964,122</b> | <b>\$ 1,257,254</b> | <b>519,732,422</b> | <b>\$ 5,197</b> | <b>\$ 6,513,768</b>   | <b>\$ (177,658)</b>                  | <b>\$ 57,981</b>   | <b>\$ 7,656,542</b>                    | <b>\$ 94,867</b>  | <b>\$ 7,751,409</b> |                       |

|  | Preferred Stock   |                     | Common Stock       |                 | Additional<br>Capital | Paid-in<br>(Accumulated)<br>Deficit) | Retained<br>Earnings<br>Other<br>Comprehensive<br>Income | Accumulated<br>Stockholders'<br>Equity | Noncontrolling<br>Interests in<br>Equity of<br>Consolidated<br>Subsidiaries |                     | Total Rithm<br>Equity |
|--|-------------------|---------------------|--------------------|-----------------|-----------------------|--------------------------------------|--|--|---|---------------------|-----------------------|
|  | Shares            | Amount              | Shares             | Amount          |                       |                                      |  |  | Capital   | Subsidiaries        |                       |
|  |                   |                     |                    |                 |                       |                                      |  |  | Stockholders'<br>Equity   |                     |                       |
| <b>Balance at June 30, 2023</b>                                | 51,964,122        | \$ 1,257,254        | 483,320,606        | \$ 4,834        | \$ 6,068,613          | \$ (236,222)                         | \$ 39,954  | \$ 7,134,433                           | \$ 60,251   | \$ 7,194,684        |                       |
| Dividends declared on common stock                             | —                 | —                   | —                  | —               | —                     | (120,804)                            | —  | (120,804)                              | —   | (120,804)           |                       |
| Dividends declared on preferred stock                          | —                 | —                   | —                  | —               | —                     | (22,395)                             | —  | (22,395)                               | —   | (22,395)            |                       |
| Capital distributions  | —                 | —                   | —                  | —               | —                     | —                                    | —  | —                                      | —   | (5,192)             | (5,192)               |
| Director share grants and stock-based compensation             | —                 | —                   | (106,545)          | (1)             | 2,357                 | (932)                                | —  | 1,424                                  | —   | 1,424               |                       |
| <i>Comprehensive Income:</i>                                   |                   |                     |                    |                 |                       |                                      |  |  |   |                     |                       |
| Net income   | —                 | —                   | —                  | —               | —                     | 216,343                              | —  | 216,343                                | 4,848   | 221,191             |                       |
| Unrealized loss on available-for-sale securities, net of taxes | —                 | —                   | —                  | —               | —                     | —                                    | (945)  | (945)                                  | —   | (945)               |                       |
| Total comprehensive income                                     |                   |                     |                    |                 |                       |                                      |  | 215,398                                | 4,848   | 220,246             |                       |
| <b>Balance at September 30, 2023</b>                           | <b>51,964,122</b> | <b>\$ 1,257,254</b> | <b>483,214,061</b> | <b>\$ 4,833</b> | <b>\$ 6,070,970</b>   | <b>\$ (164,010)</b>                  | <b>\$ 39,009</b>   | <b>\$ 7,208,056</b>                    | <b>\$ 59,907</b>  | <b>\$ 7,267,963</b> |                       |

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

(dollars in thousands, except share and per share data)

|  | Preferred Stock   |                     | Common Stock       |                 | Additional Paid-in Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income | Total Rithm Capital Stockholders' Equity | Noncontrolling Interests in Consolidated Subsidiaries |                      | Total Equity |
|--|-------------------|---------------------|--------------------|-----------------|----------------------------|---|--|--|---|----------------------|--------------|
|  | Shares            | Amount              | Shares             | Amount          |                            |   |  |  | Capital   | Stockholders' Equity |              |
|  |                   |                     |                    |                 |                            |   |  |  |   |                      |              |
| <b>Balance at December 31, 2023</b>                            | 51,964,122        | \$ 1,257,254        | 483,226,239        | \$ 4,833        | \$ 6,074,322               | \$ (373,141)                            | \$ 43,674                              | \$ 7,006,942                             | \$ 94,096   | \$ 7,101,038         |              |
| Dividends declared on common stock                             | —                 | —                   | —                  | —               | —                          | (373,235)                               | —                                      | (373,235)                                | —   | (373,235)            |              |
| Dividends declared on preferred stock                          | —                 | —                   | —                  | —               | —                          | (69,509)                                | —                                      | (69,509)                                 | —   | (69,509)             |              |
| Capital contributions  | —                 | —                   | —                  | —               | —                          | —                                       | —                                      | —  | —   | 38,211               | 38,211       |
| Capital distributions  | —                 | —                   | —                  | —               | —                          | —                                       | —                                      | —  | —   | (19,650)             | (19,650)     |
| Issuance of common stock                                       | —                 | —                   | 36,097,793         | 360             | 409,597                    | —                                       | —                                      | 409,957                                  | —   | —                    | 409,957      |
| Purchase of non-controlling interest                           | —                 | —                   | —                  | —               | —                          | —                                       | —                                      | —  | —   | (26,042)             | (26,042)     |
| Director share grants and stock-based compensation             | —                 | —                   | 408,390            | 4               | 29,849                     | (3,106)                                 | —                                      | 26,747                                   | —   | —                    | 26,747       |
| <i>Comprehensive Income:</i>                                   |                   |                     |                    |                 |                            |   |  |  |   |                      |              |
| Net income   | —                 | —                   | —                  | —               | —                          | 641,333                                 | —                                      | 641,333                                  | 8,252   | 649,585              |              |
| Unrealized gain on available-for-sale securities, net of taxes | —                 | —                   | —                  | —               | —                          | —                                       | 13,229                                 | 13,229                                   | —   | —                    | 13,229       |
| Cumulative translation adjustment, net of taxes                | —                 | —                   | —                  | —               | —                          | —                                       | 1,078                                  | 1,078                                    | —   | —                    | 1,078        |
| Total comprehensive income                                     |                   |                     |                    |                 |                            |   |  | 655,640                                  | 8,252   | 663,892              |              |
| <b>Balance at September 30, 2024</b>                           | <b>51,964,122</b> | <b>\$ 1,257,254</b> | <b>519,732,422</b> | <b>\$ 5,197</b> | <b>\$ 6,513,768</b>        | <b>\$ (177,658)</b>                     | <b>\$ 57,981</b>                       | <b>\$ 7,656,542</b>                      | <b>\$ 94,867</b>                                      | <b>\$ 7,751,409</b>  |              |

|  | Preferred Stock   |                     | Common Stock       |                 | Additional Paid-in Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income | Total Rithm Capital Stockholders' Equity | Noncontrolling Interests in Consolidated Subsidiaries |                      | Total Equity |
|--|-------------------|---------------------|--------------------|-----------------|----------------------------|---|--|--|---|----------------------|--------------|
|  | Shares            | Amount              | Shares             | Amount          |                            |   |  |  | Capital   | Stockholders' Equity |              |
|  |                   |                     |                    |                 |                            |   |  |  |   |                      |              |
| <b>Balance at December 31, 2022</b>                            | 51,964,122        | \$ 1,257,254        | 473,715,100        | \$ 4,739        | \$ 6,062,019               | \$ (418,662)                            | \$ 37,651                              | \$ 6,943,001                             | \$ 67,067   | \$ 7,010,068         |              |
| Dividends declared on common stock                             | —                 | —                   | —                  | —               | —                          | (362,388)                               | —                                      | (362,388)                                | —   | (362,388)            |              |
| Dividends declared on preferred stock                          | —                 | —                   | —                  | —               | —                          | (67,185)                                | —                                      | (67,185)                                 | —   | (67,185)             |              |
| Capital distributions  | —                 | —                   | —                  | —               | —                          | —                                       | —                                      | —  | —   | (17,597)             | (17,597)     |
| Cashless exercise of 2020 warrants                             | —                 | —                   | 9,287,347          | 93              | (93)                       | —                                       | —                                      | —  | —   | —                    | —            |
| Director share grants and stock-based compensation             | —                 | —                   | 211,614            | 1               | 9,044                      | (3,163)                                 | —                                      | 5,882                                    | —   | —                    | 5,882        |
| <i>Comprehensive Income:</i>                                   |                   |                     |                    |                 |                            |   |  |  |   |                      |              |
| Net income   | —                 | —                   | —                  | —               | —                          | 687,388                                 | —                                      | 687,388                                  | 10,437  | 697,825              |              |
| Unrealized gain on available-for-sale securities, net of taxes | —                 | —                   | —                  | —               | —                          | —                                       | 1,358                                  | 1,358                                    | —   | —                    | 1,358        |
| Total comprehensive income                                     |                   |                     |                    |                 |                            |   |  | 688,746                                  | 10,437  | 699,183              |              |
| <b>Balance at September 30, 2023</b>                           | <b>51,964,122</b> | <b>\$ 1,257,254</b> | <b>483,214,061</b> | <b>\$ 4,833</b> | <b>\$ 6,070,970</b>        | <b>\$ (164,010)</b>                     | <b>\$ 39,009</b>                       | <b>\$ 7,208,056</b>                      | <b>\$ 59,907</b>                                      | <b>\$ 7,267,963</b>  |              |

See notes to consolidated financial statements.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(dollars in thousands, except share and per share data)

|  | <b>Nine Months Ended September 30,</b> |              |
|--|--|--------------|
|  | <b>2024</b>                            | <b>2023</b>  |
| <b>Cash Flows From Operating Activities</b>  |  |              |
| Net income   | \$ 649,585                             | \$ 697,825   |
| <i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i> |  |              |
| Change in fair value of investments, net   | 25,741                                 | 560,017      |
| Change in fair value of equity investments   | (21,595)                               | 27,509       |
| Change in fair value of secured notes and bonds payable  | 6,714                                  | (5,890)      |
| Gain on settlement of investments, net   | (298,654)                              | (402,449)    |
| Gain on sale of originated residential mortgage loans, held-for-sale, net                          | (480,894)                              | (437,082)    |
| Gain on transfer of loans to real estate owned ("REO")   | (1,054)                                | (10,120)     |
| Accretion and other amortization   | (62,331)                               | (74,730)     |
| Provision (reversal) for credit losses on securities, loans and REO                                | (3,509)                                | 6,455        |
| Non-cash portions of servicing revenue, net  | 795,917                                | 158,344      |
| Deferred tax provision   | 57,232                                 | 86,324       |
| Mortgage loans originated and purchased for sale, net of fees                                      | (42,579,305)                           | (30,003,362) |
| Sales proceeds and loan repayment proceeds for residential mortgage loans, held-for-sale           | 41,042,180                             | 30,088,541   |
| Interest received from servicer advance investments, RMBS, loans and other                         | 37,942                                 | 42,932       |
| Interest received from reverse repurchase agreements   | 52,319                                 | —            |
| Residential mortgage loan repayment proceeds of consolidated CFEs                                  | 281,190                                | 196,166      |
| Mortgage loans receivable repayment proceeds of consolidated CFEs                                  | —                                      | 255,798      |
| Purchase of investments of consolidated CFEs   | (30,017)                               | —            |
| Proceeds from sale and repayments of investments of consolidated CFEs                              | 27,626                                 | —            |
| <i>Changes in:</i>   |  |              |
| Servicer advances receivable, net  | 262,689                                | 339,610      |
| Other assets   | (42,354)                               | 15,312       |
| Accrued expenses and other liabilities   | (151,265)                              | 199,341      |
| Net cash provided by (used in) operating activities  | (431,843)                              | 1,740,541    |
| <b>Cash Flows From Investing Activities</b>  |  |              |
| Business acquisitions, net of cash acquired  | (603,778)                              | —            |
| Maturity of Treasury securities  | 50,000                                 | —            |
| Purchase of Treasury securities  | (12,336,258)                           | (973,795)    |
| Purchase of servicer advance investments   | (590,261)                              | (644,594)    |
| Purchase of Excess MSR   | (122,887)                              | —            |
| Purchase of government-backed and other securities   | (1,263,422)                            | (4,094,458)  |
| Treasury sales and Treasury securities payable   | 7,238,851                              | —            |
| Reverse repurchase agreements entered  | (1,747,581)                            | —            |
| Reverse repurchase agreements closed   | 3,527,806                              | —            |
| Purchase of residential mortgage loans   | —                                      | (1,269)      |
| Purchase of SFR properties, MSRs and other assets  | (402,325)                              | (72,503)     |
| Purchase of mortgage loans receivable  | —                                      | (146,631)    |
| Draws on revolving consumer loans  | (15,996)                               | (20,675)     |
| Origination of mortgage loans receivable   | (1,986,291)                            | —            |
| Net settlement of derivatives  | 364,598                                | 390,415      |
| Return of investments in Excess MSRs   | 30,825                                 | 23,066       |
| Return of investments in equity method investees   | 27,532                                 | —            |
| Principal repayments from servicer advance investments   | 614,504                                | 675,261      |
| Principal repayments from government, government-backed and other securities                       | 580,385                                | 477,480      |
| Principal repayments from residential mortgage loans   | 34,728                                 | 35,064       |
| Principal repayments from consumer loans   | 432,742                                | 267,820      |
| Principal repayments from mortgage loans receivable  | 1,146,123                              | —            |
| Mortgage loans receivable repayment proceeds of consolidated CFEs                                  | 332,694                                | —            |
| Loan originations and draws of consolidated CFEs   | (4,766)                                | —            |

|  |             |             |
|--|-------------|-------------|
| Settlement of sale of MSRs and MSR financing receivables     | (2,748)     | 705,300     |
| Proceeds from sale of government-backed and other securities | 2,583,782   | 1,868,702   |
| Proceeds from sale of REO                                    | 24,214      | 19,806      |
| Net cash provided by (used in) investing activities          | (2,087,529) | (1,491,011) |

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) CONTINUED**

(dollars in thousands)

|  | <b>Nine Months Ended September 30,</b> |                     |
|--|--|---------------------|
|  | <b>2024</b>                            | <b>2023</b>         |
| <b>Cash Flows From Financing Activities</b>                                    |  |                     |
| Repayments of secured financing agreements                                     | (59,703,853)                           | (31,733,802)        |
| Repayments of warehouse credit facilities                                      | (45,795,817)                           | (31,076,021)        |
| Repayment of Senior Unsecured Notes  | (275,000)                              | —                   |
| Net settlement of margin deposits under repurchase agreements and derivatives  | (315,327)                              | (676,511)           |
| Repayments of secured notes and bonds payable                                  | (4,522,883)                            | (5,024,509)         |
| Deferred financing fees  | (10,924)                               | (7,084)             |
| Dividends paid on common and preferred stock                                   | (432,124)                              | (427,583)           |
| Borrowings under secured financing agreements                                  | 61,424,725                             | 34,530,433          |
| Borrowings under warehouse credit facilities                                   | 46,863,558                             | 30,625,465          |
| Borrowings under notes receivable financing                                    | 364,977                                | —                   |
| Borrowings under secured notes and bonds payable                               | 3,362,481                              | 3,561,756           |
| Proceeds from issuance of debt obligations of consolidated CFEs                | 1,295,710                              | 150,586             |
| Repayments of debt obligations of consolidated CFEs                            | (598,906)                              | (190,881)           |
| Proceeds from issuance of Senior Unsecured Notes                               | 767,103                                | —                   |
| Issuance of common and preferred stock   | 409,450                                | —                   |
| Noncontrolling interest in equity of consolidated subsidiaries - contributions | 38,211                                 | —                   |
| Noncontrolling interest in equity of consolidated subsidiaries - distributions | (19,650)                               | (17,597)            |
| Purchase of noncontrolling interest in the SpringCastle loans                  | (26,042)                               | —                   |
| Net cash provided by (used in) financing activities                            | 2,825,689                              | (285,748)           |
| <b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>   | <b>306,317</b>                         | <b>(36,218)</b>     |
| <b>Cash, Cash Equivalents and Restricted Cash, Beginning of Period</b>         | <b>1,697,095</b>                       | <b>1,629,328</b>    |
| <b>Cash, Cash Equivalents and Restricted Cash, End of Period</b>               | <b>\$ 2,003,412</b>                    | <b>\$ 1,593,110</b> |
| <b>Supplemental Disclosure of Cash Flow Information</b>                        |  |                     |
| Cash paid during the period for interest                                       | \$ 1,364,449                           | \$ 975,872          |
| Cash paid during the period for income taxes                                   | 9,573                                  | 1,798               |
| <b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>    |  |                     |
| Dividends declared but not paid on common and preferred stock                  | 154,652                                | 143,199             |
| Transfer from residential mortgage loans to REO and other assets               | 6,327                                  | 21,135              |
| Real estate securities retained from loan securitizations                      | 37,470                                 | —                   |
| Residential mortgage loans subject to repurchase                               | 2,409,992                              | 1,443,546           |
| Cashless exercise of 2020 warrants (par)                                       | —                                      | 93                  |
| Liabilities related to deconsolidated CFEs                                     | 352,900                                | —                   |
| Seller financing in Marcus loan acquisition                                    | —                                      | 1,317,347           |

See notes to consolidated financial statements.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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#### 1. BUSINESS AND ORGANIZATION

Rithm Capital Corp. (together with its consolidated subsidiaries, "Rithm Capital" or the "Company"), a Delaware corporation formed in September 2011 as a limited liability company (commenced operations in December 2011), is a global asset manager focused on real estate, credit and financial services.

Prior to June 17, 2022, Rithm Capital operated under a management agreement (the "Management Agreement") with FIG LLC (the "Former Manager"), an affiliate of Fortress Investment Group LLC. Effective June 17, 2022, Rithm Capital entered into an internalization agreement with the Former Manager, pursuant to which the Management Agreement was terminated, the Company internalized its management functions (such transactions, the "Internalization") and, in connection with the Internalization, the Company agreed to pay the Former Manager \$400.0 million (subject to certain adjustments), which payments were completed by December 15, 2022. As a result of the Internalization, Rithm Capital operates as an internally managed real estate investment trust ("REIT").

Rithm Capital seeks to generate long-term value for its investors by using its investment expertise to identify, manage and invest in real estate related and other financial assets and, more recently, broader asset management capabilities, in each case that provides investors with attractive risk-adjusted returns. The Company's investments in real estate related assets include its equity interest in operating companies, including leading origination and servicing platforms held through wholly-owned subsidiaries, Newrez LLC ("Newrez") and Genesis Capital LLC ("Genesis"), as well as investments in single-family rental ("SFR") properties, title, appraisal and property preservation and maintenance businesses. The Company's real estate related strategy involves opportunistically pursuing acquisitions and seeking to establish strategic partnerships that the Company believes enables it to maximize the value of its investments by offering products and services related to the lifecycle of transactions that affect each mortgage loan and underlying residential property or collateral. Rithm Capital's asset management business primarily operates through its wholly-owned subsidiaries, Sculptor Capital Management, Inc. ("Sculptor") and its affiliates, acquired on November 17, 2023, and RCM GA Manager LLC ("RCM Manager"), which manages Great Ajax Corp. ("Great Ajax"), a publicly traded mortgage REIT pursuant to a management agreement, dated June 11, 2024 (as may be amended, modified and/or supplemented from time to time, the "Great Ajax Management Agreement"). Sculptor is a leading global alternative asset manager and provides asset management services and investment products across credit, real estate and multi-strategy platforms through commingled funds, separate accounts and other alternative investment vehicles.

As of September 30, 2024, Rithm Capital conducted its business through the following segments: (i) Origination and Servicing, (ii) Investment Portfolio, (iii) Mortgage Loans Receivable, (iv) Asset Management and (v) Corporate.

Rithm Capital's Origination and Servicing businesses operate through its wholly-owned subsidiaries Newrez and New Residential Mortgage LLC ("NRM"). The Company's residential mortgage origination business sources and originates loans through four channels: Direct to Consumer, Retail/Joint Venture, Wholesale and Correspondent. Additionally, the Company's servicing platform complements its origination business and offers its subsidiaries and third-party clients performing and special servicing capabilities. Rithm Capital also operates additional real estate related businesses through its wholly-owned subsidiaries, including: (i) Avenue 365 Lender Services, LLC, its title company, (ii) eStreet Appraisal Management LLC, its appraisal management company, (iii) Adoor LLC ("Adoor"), its company focused on the acquisition and management of SFR properties and (iv) Genesis, a lender for experienced developers and investors of residential real estate, which also supports the Adoor business. The Company also has investments in Guardian Asset Management, a national provider of field services and property management services.

NRM and Newrez are licensed or otherwise eligible to service residential mortgage loans in all states within the United States of America ("US") and the District of Columbia. NRM and Newrez are also approved to service mortgage loans on behalf of investors, including Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, the "GSEs"), and in the case of Newrez, Government National Mortgage Association ("Ginnie Mae"). Newrez is also eligible to perform servicing on behalf of other servicers as a subservicer.

Newrez sells substantially all of the mortgage loans that it originates into the secondary market. Newrez securitizes loans into residential mortgage-backed securities ("RMBS") through the GSEs and Ginnie Mae. Loans originated outside of the GSEs, guidelines of the Federal Housing Administration ("FHA"), US Department of Agriculture or Department of Veterans Affairs (for loans securitized with Ginnie Mae) are sold to private investors and mortgage conduits. Newrez generally retains the right

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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to service the underlying residential mortgage loans sold and securitized by Newrez. NRM and Newrez are required to conduct aspects of their operations in accordance with applicable policies and guidelines of such agencies.

Rithm Capital has elected and intends to qualify to be taxed as a REIT for US federal income tax purposes. As such, Rithm Capital will generally not be subject to US federal corporate income tax on that portion of its net income that is distributed to stockholders if it distributes at least 90% of its REIT taxable income to its stockholders by prescribed dates and complies with various other requirements. See Note 24 for additional information regarding Rithm Capital's taxable REIT subsidiaries ("TRSSs").

## 2. BASIS OF PRESENTATION

**Interim Financial Statements** — The accompanying consolidated financial statements are prepared in accordance with US generally accepted accounting principles ("GAAP" or "US GAAP"). In the opinion of management, all adjustments considered necessary for a fair presentation of Rithm Capital's financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The consolidated financial statements include the accounts of Rithm Capital and its consolidated subsidiaries. All significant intercompany transactions and balances have been eliminated. Rithm Capital consolidates those entities in which it has control over significant operating, financing and investing decisions of the entity, as well as those entities classified as VIEs in which Rithm Capital is determined to be the primary beneficiary. For entities over which Rithm Capital exercises significant influence, but which do not meet the requirements for consolidation, Rithm Capital applies the equity method of accounting whereby it records its share of the underlying income of such entities unless a fair value option is elected. Distributions from such investments are classified in the consolidated statements of cash flows based on the cumulative earnings approach, where all distributions up to cumulative earnings are classified as distributions of earnings.

**Reclassifications** — Certain prior period amounts in Rithm Capital's consolidated financial statements and respective notes have been reclassified to be consistent with the current period presentation. Such reclassifications had no impact on net income, total assets, total liabilities or stockholders' equity.

**Risks and Uncertainties** — In the normal course of its business, Rithm Capital primarily encounters two significant types of economic risk: credit risk and market risk. Credit risk is the risk of default on Rithm Capital's investments that results from a borrower's or counterparty's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments due to changes in prepayment rates, interest rates, spreads or other market factors, including risks that impact the value of the collateral underlying Rithm Capital's investments. Taking into consideration these risks along with estimated prepayments, financings, collateral values, payment histories and other information, Rithm Capital believes that the carrying values of its investments are reasonable. Furthermore, for each of the periods presented, a significant portion of Rithm Capital's assets are dependent on its servicers' and subservicers' abilities to perform their servicing obligations with respect to the residential mortgage loans underlying Rithm Capital's excess mortgage servicing rights ("Excess MSRs"), mortgage servicing rights ("MSRs"), MSR financing receivables, servicer advance investments, RMBS issued by either public trusts or private label securitization entities (securities issued as such, known as "Non-Agency" securities) and loans. If a servicer is terminated, Rithm Capital's right to receive its portion of the cash flows related to interests in servicing related assets may also be terminated.

**Use of Estimates** — The preparation of the consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Management believes that estimates utilized in preparation of the consolidated financial statements are reasonable. The most critical estimates include those related to fair value measurements of the Company's assets and liabilities, goodwill and intangible assets, and the disclosure of contingent assets and liabilities at the reporting date. Actual results could differ from those estimates and such differences could be material.

For the complete listing of the significant accounting policies, see Note 2 to the Company's consolidated financial statements included in the Company's Amendment No. 1 on Form 10-K/A (the "Amended 2023 Form 10-K/A") to its Annual Report on Form 10-K for the year ended December 31, 2023.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

***Recent Accounting Pronouncements***

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The standard clarifies that a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The standard also requires certain disclosures for equity securities that are subject to contractual restrictions. The new standard became effective for the Company's interim and annual periods beginning January 1, 2024. The Company's adoption of the new standard did not have a material effect on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This standard requires public companies to disclose information about their reportable segments' significant expenses on an interim and annual basis to provide more transparency about the expenses they incur from revenue generating business units. The new standard is effective for the Company's annual period ending December 31, 2024 and interim periods starting in 2025. The Company does not expect the adoption of the new standard to have a material effect on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*, which focuses on income tax disclosures around effective tax rates and cash income taxes paid. This standard requires disaggregated information about a reporting entity's effective tax rate reconciliation, including a tabular rate reconciliation for specified categories and additional information for reconciling items that meet a quantitative threshold. The standard also requires a summary of federal, state and local, and foreign income taxes paid, net of refunds received, as well as separate disclosure of payments made to jurisdictions representing 5% or more of total income taxes paid. The new disclosures specified by ASU 2023-09 are required in the Company's annual financial statements beginning with the year ending December 31, 2025, with early adoption permitted. The Company does not expect the adoption of ASU 2023-09 to have a material effect on its consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, *Compensation-Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, to clarify the scope application of profits interest and similar awards by adding illustrative guidance to help entities determine whether profit interests and similar awards should be accounted for as share-based payment arrangements within the scope of ASC 718, *Compensation-Stock Compensation*. The ASU's amendments are effective for the Company beginning January 1, 2025, including interim periods within those years. The Company does not expect the adoption of ASU 2024-01 to have a material effect on its consolidated financial statements.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

**3. BUSINESS ACQUISITIONS*****Acquisition of Computershare Mortgage Services Inc.***

Rithm Capital completed the acquisition of Computershare Mortgage Services Inc. ("Computershare") and certain affiliated companies, including Specialized Loan Servicing LLC ("SLS"), and the simultaneous merger of SLS into Newrez on May 1, 2024 (the "Computershare Acquisition") as part of its strategy to expand its subservicing capabilities. Rithm Capital accounted for this transaction using the acquisition method which requires, among other things, that the assets acquired and liabilities assumed be recognized at fair value as of the acquisition date.

***Purchase Price Allocation***

The following table summarizes the allocation of the total consideration paid to acquire the assets and assume the liabilities related to the Computershare Acquisition during the second quarter of 2024:

|   | <b>Computershare</b> |
|---|----------------------|
| <b>Total Consideration</b>                | \$ 708,026           |
| <b>Assets</b>                             |                      |
| Residential mortgage loans, held-for-sale | 2,402                |
| Servicer advances receivable              | 275,782              |
| Mortgage servicing rights, at fair value  | 696,462              |
| Cash and cash equivalents                 | 102,011              |
| Restricted cash                           | 2,237                |
| Other assets <sup>(A)</sup>               | 84,028               |
| <b>Total Assets Acquired</b>              | 1,162,922            |
| <b>Liabilities</b>                        |                      |
| Accrued expenses and other liabilities    | 236,141              |
| Secured notes and bonds payable           | 190,596              |
| <b>Total Liabilities Assumed</b>          | 426,737              |
| <b>Net Assets</b>                         | 736,185              |
| <b>Bargain Purchase Gain</b>              | \$ 28,159            |

(A) Includes \$16.0 million of intangible assets in the form of customer relationships. This intangible is being amortized over a finite life of 4.5 years.

Rithm Capital acquired 100% of the outstanding equity interests of Computershare and certain affiliated companies, including SLS, for a GAAP purchase price of \$708.0 million. At the time of acquisition, SLS merged into Newrez. Upon completing the Computershare Acquisition, the consideration transferred for the acquired assets and assumed liabilities was determined to be less than the net assets acquired from Computershare, resulting in an economic gain ("Bargain Purchase"). Rithm Capital completed the required reassessment to validate that all assets acquired and liabilities assumed on the acquisition date had been identified and appropriately measured in accordance with ASC 805. Based on the reassessment, the transaction resulted in a Bargain Purchase gain of \$28.2 million, which has been included in other income (loss), net within the consolidated statements of operations for the nine months ended September 30, 2024. The Bargain Purchase gain was primarily driven by the change in fair value of the acquired MSR between the signing and closing dates of the acquisition.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The estimate of fair value of assets and liabilities required the use of significant assumptions and estimates. Critical estimates included, but were not limited to, future expected cash flows, including projected revenues and expenses, and the applicable discount rates. These estimates were based on assumptions that management believes to be reasonable; however, actual results may differ materially from these estimates. The assessment of fair value is preliminary and is based on information that was available to management at the time the consolidated financial statements were prepared. Those estimates and assumptions are subject to change as management obtains additional information related to those estimates during the applicable measurement period. The most significant open items necessary to complete the assessment of fair value are related to servicer advances receivable, mortgage servicing rights, other assets and other liabilities. The final acquisition accounting adjustments, including those resulting from conforming Computershare's accounting policies to those of Rithm Capital's, could differ materially.

Rithm Capital has not disclosed the amount of revenue and net income attributable to Computershare for the three and nine months ended September 30, 2024, because it is impracticable to do so. As of the beginning of the third quarter, Computershare's operations and financial information have been integrated within the Company's systems, making it infeasible to separately identify and report the specific revenue and net income figures for Computershare.

Acquisition related costs are expensed in the period incurred. Rithm Capital recognized \$ 17.8 million of Computershare Acquisition related costs that were expensed for the nine months ended September 30, 2024. These costs are grouped and presented within compensation and benefits and general and administrative expenses in the consolidated statements of operations.

Intangible assets acquired consist of customer relationships. Rithm Capital amortizes finite-lived customer relationships on a straight-line basis over their respective useful lives. The weighted average life of the total acquired identifiable intangible assets is 4.5 years. The following table presents the details of identifiable intangible assets acquired:

|   | <b>Estimated Useful Life</b> | <b>Amount</b>    |
|---|------------------------------|------------------|
| Customer Relationships                      | 4.5                          | \$ 16,000        |
| <b>Total Identifiable Intangible Assets</b> |                              | <b>\$ 16,000</b> |

*Unaudited Supplemental Pro Forma Financial Information*

The following table presents unaudited pro forma combined revenues and income before income taxes for the three and nine months ended September 30, 2024 and 2023 prepared as if the Computershare Acquisition had been consummated on January 1, 2023:

| <b>Pro Forma</b>                  | <b>Three Months Ended</b> |              | <b>Nine Months Ended</b> |              |
|-----------------------------------|---------------------------|--------------|--------------------------|--------------|
|                                   | <b>September 30,</b>      | <b>2024</b>  | <b>September 30,</b>     | <b>2023</b>  |
| Revenues                          | \$ 619,514                | \$ 1,247,212 | \$ 3,243,379             | \$ 3,336,421 |
| Income (loss) before income taxes | 45,148                    | 306,338      | 740,822                  | 807,811      |

The unaudited supplemental pro forma financial information reflects, among other things, financing adjustments, amortization of intangibles and transactions costs. The unaudited supplemental pro forma financial information has not been adjusted to reflect all conforming accounting policies. The unaudited supplemental pro forma financial information does not include any anticipated synergies or other anticipated benefits of the Computershare Acquisition and, accordingly, the unaudited supplemental pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the Computershare Acquisition occurred on January 1, 2023, the beginning of the earliest period presented.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

***Acquisition of Sculptor Capital Management, Inc.***

Rithm Capital completed the acquisition of Sculptor (the "Sculptor Acquisition") on November 17, 2023 as part of its strategy to expand its asset management capabilities. Rithm Capital accounted for this transaction using the acquisition method which requires, among other things, that the assets acquired and liabilities assumed be recognized at fair value as of the acquisition date.

***Purchase Price Allocation***

The following table summarizes the allocation of the total consideration paid to acquire the assets and assume the liabilities related to the Sculptor Acquisition during the fourth quarter of 2023:

|  | <b>Sculptor</b> |
|--|-----------------|
| <b>Total Consideration<sup>(A)</sup></b> | \$ 630,317      |
| <b>Assets</b>                            |                 |
| Cash and cash equivalents                | 267,469         |
| Restricted cash                          | 26,373          |
| Other assets <sup>(B)(C)</sup>           | 1,348,608       |
| <b>Total Assets Acquired</b>             | 1,642,450       |
| <b>Liabilities</b>                       |                 |
| Secured financing agreements             | 177,551         |
| Secured notes and bonds payable          | 99,232          |
| Accrued expenses and other liabilities   | 746,135         |
| <b>Total Liabilities Assumed</b>         | 1,022,918       |
| <b>Noncontrolling interest</b>           | 35,873          |
| <b>Net Assets</b>                        | 583,659         |
| <b>Goodwill</b>                          | \$ 46,658       |

(A) The fair value of total consideration transferred included cash of \$600.6 million and assumption of unvested shares of Sculptor stock of \$29.7 million for a total consideration of \$630.3 million.  
(B) Includes \$275.0 million of intangible assets in the form of management contracts. These intangibles are being amortized over a finite life of 10 years.  
(C) Includes \$246.1 million of collateralized loan obligations ("CLOs").

Rithm Capital acquired 100% of the outstanding equity interests of Sculptor for a GAAP purchase price of approximately \$ 630.3 million. Prior to the close of the Sculptor Acquisition, on October 12, 2023, Rithm Capital purchased from Delaware Life Insurance Company ("DLIC") warrants to purchase 4,338,015 shares of Sculptor class A common stock issued by Sculptor to DLIC in November 2020 at an exercise price of \$ 7.95 per share. The warrant purchase price was \$37.5 million, including additional amounts paid to DLIC in connection with the successful closing of the Sculptor Acquisition, and is considered a component of the Sculptor Acquisition purchase price.

Rithm Capital recognized goodwill of \$ 46.7 million, a portion of which is purchased goodwill, related to the Sculptor Acquisition. The goodwill was primarily driven by the assembled workforce acquired with the Sculptor Acquisition. Purchased goodwill is expected to be deductible for income tax purposes over 15 years. Rithm Capital will assess the goodwill annually during the fourth quarter and in interim periods in case of events or circumstances that make it more likely than not that an impairment may have occurred.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The estimate of fair value of assets and liabilities required the use of significant assumptions and estimates. Critical estimates included, but were not limited to, future expected cash flows, including projected revenues and expenses, and the applicable discount rates. These estimates were based on assumptions that management believes to be reasonable; however, actual results may differ from these estimates. The assessment of fair value is preliminary and is based on information that was available to management at the time the consolidated financial statements were prepared. Those estimates and assumptions are subject to change as management obtains additional information related to those estimates during the applicable measurement period. The most significant open items necessary to complete the assessment of fair value are related to intangible assets, other assets, deferred tax assets, other liabilities, and goodwill. The final acquisition accounting adjustments, including those resulting from conforming Sculptor's accounting policies to those of Rithm Capital's, could differ materially.

Intangible assets consist of management agreements with Sculptor's various funds categorized as management contracts. Rithm Capital amortizes finite-lived management contracts on a straight-line basis over their respective useful lives. The weighted average life of the total acquired identifiable intangible assets is 10 years. The following table presents the details of identifiable intangible assets acquired:

|   | <b>Estimated Useful Life</b> | <b>Amount</b>     |
|---|------------------------------|-------------------|
| Management contracts                        | 10                           | \$ 275,000        |
| <b>Total Identifiable Intangible Assets</b> |                              | <b>\$ 275,000</b> |

**Unvested Restricted Stock Units**

In connection with the Sculptor Acquisition, unvested restricted stock units held by Sculptor employees at the time of the Sculptor Acquisition were converted into a deferred cash plan payable, resulting in a \$29.7 million liability as of the date of the Sculptor Acquisition of deferred cash compensation due to employees.

***Unaudited Supplemental Pro Forma Financial Information***

The following table presents unaudited pro forma combined revenues and income before income taxes for the three and nine months ended September 30, 2023 prepared as if the Sculptor Acquisition had been consummated on January 1, 2022:

| <b>Pro Forma</b>                  | <b>Three Months Ended</b> |         | <b>Nine Months Ended</b>  |         |
|-----------------------------------|---------------------------|---------|---------------------------|---------|
|                                   | <b>September 30, 2023</b> |         | <b>September 30, 2023</b> |         |
| Revenues                          | \$ 1,221,060              |         | \$ 3,344,725              |         |
| Income (loss) before income taxes |                           | 235,034 |                           | 755,592 |

The unaudited supplemental pro forma financial information reflects, among other things, financing adjustments, amortization of intangibles and transactions costs. The unaudited supplemental pro forma financial information has not been adjusted to reflect all conforming accounting policies. The unaudited supplemental pro forma financial information does not include any anticipated synergies or other anticipated benefits of the Sculptor Acquisition and, accordingly, the unaudited supplemental pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the Sculptor Acquisition occurred on January 1, 2022.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

**4. SEGMENT REPORTING**

Rithm Capital conducts its business through five reportable segments: (i) Origination and Servicing, (ii) Investment Portfolio, (iii) Mortgage Loans Receivable, (iv) Asset Management and (v) Corporate. The Investment Portfolio consists of previously segregated segments (i) MSR Related Investments, (ii) Real Estate Securities, (iii) Properties and Residential Mortgage Loans, (iv) Consumer Loans and (v) certain ancillary investments and equity method investments. The Corporate segment primarily consists of general and administrative expenses, corporate cash and related interest income, the Senior Unsecured Notes (as defined in Note 18) and related interest expense.

The following tables summarize segment financial information, which in total reconciles to the same data for Rithm Capital on a consolidated basis:

|  | Origination and Servicing | Investment Portfolio | Loans Receivable | Mortgage          | Asset Management   | Corporate | Total            |
|--|---------------------------|----------------------|------------------|-------------------|--------------------|-----------|------------------|
| <b>Three Months Ended September 30, 2024</b>   |                           |                      |                  |                   |                    |           |                  |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables                         | \$ 441,562                | \$ 51,609            | \$ —             | \$ —              | \$ —               | \$ —      | \$ 493,171       |
| Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of \$(139,784)) | (682,599)                 | (64,736)             | —                | —                 | —                  | —         | (747,335)        |
| Servicing revenue, net   | (241,037)                 | (13,127)             | —                | —                 | —                  | —         | (254,164)        |
| Interest income  | 211,631                   | 267,558              | 66,262           | 5,281             | —                  | —         | 550,732          |
| Gain on originated residential mortgage loans, HFS, net  | 171,700                   | 12,995               | —                | —                 | —                  | —         | 184,695          |
| Other investment portfolio revenues  | —                         | 57,212               | —                | —                 | —                  | —         | 57,212           |
| Asset management revenues  | —                         | —                    | —                | 81,039            | —                  | —         | 81,039           |
| <b>Total Revenues</b>  | <b>142,294</b>            | <b>324,638</b>       | <b>66,262</b>    | <b>86,320</b>     | —                  | —         | <b>619,514</b>   |
| Interest expense and warehouse line fees   | 164,366                   | 286,160              | 34,304           | 8,243             | 17,095             | —         | 510,168          |
| General and administrative   | 99,359                    | 64,438               | 5,298            | 27,317            | 11,634             | —         | 208,046          |
| Compensation and benefits  | 177,702                   | 3,929                | 9,520            | 58,267            | 16,255             | —         | 265,673          |
| <b>Total Operating Expenses</b>  | <b>441,427</b>            | <b>354,527</b>       | <b>49,122</b>    | <b>93,827</b>     | <b>44,984</b>      | —         | <b>983,887</b>   |
| Realized and unrealized gains, net   | 20                        | 389,833              | 17,972           | 5,128             | —                  | —         | 412,953          |
| Other income (loss), net   | (13,156)                  | 1,354                | 36               | 8,334             | —                  | —         | (3,432)          |
| <b>Total Other Income (Loss)</b>   | <b>(13,136)</b>           | <b>391,187</b>       | <b>18,008</b>    | <b>13,462</b>     | —                  | —         | <b>409,521</b>   |
| <b>Income (Loss) before Income Taxes</b>   | <b>(312,269)</b>          | <b>361,298</b>       | <b>35,148</b>    | <b>5,955</b>      | <b>(44,984)</b>    | —         | <b>45,148</b>    |
| Income tax expense (benefit)   | (84,764)                  | (4,916)              | 2,754            | 8,493             | —                  | —         | (78,433)         |
| <b>Net Income (Loss)</b>   | <b>(227,505)</b>          | <b>366,214</b>       | <b>32,394</b>    | <b>(2,538)</b>    | <b>(44,984)</b>    | —         | <b>123,581</b>   |
| Noncontrolling interests in income (loss) of consolidated subsidiaries   | 847                       | (1,123)              | —                | 2,115             | —                  | —         | 1,839            |
| Dividends on preferred stock   | —                         | —                    | —                | —                 | 24,718             | —         | 24,718           |
| <b>Net Income (Loss) Attributable to Common Stockholders</b>   | <b>\$ (228,352)</b>       | <b>\$ 367,337</b>    | <b>\$ 32,394</b> | <b>\$ (4,653)</b> | <b>\$ (69,702)</b> | —         | <b>\$ 97,024</b> |

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

|  | Origination<br>and Servicing | Investment<br>Portfolio | Mortgage<br>Loans<br>Receivable | Asset<br>Management | Corporate           | Total             |
|--|------------------------------|-------------------------|---------------------------------|---------------------|---------------------|-------------------|
| <b>Nine Months Ended September 30, 2024</b>  |                              |                         |                                 |                     |                     |                   |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables                         | \$ 1,281,056                 | \$ 180,984              | \$ —                            | \$ —                | \$ —                | \$ 1,462,040      |
| Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of \$(421,761)) | (716,639)                    | (14,419)                | —                               | —                   | —                   | (731,058)         |
| Servicing revenue, net   | 564,417                      | 166,565                 | —                               | —                   | —                   | 730,982           |
| Interest income  | 530,097                      | 728,363                 | 190,555                         | 10,252              | 4                   | 1,459,271         |
| Gain on originated residential mortgage loans, HFS, net  | 473,340                      | 7,554                   | —                               | —                   | —                   | 480,894           |
| Other investment portfolio revenues  | —                            | 172,060                 | —                               | —                   | —                   | 172,060           |
| Asset management revenues <sup>(A)</sup>   | —                            | —                       | —                               | 266,332             | —                   | 266,332           |
| <b>Total Revenues</b>  | <b>1,567,854</b>             | <b>1,074,542</b>        | <b>190,555</b>                  | <b>276,584</b>      | <b>4</b>            | <b>3,109,539</b>  |
| Interest expense and warehouse line fees   | 448,017                      | 768,565                 | 95,824                          | 24,197              | 49,336              | 1,385,939         |
| General and administrative   | 273,980                      | 192,139                 | 16,358                          | 90,692              | 39,194              | 612,363           |
| Compensation and benefits  | 516,361                      | 12,150                  | 29,936                          | 173,361             | 40,091              | 771,899           |
| <b>Total Operating Expenses</b>  | <b>1,238,358</b>             | <b>972,854</b>          | <b>142,118</b>                  | <b>288,250</b>      | <b>128,621</b>      | <b>2,770,201</b>  |
| Realized and unrealized gains, net   | 20                           | 285,288                 | 61,277                          | 6,753               | —                   | 353,338           |
| Other income (loss), net   | 14,101                       | (3,774)                 | (1,806)                         | 14,978              | 37                  | 23,536            |
| <b>Total Other Income</b>  | <b>14,121</b>                | <b>281,514</b>          | <b>59,471</b>                   | <b>21,731</b>       | <b>37</b>           | <b>376,874</b>    |
| <b>Income (Loss) before Income Taxes</b>   | <b>343,617</b>               | <b>383,202</b>          | <b>107,908</b>                  | <b>10,065</b>       | <b>(128,580)</b>    | <b>716,212</b>    |
| Income tax expense (benefit)   | 50,397                       | (759)                   | 4,373                           | 12,616              | —                   | 66,627            |
| <b>Net Income (Loss)</b>   | <b>293,220</b>               | <b>383,961</b>          | <b>103,535</b>                  | <b>(2,551)</b>      | <b>(128,580)</b>    | <b>649,585</b>    |
| Noncontrolling interests in income of consolidated subsidiaries  | 1,918                        | 2,024                   | —                               | 4,310               | —                   | 8,252             |
| Dividends on preferred stock   | —                            | —                       | —                               | —                   | 69,508              | 69,508            |
| <b>Net Income (Loss) Attributable to Common Stockholders</b>   | <b>\$ 291,302</b>            | <b>\$ 381,937</b>       | <b>\$ 103,535</b>               | <b>\$ (6,861)</b>   | <b>\$ (198,088)</b> | <b>\$ 571,825</b> |

(A) Includes \$4.9 million of asset management related interest income (Note 22).

|   | Origination and<br>Servicing | Investment<br>Portfolio | Mortgage<br>Loans<br>Receivable | Asset<br>Management | Corporate          | Total                |
|---|------------------------------|-------------------------|---------------------------------|---------------------|--------------------|----------------------|
| <b>September 30, 2024</b>                                       |                              |                         |                                 |                     |                    |                      |
| Investments   | \$ 11,207,008                | \$ 13,639,005           | \$ 1,869,852                    | \$ —                | \$ —               | \$ 26,715,865        |
| Cash and cash equivalents                                       | 1,122,013                    | 324,338                 | 32,208                          | 146,601             | 14,379             | 1,639,539            |
| Restricted cash   | 164,702                      | 99,729                  | 33,785                          | 8,317               | —                  | 306,533              |
| Other assets  | 4,370,883                    | 3,851,676               | 127,277                         | 811,085             | 5,830              | 9,166,751            |
| Goodwill  | 24,376                       | 5,092                   | 55,731                          | 46,658              | —                  | 131,857              |
| Assets of consolidated CFEs                                     | —                            | 2,984,763               | 964,469                         | 366,185             | —                  | 4,315,417            |
| <b>Total Assets</b>   | <b>\$ 16,888,982</b>         | <b>\$ 20,904,603</b>    | <b>\$ 3,083,322</b>             | <b>\$ 1,378,846</b> | <b>\$ 20,209</b>   | <b>\$ 42,275,962</b> |
| Debt  | \$ 8,468,711                 | \$ 14,586,168           | \$ 1,448,360                    | \$ 433,317          | \$ 1,032,638       | \$ 25,969,194        |
| Other liabilities   | 4,096,698                    | 583,521                 | 28,125                          | (40,294)            | 249,851            | 4,917,901            |
| Liabilities of consolidated CFEs                                | —                            | 2,548,598               | 863,410                         | 225,450             | —                  | 3,637,458            |
| <b>Total Liabilities</b>  | <b>12,565,409</b>            | <b>17,718,287</b>       | <b>2,339,895</b>                | <b>618,473</b>      | <b>1,282,489</b>   | <b>34,524,553</b>    |
| <b>Total Equity</b>   | <b>4,323,573</b>             | <b>3,186,316</b>        | <b>743,427</b>                  | <b>760,373</b>      | <b>(1,262,280)</b> | <b>7,751,409</b>     |
| Noncontrolling interests in equity of consolidated subsidiaries | 9,385                        | 42,321                  | —                               | 43,161              | —                  | 94,867               |
| Total Rithm Capital stockholders' equity                        | \$ 4,314,188                 | \$ 3,143,995            | \$ 743,427                      | \$ 717,212          | \$ (1,262,280)     | \$ 7,656,542         |
| Investments in equity method investees                          | \$ 24,948                    | \$ 281,610              | \$ 6,970                        | \$ 111,645          | \$ —               | \$ 425,173           |
| <b>December 31, 2023</b>  |                              |                         |                                 |                     |                    |                      |
| <b>Total Assets</b>   | <b>\$ 13,671,626</b>         | <b>\$ 21,824,007</b>    | <b>\$ 2,498,132</b>             | <b>\$ 1,694,954</b> | <b>\$ 28,365</b>   | <b>\$ 39,717,084</b> |



**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

|   | Origination<br>and Servicing | Investment<br>Portfolio | Mortgage<br>Loans<br>Receivable | Asset<br>Management | Corporate          | Total             |
|---|------------------------------|-------------------------|---------------------------------|---------------------|--------------------|-------------------|
| <b>Three Months Ended September 30, 2023</b>  |                              |                         |                                 |                     |                    |                   |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables                            | \$ 372,979                   | \$ 69,446               | \$ —                            | \$ —                | \$ —               | \$ 442,425        |
| Change in fair value of MSRs and MSR financing receivables<br>(includes realization of cash flows of \$(138,993)) | 95,507                       | (74,573)                | —                               | —                   | —                  | 20,934            |
| Servicing revenue, net  | 468,486                      | (5,127)                 | —                               | —                   | —                  | 463,359           |
| Interest income   | 156,607                      | 255,754                 | 50,136                          | —                   | —                  | 462,497           |
| Gain on originated residential mortgage loans, HFS, net   | 144,139                      | 5,091                   | —                               | —                   | —                  | 149,230           |
| Other investment portfolio revenues   | —                            | 60,319                  | —                               | —                   | —                  | 60,319            |
| Asset management revenues   | —                            | —                       | —                               | —                   | —                  | —                 |
| <b>Total Revenues</b>   | <b>769,232</b>               | <b>316,037</b>          | <b>50,136</b>                   | <b>—</b>            | <b>—</b>           | <b>1,135,405</b>  |
| Interest expense and warehouse line fees  | 114,570                      | 227,124                 | 26,726                          | —                   | 9,108              | 377,528           |
| General and administrative  | 82,850                       | 77,694                  | 4,851                           | —                   | 25,296             | 190,691           |
| Compensation and benefits   | 158,709                      | 7,886                   | 10,673                          | —                   | 8,881              | 186,149           |
| <b>Total Operating Expenses</b>   | <b>356,129</b>               | <b>312,704</b>          | <b>42,250</b>                   | <b>—</b>            | <b>43,285</b>      | <b>754,368</b>    |
| Realized and unrealized gains (losses), net   | 22                           | (119,922)               | 5,751                           | —                   | —                  | (114,149)         |
| Other income (loss), net  | (626)                        | 8,269                   | 5,369                           | —                   | (6,124)            | 6,888             |
| <b>Total Other Income (Loss)</b>  | <b>(604)</b>                 | <b>(111,653)</b>        | <b>11,120</b>                   | <b>—</b>            | <b>(6,124)</b>     | <b>(107,261)</b>  |
| <b>Income (Loss) before Income Taxes</b>  | <b>412,499</b>               | <b>(108,320)</b>        | <b>19,006</b>                   | <b>—</b>            | <b>(49,409)</b>    | <b>273,776</b>    |
| Income tax expense (benefit)  | 56,349                       | (2,648)                 | (1,116)                         | —                   | —                  | 52,585            |
| <b>Net Income (Loss)</b>  | <b>356,150</b>               | <b>(105,672)</b>        | <b>20,122</b>                   | <b>—</b>            | <b>(49,409)</b>    | <b>221,191</b>    |
| Noncontrolling interests in income of consolidated subsidiaries   | 269                          | 4,579                   | —                               | —                   | —                  | 4,848             |
| Dividends on preferred stock  | —                            | —                       | —                               | —                   | 22,394             | 22,394            |
| <b>Net Income (Loss) Attributable to Common Stockholders</b>  | <b>\$ 355,881</b>            | <b>\$ (110,251)</b>     | <b>\$ 20,122</b>                | <b>\$ —</b>         | <b>\$ (71,803)</b> | <b>\$ 193,949</b> |

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

|   | Origination<br>and Servicing | Investment<br>Portfolio | Mortgage<br>Loans<br>Receivable | Asset<br>Management | Corporate           | Total             |
|---|------------------------------|-------------------------|---------------------------------|---------------------|---------------------|-------------------|
| <b>Nine Months Ended September 30, 2023</b>   |                              |                         |                                 |                     |                     |                   |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables                            | \$ 1,082,257                 | \$ 295,172              | \$ —                            | \$ —                | \$ —                | \$ 1,377,429      |
| Change in fair value of MSRs and MSR financing receivables<br>(includes realization of cash flows of \$(384,094)) | 103,748                      | (203,086)               | —                               | —                   | —                   | (99,338)          |
| Servicing revenue, net  | 1,186,005                    | 92,086                  | —                               | —                   | —                   | 1,278,091         |
| Interest income   | 395,612                      | 632,681                 | 149,395                         | —                   | —                   | 1,177,688         |
| Gain on originated residential mortgage loans, HFS, net   | 396,678                      | 40,404                  | —                               | —                   | —                   | 437,082           |
| Other investment portfolio revenues   | —                            | 177,672                 | —                               | —                   | —                   | 177,672           |
| Asset management revenues   | —                            | —                       | —                               | —                   | —                   | —                 |
| <b>Total Revenues</b>   | <b>1,978,295</b>             | <b>942,843</b>          | <b>149,395</b>                  | <b>—</b>            | <b>—</b>            | <b>3,070,533</b>  |
| Interest expense and warehouse line fees  | 335,858                      | 566,119                 | 76,924                          | —                   | 27,077              | 1,005,978         |
| General and administrative  | 239,220                      | 238,011                 | 13,420                          | —                   | 49,437              | 540,088           |
| Compensation and benefits   | 480,823                      | 22,985                  | 33,130                          | —                   | 27,697              | 564,635           |
| <b>Total Operating Expenses</b>   | <b>1,055,901</b>             | <b>827,115</b>          | <b>123,474</b>                  | <b>—</b>            | <b>104,211</b>      | <b>2,110,701</b>  |
| Realized and unrealized gains (losses), net   | 273                          | (126,173)               | 22,378                          | —                   | —                   | (103,522)         |
| Other income (loss), net  | (19,232)                     | (32,846)                | 6,260                           | —                   | (20,358)            | (66,176)          |
| <b>Total Other Income (Loss)</b>  | <b>(18,959)</b>              | <b>(159,019)</b>        | <b>28,638</b>                   | <b>—</b>            | <b>(20,358)</b>     | <b>(169,698)</b>  |
| <b>Income (Loss) before Income Taxes</b>  | <b>903,435</b>               | <b>(43,291)</b>         | <b>54,559</b>                   | <b>—</b>            | <b>(124,569)</b>    | <b>790,134</b>    |
| Income tax expense (benefit)  | 101,884                      | (5,384)                 | (4,191)                         | —                   | —                   | 92,309            |
| <b>Net Income (Loss)</b>  | <b>801,551</b>               | <b>(37,907)</b>         | <b>58,750</b>                   | <b>—</b>            | <b>(124,569)</b>    | <b>697,825</b>    |
| Noncontrolling interests in income of consolidated subsidiaries   | 613                          | 9,824                   | —                               | —                   | —                   | 10,437            |
| Dividends on preferred stock  | —                            | —                       | —                               | —                   | 67,184              | 67,184            |
| <b>Net Income (Loss) Attributable to Common Stockholders</b>  | <b>\$ 800,938</b>            | <b>\$ (47,731)</b>      | <b>\$ 58,750</b>                | <b>\$ —</b>         | <b>\$ (191,753)</b> | <b>\$ 620,204</b> |

**5. MORTGAGE SERVICING RIGHTS AND MSR FINANCING RECEIVABLES**

The following table summarizes activity related to MSRs and MSR financing receivables:

|  |                     |
|--|---------------------|
| <b>Balance as of December 31, 2023</b>     | \$ 8,405,938        |
| Acquisition                                | 697,494             |
| Originations <sup>(A)</sup>                | 943,511             |
| Sales                                      | 2,748               |
| <i>Change in fair value due to:</i>        |                     |
| Realization of cash flows <sup>(B)</sup>   | (425,259)           |
| Change in valuation inputs and assumptions | (323,443)           |
| <b>Balance as of September 30, 2024</b>    | <b>\$ 9,300,989</b> |

(A) Represents MSRs retained on the sale of originated residential mortgage loans. Includes \$28.3 million of MSRs capitalized through co-issue with third-parties.

(B) Based on the paydown of the underlying residential mortgage loans.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The following table summarizes components of servicing revenue, net:

|   | Three Months Ended  |                   | Nine Months Ended |                     |
|---|---------------------|-------------------|-------------------|---------------------|
|   | September 30,       |                   | September 30,     |                     |
|   | 2024                | 2023              | 2024              | 2023                |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables    | \$ 454,757          | \$ 412,167        | \$ 1,338,860      | \$ 1,283,967        |
| Ancillary and other fees  | 38,414              | 30,258            | 123,180           | 93,462              |
| Servicing fee revenue, net and fees   | 493,171             | 442,425           | 1,462,040         | 1,377,429           |
| <i>Change in fair value due to:</i>   |                     |                   |                   |                     |
| Realization of cash flows <sup>(A)</sup>  | (139,784)           | (138,993)         | (421,761)         | (384,094)           |
| Change in valuation inputs and assumptions, net of realized gains (losses) <sup>(B)</sup> | (607,551)           | 159,927           | (309,297)         | 284,756             |
| <b>Servicing Revenue, Net</b>   | <b>\$ (254,164)</b> | <b>\$ 463,359</b> | <b>\$ 730,982</b> | <b>\$ 1,278,091</b> |

(A) Net of \$1.3 million and \$3.5 million of realization of cash flows related to excess spread financing for the three and nine months ended September 30, 2024, respectively (Note 12).

(B) Net of \$7.3 million and \$14.1 million of change in valuation inputs and assumptions related to excess spread financing for the three and nine months ended September 30, 2024, respectively (Note 12).

The following table summarizes MSRs and MSR financing receivables by type as of September 30, 2024:

|                               | UPB of Underlying Mortgages | Weighted Average Life  | Carrying Value <sup>(B)</sup> |
|-------------------------------|-----------------------------|------------------------|-------------------------------|
|                               |                             | (Years) <sup>(A)</sup> |                               |
| Agency                        | \$ 383,218,306              | 6.2                    | \$ 5,767,835                  |
| Non-Agency                    | 70,815,704                  | 5.2                    | 818,978                       |
| Ginnie Mae <sup>(C)</sup>     | 134,831,540                 | 6.0                    | 2,714,176                     |
| <b>Total/Weighted Average</b> | <b>\$ 588,865,550</b>       | <b>6.1</b>             | <b>\$ 9,300,989</b>           |

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) Represents fair value. As of September 30, 2024, weighted average discount rates of 8.8% (range of 8.5% – 10.3%) were used to value Rithm Capital's MSRs and MSR financing receivables.

(C) As of September 30, 2024, Rithm Capital holds approximately \$2.4 billion in residential mortgage loans subject to repurchase and the related residential mortgage loan repurchase liability on its consolidated balance sheets.

**Residential Mortgage Loans Subject to Repurchase**

Rithm Capital, through Newrez, is an approved issuer of Ginnie Mae mortgage-backed securities ("MBS") and originates and securitizes government-insured residential mortgage loans. As the issuer of the Ginnie Mae-guaranteed securitizations, Rithm Capital has the unilateral right to repurchase loans from the securitizations when they are delinquent for more than 90 days. Loans in forbearance that are three or more consecutive payments delinquent are included as delinquent loans permitted to be repurchased. As a result, once the delinquency criteria have been met and regardless of whether the repurchase option has been exercised, the Company recognizes delinquent loans as if they had been repurchased with a corresponding liability. As of September 30, 2024, Rithm Capital reflected approximately \$2.4 billion in residential mortgage loans subject to repurchase and Residential mortgage loan repurchase liability on its consolidated balance sheets. Rithm Capital may re-pool repurchased loans into new Ginnie Mae securitizations upon re-performance of the loan or otherwise sell to third-party investors. The Company does not change the accounting for MSRs related to previously sold loans upon re-recognizing loans eligible for repurchase. Rather, upon repurchase of a loan, the MSR is written off. As of September 30, 2024, Rithm Capital holds approximately \$0.4 billion of such repurchased loans presented within residential mortgage loans, HFS on its consolidated balance sheets.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

***Onity MSR Financing Receivable Transactions***

In July 2017, Onity Group Inc. (formerly known as Ocwen Financial Corporation) (collectively with certain affiliates, "Onity"), and subsequently PHH Mortgage Corporation ("PHH") (as successor through acquisition by Onity), and Rithm Capital entered into an agreement to transfer to Rithm Capital Onity's remaining interests in MSRs relating to loans with an aggregate unpaid principal balance ("UPB") of approximately \$110.0 billion and with respect to which Rithm Capital already held certain rights ("Rights to MSRs"). Additionally, in January 2018, Onity sold and transferred to Rithm Capital certain Rights to MSRs and other assets related to MSRs for loans with a UPB of approximately \$86.8 billion, of which approximately \$10.7 billion UPB, as of September 30, 2024, of underlying loans consents have not been received and all other conditions to transfer have not been met and, accordingly, are recorded as MSR financing receivables, at fair value.

***Geographic Distributions***

The table below summarizes the geographic distribution of the residential mortgage loans underlying the MSRs and MSR financing receivables:

| State Concentration | Percentage of Total Outstanding Unpaid Principal Amount |                   |
|---------------------|---|-------------------|
|                     | September 30, 2024                                      | December 31, 2023 |
| California          | 16.6 %  | 17.1 %            |
| Florida             | 8.3 %   | 8.6 %             |
| Texas               | 6.5 %   | 6.2 %             |
| New York            | 5.8 %   | 6.0 %             |
| Washington          | 5.3 %   | 5.8 %             |
| New Jersey          | 4.1 %   | 4.3 %             |
| Virginia            | 3.6 %   | 3.6 %             |
| Maryland            | 3.4 %   | 3.4 %             |
| Illinois            | 3.3 %   | 3.3 %             |
| Georgia             | 3.1 %   | 3.0 %             |
| Other U.S.          | 40.0 %  | 38.7 %            |
|                     | 100.0 %   | 100.0 %           |

Geographic concentrations of investments expose Rithm Capital to the risk of economic downturns within the relevant states. Any such downturn in a state where Rithm Capital holds significant investments could affect the underlying borrower's ability to make mortgage payments and therefore could have a meaningful, negative impact on the MSRs.

***Residential Mortgage Loan Servicing and Subservicing***

Newrez performs servicing of residential mortgage loans for unaffiliated parties under servicing agreements. The servicing agreements do not meet the criteria to be recognized as a servicing right asset and, therefore, are not recognized in the consolidated balance sheets. The UPB of residential mortgage loans serviced for others as of September 30, 2024 and December 31, 2023 was \$223.4 billion and \$102.5 billion, respectively. Rithm Capital earned servicing revenue of \$59.3 million and \$34.9 million for the three months ended September 30, 2024 and 2023, respectively, and \$ 148.4 million and \$104.0 million for the nine months ended September 30, 2024 and 2023, respectively, related to unaffiliated serviced loans presented within servicing revenue, net in the consolidated statements of operations.

In relation to certain owned MSRs, Rithm Capital engages unaffiliated licensed mortgage servicers as subservicers to perform the operational servicing duties, including recapture activities, in exchange for a subservicing fee, which is recognized as subservicing expense and presented as part of general and administrative expenses in the consolidated statements of operations. As of September 30, 2024, PHH and Valon Mortgage, Inc. ("Valon") subservice 7.2% and 4.2% of owned MSRs, respectively, with the remaining 88.6% of owned MSRs serviced by Newrez (Note 1).

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

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(dollars in tables in thousands, except share and per share data)

***Servicer Advances Receivable***

In connection with Rithm Capital's ownership of MSRs, the Company assumes the obligation to serve as a liquidity provider to initially fund servicer advances on the underlying pool of mortgages it services (Note 25). These servicer advances are recorded when advanced and are included in servicer advances receivable on the consolidated balance sheets.

The table below summarizes the type of advances included in the servicer advances receivable:

|  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|--|---------------------------|--------------------------|
| Principal and interest advances                                      | \$ 642,422                | \$ 616,801               |
| Escrow advances (taxes and insurance advances)                       | 1,578,465                 | 1,442,697                |
| Foreclosure advances   | 655,029                   | 767,171                  |
| Gross advance balance <sup>(A)(B)(C)</sup>                           | 2,875,916                 | 2,826,669                |
| Reserves, impairment, unamortized discount, net of recovery accruals | (149,813)                 | (66,419)                 |
| <b>Total Servicer Advances Receivable</b>                            | <b>\$ 2,726,103</b>       | <b>\$ 2,760,250</b>      |

(A) Includes \$634.8 million and \$585.0 million of servicer advances receivable related to agency MSRs, respectively, recoverable either from the borrower or the agencies.  
 (B) Includes \$388.6 million and \$405.6 million of servicer advances receivable related to Ginnie Mae MSRs, respectively, recoverable from either the borrower or Ginnie Mae.  
 (C) Expected losses for advances associated with loans in the MSR portfolio are considered in the MSR fair value through a non-reimbursable advance loss assumption.

Rithm Capital's servicer advances receivable related to Non-Agency MSRs generally have the highest reimbursement priority pursuant to the underlying servicing agreements (i.e., ranks "top of the waterfall"), and Rithm Capital is generally entitled to repayment from the respective loan or REO liquidation proceeds before any interest or principal is paid on the notes issued by the trust. In most cases, advances in excess of the respective loan or REO liquidation proceeds may be recovered from pool-level proceeds. Furthermore, to the extent that advances are not recoverable by Rithm Capital as a result of the subservicer's failure to comply with applicable requirements in the relevant servicing agreements, Rithm Capital has a contractual right to be reimbursed by the subservicer. For advances on loans that have been liquidated, sold, paid in full, modified or delinquent, the Company has provisioned \$118.3 million, or 4.1%, and \$93.7 million, or 3.3%, for expected non-recovery of advances as of September 30, 2024 and December 31, 2023, respectively.

The following table summarizes servicer advances provision activity during the period:

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Balance at December 31, 2023</b>  | \$ 93,681         |
| Provision                            | 38,269            |
| Write-offs                           | (13,689)          |
| <b>Balance at September 30, 2024</b> | <b>\$ 118,261</b> |

See Note 18 regarding the financing of MSRs and servicer advances receivable.

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**6. GOVERNMENT AND GOVERNMENT-BACKED SECURITIES**

Government and government-backed securities include Agency RMBS issued by the GSEs or Ginnie Mae ("Agency") securities and US Treasury ("Treasury") securities. The following tables summarize Agency and Treasury securities by designation:

|  | September 30, 2024      |                   |                 |                               |                      |                  |              | December 31,                |                               |
|--|-------------------------|-------------------|-----------------|-------------------------------|----------------------|------------------|--------------|-----------------------------|-------------------------------|
|  | Gross Unrealized        |                   |                 | Carrying Value <sup>(A)</sup> | Number of Securities | Weighted Average |              |                             | Carrying Value <sup>(A)</sup> |
|  | Outstanding Face Amount | Gains             | Losses          |                               |                      | Coupon           | Yield        | Life (Years) <sup>(B)</sup> |                               |
| <b>Securities Designated as Available-for-Sale:</b>          |                         |                   |                 |                               |                      |                  |              |                             |                               |
| Agency <sup>(C)</sup>  | \$ 70,544               | \$ —              | \$ —            | \$ 64,089                     | 1                    | 3.5 %            | 3.5 %        | 7.8                         | \$ 65,496                     |
| <b>Securities Measured at Fair Value through Net Income:</b> |                         |                   |                 |                               |                      |                  |              |                             |                               |
| Agency <sup>(C)</sup>  | 6,745,583               | 168,784           | (374)           | 6,748,811                     | 42                   | 5.0 %            | 5.0 %        | 5.7                         | 8,467,634                     |
| Treasury <sup>(C)</sup>                                      | 3,250,000               | 39,883            | —               | 3,297,266                     | 3                    | 4.5 %            | 4.5 %        | 1.9                         | —                             |
| <b>Total/Weighted Average</b>                                | <b>\$ 10,066,127</b>    | <b>\$ 208,667</b> | <b>\$ (374)</b> | <b>\$ 10,110,166</b>          | <b>46</b>            | <b>4.8 %</b>     | <b>4.8 %</b> | <b>4.5</b>                  | <b>8,533,130</b>              |

(A) Fair value is equal to the carrying value for all securities. See Note 19 regarding the fair value measurements.

(B) Based on the timing of expected principal reduction on the assets.

(C) All fixed-rate as of September 30, 2024.

|   | September 30, 2024      |                |            |                               |                      |                  |              | December 31,   |      |
|---|-------------------------|----------------|------------|-------------------------------|----------------------|------------------|--------------|----------------|------|
|   | Amortized Cost /        |                |            | Unrecognized Gains / (Losses) | Number of Securities | Weighted Average |              |                | 2023 |
|   | Outstanding Face Amount | Carrying Value | Fair Value |                               |                      | Yield            | Life (Years) | Carrying Value |      |
| <b>Treasury Bills Designated as Held-to-Maturity:</b> |                         |                |            |                               |                      |                  |              |                |      |
| Treasury  | \$ 25,000               | \$ 24,731      | \$ 24,761  | \$ 30                         | 1                    | 5.1 %            | 0.2          | \$ 24,553      |      |

The following table summarizes purchases and sales of Agency and Treasury securities:

|                      | Three Months Ended September 30, |              |                         |              | Nine Months Ended September 30, |              |              |           |
|----------------------|----------------------------------|--------------|-------------------------|--------------|---------------------------------|--------------|--------------|-----------|
|                      | 2024                             |              | 2023                    |              | 2024                            |              | 2023         |           |
|                      | Treasury <sup>(A)</sup>          | Agency       | Treasury <sup>(A)</sup> | Agency       | Treasury <sup>(A)</sup>         | Agency       | Treasury     | Agency    |
| <b>Purchases:</b>    |                                  |              |                         |              |                                 |              |              |           |
| Face                 | \$ 5,775,000                     | \$ —         | \$ 1,211,323            | \$ 8,800,000 | \$ 1,280,545                    | \$ 1,000,000 | \$ 3,373,770 |           |
| Purchase price       | 5,787,401                        | —            | 1,196,221               | 8,788,328    | 1,249,562                       | 973,795      | 3,350,588    |           |
| <b>Sales:</b>        |                                  |              |                         |              |                                 |              |              |           |
| Face                 | \$ 2,500,000                     | \$ 2,556,839 | \$ 230,035              | \$ 5,500,000 | \$ 2,556,839                    | \$ —         | \$ 1,692,436 |           |
| Amortized cost       | 2,505,430                        | 2,536,357    | —                       | 229,838      | 5,481,688                       | 2,536,357    | —            | 1,672,653 |
| Sale price           | 2,542,051                        | 2,583,782    | —                       | 219,611      | 5,499,395                       | 2,583,782    | —            | 1,615,538 |
| Realized gain (loss) | 36,621                           | 47,425       | —                       | (10,227)     | 17,707                          | 47,425       | —            | (57,115)  |

(A) Excludes treasury short sales and purchases to cover short sale liabilities. Refer to Note 17 for information regarding short sales.

As of September 30, 2024, Rithm Capital had no unsettled trades.

See Note 18 regarding the financing of government and government-backed securities.

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**7. RESIDENTIAL MORTGAGE LOANS**

Rithm Capital accumulates its residential mortgage loan portfolio through originations, bulk acquisitions and the execution of call rights. A majority of the residential mortgage loan portfolio is serviced by Newrez.

Loans are accounted for based on Rithm Capital's strategy and intent for the loan and on whether the loan was credit-impaired at the date of acquisition. As of September 30, 2024, Rithm Capital accounts for loans based on the following categories:

- Loans held-for-investment ("HFI"), at fair value
- Loans held-for-sale ("HFS"), at lower of cost or fair value
- Loans HFS, at fair value
- Investments of consolidated CFEs represent mortgage loans held by certain mortgage securitization trusts where Rithm Capital is determined to be a primary beneficiary and, as a result, consolidates such trusts. The assets are measured based on the fair value of the more observable liabilities of such trusts under the CFE election. The assets can only be used to settle obligations and liabilities of such trusts for which creditors do not have recourse to Rithm Capital Corp.

The following table summarizes residential mortgage loans outstanding by loan type:

|   | September 30, 2024      |                     |               |                        |  | December 31, 2023   |  |
|---|-------------------------|---------------------|---------------|------------------------|--|---------------------|--|
|   | Outstanding Face Amount | Carrying Value      | Loan Count    | Weighted Average Yield | Weighted Average Life (Years) <sup>(A)</sup> | Carrying Value      |  |
| Investments of consolidated CFEs <sup>(B)</sup>             | \$ 3,072,082            | \$ 2,956,663        | 8,068         | 5.6 %                  | 26.1   | \$ 3,038,587        |  |
| Residential mortgage loans, HFI, at fair value              | 409,000                 | 378,032             | 7,615         | 8.1 %                  | 5.5  | 379,044             |  |
| <i>Residential Mortgage Loans, HFS:</i>                     |                         |                     |               |                        |  |                     |  |
| Acquired performing loans <sup>(C)</sup>                    | \$ 57,957               | \$ 53,007           | 1,708         | 7.9 %                  | 5.4  | \$ 57,038           |  |
| Acquired non-performing loans <sup>(D)</sup>                | 20,382                  | 16,932              | 243           | 9.1 %                  | 6.7  | 21,839              |  |
| <b>Total Residential Mortgage Loans, HFS</b>                | <b>\$ 78,339</b>        | <b>\$ 69,939</b>    | <b>1,951</b>  | <b>8.2 %</b>           | <b>5.7</b>                                   | <b>\$ 78,877</b>    |  |
| <i>Residential Mortgage Loans, HFS, at Fair Value:</i>      |                         |                     |               |                        |  |                     |  |
| Acquired performing loans <sup>(C)(E)</sup>                 | \$ 255,673              | \$ 247,065          | 1,330         | 5.5 %                  | 22.3   | \$ 400,603          |  |
| Acquired non-performing loans <sup>(D)(E)</sup>             | 221,555                 | 206,108             | 1,060         | 4.8 %                  | 27.0   | 204,950             |  |
| Originated loans  | 2,580,423               | 2,662,761           | 8,585         | 6.6 %                  | 29.1   | 1,856,312           |  |
| <b>Total Residential Mortgage Loans, HFS, at Fair Value</b> | <b>\$ 3,057,651</b>     | <b>\$ 3,115,934</b> | <b>10,975</b> | <b>6.4 %</b>           | <b>28.4</b>                                  | <b>\$ 2,461,865</b> |  |

(A) For loans classified as Level 3 in the fair value hierarchy, the weighted average life is based on the expected timing of the receipt of cash flows. For Level 2 loans, the weighted average life is based on the contractual term of the loan.

(B) Residential mortgage loans of consolidated CFEs are classified as Level 2 in the fair value hierarchy and valued based on the fair value of the more observable financial liabilities under the CFE election.

(C) Performing loans are generally placed on non-accrual status when principal or interest is 90 days or more past due.

(D) As of September 30, 2024, Rithm Capital has placed non-performing loans, HFS on non-accrual status, except as described in (E) below.

(E) Includes \$178.8 million and \$208.2 million UPB of Ginnie Mae early buyout options performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA as of September 30, 2024.

See Note 18 regarding the financing of residential mortgage loans.

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of residential mortgage loans, HFS and residential mortgage loans, HFI at fair value on the consolidated balance sheets:

| Days Past Due | September 30, 2024  |                     |                  | December 31, 2023   |                     |                    |
|---------------|---------------------|---------------------|------------------|---------------------|---------------------|--------------------|
|               | UPB                 | Carrying Value Over |                  | UPB                 | Carrying Value Over |                    |
|               |                     | Carrying Value      | (Under) UPB      |                     | Carrying Value      | (Under) UPB        |
| Current       | \$ 3,241,643        | \$ 3,285,610        | \$ 43,967        | \$ 2,690,198        | \$ 2,638,230        | \$ (51,968)        |
| 90+           | 303,347             | 278,295             | (25,052)         | 313,122             | 281,556             | (31,566)           |
| <b>Total</b>  | <b>\$ 3,544,990</b> | <b>\$ 3,563,905</b> | <b>\$ 18,915</b> | <b>\$ 3,003,320</b> | <b>\$ 2,919,786</b> | <b>\$ (83,534)</b> |

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The following table summarizes the activity for the period of residential mortgage loans, HFS and residential mortgage loans, HFI at fair value on the consolidated balance sheets:

|   | Loans HFI, at Fair Value | Loans HFS, at Lower of Cost or Fair Value | Loans HFS, at Fair Value | Total               |
|---|--------------------------|---|--------------------------|---------------------|
| <b>Balance at December 31, 2023</b>                     | \$ 379,044               | \$ 78,877                                 | \$ 2,461,865             | \$ 2,919,786        |
| Originations  | —                        | —   | 41,452,524               | 41,452,524          |
| Sales   | —                        | (2,307)                                   | (41,410,797)             | (41,413,104)        |
| Purchases/additional fundings                           | —                        | —   | 1,140,787                | 1,140,787           |
| Proceeds from repayments                                | (34,729)                 | (7,594)                                   | (77,422)                 | (119,745)           |
| Transfer of loans (to) from other assets <sup>(A)</sup> | —                        | (2,730)                                   | (455,298)                | (458,028)           |
| Transfer of loans to REO                                | (2,266)                  | (1,271)                                   | (2,790)                  | (6,327)             |
| Transfers of loans to HFS                               | (52)                     | —   | —                        | (52)                |
| Transfer of loans from HFI                              | —                        | —   | 52                       | 52                  |
| Impairment (loss) reversal                              | —                        | 4,964                                     | —                        | 4,964               |
| <i>Fair value adjustments due to:</i>                   |                          |   |                          |                     |
| Changes in instrument-specific credit risk              | 24,135                   | —   | 11,353                   | 35,488              |
| Other factors   | 11,900                   | —   | (4,340)                  | 7,560               |
| <b>Balance at September 30, 2024</b>                    | <b>\$ 378,032</b>        | <b>\$ 69,939</b>                          | <b>\$ 3,115,934</b>      | <b>\$ 3,563,905</b> |

(A) Includes loans transferred to consolidated CFEs and receivable modifications resulting in transfers between other assets and residential mortgage loans.

**Gain on Originated Residential Mortgage Loans, HFS, Net**

Newrez originates conventional, government-insured and nonconforming residential mortgage loans for sale and securitization. In connection with the sale or securitization of loans to the GSEs or mortgage investors, Rithm Capital reports gain on originated residential mortgage loans, HFS, net in the consolidated statements of operations. See Note 20 for detail on Rithm's continuing involvement.

The following table summarizes the components of gain on originated residential mortgage loans, HFS, net:

|  | Three Months Ended |                   | Nine Months Ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | September 30,      |                   | September 30,     |                   |
|  | 2024               | 2023              | 2024              | 2023              |
| Gain (loss) on residential mortgage loans originated and sold, net <sup>(A)</sup>                        | \$ (94,216)        | \$ (178,658)      | \$ (435,845)      | \$ (306,031)      |
| Gain (loss) on settlement of residential mortgage loan origination derivative instruments <sup>(B)</sup> | (95,899)           | 67,377            | (101,346)         | 65,798            |
| MSRs retained on transfer of residential mortgage loans <sup>(C)</sup>                                   | 343,884            | 266,644           | 915,194           | 609,460           |
| Other <sup>(D)</sup>   | 11,464             | 5,892             | 32,006            | 2,751             |
| Realized gain on sale of originated residential mortgage loans, net                                      | 165,233            | 161,255           | 410,009           | 371,978           |
| Change in fair value of residential mortgage loans   | 22,987             | (19,299)          | 28,348            | 40,190            |
| Change in fair value of interest rate lock commitments (Note 17)   | 15,711             | (8,630)           | 8,379             | (2,288)           |
| Change in fair value of derivative instruments (Note 17)   | (19,236)           | 15,904            | 34,158            | 27,202            |
| <b>Gain on Originated Residential Mortgage Loans, HFS, Net</b>   | <b>\$ 184,695</b>  | <b>\$ 149,230</b> | <b>\$ 480,894</b> | <b>\$ 437,082</b> |

(A) Includes residential mortgage loan origination fees of \$289.0 million and \$105.9 million for the three months ended September 30, 2024 and 2023, respectively, and \$700.4 million and \$268.8 million for the nine months ended September 30, 2024 and 2023, respectively. Includes gain on residential mortgage loan securitizations accounted for as sales of \$17.0 million for the three and nine months ended September 30, 2024 and no gain or loss for the three and nine months ended September 30, 2023.

(B) Represents settlement of forward securities delivery commitments utilized as an economic hedge for mortgage loans not included within forward loan sale commitments.

(C) Represents the initial fair value of the capitalized MSRs upon loan sales with servicing retained.

(D) Includes fees for services associated with the residential mortgage loan origination process.

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**8. CONSUMER LOANS**

Rithm Capital's consumer loan portfolio consists of (i) consumer loans purchased from Goldman Sachs Bank USA (the "Marcus loans" or "Marcus") in June 2023 and (ii) consumer loans purchased from SpringCastle (the "SpringCastle loans" or "SpringCastle") through a co-investment. The Marcus loan portfolio includes unsecured fixed-rate closed-end installment loans, and the SpringCastle loan portfolio includes personal unsecured loans and personal homeowner loans. The Marcus loans are serviced by Systems & Services Technologies, Inc., and the SpringCastle loans are serviced by OneMain Holdings Inc.

On June 28, 2024, Rithm Capital acquired the remaining 46.5% interest in the SpringCastle loans from the co-investor for a total purchase price of \$22.0 million. Following the acquisition, Rithm Capital holds a 100% interest in the SpringCastle loans.

The following table summarizes characteristics of the consumer loan portfolio measured at fair value under the fair value option election:

|                                  | Unpaid Principal Balance | Carrying Value      | Weighted Average Coupon | Weighted Average Expected Life (Years) |
|----------------------------------|--------------------------|---------------------|-------------------------|--|
| <b><u>September 30, 2024</u></b> |                          |                     |                         |  |
| SpringCastle                     | \$ 219,629               | \$ 231,039          | 18.1 %                  | 3.8                                    |
| Marcus                           | 663,154                  | 574,538             | 10.9 %                  | 0.9                                    |
| <b>Total Consumer Loans</b>      | <b>\$ 882,783</b>        | <b>\$ 805,577</b>   | <b>12.7 %</b>           | <b>1.6</b>                             |
| <b><u>December 31, 2023</u></b>  |                          |                     |                         |  |
| SpringCastle                     | \$ 260,102               | \$ 285,632          | 18.2 %                  | 3.7                                    |
| Marcus                           | 1,048,672                | 988,373             | 10.5 %                  | 1.2                                    |
| <b>Total Consumer Loans</b>      | <b>\$ 1,308,774</b>      | <b>\$ 1,274,005</b> | <b>12.0 %</b>           | <b>1.7</b>                             |

See Note 18 regarding the financing of consumer loans.

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of consumer loans:

| Days Past Due             | September 30, 2024 |                               |                                 | December 31, 2023   |                               |                                 |
|---------------------------|--------------------|-------------------------------|---------------------------------|---------------------|-------------------------------|---------------------------------|
|                           | UPB                | Carrying Value <sup>(A)</sup> | Carrying Value Over (Under) UPB | UPB                 | Carrying Value <sup>(A)</sup> | Carrying Value Over (Under) UPB |
| <i>SpringCastle:</i>      |                    |                               |                                 |                     |                               |                                 |
| Current                   | \$ 215,398         | \$ 226,639                    | \$ 11,241                       | \$ 255,441          | \$ 280,577                    | \$ 25,136                       |
| 90+                       | 4,231              | 4,400                         | 169                             | 4,661               | 5,055                         | 394                             |
| <b>Total SpringCastle</b> | <b>219,629</b>     | <b>231,039</b>                | <b>11,410</b>                   | <b>260,102</b>      | <b>285,632</b>                | <b>25,530</b>                   |
| <i>Marcus:</i>            |                    |                               |                                 |                     |                               |                                 |
| Current                   | 557,450            | 482,959                       | (74,491)                        | 1,014,404           | 956,076                       | (58,328)                        |
| 90+                       | 105,704            | 91,579                        | (14,125)                        | 34,268              | 32,297                        | (1,971)                         |
| <b>Total Marcus</b>       | <b>663,154</b>     | <b>574,538</b>                | <b>(88,616)</b>                 | <b>1,048,672</b>    | <b>988,373</b>                | <b>(60,299)</b>                 |
|                           | <b>\$ 882,783</b>  | <b>\$ 805,577</b>             | <b>\$ (77,206)</b>              | <b>\$ 1,308,774</b> | <b>\$ 1,274,005</b>           | <b>\$ (34,769)</b>              |

See Note 19 regarding fair value measurements.

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The following table summarizes the activity for consumer loans for the period:

|  | <b>Total</b>      |
|--|-------------------|
| <b>Balance at December 31, 2023</b>                      | \$ 1,274,005      |
| Additional fundings <sup>(A)</sup>                       | 15,996            |
| Proceeds from repayments                                 | (436,014)         |
| Accretion of loan discount and premium amortization, net | 21,331            |
| <i>Fair value adjustments due to:</i>                    |                   |
| Changes in instrument-specific credit risk               | (49,003)          |
| Other factors  | (20,738)          |
| <b>Balance at September 30, 2024</b>                     | <b>\$ 805,577</b> |

(A) Represents draws on consumer loans with revolving privileges.

**9. SINGLE-FAMILY RENTAL PROPERTIES**

Rithm Capital invests in its SFR portfolio by acquiring and maintaining a geographically diversified portfolio of high-quality single-family homes and leasing them to high-quality residents.

SFR properties HFI are carried at cost less accumulated depreciation and impairment and are presented within single-family rental properties on the consolidated balance sheets.

SFR properties HFS are managed for near term sale and disposition. They are measured at the lower of cost less accumulated depreciation and impairment or fair value less estimated cost to sell and presented within single-family rental properties on the consolidated balance sheets. For the nine months ended September 30, 2024, Rithm Capital transferred 199 SFR properties HFI to HFS.

The following table summarizes the net carrying value of investments in SFR properties:

|  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|--|---------------------------|--------------------------|
| Land                                     | \$ 193,402                | \$ 183,359               |
| Building                                 | 773,609                   | 733,437                  |
| Capital improvements                     | 149,434                   | 138,869                  |
| Total gross investment in SFR properties | 1,116,445                 | 1,055,665                |
| Accumulated depreciation                 | (75,800)                  | (53,737)                 |
| <b>Investment in SFR Properties, Net</b> | <b>\$ 1,040,645</b>       | <b>\$ 1,001,928</b>      |

Depreciation expense for the three months ended September 30, 2024 and 2023, totaled \$ 7.3 million and \$7.1 million, respectively, and, for the nine months ended September 30, 2024 and 2023, totaled \$22.3 million and \$21.0 million, respectively. Depreciation expense is included in other income (loss), net in the consolidated statements of operations.

As of September 30, 2024 and December 31, 2023, the carrying amount of the SFR properties includes capitalized acquisition costs of \$ 7.3 million and \$7.5 million, respectively.

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The following table summarizes the activity for the period related to the net carrying value of investments in SFR properties:

|                                       | SFR Properties HFI | SFR Properties HFS | Total               |
|---------------------------------------|--------------------|--------------------|---------------------|
| <b>Balance at December 31, 2023</b>   | \$ 1,000,357       | \$ 1,571           | \$ 1,001,928        |
| Acquisitions and capital improvements | 64,925             | —                  | 64,925              |
| Transfers to HFS                      | (50,615)           | 50,615             | —                   |
| Dispositions                          | (1,140)            | (2,738)            | (3,878)             |
| Accumulated depreciation              | (22,247)           | (83)               | (22,330)            |
| <b>Balance at September 30, 2024</b>  | <b>\$ 991,280</b>  | <b>\$ 49,365</b>   | <b>\$ 1,040,645</b> |

Rithm Capital generally rents its SFR properties under non-cancelable lease agreements with a term of one to two years. The following table summarizes rental revenue and other variable revenue based on the specific lease terms for the period:

|                        | Three Months Ended |                  | Nine Months Ended |                  |
|------------------------|--------------------|------------------|-------------------|------------------|
|                        | September 30,      |                  | September 30,     |                  |
|                        | 2024               | 2023             | 2024              | 2023             |
| Rental revenue         | \$ 19,348          | \$ 18,297        | \$ 57,216         | \$ 54,163        |
| Other variable revenue | 833                | 683              | 2,492             | 1,901            |
| <b>Total Revenue</b>   | <b>\$ 20,181</b>   | <b>\$ 18,980</b> | <b>\$ 59,708</b>  | <b>\$ 56,064</b> |

The following table summarizes the future minimum rental revenues under existing leases on SFR properties:

|                     |                  |
|---------------------|------------------|
| Remainder of 2024   | \$ 18,374        |
| 2025 and thereafter | 29,237           |
| <b>Total</b>        | <b>\$ 47,611</b> |

The following table summarizes the activity for the period of the SFR portfolio by units:

|                                      | SFR Properties HFI | SFR Properties HFS | Total        |
|--------------------------------------|--------------------|--------------------|--------------|
| <b>Balance at December 31, 2023</b>  | 3,882              | 6                  | 3,888        |
| Acquisition of SFR units             | 204                | —                  | 204          |
| Transfer to HFS                      | (199)              | 199                | —            |
| Disposition of SFR units             | (4)                | (9)                | (13)         |
| <b>Balance at September 30, 2024</b> | <b>3,883</b>       | <b>196</b>         | <b>4,079</b> |

See Note 18 regarding the financing of SFR properties.

**10. MORTGAGE LOANS RECEIVABLE**

Genesis specializes in originating and managing a portfolio of primarily short-term mortgage loans to fund the construction and development of, or investment in, residential properties.

On August 24, 2023, Rithm Capital acquired a portfolio of loans from Morgan Stanley Bank, N.A. with a face value of \$ 148.4 million. The portfolio consists of fixed-rate bridge and renovation loans and is master serviced by Genesis.

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The following table summarizes mortgage loans receivable, at fair value and mortgage loans receivable held by consolidated CFEs by loan type as of September 30, 2024:

|              | Mortgage Loans            |                                      |                      |                |            |                |                        |                        |   |
|--------------|---------------------------|--------------------------------------|----------------------|----------------|------------|----------------|------------------------|------------------------|---|
|              | Mortgage Loans            | Receivable of                        | Total Carrying Value | % of Portfolio | Loan Count | % of Portfolio | Weighted Average Yield | Original Life (Months) | Weighted Average Committed Loan Balance to Value <sup>(B)</sup> |
|              | Receivable - Consolidated | CFEs - Carrying Value <sup>(A)</sup> |                      |                |            |                |                        |                        |   |
| Construction | \$ 795,156                | \$ 471,941                           | \$ 1,267,097         | 42.5 %         | 528        | 33.8 %         | 11.3 %                 | 19.8                   | 72.2% / 62.3%   |
| Bridge       | 817,113                   | 343,117                              | 1,160,230            | 43.7 %         | 538        | 34.4 %         | 10.1 %                 | 26.1                   | 67.4%   |
| Renovation   | 257,583                   | 101,848                              | 359,431              | 13.8 %         | 498        | 31.8 %         | 10.5 %                 | 12.9                   | 82.0% / 67.6%   |
|              | \$ 1,869,852              | \$ 916,906                           | \$ 2,786,758         | 100.0 %        | 1,564      | 100.0 %        | 10.7 %                 | 20.2                   | N/A   |

(A) Mortgage loans receivable are carried at fair value under the fair value option election. Mortgage loans of consolidated CFEs are classified as Level 3 and valued based on the more observable financial liabilities of consolidated CFEs. See Note 19 regarding fair value measurements.

(B) Weighted by commitment Loan-to-Value ("LTV") for bridge loans, loan-to-cost and loan-to-after-repair-value for construction and renovation loans.

The following table summarizes the activity for the period of loans included in mortgage loans receivable, at fair value on the consolidated balance sheets:

| <u>Balance at December 31, 2023</u>             |  | \$ 1,879,319 |
|---|--|--------------|
| Initial loan advances                           |  | \$ 1,356,540 |
| Construction holdbacks and draws                |  | 630,381      |
| Paydowns and payoffs                            |  | (1,146,754)  |
| Purchased loans discount amortization           |  | 1,006        |
| Transfer of loans to REO                        |  | (6,919)      |
| Transfers from (to) assets of consolidated CFEs |  | (881,378)    |
| <i>Fair value adjustments due to:</i>           |  |              |
| Changes in instrument-specific credit risk      |  | 17,995       |
| Other factors                                   |  | 19,662       |
| <u>Balance at September 30, 2024</u>            |  | \$ 1,869,852 |

The Company is subject to credit risk in connection with its investments in mortgage loans. The two primary components of credit risk are default risk, which is the risk that a borrower fails to make scheduled principal and interest payments, and severity risk, which is the risk of loss upon a borrower's default on a mortgage loan or other secured or unsecured loan. Severity risk includes the risk of loss of value of the property or other asset, if any, securing the loan, as well as the risk of loss associated with taking over the property or other asset, if any, including foreclosure costs.

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of loans included in mortgage loans receivable, at fair value on the consolidated balance sheets:

| Days Past Due | September 30, 2024  |                     |                  | December 31, 2023   |                     |                   |
|---------------|---------------------|---------------------|------------------|---------------------|---------------------|-------------------|
|               | UPB                 | Carrying Value Over |                  | UPB                 | Carrying Value Over |                   |
|               |                     | Carrying Value      | (Under) UPB      |                     | Carrying Value      | (Under) UPB       |
| Current       | \$ 1,787,026        | \$ 1,820,179        | \$ 33,153        | \$ 1,838,935        | \$ 1,837,513        | \$ (1,422)        |
| 90+           | 54,233              | 49,673              | (4,560)          | 41,869              | 41,806              | (63)              |
| <b>Total</b>  | <b>\$ 1,841,259</b> | <b>\$ 1,869,852</b> | <b>\$ 28,593</b> | <b>\$ 1,880,804</b> | <b>\$ 1,879,319</b> | <b>\$ (1,485)</b> |

See Note 18 regarding the financing of mortgage loans receivable.

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**11. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

Rithm Capital considers all highly liquid short-term investments with maturities of 90 days or less when purchased to be cash equivalents. Substantially all amounts on deposit with major financial institutions exceed insured limits.

Restricted cash consists of cash collateral pledges related to secured financing and securitizations.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on Rithm Capital's consolidated balance sheets to the total of the same amounts shown in the consolidated statements of cash flows:

|   | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|---|---------------------------|--------------------------|
| Cash and cash equivalents                               | \$ 1,639,539              | \$ 1,287,199             |
| Restricted cash   | 306,533                   | 378,048                  |
| Restricted cash of consolidated CFEs <sup>(A)</sup>     | 57,340                    | 31,848                   |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b> | <b>\$ 2,003,412</b>       | <b>\$ 1,697,095</b>      |

(A) Presented within investments, at fair value and other assets on the consolidated balance sheets.

The following table summarizes restricted cash balances by reporting segment:

|  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|--|---------------------------|--------------------------|
| Investment Portfolio <sup>(A)</sup>      | \$ 127,830                | \$ 150,432               |
| Origination and Servicing                | 164,702                   | 195,490                  |
| Mortgage Loans Receivable <sup>(A)</sup> | 47,889                    | 37,805                   |
| Asset Management <sup>(A)</sup>          | 23,452                    | 26,169                   |
| <b>Total Restricted Cash</b>             | <b>\$ 363,873</b>         | <b>\$ 409,896</b>        |

(A) Included restricted cash related to consolidated CFEs presented within investments, at fair value and other assets on the consolidated balance sheets.

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**12. OTHER ASSETS AND LIABILITIES**

**Other assets and accrued expenses and other liabilities** — other assets and accrued expenses and other liabilities on the consolidated balance sheets consist of the following:

|   | Other Assets       |              |   | Accrued Expenses and Other Liabilities |              |
|---|--------------------|--------------|---|--|--------------|
|   | December 31,       |              |   | December 31,                           |              |
|   | September 30, 2024 | 2023         |   | September 30, 2024                     | 2023         |
| CLOs, at fair value <sup>(A)</sup>                    | \$ 275,771         | \$ 226,486   | Accounts payable                          | \$ 180,054                             | \$ 165,144   |
| Deferred tax asset <sup>(G)</sup>                     | —                  | 279,019      | Accrued compensation and benefits         | 191,737                                | 290,464      |
| Derivative and hedging assets (Note 17)               | 50,514             | 28,080       | Deferred tax liability <sup>(G)</sup>     | 587,828                                | 801,857      |
| Due from related parties                              | 30,370             | 32,319       | Derivative liabilities (Note 17)          | 85,415                                 | 51,765       |
| Equity investments <sup>(B)</sup>                     | 466,813            | 173,882      | Escheat payable                           | 207,209                                | 169,914      |
| Excess MSRs, at fair value (Note 13)                  | 375,923            | 271,150      | Excess spread financing                   | 107,524                                | —            |
| Goodwill (Note 15)                                    | 131,857            | 131,857      | Interest payable                          | 206,395                                | 166,620      |
| Income and fees receivable                            | 33,390             | 59,134       | Lease liability (Note 16)                 | 170,709                                | 159,236      |
| Intangible assets (Note 15)                           | 342,052            | 387,920      | Notes receivable financing <sup>(F)</sup> | 367,373                                | —            |
| Loans receivable, at fair value <sup>(C)</sup>        | 29,114             | 31,323       | Unearned income and fees                  | 21,755                                 | 37,468       |
| Margin receivable, net <sup>(D)</sup>                 | 121,020            | 75,947       | Other liabilities                         | 231,517                                | 223,293      |
| Non-Agency RMBS, at fair value <sup>(A)</sup>         | 579,717            | 577,543      |   | \$ 2,357,516                           | \$ 2,065,761 |
| Notes receivable, at fair value <sup>(E)</sup>        | 384,126            | 398,227      |   |  |              |
| Operating lease right-of-use assets (Note 16)         | 103,870            | 104,207      |   |  |              |
| Other receivables                                     | 154,862            | 152,046      |   |  |              |
| Prepaid expenses                                      | 65,381             | 62,513       |   |  |              |
| Principal and interest receivable                     | 177,611            | 168,516      |   |  |              |
| Property and equipment                                | 68,134             | 40,038       |   |  |              |
| REO   | 24,732             | 15,507       |   |  |              |
| Servicer advance investments, at fair value (Note 14) | 341,303            | 376,881      |   |  |              |
| Servicing fee receivables                             | 195,163            | 156,777      |   |  |              |
| Warrants, at fair value                               | 10,092             | 16,599       |   |  |              |
| Other assets  | 200,698            | 182,881      |   |  |              |
|   | \$ 4,162,513       | \$ 3,948,852 |   |  |              |

(A) Non-Agency RMBS and CLOs were reclassified from real estate and other securities, as presented in prior periods, to other assets on the consolidated balance sheets as of June 30, 2024.

(B) Represents equity investments in (i) commercial redevelopment projects, (ii) operating companies providing services throughout the real estate industry, including investments in Covis Holding Inc., a provider of various technology-enabled services to the mortgage and real estate sectors, preferred stock of Valon, a residential mortgage servicing and technology company, and preferred stock of Covalto Ltd. (formerly known as Credijusto Ltd.), a financial services company, (iii) funds managed by Sculptor, (iv) credit risk transfer LLC that holds exposure in warehouse lines collateralized by residential mortgage loans, measured at fair value under the fair value option election with changes in fair value presented in other income and (v) Great Ajax.

(C) Represents loans made pursuant to a senior credit agreement and a senior subordinated credit agreement to an entity affiliated with funds managed by an affiliate of the Former Manager. The loans are measured at fair value under the fair value option.

(D) Represents collateral posted as a result of changes in fair value of Rithm Capital's (i) government and government-backed securities securing its secured financing agreements and (ii) derivative instruments.

(E) Represents notes receivable secured by commercial properties. The notes are measured at fair value under the fair value option.

(F) During the second quarter of 2024, the Company transferred an investment in a note receivable with a fair value of \$65.0 million, subject to a repo financing of \$323.5 million, from a third party to a nonconsolidated joint venture for cash consideration of \$48.0 million. The transaction did not meet sale accounting under ASC 860 and, as a result, was treated as a secured borrowing for accounting purposes for which the Company elected the fair value option and is included in accrued expenses and other liabilities in the consolidated balance sheets. The amount presented within notes receivable financing is comprised of the repo financing and the non-recourse liability in a secured borrowing. The Company continues to reflect the transferred note in other assets in the consolidated balance sheets, at fair value.

(G) Effective in the third quarter of 2024, Rithm Capital's taxable subsidiaries file combined federal and state returns and as a result, present deferred tax liability or asset on a net basis on its consolidated balance sheets.



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**REO** — REO assets are individual properties acquired by Rithm Capital or where Rithm Capital receives the property as a result of foreclosure of the underlying loan. Rithm Capital measures REO assets at the lower of cost or fair value, with valuation provision recorded in other income (loss), net in the consolidated statements of operations. REO assets are managed for prompt sale and disposition.

The following table presents activity for the period related to the carrying value of investments in REO:

| <b>Balance at December 31, 2023</b>       | \$        | 15,507        |
|---|-----------|---------------|
| Purchases                                 |           | 12,919        |
| Property received in satisfaction of loan |           | 21,695        |
| Sales <sup>(A)</sup>                      |           | (24,317)      |
| Valuation (provision) reversal            |           | (1,072)       |
| <b>Balance at September 30, 2024</b>      | <b>\$</b> | <b>24,732</b> |

(A) Recognized when control of the property has transferred to the buyer.

As of September 30, 2024, Rithm Capital had residential mortgage loans and mortgage loans receivable that were in the process of foreclosure with UPBs of \$45.1 million and \$37.4 million, respectively.

**Notes and Loans Receivable** — The following table summarizes the activity for the period for notes and loans receivable:

|  | Total             |
|--|-------------------|
| <b>Balance at December 31, 2023</b>        | <b>\$</b> 429,550 |
| Fundings                                   | 17,500            |
| Payment in kind                            | 2,211             |
| Proceeds from repayments                   | (37,670)          |
| <i>Fair value adjustments due to:</i>      |                   |
| Changes in instrument-specific credit risk | —                 |
| Other factors                              | 1,649             |
| <b>Balance at September 30, 2024</b>       | <b>\$</b> 413,240 |

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of notes and loans receivable:

| Days Past Due | UPB               | September 30, 2024            |                                 | December 31, 2023 |                               |
|---------------|-------------------|-------------------------------|---------------------------------|-------------------|-------------------------------|
|               |                   | Carrying Value <sup>(A)</sup> | Carrying Value Over (Under) UPB | UPB               | Carrying Value <sup>(A)</sup> |
| Current       | \$ 481,740        | \$ 384,126                    | \$ (97,614)                     | \$ 565,786        | \$ 429,550                    |
| 90+           | 29,114            | 29,114                        | —                               | —                 | —                             |
| <b>Total</b>  | <b>\$ 510,854</b> | <b>\$ 413,240</b>             | <b>\$ (97,614)</b>              | <b>\$ 565,786</b> | <b>\$ 429,550</b>             |

(A) Notes and loans receivable are carried at fair value. See Note 19 regarding fair value measurements.

**13. EXCESS MORTGAGE SERVICING RIGHTS**

Excess MSR assets include Rithm Capital's ownership of Excess MSRs, and associated recapture agreements, acquired from and serviced by Mr. Cooper Group Inc. ("Mr. Cooper"). Prior to June 20, 2024, Rithm Capital owned certain pools of excess MSR directly and certain pools through a joint venture with the Former Manager (the "Fortress Excess MSR JV").

On June 20, 2024, Rithm Capital, together with certain Sculptor nonconsolidated funds, acquired an excess MSR portfolio from the Former Manager (including the Former Manager's ownership in the Fortress Excess MSR JV) for approximately \$124 million. A new joint venture with such Sculptor nonconsolidated funds was formed for the acquisition. Rithm Capital owns an 80.0% interest in and manages the joint venture, and as a result, consolidates this joint venture. Following the

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acquisition from the Former Manager, all of Rithm Capital's ownership in pools of excess MSRs is consolidated on its consolidated balance sheet and is presented in other assets at fair value. See Note 20 for noncontrolling interests related to these excess MSRs.

Mr. Cooper, as servicer, performs all of the servicing and advancing functions on the Company's excess MSR assets, retains the ancillary income and assumes servicing obligations and liabilities as the servicer of the underlying loans in the portfolio.

As part of the Computershare Acquisition (Note 3), Rithm Capital acquired MSRs owned by SLS underlying certain excess MSRs owned by Rithm Capital. Accordingly, those excess MSRs have been reclassified to full MSRs on Rithm Capital's consolidated balance sheets.

The table below summarizes the components of Excess MSRs:

**Investments in Excess MSRs**

The following table presents activity related to the consolidated investments in Excess MSRs measured at fair value:

|  | <b>Total</b>      |
|--|-------------------|
| <b>Balance as of December 31, 2023<sup>(A)</sup></b>           | \$ 271,150        |
| Purchases  | 122,887           |
| Interest income  | 18,893            |
| Other income   | (656)             |
| Proceeds from repayments                                       | (37,728)          |
| Proceeds from sales  | —                 |
| Change in fair value   | 9,982             |
| Acquisition of assets from Fortress Excess MSR JV:             |                   |
| Distributions of earnings from equity method investees         | (344)             |
| Distributions of capital from equity method investees          | (8,846)           |
| Change in fair value of investments in equity method investees | 1,617             |
| Reclassification of SLS serviced excess MSRs to full MSRs      | (1,032)           |
| <b>Balance as of September 30, 2024</b>                        | <b>\$ 375,923</b> |

(A) Total investment in Excess MSRs as of December 31, 2023, contains both direct and indirect investments in Excess MSR by the Company. As a result of Rithm Capital's investment in the Fortress Excess MSR JV during the second quarter of 2024, it is now included in Rithm Capital's direct investments in Excess MSRs.

The following summarizes investments in direct Excess MSRs:

|                                 | September 30, 2024     |                           |                | December 31, 2023             |                               |            |
|---------------------------------|------------------------|---------------------------|----------------|-------------------------------|-------------------------------|------------|
|                                 | Weighted Average       |                           | Amortized Cost |                               |                               |            |
|                                 | Interest in Excess MSR | Life Years <sup>(A)</sup> | Basis          | Carrying Value <sup>(B)</sup> | Carrying Value <sup>(B)</sup> |            |
| <b>Rithm</b>                    |                        |                           |                |                               |                               |            |
| <b>Capital<sup>(C, D)</sup></b> |                        |                           |                |                               |                               |            |
| <b>Total</b>                    | 65.0% – 80.0%          | 20.0% – 35.0%             | 5.8            | \$ 329,562                    | \$ 375,923                    | \$ 208,385 |
| (69.9%)                         | (30.9%)                |                           |                |                               |                               |            |

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) Carrying value represents the fair value of the pools and recapture agreements, as applicable.

(C) Amounts in parentheses represent weighted averages.

(D) Rithm Capital also invested in related servicer advance investments, including the base fee component of the related MSR as of September 30, 2024 (Note 14) on \$13.7 billion UPB underlying these Excess MSRs.

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Changes in fair value of Excess MSR investments consist of the following:

|                                      | Three Months Ended |            | Nine Months Ended |             |
|--------------------------------------|--------------------|------------|-------------------|-------------|
|                                      | September 30,      |            | September 30,     |             |
|                                      | 2024               | 2023       | 2024              | 2023        |
| <b>Original and Recaptured Pools</b> | \$ 11,904          | \$ (3,498) | \$ 9,982          | \$ (13,915) |

As of September 30, 2024, a weighted average discount rate of 8.8% was used to value Rithm Capital's investments in Excess MSRs.

**14. SERVICER ADVANCE INVESTMENTS**

Servicer advance investments consist of arrangements to fund existing outstanding servicer advances and the requirement to purchase all future servicer advances made with respect to a specified pool of residential mortgage loans in exchange for the base fee component of the related MSR. Rithm Capital elected to record its servicer advance investments, including the right to the base fee component of the related MSRs, at fair value under the fair value option election to provide users of the financial statements with better information regarding the effects of market factors. The Company's servicer advance investments are presented in other assets on the consolidated balance sheets.

As part of the Computershare Acquisition (Note 3), Rithm Capital acquired certain MSRs owned by SLS underlying a certain servicer advance investment and, therefore, reclassified the servicer advance investment to MSR and servicer advances receivable on its consolidated balance sheets.

Mr. Cooper performs all of the servicing and advancing functions on the Company's remaining servicer advance investments, retains the ancillary income and assumes servicing obligations and liabilities as the servicer of the underlying loans in the portfolio.

Rithm Capital owns its interest in servicer advance investments through a consolidated subsidiary, Advance Purchaser LLC ("Advance Purchaser"), in which it has an ownership interest of 89.3%. As of September 30, 2024, the noncontrolling third-party co-investor and Rithm Capital have funded all their capital commitments. Advance Purchaser may recall \$71.5 million and \$597.9 million of capital distributed to the third-party co-investors and Rithm Capital, respectively. Neither the third-party co-investor nor Rithm Capital is obligated to fund amounts in excess of their respective capital commitments, regardless of the capital requirements of Advance Purchaser.

The following table summarizes servicer advance investments, including the right to the base fee component of the related MSRs:

|                              | Amortized Cost |                               | Weighted Average | Weighted Average | Weighted Average Life  |
|------------------------------|----------------|-------------------------------|------------------|------------------|------------------------|
|                              | Basis          | Carrying Value <sup>(A)</sup> | Discount Rate    | Yield            | (Years) <sup>(B)</sup> |
| <b>September 30, 2024</b>    |                |                               |                  |                  |                        |
| Servicer advance investments | \$ 330,137     | \$ 341,303                    | 6.2 %            | 6.5 %            | 8.2                    |
| <b>December 31, 2023</b>     |                |                               |                  |                  |                        |
| Servicer advance investments | \$ 362,760     | \$ 376,881                    | 6.2 %            | 6.6 %            | 8.1                    |

(A) Represents the fair value of the servicer advance investments, including the base fee component of the related MSRs.

(B) Represents the weighted average expected timing of the receipt of expected net cash flows for this investment.

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The following table provides additional information regarding the servicer advance investments and related financing:

|   | UPB of<br>Underlying<br>Residential<br>Mortgage Loans | Outstanding<br>Servicer<br>Advances | Servicer Advances<br>to UPB of Underlying<br>Residential<br>Mortgage Loans | Face Amount<br>of Secured<br>Notes and<br>Bonds<br>Payable |            | LTV <sup>(A)</sup> |                    | Cost of Funds <sup>(C)</sup> |       |
|---|---|-------------------------------------|--|--|------------|--------------------|--------------------|------------------------------|-------|
|   |   |                                     |  |  |            | Gross              | Net <sup>(B)</sup> | Gross                        | Net   |
|   |   |                                     |  | 2.2 %  | \$ 259,451 | 83.9 %             | 81.5 %             | 6.9 %                        | 6.4 % |
| <b>September 30, 2024</b>                   |   |                                     |  |  |            |                    |                    |                              |       |
| Servicer advance investments <sup>(D)</sup> | \$ 13,690,124   | \$ 297,741                          | 2.2 %  | \$ 259,451   | 83.9 %     | 81.5 %             | 6.9 %              | 6.4 %                        |       |
| <b>December 31, 2023</b>                    |   |                                     |  |  |            |                    |                    |                              |       |
| Servicer advance investments <sup>(D)</sup> | \$ 15,499,559   | \$ 320,630                          | 2.1 %  | \$ 278,845   | 84.1 %     | 81.9 %             | 7.5 %              | 6.9 %                        |       |

(A) Based on outstanding servicer advances, excluding purchased but unsettled servicer advances.

(B) Ratio of face amount of borrowings to par amount of servicer advance collateral, net of any general reserve.

(C) Annualized measure of the cost associated with borrowings. Gross cost of funds primarily includes interest expense and facility fees. Net cost of funds excludes facility fees.

(D) The following table summarizes the types of advances included in servicer advance investments:

|  | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Principal and interest advances                | \$ 53,873          | \$ 57,909         |
| Escrow advances (taxes and insurance advances) | 132,826            | 149,346           |
| Foreclosure advances                           | 111,042            | 113,375           |
| <b>Total</b>                                   | <b>\$ 297,741</b>  | <b>\$ 320,630</b> |

**15. GOODWILL AND INTANGIBLE ASSETS**

As a result of acquisitions, the Company recognized intangible assets in the form of management contracts, customer relationships, purchased technology, trademarks and trade names. The Company also recognized goodwill on certain acquisitions. Goodwill and intangible assets are presented within other assets on Rithm Capital's consolidated balance sheets.

The following table summarizes the carrying value of goodwill by reportable segment:

|                                      | Origination and<br>Servicing |                  | Investment Portfolio |                  | Mortgage Loans    |                  | Asset Management | Total |
|--------------------------------------|------------------------------|------------------|----------------------|------------------|-------------------|------------------|------------------|-------|
|                                      | Receivable                   | Asset Management | Receivable           | Asset Management | Receivable        | Asset Management |                  |       |
| <b>Balance at December 31, 2023</b>  | \$ 24,376                    | \$ 5,092         | \$ 55,731            | \$ 46,658        | \$ 131,857        |                  |                  |       |
| Accumulated impairment loss          | —                            | —                | —                    | —                | —                 | —                |                  |       |
| <b>Balance at September 30, 2024</b> | <b>\$ 24,376</b>             | <b>\$ 5,092</b>  | <b>\$ 55,731</b>     | <b>\$ 46,658</b> | <b>\$ 131,857</b> |                  |                  |       |

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The following table summarizes the acquired identifiable intangible assets:

|  | Estimated Useful Lives<br>(Years) | September 30, 2024 |            | December 31, 2023 |  |
|--|-----------------------------------|--------------------|------------|-------------------|--|
|  |                                   |                    |            |                   |  |
| <b>Gross Intangible Assets:</b>                |                                   |                    |            |                   |  |
| Management contracts                           | 10                                | \$ 275,000         | \$ 275,000 |                   |  |
| Customer relationships                         | 2 to 9                            | 73,949             | 57,949     |                   |  |
| Purchased technology <sup>(B)</sup>            | 3 to 7                            | 139,964            | 137,922    |                   |  |
| Trademarks / Trade names <sup>(C)</sup>        | 1 to 5                            | 10,259             | 10,259     |                   |  |
|  |                                   | 499,172            | 481,130    |                   |  |
| <b>Accumulated Amortization<sup>(A)</sup>:</b> |                                   |                    |            |                   |  |
| Management contracts                           |                                   | 24,015             | 3,388      |                   |  |
| Customer relationships                         |                                   | 23,062             | 17,834     |                   |  |
| Purchased technology                           |                                   | 104,315            | 67,145     |                   |  |
| Trademarks / Trade names                       |                                   | 5,728              | 4,843      |                   |  |
|  |                                   | 157,120            | 93,210     |                   |  |
| <b>Intangible Assets, Net:</b>                 |                                   |                    |            |                   |  |
| Management contracts                           |                                   | 250,985            | 271,612    |                   |  |
| Customer relationships                         |                                   | 50,887             | 40,115     |                   |  |
| Purchased technology <sup>(B)</sup>            |                                   | 35,649             | 70,777     |                   |  |
| Trademarks / Trade names <sup>(C)</sup>        |                                   | 4,531              | 5,416      |                   |  |
|  |                                   | \$ 342,052         | \$ 387,920 |                   |  |

(A) Amortization expense is presented within general and administrative expenses in the consolidated statements of operations.

(B) Includes indefinite-lived intangible assets of \$21.4 million as of September 30, 2024 and December 31, 2023.

(C) Includes indefinite-lived intangible assets of \$1.9 million as of September 30, 2024 and December 31, 2023.

The Company did not record any impairment loss on its intangible assets for the three and nine months ended September 30, 2024 and 2023.

The following table summarizes the expected future amortization expense for acquired intangible assets as of September 30, 2024:

| Year Ending                         | Amortization Expense |
|-------------------------------------|----------------------|
| October 1 through December 31, 2024 | \$ 14,090            |
| 2025                                | 49,267               |
| 2026                                | 40,465               |
| 2027                                | 35,738               |
| 2028                                | 35,289               |
| 2029 and thereafter                 | 143,962              |
|                                     | \$ 318,811           |

**16. LEASES**

Rithm Capital, through its wholly-owned subsidiaries, has leases on office space expiring through 2033. Rent expense, net of sublease income for the three months ended September 30, 2024 and 2023 totaled \$8.7 million and \$11.0 million, respectively, and for the nine months ended September 30, 2024 and 2023 totaled \$27.1 million and \$34.1 million, respectively. The Company has leases that include renewal options and escalation clauses. The terms of the leases do not impose any financial restrictions or covenants.

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Operating lease right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. In addition, the Company has finance leases for computer hardware. As of September 30, 2024, the Company has pledged collateral related to its lease obligations of \$7.1 million, which is presented as part of restricted cash on the consolidated balance sheets. Operating lease ROU assets and lease liabilities are presented as part of other assets and accrued expenses and other liabilities, respectively, on the consolidated balance sheets (Note 12).

The table below summarizes the future commitments under the non-cancelable leases:

| <b>Year Ending</b>                                 | <b>Operating Leases</b> | <b>Finance Leases</b> | <b>Total</b>      |
|--|-------------------------|-----------------------|-------------------|
| October 1 through December 31, 2024                | \$ 12,981               | \$ —                  | \$ 12,981         |
| 2025   | 43,647                  | 228                   | 43,875            |
| 2026   | 36,515                  | 228                   | 36,743            |
| 2027   | 37,617                  | 228                   | 37,845            |
| 2028   | 27,979                  | —                     | 27,979            |
| 2029 and thereafter                                | 41,290                  | —                     | 41,290            |
| <b>Total remaining undiscounted lease payments</b> | <b>200,029</b>          | <b>684</b>            | <b>200,713</b>    |
| Less: imputed interest                             | 29,940                  | 64                    | 30,004            |
| <b>Total Remaining Discounted Lease Payments</b>   | <b>\$ 170,089</b>       | <b>\$ 620</b>         | <b>\$ 170,709</b> |

The future commitments under the non-cancelable leases have not been reduced by the sublease rentals of \$ 16.3 million due in the future periods.

Other information related to leases is summarized below:

|   | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|---|---------------------------|--------------------------|
| <b>Weighted Average Remaining Lease Term (Years):</b> |                           |                          |
| Operating leases                                      | 5.2                       | 5.8                      |
| Finance leases  | 2.8                       | 3.5                      |
| <b>Weighted Average Discount Rate:</b>                |                           |                          |
| Operating leases                                      | 6.5 %                     | 6.2 %                    |
| Finance leases  | 7.9 %                     | 7.9 %                    |

|  | <b>Nine Months Ended September 30,</b> |             |
|--|--|-------------|
|  | <b>2024</b>                            | <b>2023</b> |
| <b>Supplemental Information</b>  |  |             |
| <b>Cash Paid for Amounts Included in the Measurement of Lease Liabilities:</b>                   |  |             |
| Operating cash flows - operating leases  | \$ 38,226                              | \$ 24,118   |
| Operating cash flows - finance leases  | 4                                      | —           |
| Finance cash flows - finance leases  | 224                                    | —           |
| <b>Supplemental Non-cash Information on Lease Liabilities Arising from Obtaining ROU Assets:</b> |  |             |
| ROU assets obtained in exchange for new operating lease liabilities                              | \$ 20,465                              | \$ 1,178    |

See Note 9 for further information on leases of SFR properties.

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**17. DERIVATIVES AND HEDGING**

Rithm Capital enters into economic hedges including interest rate swaps, to-be-announced forward contract positions ("TBAs") and treasury short sales to hedge a portion of its interest rate risk exposure. Interest rate risk is sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, as well as other factors. Rithm Capital's credit risk with respect to economic hedges is the risk of default on Rithm Capital's investments that results from a borrower's or counterparty's inability or unwillingness to make contractually required payments.

Rithm Capital may at times hold TBAs in order to mitigate Rithm Capital's interest rate risk on certain specified MBSs and MSRs. Amounts or obligations owed by or to Rithm Capital are subject to the right of set-off with the counterparty. As part of executing these trades, Rithm Capital may enter into agreements with its counterparties that govern the transactions for the purchases or sales made, including margin maintenance, payment and transfer, events of default, settlements and various other provisions. Changes in the value of economic hedges designed to protect against MBSs and MSR fair value fluctuations, or hedging gains and losses, are reflected in the tables below.

Rithm Capital enters into short sales of treasury securities to mitigate interest rate risk by borrowing the securities under reverse repurchase agreements and selling them into the market. The Company accounts for these as securities borrowing transactions and recognizes an obligation to return the borrowed securities at fair value and is presented in other assets or accrued expenses and other liabilities on the consolidated balance sheets based on the value of the underlying treasury security as of the reporting date.

As of September 30, 2024, Rithm Capital also held interest rate lock commitments ("IRLCs"), which represent a commitment to a particular interest rate provided the borrower is able to close the loan within a specified period, and forward loan sale and securities delivery commitments, which represent a commitment to sell specific residential mortgage loans at prices which are fixed as of the forward commitment date. Rithm Capital enters into forward loan sale and securities delivery commitments in order to hedge the exposure related to IRLCs and residential mortgage loans that are not covered by residential mortgage loan sale commitments.

Derivatives and economic hedges are recorded at fair value and presented in other assets or accrued expenses and other liabilities on the consolidated balance sheets, as follows:

|  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|--|---------------------------|--------------------------|
| <i>Derivative and Hedging Assets:</i>      |                           |                          |
| Interest rate swaps <sup>(A)</sup>         | \$ 7                      | \$ 106                   |
| IRLCs                                      | 39,055                    | 26,482                   |
| TBAs                                       | 11,452                    | 1,492                    |
|  | <hr/> <u>\$ 50,514</u>    | <hr/> <u>\$ 28,080</u>   |
| <i>Derivative and Hedging Liabilities:</i> |                           |                          |
| Foreign exchange forwards                  | \$ 448                    | \$ —                     |
| IRLCs                                      | 6,933                     | 2,678                    |
| TBAs                                       | 59,748                    | 49,087                   |
| Treasury short sales <sup>(B)</sup>        | 2,207                     | —                        |
| Other commitments <sup>(C)</sup>           | 16,079                    | —                        |
|  | <hr/> <u>\$ 85,415</u>    | <hr/> <u>\$ 51,765</u>   |

(A) Net of \$68.2 million and \$342.0 million of related variation margin accounts as of September 30, 2024 and December 31, 2023, respectively.

(B) As of September 30, 2024, represents the net of repurchase agreements and \$0.5 billion of related reverse repurchase agreement lending facilities used to borrow securities to effectuate short sales of Treasury securities. As of December 31, 2023, Treasury securities payable and related reverse repurchase agreements are presented on a gross basis on the consolidated balance sheets.

(C) During the first quarter of 2024, a subsidiary of the Company entered into an agreement with an affiliate, which could result in the subsidiary being required to make a payment under certain circumstances dependent upon amounts realized from an investment of the affiliate, subject to a maximum amount of \$25.5 million. The agreement is classified as a derivative liability and measured at fair value.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

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(dollars in tables in thousands, except share and per share data)

The following table summarizes notional amounts related to derivatives and hedging:

|                                     | September 30, 2024 | December 31, 2023 |
|-------------------------------------|--------------------|-------------------|
| Interest rate swaps <sup>(A)</sup>  | \$ 7,745,000       | \$ 7,979,988      |
| IRLCs                               | 4,585,355          | 2,757,060         |
| Treasury short sales <sup>(B)</sup> | —                  | 1,800,000         |
| TBAs <sup>(C)</sup>                 | 15,666,500         | 6,013,100         |
| Other commitments                   | 25,057             | —                 |
| Foreign exchange forwards           | 16,000             | —                 |

(A) Includes \$1.8 billion notional of receive Secured Overnight Financing Rate ("SOFR")/pay fixed of 3.3% and \$5.9 billion notional of receive fixed of 3.7%/pay SOFR with weighted average maturities of 85 months and 48 months, respectively, as of September 30, 2024. Includes \$8.0 billion notional of receive SOFR/pay fixed of 2.5% and \$0.0 billion notional of receive fixed of 0.0%/pay SOFR with weighted average maturities of 32 months and 0 months, respectively, as of December 31, 2023.

(B) Represents the notional amount of Treasury notes sold short.

(C) Represents the notional amount of Agency RMBS, classified as derivatives.

The following table summarizes gain (loss) on derivatives and other hedging instruments and the related presentation on the consolidated statements of operations:

|  | Three Months Ended      |                          | Nine Months Ended        |                          |
|--|-------------------------|--------------------------|--------------------------|--------------------------|
|  | September 30,           | September 30,            | 2024                     | 2023                     |
| <i>Gain (Loss) on Originated Residential Mortgage Loans, HFS, net<sup>(A)</sup>:</i> |                         |                          |                          |                          |
| IRLCs  | \$ 15,711               | \$ (8,630)               | \$ 8,379                 | \$ (2,288)               |
| TBAs   | (19,236)                | 15,574                   | 34,158                   | 28,803                   |
| Interest rate swaps  | —                       | 330                      | —                        | (1,601)                  |
|  | <u>(3,525)</u>          | <u>7,274</u>             | <u>42,537</u>            | <u>24,914</u>            |
| <i>Realized and Unrealized Gains (Losses), net<sup>(B)</sup>:</i>                    |                         |                          |                          |                          |
| Interest rate swaps  | 59,265                  | 191,527                  | 89,855                   | 263,347                  |
| TBAs   | (8,225)                 | 3,066                    | (21,126)                 | (3,808)                  |
| Treasury short sales <sup>(C)</sup>  | (16,955)                | —                        | 24,342                   | —                        |
| Other commitments  | (638)                   | —                        | (16,778)                 | —                        |
|  | <u>33,447</u>           | <u>194,593</u>           | <u>76,293</u>            | <u>259,539</u>           |
| <b>Total Gain</b>  | <b><u>\$ 29,922</u></b> | <b><u>\$ 201,867</u></b> | <b><u>\$ 118,830</u></b> | <b><u>\$ 284,453</u></b> |

(A) Represents unrealized gain (loss).

(B) Excludes \$95.9 million loss and \$67.4 million gain for the three months ended September 30, 2024 and 2023, respectively, and \$101.3 million loss and \$65.8 million gain for the nine months ended September 30, 2024 and 2023, respectively, reflected as gain (loss) on settlement of residential mortgage loan origination derivative instruments presented within gain on originated residential mortgage loans, HFS, net (Note 7) in the consolidated statements of operations.

(C) As of September 30, 2024, all Treasury short sales are covered with no economic exposure.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

#### 18. DEBT OBLIGATIONS

The following table summarizes secured financing agreements, secured notes and bonds payable and also includes notes payable of consolidated CFEs:

| Debt Obligations/Collateral <sup>(G)</sup>      | September 30, 2024      |                               |                                      |                               |                               |                | December 31, 2023 |                               |  |
|---|-------------------------|-------------------------------|--------------------------------------|-------------------------------|-------------------------------|----------------|-------------------|-------------------------------|--|
|   | Outstanding Face Amount | Carrying Value <sup>(A)</sup> | Final Stated Maturity <sup>(B)</sup> | Weighted Average Funding Cost | Weighted Average Life (Years) | Collateral     |                   | Weighted Average Life         | Weighted Carrying Value <sup>(A)</sup> |
|   |                         |                               |                                      | Face                          | Amortized Cost Basis          | Carrying Value | (Years)           | Carrying Value <sup>(A)</sup> |  |
| <b>Secured Financing Agreements:</b>            |                         |                               |                                      |                               |                               |                |                   |                               |  |
| Warehouse credit facilities - residential       |                         |                               |                                      |                               |                               |                |                   |                               |  |
| mortgage loans <sup>(D)</sup>                   | \$ 3,152,286            | \$ 3,152,286                  | Oct-24 to Mar-28                     | 6.3 %                         | 0.8                           | \$ 3,486,975   | \$ 3,566,492      | \$ 3,525,766                  | 25.4 \$ 1,940,038                      |
| Warehouse credit facilities - mortgage loans    |                         |                               |                                      |                               |                               |                |                   |                               |  |
| receivable <sup>(E)</sup>                       | 1,248,361               | 1,248,361                     | Mar-25 to Dec-25                     | 7.8 %                         | 1.1                           | 1,514,842      | 1,537,452         | 1,537,452                     | 1.2 1,337,010                          |
| Government and government-backed                |                         |                               |                                      |                               |                               |                |                   |                               |  |
| securities <sup>(F)</sup>                       | 9,834,668               | 9,834,668                     | Oct-24 to Oct-28                     | 5.2 %                         | 0.4                           | 10,064,737     | 9,906,690         | 10,108,728                    | 4.5 8,152,469                          |
| Non-agency RMBS <sup>(D)</sup>                  | 648,861                 | 648,861                       | Oct-24 to Jul-25                     | 7.2 %                         | 0.4                           | 14,304,071     | 975,726           | 1,043,274                     | 6.3 610,189                            |
| Excess MSRs <sup>(E)</sup>                      | 223,241                 | 222,339                       | Sep-26                               | 7.5 %                         | 2.0                           | 55,052,726     | 329,516           | 381,550                       | 5.8 —                                  |
| CLOs <sup>(E)</sup>                             | 180,286                 | 178,965                       | Jan-30 to Oct-36                     | 6.1 %                         | 9.1                           | 181,370        | N/A               | 180,764                       | 9.1 183,947                            |
| SFR properties and commercial <sup>(G)</sup>    | 72,150                  | 72,150                        | Dec-24                               | 8.4 %                         | 0.2                           | N/A            | 154,668           | 154,668                       | N/A 337,630                            |
| <b>Total secured financing agreements</b>       | <b>15,359,853</b>       | <b>15,357,630</b>             |                                      | <b>5.8 %</b>                  | <b>0.7</b>                    |                |                   |                               | <b>12,561,283</b>                      |
| <b>Secured Notes and Bonds Payable:</b>         |                         |                               |                                      |                               |                               |                |                   |                               |  |
| MSRs <sup>(G)</sup>                             | 5,224,809               | 5,218,766                     | Dec-24 to Jul-29                     | 7.1 %                         | 1.3                           | 559,499,920    | 7,370,826         | 8,977,729                     | 6.0 4,800,728                          |
| Servicer advance investments and Excess         |                         |                               |                                      |                               |                               |                |                   |                               |  |
| MSR <sup>(H)</sup>                              | 259,451                 | 259,451                       | Mar-26                               | 6.9 %                         | 1.4                           | 297,741        | 330,137           | 341,303                       | 8.2 459,564                            |
| Servicer advances <sup>(I)</sup>                | 2,265,780               | 2,265,104                     | Dec-24 to Sep-26                     | 7.7 %                         | 1.3                           | 2,566,366      | 2,612,839         | 2,612,839                     | 0.6 2,254,369                          |
| Residential mortgage loans                      | —                       | —                             | —                                    | — %                           | 0.0                           | —              | —                 | —                             | 0.0 650,000                            |
| Consumer loans <sup>(I)</sup>                   | 685,117                 | 665,030                       | Jun-28 to Sep-37                     | 6.2 %                         | 3.8                           | 882,783        | 859,114           | 805,577                       | 1.6 1,106,974                          |
| SFR properties <sup>(J)</sup>                   | 742,061                 | 716,222                       | Mar-26 to Sep-27                     | 4.2 %                         | 2.5                           | N/A            | 885,977           | 885,977                       | N/A 789,174                            |
| Mortgage loans receivable                       | 200,000                 | 200,000                       | Jul-26                               | 5.8 %                         | 1.8                           | 233,425        | 233,425           | 237,495                       | 0.4 200,000                            |
| Secured facility - asset management             | 75,000                  | 71,168                        | Nov-25                               | 8.8 %                         | 1.1                           | N/A            | N/A               | N/A                           | N/A 69,121                             |
| CLOs <sup>(E)</sup>                             | 15,063                  | 15,032                        | Jul-30                               | 6.8 %                         | 5.8                           | 18,468         | N/A               | 18,313                        | 5.8 30,258                             |
| <b>Total secured notes and bonds payable</b>    | <b>9,467,281</b>        | <b>9,410,773</b>              |                                      | <b>6.9 %</b>                  | <b>1.6</b>                    |                |                   |                               | <b>10,360,188</b>                      |
| <b>Notes Payable of Consolidated CFEs:</b>      |                         |                               |                                      |                               |                               |                |                   |                               |  |
| Consolidated funds <sup>(K)</sup>               | 222,250                 | 217,259                       | May-37                               | 5.0 %                         | 4.1                           | 196,351        | N/A               | 228,873                       | N/A 218,157                            |
| Residential mortgage loans                      | 2,639,061               | 2,520,164                     | Jul-53                               | 3.5 %                         | 26.1                          | 3,072,082      | N/A               | 2,956,663                     | 26.1 2,618,082                         |
| Mortgage loans receivable                       | 861,949                 | 862,380                       | Mar-39 to Sep-39                     | 6.3 %                         | 14.7                          | 399,387        | N/A               | 411,006                       | 0.7 318,998                            |
| <b>Total notes payable of consolidated CFEs</b> | <b>3,723,260</b>        | <b>3,599,803</b>              |                                      | <b>4.2 %</b>                  | <b>22.2</b>                   |                |                   |                               | <b>3,155,237</b>                       |
| <b>Total / Weighted Average</b>                 | <b>\$ 28,550,394</b>    | <b>\$ 28,368,206</b>          |                                      | <b>6.0 %</b>                  | <b>3.8</b>                    |                |                   |                               | <b>\$ 26,076,708</b>                   |

(A) Net of deferred financing costs.

(B) Debt obligations with a stated maturity through the date of issuance were refinanced, extended or repaid.

(C) Associated with accrued interest payable of approximately \$167.3 million as of September 30, 2024.

(D) Based on SOFR interest rates. Includes repurchase agreements and related collateral on Non-Agency securities retained through consolidated securitizations.

(E) All SOFR- or Euro Interbank Offered Rate (EURIBOR) based floating interest rates.

(F) Repurchase agreements are based on a fixed-rate. Collateral carrying value includes margin deposits.

(G) Includes \$4.3 billion of MSR notes with an interest equal to the sum of (i) a floating rate index equal to SOFR, and (ii) a margin ranging from 2.5% to 3.3%; and \$0.9 billion of MSR notes with fixed interest rates ranging 3.0% to 5.4%. The outstanding face amount of the collateral represents the UPB of the residential mortgage loans underlying the MSRs and MSR financing receivables securing these notes.

(H) Includes debt with an interest rate equal to the sum of (i) a floating rate index equal to SOFR, and (ii) a margin ranging from 1.6% to 3.2%. Collateral includes servicer advance investments, as well as servicer advances receivable related to the MSRs and MSR financing receivables owned by NRM and Newrez.

(I) Includes (i) SpringCastle debt, which is primarily composed of the following classes of asset-backed notes held by third parties: \$159.9 million UPB of Class A notes with a coupon of 2.0% and \$53.0 million UPB of Class B notes with a coupon of 2.7% and (ii) \$467.8 billion of debt collateralized by the Marcus loans with an interest rate of SOFR plus a margin of 3.0%.

(J) Includes \$742.1 million of fixed-rate notes with an interest rate ranging from 3.5% to 7.1%.

(K) Includes \$120.0 million UPB of Class A notes with a fixed coupon of 4.3%, \$70.0 million UPB of Class B notes with a fixed coupon of 6.0%, \$15.0 million UPB of Class C notes with a fixed coupon of 6.8%, and \$17.3 million UPB of Subordinated notes, held within consolidated funds (Note 20). Weighted average life is based on expected maturity.



**RITHM CAPITAL CORP. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

**General**

Certain of the debt obligations included above are obligations of Rithm Capital's consolidated subsidiaries, which own the related collateral. In some cases, such collateral is not available to other creditors of Rithm Capital Corp. The assets of consolidated CFEs can only be used to settle obligations and liabilities of the CFEs for which creditors do not have recourse to Rithm Capital Corp.

As of September 30, 2024, Rithm Capital has margin exposure on \$ 15.4 billion of secured financing agreements. To the extent that the value of the collateral underlying these secured financing agreements declines, Rithm Capital may be required to post margin, which could significantly impact its liquidity.

The following table summarizes activities related to the carrying value of debt obligations:

|   | Servicer                   |                     | Residential          |                     |                   |                   |                     |                   | Asset Management     | Total   |
|---|----------------------------|---------------------|----------------------|---------------------|-------------------|-------------------|---------------------|-------------------|----------------------|---------|
|   | Advances and               |                     | Real Estate and      |                     | Mortgage Loans    | Consumer          | SFR Properties      | Mortgage Loans    |                      |         |
|   | Excess MSRs <sup>(A)</sup> | MSRs                | Other Securities     | and REO             | Loans             | and Commercial    | Receivable          |                   |                      |         |
| <b>Balance at December 31, 2023</b>                       | \$ 2,713,933               | \$ 4,800,728        | \$ 8,762,658         | \$ 5,208,120        | \$ 1,106,974      | \$ 1,126,804      | \$ 1,856,008        | \$ 501,483        | \$ 26,076,708        |         |
| <i>Secured Financing Agreements:</i>                      |                            |                     |                      |                     |                   |                   |                     |                   |                      |         |
| Borrowings  | 223,241                    | —                   | 61,424,724           | 44,018,325          | —                 | 52,361            | 2,552,282           | 17,349            | 108,288,282          |         |
| Repayments  | —                          | —                   | (59,703,853)         | (42,806,334)        | —                 | (324,197)         | (2,640,931)         | (24,355)          | (105,499,670)        |         |
| FX remeasurement  | —                          | —                   | —                    | —                   | —                 | —                 | —                   | 1,985             | 1,985                |         |
| Capitalized deferred financing costs, net of amortization | (902)                      | —                   | —                    | 257                 | —                 | 6,356             | —                   | 38                | 5,749                |         |
| <i>Secured Notes and Bonds Payable:</i>                   |                            |                     |                      |                     |                   |                   |                     |                   |                      |         |
| Acquired borrowings, net of discount (Note 3)             | 190,596                    | —                   | —                    | —                   | —                 | —                 | —                   | —                 | —                    | 190,596 |
| Borrowings  | 1,868,236                  | 1,482,159           | —                    | —                   | —                 | —                 | —                   | 8,524             | 3,358,919            |         |
| Repayments  | (2,248,482)                | (1,065,126)         | —                    | (650,000)           | (449,550)         | (82,273)          | —                   | (23,844)          | (4,519,275)          |         |
| FX remeasurement  | —                          | —                   | —                    | —                   | —                 | —                 | —                   | (45)              | (45)                 |         |
| Unrealized (gain) loss on notes, fair value               | —                          | —                   | —                    | —                   | 6.714             | —                 | —                   | —                 | —                    | 6,714   |
| Capitalized deferred financing costs, net of amortization | 272                        | 1,005               | —                    | —                   | 892               | 9,321             | —                   | 2,187             | 13,677               |         |
| <i>Notes Payable of Consolidated CFEs:</i>                |                            |                     |                      |                     |                   |                   |                     |                   |                      |         |
| Borrowings  | —                          | —                   | —                    | (191,607)           | —                 | —                 | 861,949             | —                 | 670,342              |         |
| Repayments  | —                          | —                   | —                    | 55,028              | —                 | —                 | (324,062)           | —                 | (269,034)            |         |
| Discount on borrowings, net of amortization               | —                          | —                   | —                    | (92,834)            | —                 | —                 | —                   | —                 | (92,834)             |         |
| Unrealized (gain) loss on notes, fair value               | —                          | —                   | —                    | 116,415             | —                 | —                 | 4,824               | (864)             | 120,375              |         |
| Capitalized deferred financing costs, net of amortization | —                          | —                   | —                    | 15,080              | —                 | —                 | 671                 | (34)              | 15,717               |         |
| <b>Balance at September 30, 2024</b>                      | <b>\$ 2,746,894</b>        | <b>\$ 5,218,766</b> | <b>\$ 10,483,529</b> | <b>\$ 5,672,450</b> | <b>\$ 665,030</b> | <b>\$ 788,372</b> | <b>\$ 2,310,741</b> | <b>\$ 482,424</b> | <b>\$ 28,368,206</b> |         |

(A) Rithm Capital net settles daily borrowings and repayments of the secured notes and bonds payable on its servicer advances.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

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(dollars in tables in thousands, except share and per share data)

**Maturities**

Contractual maturities of debt obligations, including the Senior Unsecured Notes, as of September 30, 2024, are as follows:

| Year Ending                         | Nonrecourse <sup>(A)</sup> | Recourse <sup>(B)</sup> | Total                |
|-------------------------------------|----------------------------|-------------------------|----------------------|
| October 1 through December 31, 2024 | \$ 789,211                 | \$ 6,468,977            | \$ 7,258,188         |
| 2025                                | 146,293                    | 11,679,707              | 11,826,000           |
| 2026                                | 2,070,833                  | 1,735,419               | 3,806,252            |
| 2027                                | 651,229                    | 430,000                 | 1,081,229            |
| 2028                                | 592,142                    | —                       | 592,142              |
| 2029 and thereafter                 | 3,557,334                  | 1,479,249               | 5,036,583            |
|                                     | <u>\$ 7,807,042</u>        | <u>\$ 21,793,352</u>    | <u>\$ 29,600,394</u> |

(A) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs and notes payable of consolidated CFEs of \$0.9 billion, \$3.2 billion, \$0.3 billion, and \$3.0 billion, respectively.

(B) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs and notes payable of consolidated CFEs of \$14.5 billion, \$6.3 billion, \$1.1 billion, and \$0.0 billion, respectively.

**Borrowing Capacity**

The following table represents borrowing capacity as of September 30, 2024:

| Debt Obligations / Collateral  | Borrowing Capacity   | Balance Outstanding  | Available Financing <sup>(A)</sup> |
|--|----------------------|----------------------|------------------------------------|
| <i>Secured Financing Agreements:</i>   |                      |                      |                                    |
| Residential mortgage loans, mortgage loans receivable, SFR and commercial notes receivable | \$ 5,181,455         | \$ 1,707,817         | \$ 3,473,638                       |
| Loan originations  | 5,627,000            | 2,764,979            | 2,862,021                          |
| CLOs   | 322,653              | 180,286              | 142,367                            |
| Excess MSRs  | 350,000              | 223,241              | 126,759                            |
| <i>Secured Notes and Bonds Payable:</i>  |                      |                      |                                    |
| MSRs   | 6,182,688            | 5,224,809            | 957,879                            |
| Servicer advances  | 4,150,000            | 2,525,232            | 1,624,768                          |
| SFR  | 200,000              | 90,832               | 109,168                            |
| <i>Liabilities of Consolidated CFEs:</i>   |                      |                      |                                    |
| Consolidated funds   | 52,500               | —                    | 52,500                             |
|  | <u>\$ 22,066,296</u> | <u>\$ 12,717,196</u> | <u>\$ 9,349,100</u>                |

(A) Although available financing is uncommitted, Rithm Capital's unused borrowing capacity is available if it has additional eligible collateral to pledge and meets other borrowing conditions as set forth in the applicable agreements, including any applicable advance rate.

Certain of the debt obligations are subject to customary loan covenants and event of default provisions, including event of default provisions triggered by certain specified declines in Rithm Capital's equity or a failure to maintain a specified tangible net worth, liquidity or indebtedness to tangible net worth ratio. Rithm Capital was in compliance with all of its debt covenants as of September 30, 2024.

**2029 Senior Unsecured Notes**

On March 19, 2024, the Company issued in a private offering \$ 775.0 million aggregate principal amount of senior unsecured notes due on April 1, 2029 (the "2029 Senior Notes") at an issue price of 98.981%. Interest on the 2029 Senior Notes accrues at the rate of 8.000% per annum with interest payable semi-annually in arrears on each April 1 and October 1, commencing on October 1, 2024.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The notes become redeemable at any time and from time to time, on or after April 1, 2026, at a price equal to the following fixed redemption prices (expressed as a percentage of principal amount of the 2029 Senior Notes to be redeemed):

| Year                | Price     |
|---------------------|-----------|
| 2026                | 104.000 % |
| 2027                | 102.000 % |
| 2028 and thereafter | 100.000 % |

Prior to April 1, 2026, the Company is entitled at its option on one or more occasions to redeem the 2029 Senior Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the 2029 Senior Notes originally issued prior to the applicable redemption date at a redemption price of 108.000%, plus accrued but unpaid interest, if any, to, but not including, the applicable redemption date with the net cash proceeds from one or more Qualified Equity Offerings (as defined in the Indenture, dated March 19, 2024, pursuant to which the 2029 Senior Notes were issued (the "2029 Notes Indenture").

Proceeds from the offering were approximately \$ 759 million, net of discount and commissions and estimated offering expenses payable by the Company. The Company incurred fees of approximately \$ 9.1 million in relation to the issuance of the 2029 Senior Notes. These fees were capitalized as debt issuance cost and presented as part of unsecured notes, net of issuance costs on the consolidated balance sheets. In connection with the 2029 Senior Notes, for the three and nine months ended September 30, 2024, the Company recognized interest expense of \$16.3 million and \$34.6 million, respectively. At September 30, 2024, the unamortized discount and debt issuance cost was approximately \$15.5 million.

The 2029 Senior Notes are senior unsecured obligations and rank *pari passu* in right of payment with all of the Company's existing and future senior unsecured indebtedness and senior unsecured guarantees. At the time of issuance, the 2029 Senior Notes were not guaranteed by any of the Company's subsidiaries and none of its subsidiaries are required to guarantee the 2029 Senior Notes in the future, except under limited specified circumstances.

The 2029 Senior Notes contain financial covenants and other non-financial covenants, including, among other things, limits on the ability of the Company and its restricted subsidiaries to incur certain indebtedness (subject to various exceptions), requires that the Company maintain Total Unencumbered Assets (as defined in the 2029 Notes Indenture) of not less than 120% of the aggregate principal amount of the outstanding unsecured debt of the Company or its subsidiaries and imposes certain requirements in order for the Company to merge or consolidate with or transfer all or substantially all of its properties and assets to another person, in each case subject to certain qualifications set forth in the 2023 Notes Indenture. If the Company were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lenders. As of September 30, 2024, the Company was in compliance with all covenants.

In the event of a Change of Control or Mortgage Business Triggering Event (each as defined in the 2029 Notes Indenture), each holder of the 2029 Senior Notes will have the right to require the Company to repurchase all or any part of the outstanding balance at a purchase price of 101% of the principal amount of the 2029 Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the date of such repurchase.

**2025 Senior Unsecured Notes**

On September 16, 2020, the Company issued in a private offering \$ 550.0 million of aggregate principal amount of senior unsecured notes due on October 15, 2025 (the "2025 Senior Notes" and, together with the 2029 Senior Notes, the "Senior Unsecured Notes") for net proceeds of \$544.5 million. Interest on the 2025 Senior Notes accrues at the rate of 6.250% per annum with interest payable semi-annually in arrears on each April 15 and October 15, commencing on April 15, 2021.

The notes became redeemable at any time and from time to time, on or after October 15, 2022. The Company may redeem the notes at a fixed redemption price of 101.563% from October 15, 2023 to October 16, 2024 and at a fixed redemption price of 100.000% after October 14, 2024, in each case, plus accrued and unpaid interest, if any, to, but not including the applicable redemption date.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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The Company incurred fees of approximately \$ 8.3 million in relation to the issuance of the 2025 Senior Notes which were capitalized as debt issuance cost and are presented as part of unsecured notes, net of issuance costs on the consolidated balance sheets. In connection with the 2025 Senior Notes, for the three months ended September 30, 2024 and 2023, the Company recognized interest expense of \$4.3 million and \$8.7 million, respectively, and, for the nine months ended September 30, 2024 and 2023, \$16.6 million and \$25.7 million, respectively. At September 30, 2024, the unamortized debt issuance costs was approximately \$1.8 million.

The 2025 Senior Notes are senior unsecured obligations and rank *pari passu* in right of payment with all of the Company's existing and future senior unsecured indebtedness and senior unsecured guarantees. At the time of issuance, the 2025 Senior Notes were not guaranteed by any of the Company's subsidiaries and none of its subsidiaries are required to guarantee the 2025 Senior Notes in the future, except under limited specified circumstances.

The 2025 Senior Notes contain financial covenants and other non-financial covenants, including, among other things, limits on the ability of the Company and its restricted subsidiaries to incur certain indebtedness (subject to various exceptions), requires that the Company maintain Total Unencumbered Assets, as defined in the Indenture, dated September 16, 2020, pursuant to which the 2025 Senior Notes were issued (the "2025 Notes Indenture") of not less than 120% of the aggregate principal amount of the outstanding unsecured debt of the Company and its subsidiaries, and imposes certain requirements in order for the Company to merge or consolidate with or transfer all or substantially all of its assets to another person, in each case subject to certain qualifications set forth in the 2025 Notes Indenture. If the Company were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lenders. As of September 30, 2024, the Company was in compliance with all covenants.

In the event of a Change of Control (as defined in the 2025 Notes Indenture), each holder of the 2025 Senior Notes will have the right to require the Company to repurchase all or any part of the outstanding balance at a purchase price of 101% of the principal amount of the 2025 Senior Notes repurchased, plus accrued and unpaid interest, if any, to, but not including the date of such repurchase.

In connection with the offering of the 2029 Senior Notes, the Company tendered for and repurchased \$ 275.0 million aggregate principal amount of its 2025 Senior Notes for cash in a total amount of \$282.4 million, inclusive of an early tender premium of \$ 30 per \$1,000 principal amount of 2025 Senior Notes and accrued and unpaid interest. Following such tender offer, \$275.0 million aggregate principal amount of 2025 Senior Notes remains outstanding.

#### **Tax Receivable Agreement**

At the time of its initial public offering in 2007, Sculptor entered into a tax receivable agreement ("TRA") with the former holders of units in Sculptor's operating partnerships (the "TRA Holders"). The TRA provides for the payment by Sculptor to the TRA Holders of a portion of the cash savings in US federal, state and local income tax that Sculptor realizes as a result of certain tax benefits attributable to taxable acquisitions by Sculptor (and certain affiliates and successors) of Sculptor operating partnership units.

The TRA includes certain "change of control" assumptions that became applicable as a result of the Sculptor Acquisition, including the assumption that Sculptor (or its successor) has sufficient taxable income to use the relevant tax benefits. As a result, payments under the TRA will be calculated without regard to Sculptor's ability to actually use tax assets (including net operating losses), the use of which may be significantly limited and may therefore exceed the actual tax savings to Sculptor of the associated tax assets.

Effective in the third quarter of 2024, Rithm Capital's taxable subsidiaries file combined federal and state returns. As a result, the estimated undiscounted future payment under the TRA was \$243.9 million as of September 30, 2024. The carrying value of the TRA liability measured at amortized cost was \$168.2 million as of September 30, 2024 with interest expense recognized under the effective interest method. The TRA liability is recorded in unsecured notes, net of issuance costs on the consolidated balance sheets.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The table below presents the Company's estimate as of September 30, 2024, of the maximum undiscounted amounts that would be payable under the TRA using the assumptions described above. In light of the numerous factors affecting Sculptor's obligation to make such payments, the timing and amounts of any such actual payments may differ materially from those presented in the table.

| Year Ending                         | Potential Payments<br>Under TRA |
|-------------------------------------|---------------------------------|
| October 1 through December 31, 2024 | \$ —                            |
| 2025                                | 29,821                          |
| 2026                                | 16,530                          |
| 2027                                | 18,060                          |
| 2028                                | 15,062                          |
| 2029 and thereafter                 | 164,438                         |
|                                     | <hr/>                           |
|                                     | \$ 243,911                      |

**19. FAIR VALUE MEASUREMENTS**

Fair value represents the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date (i.e., an exit price). The Company holds a variety of assets, certain of which are not publicly traded or that are otherwise illiquid. Significant judgment and estimation go into the assumptions that drive the fair value of these assets. Due to the inherent uncertainty of valuations of investments that are determined to be illiquid or do not have readily ascertainable fair values, the estimates of fair value may differ from the values ultimately realized, and those differences can be material.

US GAAP establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type and the specific characteristics of the assets and liabilities, including existence and transparency of transactions between market participants. Assets and liabilities with readily available actively quoted prices or for which fair value can be measured from actively-quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Assets and liabilities measured at fair value are classified and disclosed into one of the following categories based on the observability of inputs used in the determination of fair values:

Level 1 – Quoted prices in active markets for identical instruments.

Level 2 – Valuations based principally on other observable market parameters, including:

- Quoted prices in active markets for similar instruments,
- Quoted prices in less active or inactive markets for identical or similar instruments,
- Other observable inputs, such as interest rates, yield curves, volatilities, prepayment rates, loss severities, credit risks and default rates ("CDR"), and
- Market corroborated inputs (derived principally from or corroborated by observable market data).

Level 3 – Valuations based significantly on unobservable inputs.

Rithm Capital follows this hierarchy for its fair value measurements. The classifications are based on the lowest level of input that is significant to the fair value measurement.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The carrying values and fair values of assets and liabilities recorded at fair value on a recurring basis, as well as other financial instruments for which fair value is disclosed, as of September 30, 2024 were as follows:

|  | Principal<br>Balance or<br>Notional<br>Amount | Fair Value     |              |               |               |            |               | Net Asset<br>Value ("NAV") | Total |
|--|---|----------------|--------------|---------------|---------------|------------|---------------|----------------------------|-------|
|  |   | Carrying Value | Level 1      | Level 2       | Level 3       |            |               |                            |       |
| <b>Assets:</b>   |   |                |              |               |               |            |               |                            |       |
| Excess MSRs <sup>(A)</sup>   | \$ 55,052,726                                 | \$ 375,923     | \$ —         | \$ —          | \$ 375,923    | \$ —       | \$ —          | \$ 375,923                 |       |
| MSRs and MSR financing receivables <sup>(A)</sup>                        | 588,865,550                                   | 9,300,989      | —            | —             | 9,300,989     | —          | —             | 9,300,989                  |       |
| Servicer advance investments   | 297,741                                       | 341,303        | —            | —             | 341,303       | —          | —             | 341,303                    |       |
| Government and government-backed securities <sup>(B)</sup>               | 10,091,127                                    | 10,134,897     | 3,322,027    | 6,812,900     | —             | —          | —             | 10,134,927                 |       |
| Non-Agency securities and CLOs   | 9,454,837                                     | 855,488        | —            | 210,383       | 645,105       | —          | —             | 855,488                    |       |
| Residential mortgage loans, HFS  | 78,339  | 69,939         | —            | —             | 69,939        | —          | —             | 69,939                     |       |
| Residential mortgage loans, HFS, at fair value                           | 3,057,651                                     | 3,115,934      | —            | 3,087,603     | 28,331        | —          | —             | 3,115,934                  |       |
| Residential mortgage loans, HFI, at fair value                           | 409,000                                       | 378,032        | —            | —             | 378,032       | —          | —             | 378,032                    |       |
| Residential mortgage loans subject to repurchase                         | 2,409,992                                     | 2,409,992      | —            | 2,409,992     | —             | —          | —             | 2,409,992                  |       |
| Consumer loans   | 882,783                                       | 805,577        | —            | —             | 805,577       | —          | —             | 805,577                    |       |
| Derivative and hedging assets  | 15,903,606                                    | 50,514         | —            | 11,459        | 39,055        | —          | —             | 50,514                     |       |
| Mortgage loans receivable  | 1,841,259                                     | 1,869,852      | —            | —             | 1,869,852     | —          | —             | 1,869,852                  |       |
| Notes receivable   | 481,740                                       | 384,126        | —            | —             | 384,126       | —          | —             | 384,126                    |       |
| Loans receivable   | 29,114  | 29,114         | —            | —             | 29,114        | —          | —             | 29,114                     |       |
| Equity investment, at fair value   | 192,500                                       | 194,450        | —            | —             | 194,450       | —          | —             | 194,450                    |       |
| Cash, cash equivalents and restricted cash                               | 1,946,072                                     | 1,946,072      | 1,946,072    | —             | —             | —          | —             | 1,946,072                  |       |
| Investments of consolidated CFEs - funds <sup>(C)</sup>                  | 319,020                                       | 350,623        | —            | —             | —             | 350,623    | —             | 350,623                    |       |
| Investments of consolidated CFEs - loan securitizations <sup>(D)</sup>   | 3,963,145                                     | 3,873,569      | —            | 2,956,663     | 916,906       | —          | —             | 3,873,569                  |       |
| Other assets   | N/A   | 95,596         | —            | —             | 95,596        | —          | —             | 95,596                     |       |
|  |   | \$ 36,581,990  | \$ 5,268,099 | \$ 15,489,000 | \$ 15,474,298 | \$ 350,623 | \$ 36,582,020 |                            |       |
| <b>Liabilities:</b>  |   |                |              |               |               |            |               |                            |       |
| Secured financing agreements   | \$ 15,359,853                                 | \$ 15,357,630  | \$ —         | \$ 15,173,637 | \$ 183,993    | \$ —       | \$ 15,357,630 |                            |       |
| Secured notes and bonds payable <sup>(D)</sup>                           | 9,467,281                                     | 9,410,773      | —            | —             | 9,888,638     | —          | —             | 9,888,638                  |       |
| Unsecured notes, net of issuance costs                                   | 1,293,911                                     | 1,200,791      | —            | —             | 1,228,174     | —          | —             | 1,228,174                  |       |
| Residential mortgage loan repurchase liability                           | 2,409,992                                     | 2,409,992      | —            | 2,409,992     | —             | —          | —             | 2,409,992                  |       |
| Derivative liabilities   | 12,134,306                                    | 85,415         | 2,207        | 60,196        | 23,012        | —          | —             | 85,415                     |       |
| Excess spread financing <sup>(A)</sup>                                   | 15,709,784                                    | 107,524        | —            | —             | 107,524       | —          | —             | 107,524                    |       |
| Notes receivable financing   | 371,446                                       | 367,373        | —            | —             | 373,042       | —          | —             | 373,042                    |       |
| Notes payable of consolidated CFEs - funds <sup>(D)</sup>                | 222,250                                       | 217,259        | —            | —             | 217,259       | —          | —             | 217,259                    |       |
| Notes payable of consolidated CFEs - loan securitizations <sup>(D)</sup> | 3,501,010                                     | 3,382,544      | —            | 2,520,164     | 862,380       | —          | —             | 3,382,544                  |       |
|  |   | \$ 32,539,301  | \$ 2,207     | \$ 20,163,989 | \$ 12,884,022 | \$ —       | \$ 33,050,218 |                            |       |

(A) The notional amount represents the total UPB of the residential mortgage loans underlying the MSRs, MSR financing receivables, excess MSRs and excess spread financing. Rithm Capital does not receive an excess mortgage servicing amount on non-performing loans in agency portfolios.

(B) Includes US Treasury Bills classified as Level 1 and held at amortized cost basis of \$24.7 million (see Note 6).

(C) Represents assets and notes issued of consolidated VIEs accounted for under the CFE election.

(D) Includes \$197.2 million of SCFT 2020-A (as defined below in Note 20) MBS as of September 30, 2024, for which the fair value option for financial instruments was elected.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The following table summarizes the changes in the Company's Level 3 financial assets for the period presented:

|  | Level 3                    |                            |            |                  |                                  |                            |                |                |              |                           |                |
|--|----------------------------|----------------------------|------------|------------------|----------------------------------|----------------------------|----------------|----------------|--------------|---------------------------|----------------|
|  | MSRs and MSR               |                            |            |                  |                                  | Residential                |                |                |              |                           | Mortgage Loans |
|  | Excess MSRs <sup>(A)</sup> | Receivables <sup>(A)</sup> | Financing  | Servicer Advance | Real Estate and Other Securities | Derivatives <sup>(B)</sup> | Mortgage Loans | Consumer Loans | Other Assets | Receivable <sup>(C)</sup> | Total          |
| <b>Balance at December 31, 2023</b>                          | \$ 271,150                 | \$ 8,405,938               | \$ 376,881 | \$ 804,029       | \$ 23,804                        | \$ 513,381                 | \$ 1,274,005   | \$ 525,642     | \$ 2,232,913 | \$ 14,427,743             |                |
| <i>Transfers:</i>  |                            |                            |            |                  |                                  |                            |                |                |              |                           |                |
| Transfers from Level 3                                       | —                          | —                          | (7,873)    | (227,216)        | —                                | (28,985)                   | —              | —              | —            | —                         | (264,074)      |
| Transfers to Level 3   | —                          | —                          | —          | —                | —                                | 82,325                     | —              | —              | —            | —                         | 82,325         |
| Computershare Acquisition (Note 3)                           | (1,032)                    | 697,494                    | —          | —                | —                                | —                          | —              | —              | —            | —                         | 696,462        |
| <i>Gain (Loss) Included in Net Income:</i>                   |                            |                            |            |                  |                                  |                            |                |                |              |                           |                |
| Credit losses on securities <sup>(D)</sup>                   | —                          | —                          | —          | (1,187)          | —                                | —                          | —              | —              | —            | —                         | (1,187)        |
| <i>Servicing Revenue, Net<sup>(E)</sup>:</i>                 |                            |                            |            |                  |                                  |                            |                |                |              |                           |                |
| Included in servicing revenue <sup>(E)</sup>                 | —                          | (748,702)                  | —          | —                | —                                | —                          | —              | —              | —            | —                         | (748,702)      |
| <i>Fair Value Adjustments Due to:</i>                        |                            |                            |            |                  |                                  |                            |                |                |              |                           |                |
| Other factors <sup>(D)</sup>                                 | 11,599                     | —                          | (3,535)    | 10,973           | (7,700)                          | 16,536                     | (49,003)       | 15,088         | 36,920       | 30,878                    |                |
| Instrument-specific credit risk <sup>(D)</sup>               | —                          | —                          | —          | —                | —                                | 28,127                     | (20,738)       | —              | 17,995       | 25,384                    |                |
| Gain (loss) on settlement of investments, net <sup>(D)</sup> | (656)                      | —                          | —          | (101)            | —                                | —                          | —              | —              | —            | —                         | (757)          |
| Other income (loss), net <sup>(D)</sup>                      | —                          | —                          | —          | —                | —                                | 10,633                     | —              | 4,654          | —            | 15,287                    |                |
| Gains (losses) included in OCI <sup>(F)</sup>                | —                          | —                          | —          | 7,287            | —                                | —                          | —              | —              | —            | —                         | 7,287          |
| Interest income  | 18,893                     | —                          | 18,649     | 21,828           | —                                | —                          | 21,331         | —              | —            | —                         | 80,701         |
| <i>Purchases, Sales and Repayments:</i>                      |                            |                            |            |                  |                                  |                            |                |                |              |                           |                |
| Purchases, net <sup>(G)</sup>                                | 122,887                    | —                          | 590,261    | 142,979          | —                                | 248,606                    | —              | 214,349        | —            | —                         | 1,319,082      |
| Sales and fundings   | —                          | 2,748                      | —          | —                | —                                | (173,250)                  | 15,996         | —              | —            | —                         | (154,506)      |
| Proceeds from repayments                                     | (46,918)                   | —                          | (633,080)  | (113,487)        | —                                | (53,773)                   | (436,014)      | (56,447)       | (1,479,447)  | —                         | (2,819,166)    |
| Originations and other                                       | —                          | 943,511                    | —          | —                | (61)                             | (167,298)                  | —              | —              | 1,978,377    | —                         | 2,754,529      |
| <b>Balance at September 30, 2024</b>                         | \$ 375,923                 | \$ 9,300,989               | \$ 341,303 | \$ 645,105       | \$ 16,043                        | \$ 476,302                 | \$ 805,577     | \$ 703,286     | \$ 2,786,758 | \$ 15,451,286             |                |

(A) Includes the recapture agreement for each respective pool, as applicable.

(B) For the purpose of this table, the IRLC asset and liability positions and other commitment derivatives are shown net.

(C) Includes mortgage loans receivable of consolidated CFEs classified as Level 3 in the fair value hierarchy.

(D) Gain (loss) recorded in earnings during the period is attributable to the change in unrealized gain (loss) relating to Level 3 assets still held at the reporting dates and realized gain (loss) recorded during the period.

(E) See Note 5 for further details on the components of servicing revenue, net.

(F) Gain (loss) included in unrealized gain (loss) on available-for-sale securities, net in the consolidated statements of comprehensive income.

(G) Net of purchase price adjustments and purchase price fully reimbursable from MSR sellers as a result of prepayment protection. Real estate and other securities includes Non-Agency securities retained through securitizations accounted for as sales.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The following table summarizes the changes in the Company's Level 3 financial liabilities for the period presented:

|   | Level 3                              |                                 |                                     |                            |                                  |         | Total               |  |
|---|--------------------------------------|---------------------------------|-------------------------------------|----------------------------|----------------------------------|---------|---------------------|--|
|   | Notes Payable of                     |                                 |                                     |                            |                                  |         |                     |  |
|   | Asset-Backed<br>Securities<br>Issued | CFEs -<br>Consolidated<br>Funds | CFEs - Mortgage<br>Loans Receivable | Excess Spread<br>Financing | Notes<br>Receivable<br>Financing |         |                     |  |
| <b>Balance at December 31, 2023</b>                 | \$ 235,770                           | \$ 218,157                      | \$ 318,998                          | \$ —                       | \$ —                             | \$ —    | \$ 772,925          |  |
| <i>Transfers:</i>                                   |                                      |                                 |                                     |                            |                                  |         |                     |  |
| Transfers to Level 3                                | —                                    | —                               | —                                   | —                          | —                                | 373,042 | 373,042             |  |
| Computershare Acquisition (Note 3)                  | —                                    | —                               | —                                   | 125,168                    |                                  |         | 125,168             |  |
| <i>Gains (Losses) Included in Net Income:</i>       |                                      |                                 |                                     |                            |                                  |         |                     |  |
| Servicing revenue, net <sup>(A)</sup>               | —                                    | —                               | —                                   | (17,644)                   | —                                |         | (17,644)            |  |
| Other income <sup>(A)</sup>                         | 6,714                                | (898)                           | 9,888                               | —                          | —                                |         | 15,704              |  |
| <i>Purchases, Issuance Proceeds and Repayments:</i> |                                      |                                 |                                     |                            |                                  |         |                     |  |
| Issuance proceeds                                   | —                                    | —                               | 858,828                             | —                          | —                                |         | 858,828             |  |
| Payments  | (45,250)                             | —                               | (324,062)                           | —                          | —                                |         | (369,312)           |  |
| Other   | —                                    | —                               | (1,272)                             | —                          | —                                |         | (1,272)             |  |
| <b>Balance at September 30, 2024</b>                | <b>\$ 197,234</b>                    | <b>\$ 217,259</b>               | <b>\$ 862,380</b>                   | <b>\$ 107,524</b>          | <b>\$ 373,042</b>                |         | <b>\$ 1,757,439</b> |  |

(A) Gain (loss) recorded in earnings during the period is attributable to the change in unrealized gain (loss) relating to Level 3 financial liabilities still held at the reporting dates and realized gain (loss) recorded during the period. The full fair value change during the period was due to factors other than instrument-specific credit risk.

See Note 21 in the Company's Amended 2023 Form 10-K/A for a listing of criteria used to determine the significant inputs for each asset class.

**Excess MSRs, MSRs and MSR Financing Receivables and Excess Spread Financing Valuation**

Fair value estimates of Rithm Capital's MSRs and related excess spread financing and excess MSRs were based on internal pricing models. The valuation technique is based on discounted cash flows. Significant inputs used in the valuations included expectations of prepayment rates, delinquency rates, recapture rates, mortgage servicing amount or excess mortgage servicing amount of the underlying residential mortgage loans, as applicable, and discount rates that market participants would use in determining the fair values of MSRs on similar pools of residential mortgage loans. In addition, for MSRs, significant inputs included the market-level estimated cost of servicing.

Significant increases (decreases) in the discount rates, prepayment or delinquency rates, or costs of servicing, in isolation would result in a significantly lower (higher) fair value measurement, whereas significant increases (decreases) in the recapture rates or mortgage servicing amount or excess mortgage servicing amount, as applicable, in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the delinquency rate assumption is accompanied by a directionally similar change in the assumption used for the prepayment rate.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The following table summarizes certain information regarding the ranges and weighted averages of inputs used as of September 30, 2024:

| <b>Significant Inputs<sup>(A)</sup></b>  |                                      |                                  |                                     |  |   |
|--|--------------------------------------|----------------------------------|-------------------------------------|--|---|
|  | <b>Prepayment Rate<sup>(B)</sup></b> | <b>Delinquency<sup>(C)</sup></b> | <b>Recapture Rate<sup>(D)</sup></b> | <b>Mortgage Servicing Amount or Excess Mortgage Servicing Amount (bps)<sup>(E)</sup></b> | <b>Collateral Weighted Average Maturity (Years)<sup>(F)</sup></b> |
| Excess MSRs Directly Held  | 0.0% – 13.3%<br>(7.8%)               | 0.0% – 14.7%<br>(5.0%)           | 0.0% – 91.2%<br>(56.6%)             | 7 – 32 (21)  | 11 – 23 (19)  |
| <i>MSRs, MSR Financing Receivables, Excess Spread Financing:</i>                       |                                      |                                  |                                     |  |   |
| Agency   | 2.5% – 99.4%<br>(7.3%)               | 0.0% – 100.0%<br>(1.9%)          | 7.6% – 21.9%<br>(16.5%)             | 2 – 159 (28)   | 0 – 40 (23)   |
| Non-Agency   | 1.8% – 100.0%<br>(9.5%)              | 0.0% – 100.0%<br>(24.8%)         | 0.0% – 15.8%<br>(1.8%)              | 1 – 156 (45)   | 0 – 58 (21)   |
| Ginnie Mae   | 2.1% – 78.5%<br>(9.7%)               | 0.0% – 100.0%<br>(9.4%)          | 8.0% – 26.1%<br>(24.9%)             | 8 – 154 (46)   | 0 – 42 (26)   |
| <b>Total/Weighted Average—MSRs, MSR Financing Receivables, Excess Spread Financing</b> | <b>1.8% – 100.0%<br/>(8.2%)</b>      | <b>0.0% – 100.0%<br/>(6.1%)</b>  | <b>0.0% – 26.1%<br/>(20.0%)</b>     | <b>1 – 159 (34)</b>  | <b>0 – 58 (24)</b>  |

(A) Weighted by fair value of the portfolio.

(B) Projected annualized weighted average lifetime voluntary and involuntary prepayment rate using a prepayment vector.

(C) Projected percentage of residential mortgage loans in the pool for which the borrower is expected to miss a mortgage payment.

(D) Percentage of voluntarily prepaid loans that are expected to be refinanced by the related servicer or subservicer, as applicable.

(E) Weighted average total mortgage servicing amount, in excess of the base fee as applicable, measured in basis points ("bps"). As of September 30, 2024, weighted average costs of subservicing of \$6.87 (range of \$6.84 – \$6.94) per loan per month was used to value the Agency MSRs. Weighted average costs of subservicing of \$9.71 (range of \$8.65 – \$11.52) per loan per month was used to value the Non-Agency MSRs, including MSR financing receivables. Weighted average cost of subservicing of \$8.23 per loan per month was used to value the Ginnie Mae MSRs.

(F) Weighted average maturity of the underlying residential mortgage loans in the pool.

With respect to valuing the PHH-serviced MSRs and MSR financing receivables, which include a significant servicer advances receivable component, the cost of financing servicer advances receivable is assumed to be SOFR plus 95 bps.

As of September 30, 2024, a weighted average discount rate of 8.8% (range of 8.5% – 9.0%) was used to value Rithm Capital's Excess MSRs. As of September 30, 2024, a weighted average discount rate of 8.8% (range of 8.5% – 10.3%) was used to value Rithm Capital's MSRs, MSR financing receivables and excess spread financing.

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The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Agency MSRs, owned as of September 30, 2024, given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate:

|  |              |              |              |              |  |
|--|--------------|--------------|--------------|--------------|--|
| Fair value at September 30, 2024       | \$ 5,767,835 |              |              |              |  |
| Discount rate shift in %               | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 6,265,455 | \$ 6,006,434 | \$ 5,547,521 | \$ 5,343,621 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ 497,620   | \$ 238,599   | \$ (220,314) | \$ (424,214) |  |
| Percentage                             | 8.6 %        | 4.1 %        | (3.8)%       | (7.4)%       |  |
| Prepayment rate shift in %             | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 6,091,779 | \$ 5,907,778 | \$ 5,638,897 | \$ 5,521,963 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ 323,944   | \$ 139,943   | \$ (128,938) | \$ (245,872) |  |
| Percentage                             | 5.6 %        | 2.4 %        | (2.2)%       | (4.3)%       |  |
| Delinquency rate shift in %            | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 5,814,988 | \$ 5,776,130 | \$ 5,759,303 | \$ 5,750,635 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ 47,153    | \$ 8,295     | \$ (8,532)   | \$ (17,200)  |  |
| Percentage                             | 0.8 %        | 0.1 %        | (0.1)%       | (0.3)%       |  |
| Recapture rate shift in %              | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 5,696,242 | \$ 5,732,039 | \$ 5,803,631 | \$ 5,839,427 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ (71,593)  | \$ (35,796)  | \$ 35,796    | \$ 71,592    |  |
| Percentage                             | (1.2)%       | (0.6)%       | 0.6 %        | 1.2 %        |  |

The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Non-Agency MSRs, including MSR financing receivables, owned as of September 30, 2024, given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate:

|  |            |            |             |             |  |
|--|------------|------------|-------------|-------------|--|
| Fair value at September 30, 2024       | \$ 818,978 |            |             |             |  |
| Discount rate shift in %               | -20%       | -10%       | 10%         | 20%         |  |
| Estimated fair value                   | \$ 897,886 | \$ 856,713 | \$ 784,295  | \$ 752,331  |  |
| <i>Change in Estimated Fair Value:</i> |            |            |             |             |  |
| Amount                                 | \$ 78,908  | \$ 37,735  | \$ (34,683) | \$ (66,647) |  |
| Percentage                             | 9.6 %      | 4.6 %      | (4.2)%      | (8.1)%      |  |
| Prepayment rate shift in %             | -20%       | -10%       | 10%         | 20%         |  |
| Estimated fair value                   | \$ 868,833 | \$ 843,064 | \$ 796,317  | \$ 775,039  |  |
| <i>Change in Estimated Fair Value:</i> |            |            |             |             |  |
| Amount                                 | \$ 49,855  | \$ 24,086  | \$ (22,661) | \$ (43,939) |  |
| Percentage                             | 6.1 %      | 2.9 %      | (2.8)%      | (5.4)%      |  |
| Delinquency rate shift in %            | -20%       | -10%       | 10%         | 20%         |  |
| Estimated fair value                   | \$ 821,809 | \$ 820,025 | \$ 818,054  | \$ 816,107  |  |
| <i>Change in Estimated Fair Value:</i> |            |            |             |             |  |
| Amount                                 | \$ 2,831   | \$ 1,047   | \$ (924)    | \$ (2,871)  |  |
| Percentage                             | 0.3 %      | 0.1 %      | (0.1)%      | (0.4)%      |  |
| Recapture rate shift in %              | -20%       | -10%       | 10%         | 20%         |  |
| Estimated fair value                   | \$ 817,035 | \$ 818,007 | \$ 819,950  | \$ 820,921  |  |
| <i>Change in Estimated Fair Value:</i> |            |            |             |             |  |
| Amount                                 | \$ (1,943) | \$ (971)   | \$ 972      | \$ 1,943    |  |
| Percentage                             | (0.2)%     | (0.1)%     | 0.1 %       | 0.2 %       |  |

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The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Ginnie Mae MSRs, owned as of September 30, 2024, given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate:

|  |              |              |              |              |  |
|--|--------------|--------------|--------------|--------------|--|
| Fair value at September 30, 2024       | \$ 2,714,176 |              |              |              |  |
| Discount rate shift in %               | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 2,942,070 | \$ 2,823,133 | \$ 2,612,046 | \$ 2,518,097 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ 227,894   | \$ 108,957   | \$ (102,130) | \$ (196,079) |  |
| Percentage                             | 8.4 %        | 4.0 %        | (3.8)%       | (7.2)%       |  |
| Prepayment rate shift in %             | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 2,860,583 | \$ 2,782,842 | \$ 2,650,936 | \$ 2,594,258 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ 146,407   | \$ 68,666    | \$ (63,240)  | \$ (119,918) |  |
| Percentage                             | 5.4 %        | 2.5 %        | (2.3)%       | (4.4)%       |  |
| Delinquency rate shift in %            | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 2,752,014 | \$ 2,732,677 | \$ 2,694,399 | \$ 2,675,564 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ 37,838    | \$ 18,501    | \$ (19,777)  | \$ (38,612)  |  |
| Percentage                             | 1.4 %        | 0.7 %        | (0.7)%       | (1.4)%       |  |
| Recapture rate shift in %              | -20%         | -10%         | 10%          | 20%          |  |
| Estimated fair value                   | \$ 2,652,488 | \$ 2,682,966 | \$ 2,743,924 | \$ 2,774,402 |  |
| <i>Change in Estimated Fair Value:</i> |              |              |              |              |  |
| Amount                                 | \$ (61,688)  | \$ (31,210)  | \$ 29,748    | \$ 60,226    |  |
| Percentage                             | (2.3)%       | (1.1)%       | 1.1 %        | 2.2 %        |  |

Each of the preceding sensitivity analyses is hypothetical and is provided for illustrative purposes only. There are certain limitations inherent in the sensitivity analyses presented. In particular, the results are calculated by stressing a particular economic assumption independent of changes in any other assumption; in practice, changes in one factor may result in changes in another, which might counteract or amplify the sensitivities. Also, changes in the fair value based on a 10% variation in an assumption generally may not be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear.

**Servicer Advance Investments Valuation**

The following table summarizes certain information regarding the ranges and weighted averages of significant inputs used in valuing the servicer advance investments, including the base fee component of the related MSRs, as of September 30, 2024:

|                              | Significant Inputs   |                                |             |                       |                     |                        |
|------------------------------|----------------------|--------------------------------|-------------|-----------------------|---------------------|------------------------|
|                              | Outstanding Servicer |                                | Mortgage    |                       | Collateral Weighted |                        |
|                              | Advances to UPB of   | Underlying Residential         | Servicing   | Amount <sup>(B)</sup> | Discount Rate       | Average Maturity       |
|                              | Mortgage Loans       | Prepayment Rate <sup>(A)</sup> | Delinquency |                       |                     | (Years) <sup>(C)</sup> |
| Servicer advance investments | 2.4%                 | 5.0%                           | 19.7%       | 19.9 bps              | 6.2%                | 21.2                   |

(A) Projected annual weighted average lifetime voluntary and involuntary prepayment rate using a prepayment vector.

(B) Mortgage servicing amount is net of 3.0 bps which represents the amount Rithm Capital paid its servicers as a monthly servicing fee.

(C) Weighted average maturity of the underlying residential mortgage loans in the pool.

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**Real Estate and Other Securities Valuation**

Rithm Capital's real estate and other securities valuation methodology and results are detailed below. Treasury securities are valued using market-based prices published by the US Department of the Treasury and are classified as Level 1. The table below is as of September 30, 2024:

| Asset Type                                     | Outstanding Face Amount | Amortized Cost Basis | Fair Value                     |                             |                     |       | Level |
|--|-------------------------|----------------------|--------------------------------|-----------------------------|---------------------|-------|-------|
|  |                         |                      | Multiple Quotes <sup>(A)</sup> | Single Quote <sup>(B)</sup> | Total               |       |       |
|  |                         |                      |                                |                             |                     |       |       |
| Government-backed securities <sup>(C)</sup>    | \$ 6,816,127            | \$ 6,650,778         | \$ 6,812,900                   | \$ —                        | \$ 6,812,900        | 2     |       |
| CLOs <sup>(D)</sup>                            | 277,100                 | 268,750              | 210,383                        | 65,388                      | 275,771             | 2 & 3 |       |
| Non-agency and other securities <sup>(D)</sup> | 9,177,737               | 538,211              | 555,406                        | 24,311                      | 579,717             | 3     |       |
|  | <u>\$ 16,270,964</u>    | <u>\$ 7,457,739</u>  | <u>\$ 7,578,689</u>            | <u>\$ 89,699</u>            | <u>\$ 7,668,388</u> |       |       |

(A) Rithm Capital generally obtains pricing service quotations or broker quotations from two sources. Rithm Capital evaluates quotes received, determines one as being most representative of fair value and does not use an average of the quotes. Even if Rithm Capital receives two or more quotes on a particular security that come from non-selling brokers or pricing services, it does not use an average because it believes using an actual quote more closely represents a transactable price for the security than an average level. Furthermore, in some cases, for Non-Agency securities, there is a wide disparity between the quotes Rithm Capital receives. Rithm Capital believes using an average of the quotes in these cases would not represent the fair value of the asset. Based on Rithm Capital's own fair value analysis, it selects one of the quotes which is believed to most accurately reflect fair value. Rithm Capital has not adjusted any of the quotes received in the periods presented. These quotations are generally received via email and contain disclaimers which state that they are "indicative" and not "actionable" — meaning that the party giving the quotation is not bound to purchase the security at the quoted price. Rithm Capital's investments in government-backed securities are classified within Level 2 of the fair value hierarchy because the market for these securities is active and market prices are readily observable.

The third-party pricing services and brokers engaged by Rithm Capital (collectively, "valuation providers") use either the income approach or the market approach, or a combination of the two, in arriving at their estimated valuations of securities. Valuation providers using the market approach generally look at prices and other relevant information generated by market transactions involving identical or comparable assets. Valuation providers using the income approach create pricing models that generally incorporate such assumptions as discount rates, expected prepayment rates, expected default rates and expected loss severities. Rithm Capital has reviewed the methodologies utilized by its valuation providers and has found them to be consistent with GAAP requirements. In addition to obtaining multiple quotations, when available, and reviewing the valuation methodologies of its valuation providers, Rithm Capital creates its own internal pricing models for Level 3 securities and uses the outputs of these models as part of its process of evaluating the fair value estimates it receives from its valuation providers. These models incorporate the same types of assumptions as the models used by the valuation providers, but the assumptions are developed independently. These assumptions are regularly refined and updated at least quarterly by Rithm Capital and reviewed by its independent valuation group, which is separate from its investment acquisition and management group, to reflect market developments and actual performance.

For 86.9% of Non-Agency securities, the ranges and weighted averages of assumptions used by Rithm Capital's valuation providers are summarized in the table below. The assumptions used by Rithm Capital's valuation providers with respect to the remainder of Non-Agency securities were not readily available.

|            | Fair Value | Discount Rate | Prepayment Rate <sup>(a)</sup> | CDR <sup>(b)</sup> | Loss Severity <sup>(c)</sup> |
|------------|------------|---------------|--------------------------------|--------------------|------------------------------|
|            |            | 4.5% – 20.0%  |                                |                    | 25.0% – 50.0%                |
| Non-Agency | \$ 503,651 | (6.8%)        | 0.0% – 20.0% (6.8%)            | 0.0% – 1.5% (0.5%) | (32.0%)                      |

- (a) Represents the annualized rate of the prepayments as a percentage of the total principal balance of the pool.
- (b) Represents the annualized rate of the involuntary prepayments (defaults) as a percentage of the total principal balance of the pool.
- (c) Represents the expected amount of future realized losses resulting from the ultimate liquidation of a particular loan, expressed as the net amount of loss relative to the outstanding balance of the loans in default.

(B) Rithm Capital was unable to obtain quotations from more than one source on these securities.

(C) Presented within government and government-backed securities on the consolidated balance sheets.

(D) Presented within other assets on the consolidated balance sheets.

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**Residential Mortgage Loans Valuation**

Rithm Capital, through Newrez, originates residential mortgage loans that it intends to sell into Fannie Mae, Freddie Mac and Ginnie Mae mortgage-backed securitizations. Residential mortgage loans HFS, at fair value are typically pooled together and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility, product type, interest rate and credit quality. Newrez also originates non-qualified residential mortgage ("Non-QM") loans that do not meet the qualified mortgage rules per the Consumer Financial Protection Bureau that it intends to sell to private investors. Residential mortgage loans HFS, at fair value are valued using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. As these prices are derived from market observable inputs, Rithm Capital classifies these valuations as Level 2 in the fair value hierarchy. Originated residential mortgage loans HFS for which there is little to no observable trading activity of similar instruments are valued using Level 3 measurements based upon (i) internal pricing models to forecast loan level cash flows using inputs such as default rates, prepayments speeds and discount rates or (ii) consensus pricing (broker quotes) or historical sale transactions for similar loans.

Residential mortgage loans HFS, at fair value also include nonconforming seasoned mortgage loans acquired and identified for securitization, which are valued using internal pricing models to forecast loan level cash flows based on a potential securitization exit using inputs such as default rates, prepayments speeds and discount rates, and may include adjustments based on consensus pricing (broker quotes). Residential mortgage loans HFI, at fair value include nonconforming seasoned mortgage loans acquired and not identified for sale or securitization, which are valued using internal pricing models to forecast loan level cash flows using inputs such as default rates, prepayments speeds and discount rates, and may include adjustments based on consensus pricing (broker quotes). As the internal pricing models are based on certain unobservable inputs, Rithm Capital classifies these valuations as Level 3 in the fair value hierarchy.

For non-performing loans, asset liquidation cash flows are derived based on the estimated time to liquidate the loan, the estimated value of the collateral, expected costs and estimated home price levels. Estimated cash flows for both performing and non-performing loans are discounted at yields considered appropriate to arrive at a reasonable exit price for the asset. Rithm Capital classifies these valuations as Level 3 in the fair value hierarchy.

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing residential mortgage loans HFS, at fair value classified as Level 3 as of September 30, 2024:

| Performing Loans | Fair Value | Discount Rate         | Prepayment Rate       | CDR                   | Loss Severity            |
|------------------|------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Acquired loans   | \$ 18,239  | 8.0% – 8.6%<br>(8.1%) | 0.1% – 3.4%<br>(0.8%) | 0.4% – 3.7%<br>(1.5%) | 26.9% – 38.4%<br>(30.5%) |

| Non-Performing Loans | Fair Value | Discount Rate         | Annual change in home prices | CDR                   | Current Value of Underlying Properties |
|----------------------|------------|-----------------------|------------------------------|-----------------------|--|
| Acquired loans       | \$ 10,092  | 8.6% - 9.0%<br>(8.6%) | 5.9% - 17.3%<br>(6.8%)       | 1.9% - 2.4%<br>(2.3%) | 245.6% - 446.9%<br>(262.1%)            |

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing residential mortgage loans HFI, at fair value classified as Level 3 as of September 30, 2024:

|   | Fair Value | Discount Rate         | Prepayment Rate       | CDR                   | Loss Severity            |
|---|------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Residential mortgage loans HFI, at fair value | \$ 378,032 | 8.0% – 9.0%<br>(8.1%) | 0.1% – 0.8%<br>(0.5%) | 0.4% – 3.7%<br>(2.2%) | 13.1% – 38.4%<br>(32.0%) |

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**Consumer Loans Valuation**

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing consumer loans HFI, at fair value classified as Level 3 as of September 30, 2024:

|   | <b>Fair Value</b> | <b>Discount Rate</b>   | <b>Prepayment Rate</b>   | <b>CDR</b>              | <b>Loss Severity</b>      |
|---|-------------------|------------------------|--------------------------|-------------------------|---------------------------|
| SpringCastle                              | \$ 231,039        | 9.2% – 10.2%<br>(9.4%) | 12.1% – 37.6%<br>(14.5%) | 2.6% – 8.5%<br>(5.1%)   | 72.8% – 100.0%<br>(93.3%) |
| Marcus                                    | 574,538           | 7.3% – 10.1%<br>(7.4%) | 3.2% – 22.1%<br>(19.0%)  | 8.0% – 50.0%<br>(14.7%) | 75.0%                     |
| <b>Consumer Loans, HFI, at Fair Value</b> | <b>\$ 805,577</b> |                        |                          |                         |                           |

**Mortgage Loans Receivable Valuation**

Rithm Capital classifies certain mortgage loans receivable as Level 3 in the fair value hierarchy. Performing originated mortgage loans are valued using (i) a market-based approach by utilizing the fair value of securities backed by similar loans adjusted for certain factors to approximate the fair value of a whole loan or (ii) current commitments to acquire the loans. Non-performing loan liquidation cash flows are derived based on the estimated value of the collateral, estimated recoveries and costs, and estimated time to liquidate the asset. Acquired mortgage loans receivable are valued using internal pricing models to forecast cash flows with inputs such as default rates, prepayments speeds and discount rates, and may include adjustments based on consensus pricing (broker quotes). The following table summarizes certain information regarding the weighted averages of inputs used in valuing mortgage loans receivable, at fair value classified as Level 3 as of September 30, 2024:

|   | <b>Fair Value</b>   | <b>Discount Rate</b> | <b>Prepayment Rate</b> | <b>CDR</b>            | <b>Loss Severity</b> |
|---|---------------------|----------------------|------------------------|-----------------------|----------------------|
| Acquired mortgage loans receivable              | \$ 36,593           | 10.0%                | 0.0%                   | 1.8% – 2.5%<br>(2.0%) | 25.0%                |
| Originated mortgage loans receivable            | 1,833,259           | 8.3%                 | N/A                    | N/A                   | N/A                  |
| <b>Mortgage Loans Receivable, at Fair Value</b> | <b>\$ 1,869,852</b> |                      |                        |                       |                      |

**Derivatives and Hedging Valuation**

Rithm Capital enters into economic hedges including interest rate swaps, caps and TBAs, which are categorized as Level 2 in the valuation hierarchy. Rithm Capital generally values such derivatives using quotations, similarly to the method of valuation used for Rithm Capital's other assets that are classified as Level 2 in the fair value hierarchy. Treasury short sales are valued using market-based prices published by the US Department of the Treasury and classified as Level 1.

Other commitment relates to an agreement entered into by a subsidiary of Rithm Capital with its affiliate requiring a payment under certain circumstances dependent upon amounts realized from an investment of the affiliate. It is valued at the excess of cost basis over the intrinsic value of the underlying investment and classified as Level 3 in the fair value hierarchy. In addition, Rithm Capital enters into IRLCs, which are valued using internal pricing models (i) incorporating market pricing for instruments with similar characteristics, (ii) estimating the fair value of the servicing rights expected to be recorded at sale of the loan and (iii) adjusting for anticipated loan funding probability. Both the fair value of servicing rights expected to be recorded at the date of sale of the loan and anticipated loan funding probability are significant unobservable inputs and therefore, IRLCs are classified as Level 3 in the fair value hierarchy.

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing IRLCs as of September 30, 2024:

|            | <b>Fair Value</b> | <b>Loan Funding Probability</b> | <b>Fair Value of Initial Servicing Rights (Bps)</b> |
|------------|-------------------|---------------------------------|---|
| IRLCs, net | \$ 32,122         | 0.0% – 100.0%<br>(81.8%)        | 8.1 – 362.3<br>(266.0)                              |

**Asset-Backed Securities Issued**

As of September 30, 2024, Rithm Capital was the primary beneficiary of the SCFT 2020-A (as defined below in Note 20) securitization, and therefore, Rithm Capital's consolidated balance sheets include the asset-backed securities issued by the trust

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in the SCFT 2020-A securitization. Rithm Capital elected the fair value option for the securities and valued them consistently with Non-Agency securities described above.

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing asset-backed securities issued as of September 30, 2024:

|                                | <b>Fair Value</b> | <b>Discount Rate</b> | <b>Prepayment Rate</b> | <b>CDR</b> | <b>Loss Severity</b> |
|--------------------------------|-------------------|----------------------|------------------------|------------|----------------------|
| Asset-backed securities issued | \$ 197,234        | 5.1%                 | 14.5%                  | 5.1%       | 93.3%                |

***Notes Receivable, Notes Receivable Financing and Loans Receivable***

From time to time, Rithm Capital purchases notes and loans receivable that are generally collateralized by commercial real estate assets. Rithm Capital generally uses internal discounted cash flow pricing models to estimate the fair value of notes receivable, notes receivable financing and loans receivable. Due to the fact that the fair value of Rithm Capital's notes receivable, notes receivable financing, and loans receivable are based significantly on unobservable inputs, these are classified as Level 3 in the fair value hierarchy.

Future cash flows are generally estimated using contractual economic terms, as well as significant unobservable inputs, such as the underlying collateral performance. Other significant unobservable inputs include discount rates which estimate the market participants' required rates of return.

The following table summarizes certain information regarding the carrying value and significant inputs used in valuing Rithm Capital's notes receivable, notes receivable financing and loans receivable as of September 30, 2024:

|                            | <b>Fair Value</b> | <b>Discount Rate</b> |
|----------------------------|-------------------|----------------------|
| Notes receivable           | \$ 384,126        | 8.1 %                |
| Loans receivable           | 29,114            | 25.0 %               |
| <b>Total</b>               | <b>\$ 413,240</b> |                      |
| Notes receivable financing | \$ 373,042        | 4.8 %                |
| <b>Total</b>               | <b>\$ 373,042</b> |                      |

***Equity Investments at Fair Value***

Rithm Capital's 70% equity investment in a credit risk transfer LLC is valued using an internal discounted cash flow pricing model to estimate the fair value of the investment. As of September 30, 2024, the fair value of the investment was \$194.5 million. As the discount rate of 11.0% used to estimate the fair value of the investment is a significant unobservable input, this investment is classified as Level 3 in the fair value hierarchy.

***Consolidated CFE - Funds***

Sculptor's consolidated structured alternative investment solution, a CFE, holds investments in funds measured at fair value using the NAV per share of the underlying funds, as a practical expedient.

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(dollars in tables in thousands, except share and per share data)

The following table summarizes the fair value of the investments by fund type and ability to redeem such investments as of September 30, 2024:

| Fund Type <sup>(A)</sup> | Fair Value        | Redemption Frequency              | Redemption Notice Period         |
|--------------------------|-------------------|-----------------------------------|----------------------------------|
| Open-ended               | \$ 229,988        | Monthly - Annually <sup>(B)</sup> | 30 days - 90 days <sup>(B)</sup> |
| Close-ended              | 120,635           | None <sup>(C)</sup>               | N/A                              |
| <b>Total</b>             | <b>\$ 350,623</b> |                                   |                                  |

- (A) The structured alternative investment solution invests in both open-ended and close-ended funds. The investments in each fund may represent investments in a particular tranche of such fund subject to different withdrawal rights.
- (B) \$172.2 million of investments are subject to an initial lock-up period of three years during which time withdrawals or redemptions are limited. Once the lock-up period ends, the investments can be redeemed with the frequency noted above.
- (C) 100% of these investments cannot be redeemed, as distributions will be received as the underlying assets are liquidated, which is expected to be approximately 7 to 9 years from inception.

As of September 30, 2024, the structured alternative investment solution had unfunded commitments of \$ 57.5 million related to the investments presented in the table above, which will be funded by capital within the consolidated funds from its underlying open-ended funds and liquid assets.

Notes payable of the structured alternative investment solution of \$ 217.3 million as of September 30, 2024, are valued using independent pricing services and are classified as Level 3. The Company performs analytical procedures and compares independent pricing service valuations to other vendors' pricing as applicable. The Company also performs due diligence reviews on independent pricing services on an annual basis and performs other due diligence procedures as may be deemed necessary. The Company measures the financial liabilities of its consolidated CFEs based on the fair value of the financial assets of the consolidated entity under the CFE election, as the Company believes the fair value of the financial assets is more observable. Notes payable of consolidated CFEs are included in notes payable, at fair value and other liabilities on the Company's consolidated balance sheets. Unrealized gain (loss) from changes in fair value and related interest is included in realized and unrealized gains (losses), net in the Company's consolidated statements of operations.

**Consolidated Loan Securitizations**

Rithm Capital has securitized certain residential mortgage loans and mortgage loans receivable which are held as part of consolidated CFEs. A CFE is a variable interest entity that holds financial assets, issues beneficial interests in those assets and has no more than nominal equity, and the beneficial interests have contractual recourse only to the related assets of the CFE. GAAP allows entities to elect to measure both the financial assets and financial liabilities of the CFE using the more observable of the fair value of the financial assets and the fair value of the financial liabilities of the CFE. Rithm Capital has elected the fair value option for initial and subsequent recognition of the debt issued by its consolidated securitization trust and has determined that the consolidated securitization trust meets the definition of a CFE. See Note 20 for further details regarding VIEs and securitization trusts. Rithm Capital determined the inputs to the fair value measurement of the financial liabilities of its consolidated CFEs to be more observable than those of the financial assets and, as a result, has used the fair value of the financial liabilities of the consolidated CFE to measure the fair value of the financial assets of the consolidated CFE. Refer to Note 2 in the Company's Amended 2023 Form 10-K/A for the accounting policies of consolidated entities. The fair value of the debt issued by the consolidated CFE is typically valued using external pricing data, which includes third-party valuations.

The securitized residential mortgage loans and mortgage loans receivable, which are assets of the consolidated CFEs, are included in investments, at fair value and other assets, on the Company's consolidated balance sheets. The notes issued by the consolidated CFEs are included in notes payable, at fair value and other liabilities on the Company's consolidated balance sheets. Unrealized gains (losses) from changes in fair value of the notes issued and assets of the consolidated CFEs and related interest are included in realized and unrealized gains (losses), net in the Company's consolidated statements of operations. The securitized residential mortgage loans and the notes issued by the Company's CFEs are classified as Level 2. The table below is as of September 30, 2024:

| Loan Securitizations       | Investments at Fair Value |           | Notes Payable at Fair Value |           |
|----------------------------|---------------------------|-----------|-----------------------------|-----------|
|                            | \$                        | 2,956,663 | \$                          | 2,520,164 |
| Residential mortgage loans |                           |           |                             |           |

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Rithm Capital classifies securitized mortgage loans receivable as Level 3 in the fair value hierarchy because the notes payable are valued based significantly on unobservable inputs. The valuation methodology is in line with non-agency securities described above. The following table summarizes the inputs used in valuing the notes payable as of September 30, 2024:

| Loan securitizations      | Investments at |               | Notes Payable |  | Spread       | Prepayment Rate <sup>(A)</sup> | CDR <sup>(B)</sup> | Loss Severity <sup>(C)</sup> |       |
|---------------------------|----------------|---------------|---------------|--|--------------|--------------------------------|--------------------|------------------------------|-------|
|                           | Fair Value     | at Fair Value |               |  |              |                                |                    |                              |       |
| Mortgage loans receivable | \$ 916,906     | \$ 862,380    |               |  | 1.8% - 20.7% | (3.1%)                         | 8.0%               | 0.8%                         | 10.0% |

(A) Represents the annualized rate of the prepayments as a percentage of the total principal balance of the pool.  
 (B) Represents the annualized rate of the involuntary prepayments (defaults) as a percentage of the total principal balance of the pool.  
 (C) Represents the expected amount of future realized losses resulting from the ultimate liquidation of a particular loan, expressed as the net amount of loss relative to the outstanding balance of the loans in default.

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

Certain assets are measured at fair value on a nonrecurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances, such as when there is evidence of impairment. For residential mortgage loans HFS, foreclosed real estate accounted for as REO and SFR, Rithm Capital measures the assets at the lower of cost or fair value and which may require, from time to time, a nonrecurring fair value adjustment.

At September 30, 2024, assets measured at fair value on a nonrecurring basis were \$ 76.1 million. The \$76.1 million of assets include approximately \$69.9 million of residential mortgage loans HFS and \$ 6.2 million of REO. The fair value of Rithm Capital's residential mortgage loans, HFS is estimated based on a discounted cash flow model analysis using internal pricing models and is categorized within Level 3 of the fair value hierarchy.

The following table summarizes the inputs used in valuing these residential mortgage loans as of September 30, 2024:

|                      | Fair Value       | Weighted Average      |                             |                       |                       | CDR <sup>(B)</sup> | Loss Severity <sup>(C)</sup> |
|----------------------|------------------|-----------------------|-----------------------------|-----------------------|-----------------------|--------------------|------------------------------|
|                      |                  | Discount Rate         | Life (Years) <sup>(A)</sup> | Prepayment Rate       |                       |                    |                              |
| Performing loans     | \$ 53,007        | 7.0% – 8.6%<br>(7.9%) | 5.3 – 8.9<br>(5.4)          | 0.1% – 3.4%<br>(0.3%) | 0.4% – 6.3%<br>(0.9%) | 20.9% – 38.4%      | (27.9%)                      |
| Non-performing loans | 16,932           | 8.6% – 9.5%<br>(9.1%) | 5.8 – 8.9<br>(6.7)          | 0.5% – 3.4%<br>(1.3%) | 1.9% – 8.8%<br>(4.7%) | 13.1% – 26.9%      | (21.2%)                      |
| <b>Total</b>         | <b>\$ 69,939</b> |                       |                             |                       |                       |                    |                              |

(A) The weighted average life is based on the expected timing of the receipt of cash flows.  
 (B) Represents the annualized rate of the involuntary prepayments (defaults) as a percentage of the total principal balance.  
 (C) Loss severity is the expected amount of future realized losses resulting from the ultimate liquidation of a particular loan, expressed as the net amount of realized loss relative to the outstanding loan balance in default.

The fair value of REO is estimated using a broker's price opinion discounted based upon Rithm Capital's experience with actual liquidation values and, therefore, is categorized within Level 3 of the fair value hierarchy. These discounts to the broker price opinion generally range from 10% – 25% (weighted average of 23%), depending on the information available to the broker.

The total change in the recorded value of assets for which a fair value adjustment has been included in the consolidated statements of operations for the nine months ended September 30, 2024, consists of a reversal of valuation allowance of \$5.0 million for residential mortgage loans and a valuation allowance of \$0.4 million for REO.

**20. VARIABLE INTEREST ENTITIES**

In the normal course of business, Rithm Capital enters into transactions with special purpose entities ("SPEs"), which primarily consist of trusts established for a limited purpose. The SPEs have been formed for the purpose of transactions in which the Company transfers assets into an SPE in return for various forms of debt obligations supported by those assets. In these transactions, the Company typically receives cash and/or other interests in the SPE as proceeds for the transferred assets. The Company retains the right to service the transferred receivables. The Company first evaluates whether it holds a variable interest in the entity. Where the Company has a variable interest, it is required to determine whether the entity is a VIE or a

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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Voting Interest Entity ("VOE"), the classification of which will determine the consolidation model that the Company is required to follow when determining whether it should consolidate the entity.

VIEs are defined as entities in which (i) equity at risk investors do not have the characteristics of a controlling financial interest, (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties, or (iii) substantially all of the activities of the entity are performed on behalf of the party with disproportionately few voting rights. Where an entity does not have the characteristics of a VIE, it is a VOE. A VIE is required to be consolidated by the primary beneficiary, which is defined as the party that has the power to direct the activities of a VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE.

To assess whether Rithm Capital has the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, Rithm Capital considers all the facts and circumstances, including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying (i) the activities that most significantly impact the VIE's economic performance and (ii) which party, if any, has power over those activities. To assess whether Rithm Capital has the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, Rithm Capital considers all of its economic interests and applies judgment in determining whether these interests, individually or in the aggregate, are considered potentially significant to the VIE. When an SPE meets the definition of a VIE and the Company determines that it is the primary beneficiary, the Company consolidates the SPE in its consolidated financial statements.

For certain consolidated VIEs that meet the definition of a CFE, which is a variable interest entity that holds financial assets, issues beneficial interests in those assets and has no more than nominal equity, Rithm Capital has elected to account for the assets and liabilities of these entities under the CFE measurement alternative. The CFE measurement alternative allows companies to elect to measure both the financial assets and financial liabilities of a CFE using the more observable of the fair value of the financial assets or fair value of the financial liabilities. The net equity in an entity accounted for under the CFE election effectively represents the fair value of the beneficial interests Rithm Capital owns in the entity. The assets of the consolidated CFEs can only be used to settle obligations and liabilities of these consolidated CFEs and are not available for general use by the Company. The liabilities of these consolidated CFEs are liabilities only of these entities and creditors have no recourse to the Company for the consolidated CFEs' liabilities.

#### ***Consolidated VIEs***

The assets of consolidated VIEs may only be used to settle obligations of these entities. There is no recourse to Rithm Capital Corp. for the consolidated VIEs' liabilities.

#### ***Advance Purchaser***

Rithm Capital, through a taxable wholly-owned subsidiary, is the managing member of Advance Purchaser and owns approximately 89.3% of Advance Purchaser as of September 30, 2024. Rithm Capital is deemed to be the primary beneficiary of Advance Purchaser as a result of its ability to direct activities that most significantly impact the economic performance of the entities and its ownership of a significant equity investment. See Note 14 for details.

#### ***Newrez Joint Ventures***

A wholly-owned subsidiary of Newrez, Newrez Ventures LLC (formerly known as Shelter Mortgage Company LLC) ("Newrez Ventures"), is a mortgage originator specializing in Retail originations. Newrez Ventures operates its business through a series of joint ventures ("Newrez Joint Ventures") and is deemed to be the primary beneficiary of such Newrez Joint Ventures as a result of its ability to direct activities that most significantly impact the economic performance of the Newrez Joint Venture entities and its ownership of a significant equity investment.

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*Mortgage-Backed Securitization*

The Company securitizes, sells and services residential mortgage loans. Securitization transactions typically involve the use of VIEs and are accounted for either as sales or as secured financings. Certain of these activities may involve SPEs which, by their nature, are deemed to be VIEs.

Rithm Capital sells pools of conforming mortgage loans through GSE and Ginnie Mae sponsored programs with the servicing retained by Newrez. The Company has several financing vehicles in the form of mortgage loan participation and sale agreements with financial institutions, or Purchasers, to sell pools of agency residential mortgage loans.

Newrez Mortgage Participant LLC, Newrez Mortgage Participant II LLC, NPF Trust EBO I, Newrez Trust II and subsequently, Newrez Trust III were formed to acquire, receive, participate, hold, release and dispose of participation interests in certain of Newrez's residential mortgage loans HFS ("MLHFS PC"). These facilities transfer the MLHFS PC in exchange for cash. Newrez is the primary beneficiary of the VIE and therefore consolidates the SPE. The transferred MLHFS PC is classified on the consolidated balance sheets as residential mortgage loans, HFS and the related warehouse credit facility liabilities as part of secured financing agreements. Newrez retains the risks and benefits associated with the assets transferred to the SPEs. As of September 30, 2024, Newrez Mortgage Participant LLC was terminated.

In May 2021, Newrez issued \$ 750.0 million in notes through a securitization facility (the "2021-1 Securitization Facility") that bear interest at 30-day SOFR plus a margin. The 2021-1 Securitization Facility is secured by newly originated, first-lien, fixed- and adjustable-rate residential mortgage loans eligible for purchase by the GSEs and Ginnie Mae. Through a master repurchase agreement, Newrez sells its originated residential mortgage loans to the 2021-1 Securitization Facility, which then issues notes to third-party qualified investors, with Newrez retaining the trust certificate. The loans serve as collateral with the proceeds from the note issuance ultimately financing the originations. The 2021-1 Securitization Facility will terminate on the earlier of (i) the three-year anniversary of the initial closing date, (ii) the Company exercising its right to optional prepayment in full or (iii) a repurchase triggering event. The Company is the primary beneficiary of the 2021-1 Securitization Facility as it has both (i) the power to direct the activities of a VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE. As of April 30, 2024, 2021-1 Securitization Facility was terminated.

In August 2022, Rithm Capital sponsored a securitization of mortgage loans (the "2022-SFR2 Securitization") secured by certain single family rental properties owned by the Company (the "2022-SFR2 Properties"). The Company retained the most subordinate tranche trust certificate issued by 2022-SFR2 Securitization, classified as a VIE. During the third quarter of 2024, a related party of the Company, Adoor Property Management LLC ("APM"), became the property manager of the 2022-SFR2 Properties. Upon this reconsideration event, the Company reassessed its consolidation conclusion and concluded that it was now the primary beneficiary of 2022-SFR2 Securitization, as it has power to direct the activities that most significantly impact the 2022-SFR2 Securitization's economic performance and has an obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE. As a result, the Company consolidated 2022-SFR2 Securitization during the third quarter of 2024.

*Consumer Loan Companies*

Rithm Capital owns a 100% interest in a portfolio of consumer loans held through certain limited liability entities (the "Consumer Loan Companies") that are classified as VIEs. The Company is the primary beneficiary and consolidates the Consumer Loan Companies.

On September 25, 2020, the Company sponsored a securitization of a portfolio of consumer loans which issued \$ 663.0 million of asset-backed notes ("SCFT 2020-A"). Rithm Capital retained a residual interest of securitized loans for risk retention purposes. The Company is the primary beneficiary of SCFT 2020-A, classified as a VIE, and therefore consolidates it, as it has power to redeem the notes issued by SCFT 2020-A and liquidate the structure at any time and has the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

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#### *Sculptor Loan Financing Partners*

In the second quarter of 2024, Sculptor launched a CLO equity investment platform to manage investments in the equity tranches of Sculptor managed CLOs in the US and Europe ("Sculptor Loan Financing Partners"). The Company is the primary beneficiary of the Sculptor Loan Financing Partners, as it has both (i) the power to direct the activities of a VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE.

#### *Commercial Investments*

Rithm Capital has investments in various commercial real estate entities classified as VIEs and held through wholly-owned subsidiaries. The Company has a controlling financial interest in these VIEs as it holds substantially all of the economic interests in such VIEs. The Company is the primary beneficiary and consolidates such VIEs.

#### *Consolidated CFEs*

##### *Loan Securitizations - Mortgage Loans Receivable*

Rithm Capital sponsored securitization trusts, classified as VIEs, that issue securitized debt collateralized by mortgage loans receivable and for which a wholly-owned subsidiary of Rithm Capital serves as asset manager. Rithm Capital acquired all of the most subordinated trust certificates. Rithm Capital concluded that the most subordinate tranche trust certificates absorb a majority of the trusts' expected losses or receive a majority of the trusts' expected residual returns. Rithm Capital also concluded that the securitization's asset manager has the ability to direct activities that could impact the trusts' economic performance. As a result, Rithm Capital consolidates such trusts.

The assets of these consolidated loan securitizations trusts may only be used to settle obligations of these entities and are not available to creditors of the Company. The investors in these consolidated loan securitizations have no recourse against the assets of the Company, and there is no recourse to the Company for the consolidated entities' liabilities.

As of September 30, 2024, these trusts' assets consist of pools of performing, adjustable-rate and fixed-rate, interest-only, mortgage loans (construction, renovation and bridge), secured by a first lien or a first and second lien on a non-owner occupied mortgaged property with original terms to maturity of up to 120 months, with an aggregate UPB of approximately \$891.1 million and an aggregate principal limit of approximately \$1.1 billion. Refer to Note 19 regarding the fair value measurements of consolidated loan securitizations.

##### *Loan Securitizations - Residential Mortgage Loans*

Rithm Capital sponsors the formation of certain mortgage securitization trusts, considered VIEs, to securitize performing Non-QM loans and seasoned mortgage loans. The Company consolidates certain trusts for which it is the primary beneficiary. The Company acts as the primary servicer for such trusts and therefore has the ability to direct activities that could impact these trusts' economic performance. Generally, the Company retains a vertical tranche of notes issued by these trusts for risk retention purposes in addition to the most subordinated tranches and "interest only" interests. Such retained interests were eliminated in consolidation. Depending on the type of the securitization, the underlying pool of assets may consist of performing, amortizing and interest only, fixed rate and adjustable rate mortgage loans secured by first liens on single family residential properties, planned unit developments and condominiums.

The assets of these consolidated loan securitizations may only be used to settle obligations of these entities and are not available to creditors of the Company. The investors in these consolidated loan securitizations have no recourse against the assets of the Company, and there is no recourse to the Company for the consolidated entities' liabilities.

During the third quarter of 2024, the Company sold "interest only" securities in two seasoned mortgage loan securitization trusts, and it now only holds securities for risk retention purposes. The Company is not the primary beneficiary as it no longer holds significant interests in these trusts. As a result of deconsolidation, the Company derecognized \$371.5 million of assets and \$352.9 million of liabilities of consolidated CFEs and recognized a loss of \$0.9 million presented in Realized and unrealized gains (losses), net in the consolidated statements of operations. The Company continues to retain \$18.7 million of notes held at fair value.

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As of September 30, 2024, the notes payable, at fair value of consolidated CFEs due to third parties had a fair value of \$ 2.5 billion. Rithm's retained interest in the consolidated CFEs was \$0.4 billion. Refer to Note 19 regarding the fair value measurements of consolidated loan securitizations.

**Funds**

In the ordinary course of business, Sculptor sponsors the formation of consolidated funds that are considered VIEs. The Company consolidates certain VIEs for which it is the primary beneficiary either directly or indirectly through a consolidated entity. The assets of these consolidated funds may only be used to settle obligations of these entities and are not available to creditors of the Company or Sculptor. The investors in these consolidated funds have no recourse against the assets of the Company or Sculptor. There is no recourse to the Company or Sculptor for the consolidated funds' liabilities.

The Company, through Sculptor, consolidates a structured alternative investment solution, which issued notes in the aggregate principal amount of \$350.0 million, of which approximately \$127.8 million were retained by Sculptor and eliminated in consolidation. The retained notes consists of \$20.0 million Class A notes, \$20.0 million of Class C notes and \$87.8 million of subordinated notes. As of September 30, 2024, the consolidated notes payable due to third parties had a fair value of \$217.3 million.

Sculptor's structured alternative investment solution entered into a \$ 52.5 million credit facility maturing March 18, 2025. This credit facility is capped at \$20.0 million of total borrowing capacity per quarter, bearing interest of SOFR plus margin of 3.0%. The facility is also subject to an annual 1.15% unused commitment fee. As of September 30, 2024, the consolidated funds have not drawn on the facility.

See Notes 18 and 19 regarding the financing and fair value measurements of consolidated funds, respectively.

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(dollars in tables in thousands, except share and per share data)

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on the consolidated balance sheets:

|  | Consolidated CFEs <sup>(A)</sup> |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
|--|----------------------------------|------------------|---------------------|-------------------|------------------|------------------|-------------------|---------------------|-------------------|---------------------|--------------|--|
|  | Newrez                           |                  | Residential         |                   | Consumer         |                  | Sculptor Loan     |                     | Loan              |                     | Loan         |  |
|  | Advance                          | Joint            | Mortgage            | Loan              | Financing        | Commercial       | Securitizations - | Securitizations -   | Mortgage Loans    | Residential         | Consolidated |  |
|  | Purchaser                        | Ventures         | Loans               | Companies         | Partners         | Investments      | Receivable        | Securitizations -   | Mortgage Loans    | Funds               | Total        |  |
| <b><u>September 30, 2024</u></b>               |                                  |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
| <i>Assets:</i>                                 |                                  |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
| Servicer advance investments, at fair value    | \$ 341,304                       | \$ —             | \$ —                | \$ —              | \$ —             | \$ —             | \$ —              | \$ —                | \$ —              | \$ —                | \$ 341,304   |  |
| Residential mortgage loans, HFS, at fair value | —                                | —                | 378,707             | —                 | —                | —                | —                 | —                   | —                 | —                   | 378,707      |  |
| Consumer loans                                 | —                                | —                | —                   | 231,039           | —                | —                | —                 | —                   | —                 | —                   | 231,039      |  |
| Assets of consolidated CFEs - investments      | —                                | —                | —                   | —                 | —                | —                | 916,906           | 2,956,663           | 350,623           | 4,224,192           |              |  |
| Cash and cash equivalents                      | 5,153                            | 21,762           | —                   | —                 | 4                | 492              | —                 | —                   | —                 | —                   | 27,411       |  |
| Restricted cash                                | 7,610                            | —                | 5,864               | 6,098             | —                | —                | 14,104            | 28,101              | 15,135            | 76,912              |              |  |
| Other assets                                   | 1,929                            | 456              | —                   | 11,332            | 64,939           | 45,973           | 33,457            | —                   | 428               | 158,514             |              |  |
| <b>Total Assets</b>                            | <b>\$ 355,996</b>                | <b>\$ 22,218</b> | <b>\$ 384,571</b>   | <b>\$ 248,469</b> | <b>\$ 64,943</b> | <b>\$ 46,465</b> | <b>\$ 964,467</b> | <b>\$ 2,984,764</b> | <b>\$ 366,186</b> | <b>\$ 5,438,079</b> |              |  |
| <i>Liabilities:</i>                            |                                  |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
| Secured financing agreements                   | —                                | —                | 295,790             | —                 | —                | —                | —                 | —                   | —                 | —                   | 295,790      |  |
| Secured notes and bonds payable                | 259,451                          | —                | —                   | 197,234           | —                | —                | —                 | —                   | —                 | —                   | 456,685      |  |
| Notes payable of consolidated CFEs             | —                                | —                | —                   | —                 | —                | —                | 862,380           | 2,520,164           | 217,259           | 3,599,803           |              |  |
| Accrued expenses and other liabilities         | 3,994                            | 3,258            | —                   | 44                | 288              | 1,251            | 1,029             | 28,435              | 8,191             | 46,490              |              |  |
| <b>Total Liabilities</b>                       | <b>\$ 263,445</b>                | <b>\$ 3,258</b>  | <b>\$ 295,790</b>   | <b>\$ 197,278</b> | <b>\$ 288</b>    | <b>\$ 1,251</b>  | <b>\$ 863,409</b> | <b>\$ 2,548,599</b> | <b>\$ 225,450</b> | <b>\$ 4,398,768</b> |              |  |
| <b><u>December 31, 2023</u></b>                |                                  |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
| <i>Assets:</i>                                 |                                  |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
| Servicer advance investments, at fair value    | \$ 367,803                       | \$ —             | \$ —                | \$ —              | \$ —             | \$ —             | \$ —              | \$ —                | \$ —              | \$ —                | \$ 367,803   |  |
| Residential mortgage loans, HFS, at fair value | —                                | —                | 1,112,097           | —                 | —                | —                | —                 | —                   | —                 | —                   | 1,112,097    |  |
| Consumer loans                                 | —                                | —                | —                   | 285,632           | —                | —                | —                 | —                   | —                 | —                   | 285,632      |  |
| Assets of consolidated CFEs - investments      | —                                | —                | —                   | —                 | —                | —                | 353,594           | 3,038,587           | 321,856           | 3,714,037           |              |  |
| Cash and cash equivalents                      | 5,381                            | 18,159           | —                   | —                 | —                | —                | —                 | —                   | —                 | 8,213               | 31,753       |  |
| Restricted cash                                | 8,273                            | —                | 6,113               | 6,301             | —                | —                | 7,572             | 6,263               | 9,800             | 44,322              |              |  |
| Other assets                                   | 9                                | 688              | —                   | 4,325             | —                | —                | 4,532             | —                   | 1,060             | 10,614              |              |  |
| <b>Total Assets</b>                            | <b>\$ 381,466</b>                | <b>\$ 18,847</b> | <b>\$ 1,118,210</b> | <b>\$ 296,258</b> | <b>\$ —</b>      | <b>\$ —</b>      | <b>\$ 365,698</b> | <b>\$ 3,044,850</b> | <b>\$ 340,929</b> | <b>\$ 5,566,258</b> |              |  |
| <i>Liabilities:</i>                            |                                  |                  |                     |                   |                  |                  |                   |                     |                   |                     |              |  |
| Secured financing agreements                   | —                                | —                | 996,845             | —                 | —                | —                | —                 | —                   | —                 | —                   | 996,845      |  |
| Secured notes and bonds payable                | 274,404                          | —                | —                   | 235,770           | —                | —                | —                 | —                   | —                 | —                   | 510,174      |  |
| Notes payable of consolidated CFEs             | —                                | —                | —                   | —                 | —                | —                | 318,998           | 2,618,082           | 218,157           | 3,155,237           |              |  |
| Accrued expenses and other liabilities         | 2,606                            | 2,240            | 5,382               | 1,507             | —                | —                | 371               | 6,263               | 1,763             | 20,132              |              |  |
| <b>Total Liabilities</b>                       | <b>\$ 277,010</b>                | <b>\$ 2,240</b>  | <b>\$ 1,002,227</b> | <b>\$ 237,277</b> | <b>\$ —</b>      | <b>\$ —</b>      | <b>\$ 319,369</b> | <b>\$ 2,624,345</b> | <b>\$ 219,920</b> | <b>\$ 4,682,388</b> |              |  |

(A) Reflect assets of consolidated CFEs - investments, at fair value and other assets and liabilities of consolidated CFEs - notes payable, at fair value and other liabilities on the consolidated balance sheets.

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**Non-Consolidated VIEs**

The Company transfers residential mortgage loans to securitization trusts, classified as VIEs and retains the right to service the transferred loans. The Company also retains interest in such VIEs pursuant to required risk retention regulations. The Company does not consolidate such VIEs as it is not considered the primary beneficiary. The following table summarizes the carrying value of notes issued by unconsolidated VIEs and retained by the Company, which reflects the Company's maximum exposure to loss, as well as the UPB of transferred loans. The retained notes are presented as Non-Agency RMBS, at fair value within other assets on the consolidated balance sheets:

|   | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Residential mortgage loan UPB and other collateral                  | \$ 8,153,399       | \$ 8,237,692      |
| Weighted average delinquency <sup>(A)</sup>                         | 5.0%               | 5.3%              |
| Net credit losses   | 160,824            | 162,061           |
| Face amount of debt held by third parties                           | 7,531,381          | 7,596,408         |
| Carrying value of bonds retained by Rithm Capital <sup>(B)(C)</sup> | \$ 545,172         | \$ 543,447        |
| Year to date cash flows received by Rithm Capital on these bonds    | 68,421             | 91,401            |

(A) Represents the percentage of the UPB that is 60+ days delinquent.

(B) Includes real estate bonds retained pursuant to required risk retention regulations.

(C) Classified within Level 3 of the fair value hierarchy as the valuation is based on certain unobservable inputs including discount rate, prepayment rates and loss severity. See Note 19 for details on unobservable inputs.

The following table summarizes the Company's involvement, through Sculptor, with VIEs that are not consolidated and is generally limited to providing asset management services and, in certain cases, investments in the VIEs. The maximum exposure to loss represents the potential loss of current investments or income and fees receivables from these entities, as well as the obligation to repay unearned revenues, primarily incentive income subject to clawback, in the event of any future fund losses, as well as unfunded commitments to certain funds that are VIEs. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support to its VIEs that are not consolidated beyond its share of capital and other commitments described in Note 25.

|  | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| <i>Maximum Risk of Loss as a Result of the Company's Involvement with Unconsolidated VIEs:</i> |                    |                   |
| Unearned income and fees   | \$ 21,755          | \$ 37,468         |
| Income and fees receivable   | 14,902             | 43,250            |
| Investments  | 553,638            | 533,026           |
| Unfunded commitments <sup>(A)</sup>  | 202,255            | 207,575           |
| Other commitments  | 25,057             | —                 |
| <b>Maximum Exposure to Loss</b>  | <b>\$ 817,607</b>  | <b>\$ 821,319</b> |

(A) Includes commitments from certain current and former employees and executive managing directors in the amounts of \$122.2 million and \$97.5 million as of September 30, 2024 and December 31, 2023, respectively.

The following table summarizes the carrying value of the Company's unconsolidated commercial real estate projects which reflects the Company's maximum exposure to loss. See Note 25 regarding certain guarantees provided in connection with the investments. These investments are presented as part of equity investments within other assets on the consolidated balance sheets:

|   | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Carrying value of commercial real estate held within unconsolidated VIEs                    | \$ 167,487         | \$ 66,652         |
| Carrying value of Rithm Capital's investments in unconsolidated commercial real estate VIEs | 49,289             | 29,210            |

The Company holds a 70% membership interest in a credit risk transfer LLC, a VIE that holds exposures in warehouse lines collateralized by residential mortgage loans. The Company does not have power to make significant decisions unilaterally over the VIE; therefore, it is not the primary beneficiary and does not consolidate the VIE. The following table summarizes the

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carrying value of the Company's membership interest, which reflects the Company's maximum exposure to loss. This equity investment is presented within other assets on the consolidated balance sheets:

|  | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Membership interest in unconsolidated VIEs | \$ 194,450         | \$ —              |

**Noncontrolling Interests**

Noncontrolling interests represent the ownership interests in certain consolidated subsidiaries held by entities or persons other than Rithm Capital and it is presented as a separate component of equity on the Company's consolidated balance sheets. These interests are related to noncontrolling interests in consolidated entities that hold servicer advance investments (Note 14), the Newrez Joint Ventures, consumer loans (Note 8), Sculptor investments, excess MSRs and commercial investments.

Others' interests in the equity of consolidated subsidiaries is computed as follows:

|  | September 30, 2024 |                    |   | December 31, 2023 |                    |   |  |
|--|--------------------|--------------------|---|-------------------|--------------------|---|--|
|  | Total              |                    | Noncontrolling                                  | Total             |                    | Noncontrolling                                  |  |
|  | Consolidated       | Others' Ownership  | Interest in Equity of Consolidated Subsidiaries | Consolidated      | Others' Ownership  | Interest in Equity of Consolidated Subsidiaries |  |
| Advance Purchaser                      | \$ 92,551          | 10.7 %             | \$ 9,896  | \$ 104,458        | 10.7 %             | \$ 11,157                                       |  |
| Newrez Joint Ventures                  | 18,960             | 49.5 %             | 9,385   | 16,607            | 49.5 %             | 8,220   |  |
| Consumer Loan Companies <sup>(A)</sup> | 51,191             | — %                | —   | 72,361            | 46.5 %             | 33,748  |  |
| Excess MSRs                            | 139,519            | 20.0 %             | 27,904  | —                 | — %                | —   |  |
| Commercial Investments                 | 45,214             | 10.0 %             | 4,521   | —                 | — %                | —   |  |
| Asset Management                       | 760,373            | n/m <sup>(B)</sup> | 43,161  | 673,523           | n/m <sup>(B)</sup> | 40,971  |  |

Others' interests in the net income (loss) is computed as follows:

|  | Three Months Ended September 30, |                    |                    |                   |                  |                    |  |  |
|--|----------------------------------|--------------------|--------------------|-------------------|------------------|--------------------|--|--|
|  | 2024                             |                    |                    | 2023              |                  |                    |  |  |
|  | Noncontrolling                   |                    | Interest in Income | Noncontrolling    |                  | Interest in Income |  |  |
|  | Others' Ownership                | (Loss) of          |                    | Others' Ownership | (Loss) of        |                    |  |  |
|  | Net Income                       | Consolidated       | Subsidiaries       | Net Income        | Consolidated     | Subsidiaries       |  |  |
|  | (Loss)                           | Interest as a      | Subsidiaries       | (Loss)            | Interest as a    | Subsidiaries       |  |  |
|  | Percent of Total                 | Percent of Total   | Percent of Total   | Percent of Total  | Percent of Total | Percent of Total   |  |  |
| Advance Purchaser                      | \$ (9,584)                       | 10.7 %             | \$ (1,026)         | \$ 13,229         | 10.7 %           | \$ 1,414           |  |  |
| Newrez Joint Ventures                  | 1,712                            | 49.5 %             | 847                | 544               | 49.5 %           | 269                |  |  |
| Consumer Loan Companies <sup>(A)</sup> | 2,991                            | — %                | —                  | 6,806             | 46.5 %           | 3,165              |  |  |
| Excess MSRs                            | (547)                            | 20.0 %             | (109)              | —                 | — %              | —                  |  |  |
| Commercial Investments                 | 120                              | 10.0 %             | 12                 | —                 | — %              | —                  |  |  |
| Asset Management                       | (2,538)                          | n/m <sup>(B)</sup> | 2,115              | —                 | — %              | —                  |  |  |

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|  | Nine Months Ended September 30,      |                      |                                   |   |                                      |                      |                                   |   |
|--|--------------------------------------|----------------------|-----------------------------------|---|--------------------------------------|----------------------|-----------------------------------|---|
|  | 2024                                 |                      |                                   |   | 2023                                 |                      |                                   |   |
|  | Noncontrolling<br>Interest in Income |                      |                                   | (Loss) of<br>Consolidated<br>Subsidiaries | Noncontrolling<br>Interest in Income |                      |                                   |   |
|  | Others' Ownership                    | Net Income<br>(Loss) | Interest as a<br>Percent of Total |   | Others' Ownership                    | Net Income<br>(Loss) | Interest as a<br>Percent of Total | (Loss) of<br>Consolidated<br>Subsidiaries |
| Advance Purchaser                      | \$ (1,212)                           | 10.7 %               | \$ (131)                          | \$ 19,786                                 | 10.7 %                               | \$ 2,113             |                                   |   |
| Newrez Joint Ventures                  | 3,874                                | 49.5 %               | 1,918                             | 1,238                                     | 49.5 %                               | 613                  |                                   |   |
| Consumer Loan Companies <sup>(A)</sup> | (2,136)                              | 46.5 %               | (2,384)                           | 16,582                                    | 46.5 %                               | 7,711                |                                   |   |
| Excess MSRs                            | 22,635                               | 20.0 %               | 4,527                             | — 0                                       | — %                                  | —                    |                                   |   |
| Commercial Investments                 | 120                                  | 10.0 %               | 12                                | —   | — %                                  | —                    |                                   |   |
| Asset Management                       | (2,551)                              | n/m <sup>(B)</sup>   | 4,310                             | —   | — %                                  | —                    |                                   |   |

(A) On June 28, 2024, Rithm Capital purchased the remaining 46.5% interest in the Consumer Loan Companies from Blackstone for a total purchase price of \$22.0 million. Following the acquisition, Rithm Capital owns 100% interest in the Consumer Loan Companies.

(B) Percentage in the table above deemed "n/m" are not meaningful. Noncontrolling interests related to Sculptor represents the ownership interests in certain funds held by entities or persons other than the Company. These interests substantially relate to interests held by Sculptor employees in real estate funds managed by the Company adjusted for their capital activity and allocated earnings in such funds. Such employees' portion of carried interest is expensed and recorded within compensation and benefits expense on the consolidated statements of operations and therefore excluded in the calculation of noncontrolling interests.

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**21. EXPENSES, REALIZED AND UNREALIZED GAINS (LOSSES), NET AND OTHER**

**Other Revenues** consists of the following:

|                             | Three Months Ended |                  | Nine Months Ended |                   |
|-----------------------------|--------------------|------------------|-------------------|-------------------|
|                             | September 30,      |                  | September 30,     |                   |
|                             | 2024               | 2023             | 2024              | 2023              |
| Property and maintenance    | \$ 30,281          | \$ 33,952        | \$ 92,617         | \$ 100,707        |
| Rental                      | 19,348             | 18,297           | 57,216            | 54,163            |
| Other                       | 7,583              | 8,070            | 22,227            | 22,802            |
| <b>Total Other Revenues</b> | <b>\$ 57,212</b>   | <b>\$ 60,319</b> | <b>\$ 172,060</b> | <b>\$ 177,672</b> |

**General and Administrative** expenses consists of the following:

|  | Three Months Ended |                   | Nine Months Ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | September 30,      |                   | September 30,     |                   |
|  | 2024               | 2023              | 2024              | 2023              |
| Legal and professional                           | \$ 17,521          | \$ 35,348         | \$ 65,951         | \$ 65,447         |
| Loan origination                                 | 19,726             | 11,929            | 52,702            | 33,280            |
| Occupancy  | 15,968             | 13,004            | 49,250            | 40,981            |
| Subservicing                                     | 16,905             | 31,483            | 54,023            | 109,370           |
| Loan servicing                                   | 2,948              | 5,597             | 12,041            | 11,827            |
| Property and maintenance                         | 31,717             | 25,480            | 94,003            | 73,450            |
| Information technology                           | 48,367             | 36,034            | 137,568           | 111,698           |
| Other  | 54,894             | 31,816            | 146,825           | 94,035            |
| <b>Total General and Administrative Expenses</b> | <b>\$ 208,046</b>  | <b>\$ 190,691</b> | <b>\$ 612,363</b> | <b>\$ 540,088</b> |

**Other Income (Loss)**

The following table summarizes the components of other income (loss):

|   | Three Months Ended |                     | Nine Months Ended |                     |
|---|--------------------|---------------------|-------------------|---------------------|
|   | September 30,      |                     | September 30,     |                     |
|   | 2024               | 2023                | 2024              | 2023                |
| Real estate and other securities            | \$ 364,568         | \$ (315,612)        | \$ 173,626        | \$ (354,339)        |
| Residential mortgage loans and REO          | 12,569             | (12,437)            | 38,718            | (4,463)             |
| Derivative and hedging instruments          | 33,447             | 194,593             | 76,293            | 259,539             |
| Notes and bonds payable                     | (21,343)           | 3,840               | (7,834)           | 5,889               |
| Consolidated CFEs <sup>(A)</sup>            | 39,284             | 9,519               | 89,081            | (5,198)             |
| Other <sup>(B)</sup>                        | (15,572)           | 5,948               | (16,546)          | (4,950)             |
| Realized and unrealized gains (losses), net | \$ 412,953         | \$ (114,149)        | \$ 353,338        | \$ (103,522)        |
| Other income (loss), net                    | (3,432)            | 6,888               | 23,536            | (66,176)            |
| <b>Total Other Income (Loss)</b>            | <b>\$ 409,521</b>  | <b>\$ (107,261)</b> | <b>\$ 376,874</b> | <b>\$ (169,698)</b> |

(A) Includes change in the fair value of the consolidated CFEs' financial assets and liabilities and related interest and other income.

(B) Includes excess MSRs, servicer advance investments, consumer loans, mortgage loans receivable and other.

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**22. ASSET MANAGEMENT REVENUES**

The following table presents the composition of asset management revenues earned primarily by Sculptor:

|  | Three Months Ended    | Nine Months Ended     |
|--|-----------------------|-----------------------|
|  | September 30,<br>2024 | September 30,<br>2024 |
| Management fees                        | \$ 57,487             | \$ 174,477            |
| Incentive income                       | 23,552                | 86,946                |
| Other asset management income          | —                     | 4,909                 |
| <b>Total Asset Management Revenues</b> | <b>\$ 81,039</b>      | <b>\$ 266,332</b>     |

The following table presents the composition of the Company's income and fees receivable primarily through Sculptor:

|   | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Management fees receivable              | \$ 25,432          | \$ 23,757         |
| Incentive income receivable             | 7,958              | 35,377            |
| <b>Total Income and Fees Receivable</b> | <b>\$ 33,390</b>   | <b>\$ 59,134</b>  |

The Company recognizes management fees over the period in which the performance obligation is satisfied, and such management fees are generally recognized at the end of each reporting period. The Company records incentive income when it is probable that a significant reversal of income will not occur. The majority of management fees and incentive income receivable at each balance sheet date is generally collected during the following quarter.

The following table presents the Company's unearned income and fees primarily through Sculptor:

|                                       | September 30, 2024 | December 31, 2023 |
|---------------------------------------|--------------------|-------------------|
| Unearned management fees              | \$ 972             | \$ 1              |
| Unearned incentive income             | 20,783             | 37,467            |
| <b>Total Unearned Income and Fees</b> | <b>\$ 21,755</b>   | <b>\$ 37,468</b>  |

A liability for unearned incentive income is generally recognized when Sculptor receives incentive income distributions from its funds, primarily its real estate funds, whereby the distributions received have not yet met the recognition threshold of it being probable that a significant reversal of cumulative revenue will not occur. A liability for unearned management fees is generally recognized when management fees are paid to Sculptor on a quarterly basis in advance, based on the amount of assets under management ("AUM") at the beginning of the quarter.

**23. EQUITY AND EARNINGS PER SHARE**

***Equity and Dividends***

Rithm Capital's certificate of incorporation authorizes 2.0 billion shares of common stock, par value \$ 0.01 per share, and 100.0 million shares of preferred stock, par value \$0.01 per share.

On August 5, 2022, Rithm Capital entered into a Distribution Agreement to sell shares of its common stock, par value \$ 0.01 per share, having an aggregate offering price of up to \$500.0 million, from time to time, through an "at-the-market" equity offering program (the "ATM Program"). During the nine months ended September 30, 2024, \$6.1 million shares of common stock were issued under the ATM Program.

In February 2024, Rithm Capital's board of directors renewed the Company's stock repurchase program, authorizing the repurchase of up to \$200.0 million of its common stock and \$100.0 million of its preferred stock for the period from January 1, 2024 through December 31, 2024. The objective of the stock repurchase program is to seek flexibility to return capital when deemed accretive to stockholders. Repurchases can be made from time to time through open market purchases or privately

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negotiated transactions, pursuant to one or more plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 or by means of one or more tender offers, in each case, as permitted by securities laws and other legal requirements. During the nine months ended September 30, 2024, the Company did not repurchase any shares of its common stock or its preferred stock.

On September 26, 2024, in a public offering, Rithm Capital issued 30.0 million shares of its common stock at a par value of \$ 0.01 per share for gross proceeds of \$340.2 million, before deducting estimated offering costs.

Purchases and sales of Rithm Capital's securities by the Company's officers and directors are subject to the Rithm Capital Corp. Insider Trading Compliance Policy.

The table below summarizes preferred shares:

| Series   | Dividends Declared per Share |                   |                                       |                   |                               |                                  |                |                                 |                |      |
|--|------------------------------|-------------------|---------------------------------------|-------------------|-------------------------------|----------------------------------|----------------|---------------------------------|----------------|------|
|  | Number of Shares             |                   | Liquidation Preference <sup>(A)</sup> | Issuance Discount | Carrying Value <sup>(B)</sup> | Three Months Ended September 30, |                | Nine Months Ended September 30, |                |      |
|  | September 30, 2024           | December 31, 2023 |                                       |                   |                               | 2024                             | 2023           | 2024                            | 2023           | 2024 |
| Series A, issued July 2019 <sup>(C)(E)</sup>         | 6,200,000                    | 6,200,000         | \$ 155,002                            | 3.15 %            | \$ 149,822                    | \$ 0.71                          | \$ 0.47        | \$ 1.65                         | \$ 1.41        |      |
| Series B, issued August 2019 <sup>(C)(E)</sup>       | 11,261,000                   | 11,261,000        | 281,518                               | 3.15 %            | 272,654                       | 0.70                             | 0.45           | 1.59                            | 1.34           |      |
| Series C, 6.375% issued February 2020 <sup>(C)</sup> | 15,903,000                   | 15,903,000        | 397,584                               | 3.15 %            | 385,289                       | 0.40                             | 0.40           | 1.20                            | 1.20           |      |
| Series D, 7.00% issued September 2021 <sup>(D)</sup> | 18,600,000                   | 18,600,000        | 465,000                               | 3.15 %            | 449,489                       | 0.44                             | 0.44           | 1.31                            | 1.31           |      |
| <b>Total</b>   | <b>51,964,000</b>            | <b>51,964,000</b> | <b>\$ 1,299,104</b>                   |                   | <b>\$ 1,257,254</b>           | <b>\$ 2.25</b>                   | <b>\$ 1.76</b> | <b>\$ 5.75</b>                  | <b>\$ 5.26</b> |      |

(A) Each series has a liquidation preference or par value of \$25.00 per share.

(B) Carrying value reflects par value less discount and issuance costs.

(C) Fixed-to-floating rate cumulative redeemable preferred.

(D) Fixed-rate reset cumulative redeemable preferred.

(E) Effective August 15, 2024, dividends on the Series A and Series B accumulate at a floating rate. For the third quarter 2024 dividend, the Series A accrued dividends at a percentage of the \$25.00 liquidation preference per share of the Series A equal to a floating rate of a three-month LIBOR plus a spread of 5.802%, and dividends on the Series B accumulated at a percentage of the \$25.00 liquidation preference per share of the Series B preferred shares equal to a floating rate of a three-month LIBOR plus a spread of 5.640%.

On September 20, 2024, Rithm Capital's board of directors declared third quarter 2024 preferred dividends of approximately \$ 0.71 per share of Series A, \$0.70 per share of Series B, \$0.40 per share of Series C and \$0.44 per share of the Series D cumulative redeemable preferred stock, or approximately \$4.4 million, \$7.9 million, \$6.3 million and \$8.1 million, respectively.

Common dividends have been declared as follows:

| Declaration Date   | Payment Date  | Per Share          |                        | Total Amounts |  |
|--------------------|---------------|--------------------|------------------------|---------------|--|
|                    |               | Quarterly Dividend | Distributed (millions) |               |  |
| June 23, 2023      | July 2023     | \$ 0.25            | \$ 120.8               |               |  |
| September 14, 2023 | October 2023  | \$ 0.25            | \$ 120.8               |               |  |
| December 12, 2023  | January 2024  | \$ 0.25            | \$ 120.8               |               |  |
| March 20, 2024     | April 2024    | \$ 0.25            | \$ 120.9               |               |  |
| June 18, 2024      | July 2024     | \$ 0.25            | \$ 122.4               |               |  |
| September 20, 2024 | November 2024 | \$ 0.25            | \$ 129.9               |               |  |

**Options**

Prior to the Internalization, the Company issued options (i) to the Former Manager and (ii) as initial one-time grants relating to 1,000 shares of the Company's Common Stock as compensation to each new director. These options were issued pursuant to Rithm Capital's Amended and Restated Nonqualified Stock Option and Incentive Award Plan, which became effective on May 15, 2013, was amended and restated as of November 4, 2014 and as of February 16, 2023, and expired by its terms on April 29, 2023, (the "2013 Plan"). Upon exercise, all options will be settled in an amount of cash equal to the excess of the fair market value of a share of common stock on the date of exercise over the exercise price per share unless advance approval is made to



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settle options in shares of common stock. Any stock-based awards, including options, issued under the 2013 Plan continue to be subject to the terms and provisions of the 2013 Plan applicable to such awards.

The following table summarizes outstanding options as of September 30, 2024. The last sales price on the New York Stock Exchange for Rithm Capital's common stock in the quarter ended September 30, 2024, was \$11.35 per share:

| <b>Recipient</b>      | <b>Date of Grant/<br/>Exercise<sup>(A)</sup></b> | <b>Number of Unexercised Options</b> | <b>Options Exercisable as of September 30, 2024</b> |   | <b>Weighted Average Exercise Price<sup>(B)</sup></b> | <b>Intrinsic Value of Exercisable Options as of September 30, 2024</b> |
|-----------------------|--|--------------------------------------|---|---|--|--|
|                       |  |                                      | <b>Options Exercisable as of September 30, 2024</b> | <b>Average Exercise Price<sup>(B)</sup></b> |  |  |
| Independent Directors | Various  | 2,000                                | 2,000   | \$ 10.70                                    | \$ 1   |  |
| Former Manager        | 2017   | 1,130,916                            | 1,130,916   | 12.84                                       | —  |  |
| Former Manager        | 2018   | 5,320,000                            | 5,320,000   | 15.57                                       | —  |  |
| Former Manager        | 2019   | 6,351,000                            | 6,351,000   | 14.95                                       | —  |  |
| Former Manager        | 2020   | 1,619,739                            | 1,619,739   | 16.30                                       | —  |  |
| Former Manager        | 2021   | 7,050,335                            | 7,050,335   | 9.38  | 13,912   |  |
| <b>Outstanding</b>    |  | <b>21,473,990</b>                    | <b>21,473,990</b>                                   |   |  |  |

(A) Options expire on the tenth anniversary from date of grant.

(B) The exercise prices are subject to adjustment in connection with return of capital dividends.

There was no activity related to options during the three and nine months ended September 30, 2024. There were 21,473,990 options outstanding as of September 30, 2024 and December 31, 2023.

**Earnings Per Share**

Rithm Capital is required to present both basic and diluted earnings per share ("EPS"). Basic EPS is calculated by dividing net income by the weighted average number of shares of common stock outstanding for the period. Diluted EPS is calculated using the treasury stock method by dividing net income by the weighted average number of shares of common stock outstanding plus the additional dilutive effect, if any, of common stock equivalents during each period. The effect of dilutive securities is presented net of tax.

**RITHM CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

The following table summarizes the basic and diluted EPS calculations:

|   | Three Months Ended |                    | Nine Months Ended  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | September 30,      |                    | September 30,      |                    |
|   | 2024               | 2023               | 2024               | 2023               |
| Net income  | \$ 123,581         | \$ 221,191         | \$ 649,585         | \$ 697,825         |
| Noncontrolling interests in income of consolidated subsidiaries       | 1,839              | 4,848              | 8,252              | 10,437             |
| Dividends on preferred stock  | 24,718             | 22,394             | 69,508             | 67,184             |
| <b>Net Income Attributable to Common Stockholders</b>                 | <b>\$ 97,024</b>   | <b>\$ 193,949</b>  | <b>\$ 571,825</b>  | <b>\$ 620,204</b>  |
| Basic weighted average shares of common stock outstanding             | 491,362,857        | 483,214,061        | 487,155,900        | 481,503,762        |
| <i>Effect of Dilutive Securities:<sup>(A)(B)</sup></i>                |                    |                    |                    |                    |
| Stock options   | 1,239,374          | 363,779            | 1,073,199          | 120,828            |
| Common stock purchase warrants  | —                  | —                  | —                  | 1,484,737          |
| Restricted stock  | 140,547            | 180,686            | 178,701            | 224,350            |
| Time-based restricted stock unit awards                               | 1,817,896          | 278,951            | 1,375,982          | 92,651             |
| Performance-based restricted stock unit awards                        | 1,633,437          | 312,811            | 1,179,634          | 103,899            |
| Time vesting Class B Profits Units <sup>(A)(B)</sup>                  | 245,439            | —                  | 126,893            | —                  |
| Performance vesting Class B Profits Units <sup>(A)(B)</sup>           | 361,137            | —                  | 167,817            | —                  |
| <b>Diluted Weighted Average Shares of Common Stock Outstanding</b>    | <b>496,800,687</b> | <b>484,350,288</b> | <b>491,258,126</b> | <b>483,530,227</b> |
| <b>Basic Earnings per Share Attributable to Common Stockholders</b>   | <b>\$ 0.20</b>     | <b>\$ 0.40</b>     | <b>\$ 1.17</b>     | <b>\$ 1.29</b>     |
| <b>Diluted Earnings per Share Attributable to Common Stockholders</b> | <b>\$ 0.20</b>     | <b>\$ 0.40</b>     | <b>\$ 1.16</b>     | <b>\$ 1.28</b>     |

(A) Certain stock options and common stock purchase warrants that could potentially dilute basic EPS in the future were not included in the computation of diluted EPS for the periods where they were out-of-the-money or a loss has been recorded, because they would have been anti-dilutive for the period presented. There were no anti-dilutive common stock purchase warrants for all periods presented.

(B) Awards related to stock-based compensation were included to the extent dilutive and issuable under the relevant time and/or performance measures.

**24. INCOME TAXES**

Income tax expense (benefit) consists of the following:

|   | Three Months Ended |                  | Nine Months Ended |                  |
|---|--------------------|------------------|-------------------|------------------|
|   | September 30,      |                  | September 30,     |                  |
|   | 2024               | 2023             | 2024              | 2023             |
| <i>Current:</i>                             |                    |                  |                   |                  |
| Federal                                     | \$ (310)           | \$ 5,014         | \$ 1,440          | \$ 5,030         |
| State and local                             | (412)              | 185              | 2,115             | 306              |
| Foreign                                     | 2,327              | —                | 6,030             | —                |
| Total current income tax expense (benefit)  | 1,605              | 5,199            | 9,585             | 5,336            |
| <i>Deferred:</i>                            |                    |                  |                   |                  |
| Federal                                     | (72,709)           | 41,759           | 42,963            | 75,822           |
| State and local                             | (5,818)            | 5,627            | 14,117            | 11,151           |
| Foreign                                     | (1,511)            | —                | (38)              | —                |
| Total deferred income tax expense (benefit) | (80,038)           | 47,386           | 57,042            | 86,973           |
| <b>Total Income Tax Expense (Benefit)</b>   | <b>\$ (78,433)</b> | <b>\$ 52,585</b> | <b>\$ 66,627</b>  | <b>\$ 92,309</b> |

Rithm Capital intends to qualify as a REIT for each of its tax years through December 31, 2024. A REIT is generally not subject to US federal corporate income tax on that portion of its income that is distributed to stockholders if it distributes at least 90% of its REIT taxable income to its stockholders by prescribed dates and complies with various other requirements.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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Rithm Capital operates various business segments, including Origination and Servicing, Asset Management, and portions of the Investment Portfolio, through TRSs that are subject to regular corporate income taxes, which have been provided for in the provision for income taxes, as applicable. Refer to Note 4 for further details.

As of September 30, 2024, Rithm Capital recorded a net deferred tax liability of \$ 587.8 million, primarily composed of deferred tax liabilities generated through the deferral of gains from residential mortgage loans sold by the origination business and changes in fair value of MSRs, loans and swaps held within taxable entities, offset by deferred tax assets related to net operating losses and tax deductible goodwill. The net deferred tax liability is reported within accrued expenses and other liabilities in the consolidated balance sheets.

#### 25. COMMITMENTS AND CONTINGENCIES

**Litigation** — Rithm Capital is or may become, from time to time, involved in various disputes, litigation and regulatory inquiry and investigation matters that arise in the ordinary course of business. Given the inherent unpredictability of these types of proceedings, it is possible that future adverse outcomes could have a material adverse effect on its business, financial position or results of operations. Rithm Capital is not aware of any unasserted claims that it believes are material and probable of assertion where the risk of loss is expected to be reasonably possible.

Rithm Capital is, from time to time, subject to inquiries by government entities. Rithm Capital currently does not believe any of these inquiries would result in a material adverse effect on Rithm Capital's business.

**Indemnifications** — In the normal course of business, Rithm Capital and its subsidiaries enter into contracts that contain a variety of representations and warranties and that provide general indemnifications. Rithm Capital's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against Rithm Capital that have not yet occurred. However, based on its experience, Rithm Capital expects the risk of material loss to be remote.

**Capital Commitments** — As of September 30, 2024, Rithm Capital had outstanding capital commitments related to investments in the following investment types (also refer to Note 5 for MSR investment commitments):

- *MSRs and Servicer Advance Investments* — Rithm Capital and, in some cases, third-party co-investors agreed to purchase future servicer advances related to certain Non-Agency residential mortgage loans. In addition, Rithm Capital's subsidiaries, NRM and Newrez, are generally obligated to fund future servicer advances related to the loans they are obligated to service. The actual amount of future advances purchased will be based on (i) the credit and prepayment performance of the underlying loans, (ii) the amount of advances recoverable prior to liquidation of the related collateral and (iii) the percentage of the loans with respect to which no additional advance obligations are made. The actual amount of future advances is subject to significant uncertainty. Refer to Notes 5 and 14 for discussion on Rithm Capital's MSRs and servicer advance investments, respectively.
- *Mortgage Origination Reserves* — Newrez currently originates, or has in the past originated, conventional, government-insured and nonconforming residential mortgage loans for sale and securitization. The GSEs or Ginnie Mae guarantee conventional and government insured mortgage securitizations and mortgage investors issue nonconforming private label mortgage securitizations while Newrez generally retains the right to service the underlying residential mortgage loans. In connection with the transfer of loans to the GSEs or mortgage investors, the Newrez makes representations and warranties regarding certain attributes of the loans and, subsequent to the sale, if it is determined that a sold loan is in breach of these representations and warranties, Newrez generally has an obligation to cure the breach. If Newrez is unable to cure the breach, the purchaser may require Newrez to repurchase the loan.

In addition, as issuers of Ginnie Mae guaranteed securitizations, Newrez holds the right to repurchase loans that are at least 90 days' delinquent from the securitizations at their discretion. Loans in forbearance that are three or more consecutive payments delinquent are included as delinquent loans permitted to be repurchased. While Newrez is not obligated to repurchase the delinquent loans, Newrez generally exercises its respective option to repurchase loans that will result in an economic benefit. As of September 30, 2024, Rithm Capital's estimated liability associated with representations and warranties and Ginnie Mae repurchases was \$49.6 million and \$2.4 billion, respectively. See Note 5 for information regarding the right to repurchase delinquent loans from Ginnie Mae securities and mortgage origination.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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- *Residential Mortgage Loans* — As part of its investment in residential mortgage loans, Rithm Capital may be required to outlay capital. These capital outflows primarily consist of advance escrow and tax payments, residential maintenance and property disposition fees. The actual amount of these outflows is subject to significant uncertainty. See Note 7 for information regarding Rithm Capital's residential mortgage loans.
- *Consumer Loans* — The Consumer Loan Companies have invested in loans with an aggregate of \$ 155.4 million of unfunded and available revolving credit privileges as of September 30, 2024. However, under the terms of these loans, requests for draws may be denied and unfunded availability may be terminated at Rithm Capital's discretion.
- *SFR Properties* — On June 21, 2023, Crowne Property Acquisitions, LLC, a wholly-owned subsidiary of Rithm Capital, executed a purchase and sales agreement with Lennar Homes of Texas Land and Construction, LTD., a subsidiary of Lennar Corporation, to purchase 371 SFR properties, which shall be delivered in phased takedowns, at an estimated aggregate purchase price of \$95.6 million, which is payable subject to the phased takedown schedule. The purchased homes are currently under construction, and all of the homes are expected to be delivered by the end of the fourth quarter of 2024. Through September 30, 2024, 356 SFR properties have been delivered to Rithm Capital pursuant to this arrangement.

On February 27, 2024, Viewpoint Murfreesboro Land LLC, a wholly-owned subsidiary of Rithm Capital ("Viewpoint"), executed a purchase and sale agreement (the "PSA") with an affiliate of BTR Group, LLC ("BTR"), BTR VM LLC, to purchase land for a purchase price of \$7.0 million. In connection with the PSA, on February 27, 2024, Viewpoint entered into a fixed price design-build construction contract with BTR (the "Construction Contract") to purchase 171 SFR properties that are scheduled to be built by BTR on the purchased land in accordance with the plans and specifications approved in accordance with entry into the Construction Contract, for an aggregate purchase price of \$49.0 million. The aggregate purchase price is payable in installments in accordance with the draw schedule set forth in the Construction Contract, and delivery of the homes is expected to begin in the second quarter of 2025. As of September 30, 2024, \$46.6 million of the aggregate purchase price remains outstanding.

- *Mortgage Loans Receivable* — Genesis and Rithm Capital had commitments to fund up to \$ 984.2 million and \$1.4 million, respectively, of additional advances on existing mortgage loans as of September 30, 2024. These commitments are generally subject to loan agreements with covenants regarding the financial performance of the customer and other terms regarding advances that must be met before Genesis or Rithm Capital funds the commitments.
- *Commercial Investments* — Rithm Capital has invested in various commercial real estate projects. As part of its investments, Rithm Capital is required to fund its pro rata share of future capital contributions subject to certain limitations. As of September 30, 2024, the Company has an unfunded capital commitment to fund up to \$85.5 million on an existing loan to a certain commercial real estate borrower.
- *Fund Commitments* — The Company has unfunded capital commitments of \$ 246.3 million to certain funds Sculptor manages, of which \$76.9 million relates to commitments of consolidated funds. The remaining \$169.3 million relates to commitments of the Company to unconsolidated funds. Approximately \$137.3 million of the commitments will be funded by contributions to Sculptor from certain current and former employees and executive managing directors. Sculptor expects to fund these commitments over approximately the next 6 years. Sculptor has guaranteed these commitments in the event any executive managing director fails to fund any portion when called by the fund. Sculptor has historically not funded any of these commitments and does not expect to in the future, as these commitments are expected to be funded by Sculptor's executive managing directors individually.

**Non-Recourse Carve-Out, Construction Completion, Environmental and Carry Guarantees** — In connection with investments in two commercial real estate projects, Rithm Capital provided certain limited guarantees to the senior lender on the projects related to non-recourse carve outs, completion, environmental, and carry costs of the projects. The actual amount that could be called under the guarantees is subject to significant uncertainty.

**Environmental Costs** — As an investor in and owner of commercial and residential real estate, Rithm Capital is subject to potential environmental costs. At September 30, 2024, Rithm Capital is not aware of any environmental concerns that would have a material adverse effect on its consolidated financial position or results of operations.

## RITHM CAPITAL CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in tables in thousands, except share and per share data)

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**Debt Covenants** — Certain of the Company's debt obligations are subject to loan covenants and event of default provisions, including event of default provisions triggered by certain specified declines in Rithm Capital's equity or a failure to maintain a specified tangible net worth, liquidity or indebtedness to tangible net worth ratio. Refer to Note 18 for a further discussion of the Company's debt obligations.

#### 26. RELATED PARTY TRANSACTIONS

A party is considered to be related to the Company if the party, directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners, management and directors, as well as members of their immediate families or any other parties with which Rithm Capital may deal if one party to a transaction controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

##### ***Loan Agreement***

In July 2023, an entity in which Rithm Capital has an ownership interest entered into an agreement to acquire a commercial real estate development project. Rithm Capital's ownership interest in such entity is accounted for under the equity method and is presented within other assets on the consolidated balance sheets. Concurrently, Genesis entered into a loan agreement in the amount of \$86.4 million with a remaining term of approximately 22 months unless otherwise extended with the entity. This loan is included in mortgage loans receivable, at fair value on Rithm Capital's consolidated balance sheets.

##### ***SFR Property Management Agreement***

In January 2024, Rithm Capital entered into a property management agreement with APM, an entity in which the Company has an ownership interest, to manage certain of the Company's SFR properties. Rithm Capital's ownership interest in such entity is accounted for under the equity method and is presented within other assets on the consolidated balance sheets. Refer to Note 20 for additional details on the 2022-SFR2 Securitization.

##### ***Management Fees and Incentive Income Earned from Related Parties and Waived Fees***

The Company earns substantially all of its management fees and incentive income from the funds, which are considered related parties as Sculptor manages the operations of and makes investment decisions for these funds.

As of September 30, 2024, approximately \$1.3 billion of the Company's AUM represented investments by Sculptor and Rithm Capital, its current executive managing directors, employees and certain other related parties in Sculptor's funds. As of September 30, 2024, approximately 72.5% of these AUM were not charged management or incentive fees.

##### ***Due from Related Parties***

The Company pays certain expenses on behalf of the funds. Amounts due from related parties relate primarily to reimbursements to Sculptor for these expenses. Due from related parties is presented within other assets on the consolidated balance sheets.

##### ***Investment in Structured Alternative Investment Solution***

In the first quarter of 2022, Sculptor closed on a \$ 350.0 million structured alternative investment solution, a collateralized financing vehicle consolidated by Sculptor. Sculptor invested approximately \$127.8 million in the vehicle. See Note 19 and Note 20 for additional details on the structured alternative investment solution.

##### ***Investments in Consolidated Loan Securitizations***

The Company retains beneficial interests in consolidated loan securitization trusts that it sponsors. Refer to Note 20 for additional details.

**RITHM CAPITAL CORP. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

(dollars in tables in thousands, except share and per share data)

***Transactions with Great Ajax***

In connection with the transaction with Great Ajax, on June 11, 2024, RCM Manager, a subsidiary of Rithm Capital, entered into the Great Ajax Management Agreement to serve as Great Ajax's external manager, and Rithm Capital acquired 2.9 million shares of Great Ajax common stock for a purchase price of \$14 million, equal to 6.4% of shares of Great Ajax common stock outstanding as of September 30, 2024, pursuant to the terms of a stock purchase agreement. In addition, during the second quarter (prior to the close of the transaction with Great Ajax), Great Ajax issued five-year warrants to Rithm Capital, exercisable for approximately 3.3 million shares of Great Ajax's common stock.

Pursuant to the Great Ajax Management Agreement, RCM Manager implements and manages Great Ajax's business strategy, investment activities and day-to-day operations subject to oversight by Great Ajax's board of directors. Additionally, the Company's Chief Executive Officer currently serves as Great Ajax's Interim Chief Executive Officer and a member of the board of directors of Great Ajax. The Company's Chief Executive Officer does not receive any compensation from Great Ajax for his role either as Interim Chief Executive Officer or a member of the board of directors.

During the first quarter of 2024 (prior to the closing of the transaction with Great Ajax), the Company acquired a pool of performing and non-performing residential mortgage loans with an UPB of \$245.3 million from Great Ajax.

Further, during the second quarter of 2024, Newrez assumed operational servicing for mortgage loans with an UPB of approximately \$ 562.1 million held directly by Great Ajax, and servicing rights for mortgage loans with an UPB of approximately \$2.9 billion in certain securitization trusts sponsored by Great Ajax, which were previously serviced by an affiliate of Great Ajax. For loans held directly by Great Ajax, Newrez is entitled to receive an average servicing fee based on UPB of approximately 0.54% for performing loans and non-performing loans and the greater of (i) the servicing fee applicable to the underlying mortgage loan prior to foreclosure, or (ii) 1.00% annually of the fair market value of the REO as reasonably determined by RCM Manager or 1.00% annually of the purchase price of any REO otherwise purchased by Great Ajax for REO assets. For the servicing of the loans in the securitization trusts sponsored by Great Ajax, Newrez is entitled to receive a servicing fee pursuant to the terms of the servicing agreement with each trust. As of September 30, 2024, the fair value of recognized MSRs associated with the loans in securitizations sponsored by Great Ajax was approximately \$34.1 million.

***Other Commitments***

The Company holds a derivative liability to an affiliate, which is measured at fair value. Refer to Note 17 for additional details.

**27. SUBSEQUENT EVENTS**

These financial statements include a discussion of material events that have occurred subsequent to September 30, 2024, through the issuance of these consolidated financial statements. Events subsequent to that date have not been considered in these financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements and notes thereto, and with Part II, Item 1A, "Risk Factors" included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 and Part I, Item 1A, "Risk Factors" of our Amended 2023 Form 10-K/A.

Management's discussion and analysis of financial condition and results of operations is intended to allow readers to view our business from management's perspective by (i) providing material information relevant to an assessment of our financial condition and results of operations, including an evaluation of the amount and certainty of cash flows from operations and from outside sources, (ii) focusing the discussion on material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be indicative of future operating results or future financial condition, including descriptions and amounts of matters that are reasonably likely, based on management's assessment, to have a material impact on future operations and (iii) discussing the financial statements and other statistical data management believes will enhance the reader's understanding of our financial condition, changes in financial condition, cash flows and results of operations.

### COMPANY OVERVIEW

Rithm Capital is a global asset manager focused on real estate, credit and financial services. We are structured as an internally managed REIT for US federal income tax purposes. Rithm Capital became a publicly-traded entity on May 15, 2013.

We seek to generate long-term value for our investors by using our investment expertise to identify, manage and invest in real estate related and other financial assets and more recently, broader asset management capabilities, in each case, that provides investors with attractive risk-adjusted returns. Our investments in real estate related assets include our equity interest in operating companies, including leading origination and servicing platforms held through wholly-owned subsidiaries, Newrez LLC ("Newrez") and Genesis, as well as investments in SFR, title, appraisal and property preservation and maintenance businesses. Our real estate related strategy also involves opportunistically pursuing acquisitions and seeking to establish strategic partnerships that we believe enable us to maximize the value of our investments by offering products and services related to the lifecycle of transactions that affect each mortgage loan and underlying residential property or collateral. We operate our asset management business primarily through our wholly-owned subsidiary, Sculptor and its affiliates, acquired on November 17, 2023, and RCM Manager, which manages Great Ajax, a publicly traded mortgage REIT pursuant to a management agreement, dated June 11, 2024 (as may be amended, modified and/or supplemented from time to time, the "Great Ajax Management Agreement"). Sculptor is a leading global alternative asset manager and provides asset management services and investment products across credit, real estate and multi-strategy platforms through commingled funds, separate accounts and other alternative investment vehicles. For more information about our investment guidelines, see "Part I, Item 1. Business—Investment Guidelines" of our Amended 2023 Form 10-K/A.

As of September 30, 2024, we had approximately \$42.3 billion in total assets and approximately \$34.3 billion in assets under management ("AUM").

### BOOK VALUE PER COMMON SHARE

The following table summarizes the calculation of book value per common share:

| \$ in thousands, except per share amounts                   | September 30,<br>2024 | June 30,<br>2024 | March 31, 2024  | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|------------------|-----------------|----------------------|-----------------------|
|   | 2024                  | 2024             |                 | 2023                 | 2023                  |
| Total equity  | \$ 7,751,409          | \$ 7,420,614     | \$ 7,243,372    | \$ 7,101,038         | \$ 7,267,963          |
| Less: Preferred Stock Series A, B, C and D                  | 1,257,254             | 1,257,254        | 1,257,254       | 1,257,254            | 1,257,254             |
| Less: Noncontrolling interests of consolidated subsidiaries | 94,867                | 94,021           | 93,820          | 94,096               | 59,907                |
| Total equity attributable to common stock                   | \$ 6,399,288          | \$ 6,069,339     | \$ 5,892,298    | \$ 5,749,688         | \$ 5,950,802          |
| Common stock outstanding                                    | 519,732,422           | 489,732,422      | 483,477,713     | 483,226,239          | 483,214,061           |
| <b>Book Value per Common Share</b>                          | <b>\$ 12.31</b>       | <b>\$ 12.39</b>  | <b>\$ 12.19</b> | <b>\$ 11.90</b>      | <b>\$ 12.32</b>       |

Refer to Item 3. "Quantitative and Qualitative Disclosures About Market Risk" of this Report for a discussion of interest rate risk and its impact on fair value.

## MARKET CONSIDERATIONS

### Summary

The US economy expanded at a solid rate during the third quarter of 2024 as real gross domestic product ("GDP") rose an annualized 2.8% following an average annualized increase of 2.3% in the first half of the year. The 10-year breakeven inflation rate from Treasury Inflation Protected Securities was 2.19% on September 30, 2024 versus 2.29% on June 30, 2024. The unemployment rate rose to 4.3% in July 2024 followed by a decline for two straight months through September 2024 with the rate of 4.1%. The labor market appeared solid during the third quarter with low levels of unemployment claims, job growth that outpaced new labor market entrants, and job openings that continued to exceed the number of unemployed job seekers.

### Inflation

Although overall inflation rates were reduced by declining oil prices, progress towards lower underlying inflation has stalled in recent months. The 12-month increase in the core Consumer Price Index ("CPI") was 3.3% in September and June 2024. Headline CPI price inflation in September 2024 stood at 2.4%, down from a 2024 high of 3.5% in March, as CPI energy prices declined 5.5% over the last six months.

### Labor Markets

During the third quarter of 2024, job creation remained steady with an average payroll growth of 148,000 jobs per month versus an average of 147,000 jobs per month in the second quarter. The unemployment rate was unchanged at 4.1% in September compared to June. The balance between the supply of and demand for labor continued to gradually improve with the ratio of job openings to unemployed job seekers at 1.15 in September 2024 as compared to 1.21 in June. However, year-over-year wage growth picked up slightly to 3.9% in September 2024 from 3.8% in June 2024, indicating a still tight labor market.

### Housing Market

Home sales remained at low levels in the third quarter of 2024 with total home sales (new and existing) in September reported at an annual rate of 4.58 million, showing little change from 4.57 million at the end of the second quarter, down from 4.77 million in 2023 and 5.72 million in 2022. Home price growth moderated further with the 12-month increase in the median resale price of an existing home at 3.0% in September 2024, which compares to 4.1% in June 2024.

The economic conditions discussed above influence our investment strategy and results. The Federal Open Market Committee cut the federal funds rate target range by 50 basis points on September 18, 2024, and further signaled that future interest rate adjustments are likely to be more gradual. The 30-year fixed mortgage rate was 6.08% at the end of the third quarter compared to 6.86% at the end of the second quarter.

The following table summarizes the change in US GDP estimates (annualized rate) according to the US Bureau of Economic Analysis:

|          | Three Months Ended    |                  |                   |                      |                       |
|----------|-----------------------|------------------|-------------------|----------------------|-----------------------|
|          | September 30,<br>2024 | June 30,<br>2024 | March 31,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
| Real GDP | 2.8 %                 | 3.0 %            | 1.6 %             | 3.2 %                | 4.4 %                 |

The following table summarizes the annualized US unemployment rate according to the US Department of Labor:

|                   | September 30,<br>2024 | June 30,<br>2024 | March 31,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| Unemployment rate | 4.1 %                 | 4.1 %            | 3.8 %             | 3.7 %                | 3.8 %                 |

The following table summarizes the annualized 10-year US Treasury rate according to the Federal Reserve and the 30-year fixed mortgage rate according to Freddie Mac:

|                             | September 30,<br>2024 | June 30,<br>2024 | March 31,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| 10-year US Treasury rate    | 3.8 %                 | 4.4 %            | 4.2 %             | 3.9 %                | 4.6 %                 |
| 30-year fixed mortgage rate | 6.1 %                 | 6.9 %            | 6.8 %             | 6.6 %                | 7.3 %                 |

We believe the estimates and assumptions underlying our consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2024; however, uncertainty related to market volatility, inflationary pressures causing the federal funds rate to remain elevated and various regional adversaries and uncertainties related to trade and fiscal policy given the November elections makes any estimates and assumptions as of September 30, 2024, inherently less certain than they would be absent the current economic environment. Actual results may materially differ from those estimates. Market volatility and inflationary pressures and their impact on the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk with respect to our financial condition, results of operations, liquidity and ability to pay distributions.

#### CHANGES TO LIBOR

On March 5, 2021, Intercontinental Exchange Inc. ("ICE") announced that ICE Benchmark Administration Limited, the administrator of the London Interbank Offered Rate ("LIBOR"), intended to stop publication of the majority of USD-LIBOR tenors (overnight, 1-, 3-, 6- and 12-month) on June 30, 2023. On January 1, 2022, ICE discontinued the publication of the 1-week and 2-month tenors of USD-LIBOR. In the US, the Alternative Reference Rates Committee has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for US dollar-based LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by US Treasury ("Treasury") securities and is based on directly observable US Treasury-backed repurchase transactions.

Rithm Capital completed its transition from LIBOR to an appropriate alternative benchmark, mainly the SOFR, in June 2023. We do not currently intend to amend our 7.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series A"), 7.125% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series B"), or 6.375% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series C") to change the existing USD-LIBOR cessation fallback language.

## OUR PORTFOLIO

Our portfolio, as of September 30, 2024 and December 31, 2023, is composed of Origination and Servicing, our Investment Portfolio, Mortgage Loans Receivable and Asset Management, as described in more detail below (dollars in thousands).

|   | Origination and Servicing | Investment Portfolio | Mortgage Loans Receivable | Asset Management    | Corporate             | Total                |
|---|---------------------------|----------------------|---------------------------|---------------------|-----------------------|----------------------|
| <b>September 30, 2024</b>                                       |                           |                      |                           |                     |                       |                      |
| Investments   | \$ 11,207,008             | \$ 13,639,005        | \$ 1,869,852              | \$ —                | \$ —                  | \$ 26,715,865        |
| Cash and cash equivalents                                       | 1,122,013                 | 324,338              | 32,208                    | 146,601             | 14,379                | 1,639,539            |
| Restricted cash   | 164,702                   | 99,729               | 33,785                    | 8,317               | —                     | 306,533              |
| Other assets  | 4,370,883                 | 3,851,676            | 127,277                   | 811,085             | 5,830                 | 9,166,751            |
| Goodwill  | 24,376                    | 5,092                | 55,731                    | 46,658              | —                     | 131,857              |
| Assets of consolidated CFEs <sup>(A)</sup>                      | —                         | 2,984,763            | 964,469                   | 366,185             | —                     | 4,315,417            |
| <b>Total Assets</b>   | <b>\$ 16,888,982</b>      | <b>\$ 20,904,603</b> | <b>\$ 3,083,322</b>       | <b>\$ 1,378,846</b> | <b>\$ 20,209</b>      | <b>\$ 42,275,962</b> |
| Debt  | \$ 8,468,711              | \$ 14,586,168        | \$ 1,448,360              | \$ 433,317          | \$ 1,032,638          | \$ 25,969,194        |
| Other liabilities   | 4,096,698                 | 583,521              | 28,125                    | (40,294)            | 249,851               | 4,917,901            |
| Liabilities of consolidated CFEs <sup>(A)</sup>                 | —                         | 2,548,598            | 863,410                   | 225,450             | —                     | 3,637,458            |
| <b>Total Liabilities</b>  | <b>12,565,409</b>         | <b>17,718,287</b>    | <b>2,339,895</b>          | <b>618,473</b>      | <b>1,282,489</b>      | <b>34,524,553</b>    |
| <b>Total Equity</b>   | <b>4,323,573</b>          | <b>3,186,316</b>     | <b>743,427</b>            | <b>760,373</b>      | <b>(1,262,280)</b>    | <b>7,751,409</b>     |
| Noncontrolling interests in equity of consolidated subsidiaries | 9,385                     | 42,321               | —                         | 43,161              | —                     | 94,867               |
| <b>Total Rithm Capital stockholders' equity</b>                 | <b>\$ 4,314,188</b>       | <b>\$ 3,143,995</b>  | <b>\$ 743,427</b>         | <b>\$ 717,212</b>   | <b>\$ (1,262,280)</b> | <b>\$ 7,656,542</b>  |
| Investments in equity method investees                          | \$ 24,948                 | \$ 281,610           | \$ 6,970                  | \$ 111,645          | \$ —                  | \$ 425,173           |
| <b>December 31, 2023</b>  |                           |                      |                           |                     |                       |                      |
| Investments   | \$ 9,413,923              | \$ 13,322,960        | \$ 1,879,319              | \$ 226,486          | \$ —                  | \$ 24,842,688        |
| Debt  | \$ 6,920,310              | \$ 14,180,827        | \$ 1,537,008              | \$ 455,512          | \$ 546,818            | \$ 23,640,475        |

(A) Includes assets and liabilities of certain consolidated variable interest entities that meet the definition of collateralized financing entities ("CFEs"). The assets of the CFEs can only be used to settle obligations and liabilities of the CFEs for which creditors do not have recourse to Rithm Capital Corp.

### Operating Investments

#### Origination and Servicing

Rithm Capital's servicing and origination businesses operates through its wholly-owned subsidiaries Newrez and New Residential Mortgage LLC ("NRM").

We have a multi-channel lending platform, offering purchase and refinance loan products. We originate loans through our Retail channel, offer purchase, refinance and closed end second opportunities to eligible existing servicing customers through our Direct to Consumer channel, and purchase originated loans through our Wholesale and Correspondent channels. We originate or purchase residential mortgage loans conforming to the underwriting standards of the GSEs and Ginnie Mae; government-insured residential mortgage loans which are insured by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs and the US Department of Agriculture; RMBS and other securities that are issued by either public trusts or private label securitization entities ("Non-Agency" securities); and non-qualified residential mortgage loans ("Non-QM") through our SMART Loan Series. Our Non-QM loan products provide a variety of options for highly qualified borrowers who fall outside the specific requirements of agency residential mortgage loans issued by the GSEs or Ginnie Mae ("Agency" securities). We originate closed end second lien home equity loans to our existing consumers to access the equity in their home without the need to pay off their existing first lien mortgage.

Our servicing business operates through our performing and special servicing divisions. The performing loan servicing division services performing Agency and government-insured loans. Shellpoint Mortgage Servicing ("SMS"), our special servicing division, services delinquent government-insured, Agency and Non-Agency loans on behalf of the owners of the underlying mortgage loans. We are highly experienced in loan servicing, including loan modifications, and seek to help borrowers avoid foreclosure. As of September 30, 2024, the performing loan servicing division serviced \$510.3 billion unpaid principal balance ("UPB") of loans, and SMS serviced \$244.4 billion UPB of loans, for a total servicing portfolio of \$754.7 billion UPB, an increase of \$13.1 billion from the prior quarter. The increase was primarily attributable to new client acquisition and loan production, partially offset by scheduled and voluntary prepayment loan activity.

We generate revenue through servicing and sales of residential mortgage loans, including, but not limited to, gain on residential loans originated and sold and the value of MSRs retained on transfer of the loans. Profit margins per loan vary by channel, with Correspondent typically being the lowest and Direct to Consumer being the highest. We sell conforming loans to the GSEs and Ginnie Mae and securitize Non-QM residential loans. We utilize warehouse financing to fund loans at origination through the sale date.

Included in our origination and servicing segment are the financial results of two of our services businesses, eStreet Appraisal Management LLC ("eStreet") and Avenue 365 Lender Services, LLC ("Avenue 365"). eStreet offers appraisal valuation services, and Avenue 365 provides title insurance and settlement services to Newrez.

The tables below provide selected operating statistics for our Origination and Servicing segment:

| (in millions)                      | Unpaid Principal Balance |              |                  |              |                    |              |                    |              |                 |                  |
|------------------------------------|--------------------------|--------------|------------------|--------------|--------------------|--------------|--------------------|--------------|-----------------|------------------|
|                                    | Three Months Ended       |              |                  |              | Nine Months Ended  |              |                    |              | QoQ Change      | YoY Change       |
|                                    | September 30, 2024       | % of Total   | June 30, 2024    | % of Total   | September 30, 2024 | % of Total   | September 30, 2023 | % of Total   |                 |                  |
| <i>Production by Channel:</i>      |                          |              |                  |              |                    |              |                    |              |                 |                  |
| Direct to Consumer                 | \$ 1,219                 | 8 %          | \$ 725           | 5 %          | \$ 2,614           | 6 %          | \$ 1,520           | 5 %          | \$ 494          | \$ 1,094         |
| Retail / Joint Venture             | 861                      | 5 %          | 1,178            | 8 %          | 3,224              | 8 %          | 4,881              | 17 %         | (317)           | (1,657)          |
| Wholesale                          | 2,023                    | 13 %         | 1,745            | 12 %         | 4,866              | 12 %         | 3,846              | 14 %         | 278             | 1,020            |
| Correspondent                      | 11,783                   | 74 %         | 10,972           | 75 %         | 30,622             | 74 %         | 17,733             | 64 %         | 811             | 12,889           |
| <b>Total Production by Channel</b> | <b>\$ 15,886</b>         | <b>100 %</b> | <b>\$ 14,620</b> | <b>100 %</b> | <b>\$ 41,326</b>   | <b>100 %</b> | <b>\$ 27,980</b>   | <b>100 %</b> | <b>\$ 1,266</b> | <b>\$ 13,346</b> |
| <i>Production by Product:</i>      |                          |              |                  |              |                    |              |                    |              |                 |                  |
| Agency                             | \$ 9,690                 | 61 %         | \$ 8,275         | 58 %         | \$ 23,211          | 56 %         | \$ 15,135          | 54 %         | \$ 1,415        | \$ 8,076         |
| Government                         | 5,634                    | 35 %         | 5,757            | 39 %         | 16,587             | 40 %         | 11,922             | 43 %         | (123)           | 4,665            |
| Non-QM                             | 270                      | 2 %          | 333              | 2 %          | 789                | 2 %          | 383                | 1 %          | (63)            | 406              |
| Non-Agency                         | 52                       | — %          | 69               | — %          | 165                | 1 %          | 196                | 1 %          | (17)            | (31)             |
| Other                              | 240                      | 2 %          | 186              | 1 %          | 574                | 1 %          | 344                | 1 %          | 54              | 230              |
| <b>Total Production by Product</b> | <b>\$ 15,886</b>         | <b>100 %</b> | <b>\$ 14,620</b> | <b>100 %</b> | <b>\$ 41,326</b>   | <b>100 %</b> | <b>\$ 27,980</b>   | <b>100 %</b> | <b>\$ 1,266</b> | <b>\$ 13,346</b> |
| % Purchase                         | 81 %                     |              | 87 %             |              | 84 %               |              | 87 %               |              |                 |                  |
| % Refinance                        | 19 %                     |              | 13 %             |              | 16 %               |              | 13 %               |              |                 |                  |

| (dollars in thousands)   | Three Months Ended |               |                    | Nine Months Ended  |                    |                    | September 30,<br>2023 | QoQ<br>Change | YoY Change |
|--|--------------------|---------------|--------------------|--------------------|--------------------|--------------------|-----------------------|---------------|------------|
|  | September 30, 2024 | June 30, 2024 | September 30, 2024 | September 30, 2024 | September 30, 2024 | September 30, 2024 |                       |               |            |
| Gain on originated residential mortgage loans, HFS, net <sup>(A)(B)</sup><br>(C)(D)                              | \$ 178,307         | \$ 153,330    | \$ 472,307         | \$ 373,796         | \$ 24,977          | \$ 98,511          |                       |               |            |
| Pull through adjusted lock volume  | \$ 15,831,528      | \$ 15,271,900 | \$ 42,809,716      | \$ 28,046,269      | \$ 559,628         | \$ 14,763,447      |                       |               |            |
| Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel: |                    |               |                    |                    |                    |                    |                       |               |            |
| Direct to Consumer   | 2.61               | %             | 3.71 %             | 3.18               | %                  | 3.85 %             |                       |               |            |
| Retail / Joint Venture   | 3.61               | %             | 3.71 %             | 3.65               | %                  | 3.48 %             |                       |               |            |
| Wholesale  | 1.44               | %             | 1.23 %             | 1.34               | %                  | 1.41 %             |                       |               |            |
| Correspondent  | 0.56               | %             | 0.42 %             | 0.50               | %                  | 0.50 %             |                       |               |            |
| <b>Total Gain on Originated Residential Mortgage Loans, as a Percentage of Pull Through Adjusted Lock Volume</b> |                    |               |                    |                    |                    |                    |                       |               |            |
|  | <b>1.13</b>        | <b>%</b>      | <b>1.00 %</b>      | <b>1.10</b>        | <b>%</b>           | <b>1.34 %</b>      |                       |               |            |

(A) Includes realized gains on loan sales and related new MSR capitalization, changes in repurchase reserves, changes in fair value of interest rate lock commitments, changes in fair value of residential mortgage loans, held-for-sale ("HFS") and economic hedging gains and losses.

(B) Includes loan origination fees of \$289.0 million and \$233.8 million for the three months ended September 30, 2024 and June 30, 2024, respectively. Includes loan origination fees of \$700.4 million and \$268.8 million for the nine months ended September 30, 2024 and 2023, respectively.

(C) Represents gain on originated residential mortgage loans, HFS, net related to the origination business within the Origination and Servicing segment (Note 4 and Note 7 to our consolidated financial statements).

(D) Excludes MSR revenue on recaptured loan volume reported in the servicing segment.

Total gain on originated residential mortgage loans, HFS, net increased \$25.0 million to \$178.3 million for the three months ended September 30, 2024, compared to the three months ended June 30, 2024. The increase is attributable to an increase in pull through adjusted lock volume due to higher refinance activity as interest rates moved lower during the quarter. Refinance originations comprised 19% of funded loans for the three months ended September 30, 2024, higher than 13% for the three months ended June 30, 2024. Total gain on originated residential mortgage loans, HFS, net increased \$98.5 million to \$472.3 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase is attributable to an increase in pull through adjusted lock volume primarily driven by increased production volume in the Correspondent channel. Refinance originations comprised 16% of funded loans for the nine months ended September 30, 2024, higher than 13% for the nine months ended September 30, 2023, due to higher refinance activity as interest rates moved lower during the third quarter of 2024.

For the three months ended September 30, 2024, funded loan origination volume was \$15.9 billion, up from \$14.6 billion in the prior quarter. Gain on sale margin for the three months ended September 30, 2024, was 1.13%, 13 bps higher than the 1.00% for the prior quarter, primarily due to higher margin Direct to Consumer originations and improvements in Correspondent and Wholesale margins. For the nine months ended September 30, 2024, funded loan origination volume was \$41.3 billion, up from \$28.0 billion compared to the nine months ended September 30, 2023. Gain on sale margin for the nine months ended September 30, 2024, was 1.10%, 24 bps lower than the 1.34% for the nine months ended September 30, 2023, primarily due to an increase in Correspondent production relative to total production (refer to the tables above).

The table below provides the mix of Newrez serviced assets portfolio between subserviced performing servicing (labeled as "Performing Servicing") and subserviced non-performing, or special servicing (labeled as "Special Servicing"). Third-party servicing includes loan portfolios serviced on behalf of Rithm Capital or its subsidiaries and non-affiliated third parties for the periods presented.

| (in millions)                                | Unpaid Principal Balance |                   |                   |                    |                   |            |            |
|--|--------------------------|-------------------|-------------------|--------------------|-------------------|------------|------------|
|  | June 30,                 |                   | 2024              | September 30, 2023 |                   | QoQ Change | YoY Change |
|  | September 30, 2024       | 2024              |                   | September 30, 2023 | QoQ Change        |            |            |
| <b>Performing Servicing:</b>                 |                          |                   |                   |                    |                   |            |            |
| MSR-owned assets                             | \$ 507,802               | \$ 506,487        | \$ 443,189        | \$ 1,315           | \$ 64,613         |            |            |
| Residential whole loans                      | 2,448                    | 3,066             | 1,768             | (618)              | 680               |            |            |
| Total Performing Servicing                   | 510,250                  | 509,553           | 444,957           | 697                | 65,293            |            |            |
| <b>Special Servicing:</b>                    |                          |                   |                   |                    |                   |            |            |
| MSR-owned assets                             | 14,051                   | 12,025            | 12,048            | 2,026              | 2,003             |            |            |
| Residential whole loans                      | 6,922                    | 6,313             | 6,712             | 609                | 210               |            |            |
| Third-party                                  | 223,433                  | 213,661           | 99,372            | 9,772              | 124,061           |            |            |
| Total Special Servicing                      | 244,406                  | 231,999           | 118,132           | 12,407             | 126,274           |            |            |
| Total servicing portfolio                    | 754,656                  | 741,552           | 563,089           | 13,104             | 191,567           |            |            |
| <b>Agency Servicing:</b>                     |                          |                   |                   |                    |                   |            |            |
| MSR-owned assets                             | 358,810                  | 356,580           | 325,316           | 2,230              | 33,494            |            |            |
| Third-party                                  | 63,592                   | 60,811            | 8,843             | 2,781              | 54,749            |            |            |
| Total agency servicing                       | 422,402                  | 417,391           | 334,159           | 5,011              | 88,243            |            |            |
| <b>Government-insured Servicing:</b>         |                          |                   |                   |                    |                   |            |            |
| MSR-owned assets                             | 134,832                  | 133,420           | 126,354           | 1,412              | 8,478             |            |            |
| Third-party                                  | 4,668                    | 4,464             | —                 | 204                | 4,668             |            |            |
| Total government servicing                   | 139,500                  | 137,884           | 126,354           | 1,616              | 13,146            |            |            |
| <b>Non-Agency (Private Label) Servicing:</b> |                          |                   |                   |                    |                   |            |            |
| MSR-owned assets                             | 28,211                   | 28,512            | 3,567             | (301)              | 24,644            |            |            |
| Residential whole loans                      | 9,370                    | 9,379             | 8,480             | (9)                | 890               |            |            |
| Third-party                                  | 155,173                  | 148,386           | 90,529            | 6,787              | 64,644            |            |            |
| Total Non-Agency (private label) servicing   | 192,754                  | 186,277           | 102,576           | 6,477              | 90,178            |            |            |
| <b>Total Servicing Portfolio</b>             | <b>\$ 754,656</b>        | <b>\$ 741,552</b> | <b>\$ 563,089</b> | <b>\$ 13,104</b>   | <b>\$ 191,567</b> |            |            |

The table below summarizes servicing and other fees for the periods presented:

| (in thousands)                        | Three Months Ended |                   |                     | Nine Months Ended   |                 |                   |            |
|---------------------------------------|--------------------|-------------------|---------------------|---------------------|-----------------|-------------------|------------|
|                                       | September 30,      |                   | 2024                | September 30,       |                 | QoQ Change        | YoY Change |
|                                       | 2024               | June 30, 2024     |                     | 2024                | 2023            |                   |            |
| <b>Servicing Fees:</b>                |                    |                   |                     |                     |                 |                   |            |
| MSR-owned assets                      | \$ 340,198         | \$ 346,603        | \$ 1,008,895        | \$ 919,913          | \$ (6,405)      | \$ 88,982         |            |
| Residential whole loans               | 2,393              | 2,492             | 7,495               | 6,553               | (99)            | 942               |            |
| Third-party                           | 39,893             | 37,357            | 101,299             | 67,694              | 2,536           | 33,605            |            |
| Total servicing fees                  | 382,484            | 386,452           | 1,117,689           | 994,160             | (3,968)         | 123,529           |            |
| <b>Other Fees:</b>                    |                    |                   |                     |                     |                 |                   |            |
| Incentive                             | 20,303             | 13,959            | 46,407              | 37,971              | 6,344           | 8,436             |            |
| Ancillary                             | 34,596             | 40,667            | 105,638             | 44,308              | (6,071)         | 61,330            |            |
| Boarding                              | 2,030              | 938               | 3,711               | 5,818               | 1,092           | (2,107)           |            |
| Other                                 | 2,149              | —                 | 7,611               | —                   | 2,149           | 7,611             |            |
| Total other fees <sup>(A)</sup>       | 59,078             | 55,564            | 163,367             | 88,097              | 3,514           | 75,270            |            |
| <b>Total Servicing Portfolio Fees</b> | <b>\$ 441,562</b>  | <b>\$ 442,016</b> | <b>\$ 1,281,056</b> | <b>\$ 1,082,257</b> | <b>\$ (454)</b> | <b>\$ 198,799</b> |            |

(A) Includes other fees earned from third parties of \$19.4 million and \$13.6 million for the three months ended September 30, 2024 and June 30, 2024, respectively, and \$47.1 million and \$36.3 million for the nine months ended September 30, 2024 and 2023, respectively.



#### MSRs and MSR Financing Receivables

As noted above, our servicing segment includes owned MSRs primarily serviced by Newrez. As of September 30, 2024, 88.6% of the underlying UPB of mortgages related to owned MSRs is serviced by Newrez.

An MSR provides a mortgage servicer with the right to service a pool of residential mortgage loans in exchange for a portion of the interest payments made on the underlying residential mortgage loans, plus ancillary income and custodial interest. An MSR is made up of two components: a base fee and an Excess MSR. The base fee is the amount of compensation for the performance of servicing duties (including advance obligations), and the Excess MSR is the amount that exceeds the base fee.

See Note 5 to our consolidated financial statements for additional information including a summary of activity related to MSRs and MSR financing receivables from December 31, 2023 to September 30, 2024.

We finance our investments in MSRs and MSR financing receivables with short- and medium-term bank and capital markets notes. These borrowings are primarily recourse debt and bear either fixed or variable interest rates, which are offered by the counterparty for the term of the notes for a specified margin over SOFR. The capital markets notes are typically issued with a collateral coverage percentage, which is a quotient expressed as a percentage equal to the aggregate note amount divided by the market value of the underlying collateral. The market value of the underlying collateral is generally updated on a quarterly basis, and if the collateral coverage percentage becomes greater than or equal to a collateral trigger, generally 90%, we may be required to add funds, pay down principal on the notes or add additional collateral to bring the collateral coverage percentage below 90%. The difference between the collateral coverage percentage and the collateral trigger is referred to as a "margin holiday."

See Note 18 to our consolidated financial statements for further information regarding financing of our MSRs and MSR financing receivables, including a summary of activity related to financing from December 31, 2023 to September 30, 2024.

We are generally obligated to fund all future servicer advances related to the underlying pools of residential mortgage loans on our MSRs and MSR financing receivables. Generally, we will advance funds when the borrower fails to meet, including during forbearance periods, contractual payments (e.g., principal, interest, property taxes and insurance). We will also advance funds to maintain and to report to regulators foreclosed real estate properties on behalf of investors. Advances are recovered through claims to the related investor. Pursuant to our servicing agreements, we are obligated to make certain advances on residential mortgage loans to be in compliance with applicable requirements. In certain instances, the subservicer is required to reimburse us for any advances that were deemed non-recoverable or advances that were not made in accordance with the related servicing contract.

We finance our servicer advances with short- and medium-term collateralized borrowings. These borrowings are non-recourse committed facilities that are not subject to margin calls and bear either fixed or variable interest rates offered by the counterparty for the term of the notes, generally less than one year, of a specified margin over SOFR. See Note 18 to our consolidated financial statements for further information regarding financing of our servicer advances.

The table below summarizes our MSRs and MSR financing receivables as of September 30, 2024:

| (dollars in billions)         | Current UPB     | Weighted Average |               | Carrying Value |
|-------------------------------|-----------------|------------------|---------------|----------------|
|                               |                 | MSR (bps)        |               |                |
| GSE <sup>(A)</sup>            | \$ 383.2        | 28               | \$ 5.8        |                |
| Non-Agency <sup>(A)</sup>     | 70.8            | 45               | 0.8           |                |
| Ginnie Mae                    | 134.8           | 46               | 2.7           |                |
| <b>Total/Weighted Average</b> | <b>\$ 588.8</b> | <b>35</b>        | <b>\$ 9.3</b> |                |

(A) Includes GSE and Non-Agency MSRs of \$24.4 billion and \$42.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

The following table summarizes the collateral characteristics of the residential mortgage loans underlying our MSRs and MSR financing receivables as of September 30, 2024 (dollars in thousands):

|                           | Collateral Characteristics |                           |                  |                              |              |                      |                           |   |                            |                                |                                |                            |
|---------------------------|----------------------------|---------------------------|------------------|------------------------------|--------------|----------------------|---------------------------|---|----------------------------|--------------------------------|--------------------------------|----------------------------|
|                           | Current Carrying Amount    | Current Principal Balance | Number of Loans  | WA FICO Score <sup>(A)</sup> | WA Coupon    | WA Maturity (months) | Average Loan Age (months) | Adjustable Rate Mortgage % <sup>(B)</sup> | Average CPR <sup>(C)</sup> | Three Month CRR <sup>(D)</sup> | Three Month CDR <sup>(E)</sup> | Three Month Recapture Rate |
|                           |                            |                           |                  |                              |              |                      |                           |   |                            |                                |                                |                            |
| GSE <sup>(A)</sup>        | \$ 5,767,835               | \$ 383,218,306            | 1,994,850        | 771                          | 4.1 %        | 274                  | 60                        | 1.0 %                                     | 6.3 %                      | 6.2 %                          | — %                            | 1.8 %                      |
| Non-Agency <sup>(A)</sup> | 818,978                    | 70,815,704                | 572,808          | 663                          | 4.6 %        | 282                  | 199                       | 9.3 %                                     | 6.7 %                      | 4.7 %                          | 1.9 %                          | — %                        |
| Ginnie Mae                | 2,714,176                  | 134,831,540               | 558,338          | 702                          | 4.1 %        | 317                  | 40                        | 0.4 %                                     | 9.1 %                      | 9.0 %                          | 0.1 %                          | 3.2 %                      |
| <b>Total</b>              | <b>\$ 9,300,989</b>        | <b>\$ 588,865,550</b>     | <b>3,125,996</b> | <b>742</b>                   | <b>4.2 %</b> | <b>285</b>           | <b>72</b>                 | <b>1.9 %</b>                              | <b>7.0 %</b>               | <b>6.6 %</b>                   | <b>0.3 %</b>                   | <b>1.9 %</b>               |

(A) Includes GSE and Non-Agency MSRs of \$24.4 billion and \$42.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

|                           | Collateral Characteristics |              |                      |                   |                     |
|---------------------------|----------------------------|--------------|----------------------|-------------------|---------------------|
|                           | Delinquency                |              | Loans in Foreclosure | Real Estate Owned | Loans in Bankruptcy |
|                           | 90+ Days <sup>(F)</sup>    | 0.4 %        | 0.2 %                | — %               | 0.2 %               |
| GSE <sup>(G)</sup>        |                            |              |                      |                   |                     |
| Non-Agency <sup>(G)</sup> |                            | 2.9 %        | 5.4 %                | 0.6 %             | 2.4 %               |
| Ginnie Mae                |                            | 2.4 %        | 0.5 %                | — %               | 0.6 %               |
| <b>Weighted Average</b>   |                            | <b>1.1 %</b> | <b>0.9 %</b>         | <b>0.1 %</b>      | <b>0.5 %</b>        |

(A) Based on the weighted average of information provided by the loan servicer on a monthly basis. The loan servicer generally updates the FICO score when loans are refinanced or become delinquent.

(B) Represents the percentage of the total principal balance of the pool that corresponds to adjustable rate mortgages.

(C) Represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.

(D) Represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.

(E) Represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.

(F) Represents the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 90 or more days.

(G) Includes GSE and Non-Agency MSRs of \$24.4 billion and \$42.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

### Investment Portfolio

#### MSRs and MSR Financing Receivables (Serviced By Others)

In addition to MSRs serviced by Newrez discussed in the previous section, we contract with PHH Mortgage Corporation ("PHH") and Valon Mortgage, Inc. ("Valon") to perform the related servicing duties on the residential mortgage loans underlying a certain portion of our MSRs and MSR financing receivables. As of September 30, 2024, PHH and Valon subservice 7.2% and 4.2%, or \$42.6 billion and \$24.4 billion, of the underlying UPB of the related mortgages, respectively.

See Note 5 to our consolidated financial statements for additional information including a summary of activity related to MSRs and MSR financing receivables from December 31, 2023 to September 30, 2024.

See Note 18 to our consolidated financial statements for further information regarding financing of our MSRs and MSR financing receivables, including a summary of activity related to financing from December 31, 2023 to September 30, 2024.

#### Excess MSRs

In addition to MSRs and MSR financing receivables, our investment portfolio includes investments in Excess MSRs, which represent the MSR component exceeding the base fee.

The following tables summarize the terms of our Excess MSRs:

| Direct Excess MSRs     | MSR Component <sup>(A)</sup>             |                               |                                      |                            | Excess MSR<br>Carrying Value<br>(millions) |
|------------------------|--|-------------------------------|--------------------------------------|----------------------------|--|
|                        | Current UPB<br>(billions) <sup>(B)</sup> | Weighted Average<br>MSR (bps) | Weighted Average<br>Excess MSR (bps) | Interest in Excess MSR (%) |  |
|                        |  |                               |                                      |                            |  |
| Total/Weighted Average | \$ 55.1                                  | 32                            | 20                                   | 65.0% – 80.0%              | \$ 376.0                                   |

(A) The MSR is a weighted average as of September 30, 2024, and the Excess MSR represents the difference between the weighted average MSR and the base fee (which fee remains constant).

(B) Represents excess MSRs serviced by Mr. Cooper Group Inc. ("Mr. Cooper"). We also invested in related servicer advance investments, including the base fee component of the related MSR (Note 14) on \$13.7 billion UPB underlying these Excess MSRs.

The following tables summarize the collateral characteristics of the loans underlying our direct Excess MSRs and the Excess MSRs held in a joint venture with Sculptor non-consolidated funds as of September 30, 2024 (dollars in thousands):

| Total/Weighted Average | Collateral Characteristics    |                                 |                    |                                 |           |                         |                              |                               |                               |                               |                           |  |
|------------------------|-------------------------------|---------------------------------|--------------------|---------------------------------|-----------|-------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------|--|
|                        | Current<br>Carrying<br>Amount | Current<br>Principal<br>Balance | Number of<br>Loans | WA FICO<br>Score <sup>(A)</sup> | WA Coupon | WA Maturity<br>(months) | Average Loan<br>Age (months) | Average<br>CPR <sup>(B)</sup> | Average<br>CRR <sup>(C)</sup> | Average<br>CDR <sup>(D)</sup> | Average<br>Recapture Rate |  |
|                        |                               |                                 |                    |                                 |           |                         |                              |                               |                               |                               |                           |  |
|                        | \$ 375,923                    | \$ 55,052,726                   | 439,145            | 718                             | 4.7 %     | 229                     | 158                          | 6.7 %                         | 6.3 %                         | 0.5 %                         | 18.7 %                    |  |

| Total/Weighted Average <sup>(F)</sup> | Collateral Characteristics |  |  |             |  |  |                         |  |  |                         |  |       |
|---------------------------------------|----------------------------|--|--|-------------|--|--|-------------------------|--|--|-------------------------|--|-------|
|                                       | Delinquency                |  |  |             |  |  | Real<br>Estate<br>Owned |  |  |                         |  |       |
|                                       | 90+ Days <sup>(E)</sup>    |  |  | Foreclosure |  |  | Loans in<br>Bankruptcy  |  |  | Loans in<br>Foreclosure |  |       |
|                                       |                            |  |  | 0.7 %       |  |  | 1.8 %                   |  |  | 0.5 %                   |  | 0.3 % |

(A) Based on the weighted average of information provided by the loan servicer on a monthly basis. The loan servicer generally updates the FICO score when loans are refinanced or become delinquent.

(B) Represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.

(C) Represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.

(D) Represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.

(E) Represents the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 90 or more days.

(F) Weighted averages exclude collateral information for which collateral data was not available as of the report date.

#### Servicer Advance Investments

Servicer advances are a customary feature of residential mortgage securitization transactions and represent one of the duties for which a servicer is compensated. Servicer advances are generally reimbursable payments made by a servicer (i) when the borrower fails to make scheduled payments due on a residential mortgage loan, including during forbearance periods, or (ii) to support the value of the collateral property. Servicer advance investments are associated with specified pools of residential mortgage loans in which we have contractually assumed the servicing advance obligation and include the related outstanding servicer advances, the requirement to purchase future servicer advances and the rights to the base fee component of the related MSR.

The following is a summary of our servicer advance investments, including the right to the base fee component of the related MSRs (dollars in thousands):

| Mr. Cooper serviced pools | September 30, 2024 |                               |  |               |  |            |   |  |  |  |       |  |
|---------------------------|--------------------|-------------------------------|--|---------------|--|------------|---|--|--|--|-------|--|
|                           | Amortized Cost     |                               | UPB of Underlying<br>Residential<br>Mortgage Loans |               |  |            | Servicer Advances to UPB<br>of Underlying Residential<br>Mortgage Loans |  |  |  |       |  |
|                           | Basis              | Carrying Value <sup>(A)</sup> |  |               |  |            |   |  |  |  |       |  |
| Mr. Cooper serviced pools | \$ 330,137         | \$ 341,303                    |  | \$ 13,690,124 |  | \$ 297,741 |   |  |  |  | 2.2 % |  |

(A) Represents the fair value of the servicer advance investments, including the base fee component of the related MSRs.

The following summarizes additional information regarding our servicer advance investments and related financing, as of and for the nine months ended September 30, 2024 (dollars in thousands):

|   |                                |  | Nine Months Ended                                    |            | Face Amount of Secured Notes Payable | LTV <sup>(A)</sup> | Cost of Funds <sup>(B)</sup> |       |  |  |
|---|--------------------------------|--|--|------------|--------------------------------------|--------------------|------------------------------|-------|--|--|
|   |                                |  | September 30, 2024                                   |            |                                      |                    | Cost of Funds <sup>(B)</sup> |       |  |  |
|   | Weighted Average Discount Rate | Weighted Average Life (Years) <sup>(C)</sup> | Change in Fair Value Recorded in Other Income (Loss) | Gross      |                                      |                    | Gross                        | Net   |  |  |
| Servicer advance investments <sup>(E)</sup> | 6.2 %                          | 8.2  | \$ (3,535)   | \$ 259,451 | 83.9 %                               | 81.5 %             | 6.9 %                        | 6.4 % |  |  |

(A) Based on outstanding servicer advances, excluding purchased but unsettled servicer advances.

(B) Represents the annualized measure of the cost associated with borrowings. Gross cost of funds primarily includes interest expense and facility fees. Net cost of funds excludes facility fees.

(C) Represents the weighted average expected timing of the receipt of expected net cash flows for this investment.

(D) Ratio of face amount of borrowings to par amount of servicer advance collateral, net of any general reserve.

(E) The following table summarizes the types of advances included in servicer advance investments (dollars in thousands):

|  | September 30, 2024 |
|--|--------------------|
| Principal and interest advances                | \$ 53,873          |
| Escrow advances (taxes and insurance advances) | 132,826            |
| Foreclosure advances                           | 111,042            |
| <b>Total</b>                                   | <b>\$ 297,741</b>  |

#### Real Estate Securities

##### Government and government-backed securities

The following table summarizes our Agency RMBS and US Treasury portfolio as of September 30, 2024 (dollars in thousands):

| Asset Type                    | Outstanding Face Amount | Amortized Cost Basis | Gross Unrealized  |                 | Carrying Value <sup>(A)</sup> | Count     | Weighted Average Life |                            | Outstanding Repurchase Agreements |
|-------------------------------|-------------------------|----------------------|-------------------|-----------------|-------------------------------|-----------|-----------------------|----------------------------|-----------------------------------|
|                               |                         |                      | Gains             | Losses          |                               |           | (Years)               | 3-Month CPR <sup>(B)</sup> |                                   |
| Agency RMBS                   | \$ 6,816,127            | \$ 6,644,490         | \$ 168,784        | \$ (374)        | \$ 6,812,900                  | 43        | 5.7                   | 6.2 %                      | \$ 6,579,228                      |
| Treasury securities           | 3,275,000               | 3,282,114            | 39,883            | —               | 3,321,997                     | 4         | 1.9                   | N/A                        | 3,255,440                         |
| <b>Total/Weighted Average</b> | <b>\$ 10,091,127</b>    | <b>\$ 9,926,604</b>  | <b>\$ 208,667</b> | <b>\$ (374)</b> | <b>\$ 10,134,897</b>          | <b>47</b> | <b>4.5</b>            | <b>N/A</b>                 | <b>\$ 9,834,668</b>               |

(A) Agency RMBS are held at fair value under the fair value option election. Treasury securities include \$24.7 million of short term Treasury bills held-to-maturity at amortized cost with the remaining held at fair value under the fair value option election.

(B) Represents the annualized rate of the prepayments during the quarter as a percentage of the total amortized cost basis.

The following table summarizes the net interest spread of our government and government-backed securities portfolio for the three months ended September 30, 2024:

| Net Interest Spread <sup>(A)</sup> |               |
|------------------------------------|---------------|
| Weighted average asset yield       | 4.8 %         |
| Weighted average funding cost      | 5.2 %         |
| <b>Net Interest Spread</b>         | <b>(0.4)%</b> |

(A) The government and government-backed securities portfolio consists of 100.0% fixed-rate securities (accounted for on amortized cost basis).

We largely invest in government-backed securities (Agency and Treasury securities) as a hedge to our MSR portfolio and for REIT status. Our government-backed securities portfolio was \$10.1 billion as of September 30, 2024. We finance investments in government-backed securities with short-term borrowings under master uncommitted repurchase agreements. These borrowings generally bear interest rates offered by the counterparty for the term of the proposed repurchase transaction (e.g., 30 days, 60 days, etc.) of a specified margin over SOFR. At September 30, 2024 and December 31, 2023, the Company pledged Agency RMBS and Treasury securities with a carrying value of approximately \$10.1 billion and \$8.6 billion, respectively, as collateral for borrowings under repurchase agreements. We expect to continue to finance our government-backed securities acquisitions with repurchase agreement financing. See Note 18 to our consolidated financial statements for further information regarding financing of our government-backed securities, including a summary of activity related to financing from December 31, 2023 to September 30, 2024.

## Non-Agency RMBS

Within our Non-Agency RMBS portfolio, we retain and own risk retention bonds from our securitizations that we do not consolidate in accordance with risk retention regulations under the Dodd-Frank Act. We also retain and own bonds from our consolidated private label mortgage securitizations which we eliminate in consolidation. The equity value is reflected in assets of consolidated CFEs and liabilities of consolidated CFEs on the consolidated balance sheets and is excluded from the tables below. As of September 30, 2024, 94.0% of our Non-Agency RMBS portfolio was related to bonds retained pursuant to required risk retention regulations.

The following table summarizes our Non-Agency RMBS portfolio as of September 30, 2024 (dollars in thousands):

| Asset Type      | Outstanding Face Amount <sup>(A)</sup> | Amortized Cost Basis | Gross Unrealized |             | Carrying Value <sup>(B)</sup> | Outstanding Repurchase Agreements <sup>(C)</sup> |
|-----------------|--|----------------------|------------------|-------------|-------------------------------|--|
|                 |  |                      | Gains            | Losses      |                               |  |
| Non-Agency RMBS | \$ 9,177,737                           | \$ 538,211           | \$ 93,342        | \$ (49,459) | \$ 579,717                    | \$ 648,861                                       |

(A) The total outstanding face amount includes residual, interest only and servicing strips for which no principal payment is expected.

(B) Fair value, which is equal to carrying value for all securities.

(C) Includes repurchase agreements on non-agency securities retained through consolidated securitizations.

The following tables summarize the characteristics of our Non-Agency RMBS portfolio and of the collateral underlying our Non-Agency RMBS as of September 30, 2024 (dollars in thousands):

|                        | Number of Securities | Outstanding Face Amount | Amortized Cost Basis | Carrying Value | Weighted Average Life (Years) |         | Weighted Average Coupon <sup>(A)</sup> |
|------------------------|----------------------|-------------------------|----------------------|----------------|-------------------------------|---------|--|
|                        |                      |                         |                      |                | (Years)                       | (Years) |  |
| Total/Weighted Average | 563                  | \$ 9,177,737            | \$ 538,211           | \$ 579,717     | 5.0                           | 3.7     | %                                      |

|                        | Collateral Characteristics |                                  |                            |                            |                           |
|------------------------|----------------------------|----------------------------------|----------------------------|----------------------------|---------------------------|
|                        | Average Loan Age (years)   | Collateral Factor <sup>(B)</sup> | 3-Month CPR <sup>(C)</sup> | Delinquency <sup>(D)</sup> | Cumulative Losses to Date |
|                        |                            |                                  |                            |                            |                           |
| Total/Weighted Average | 16.30                      | 0.50                             | 4.90 %                     | 3.30 %                     | 1.00 %                    |

(A) Excludes interest only, residual and other bonds with a carrying value of \$200.5 million for which no coupon payment is expected.

(B) Represents the ratio of original UPB of loans still outstanding.

(C) Three-month average constant prepayment rate and default rates.

(D) The percentage of underlying loans that are 90+ days delinquent, or in foreclosure or considered REO.

The following table summarizes the net interest spread of our Non-Agency RMBS portfolio for the three months ended September 30, 2024:

| Net Interest Spread <sup>(A)</sup> |               |
|------------------------------------|---------------|
| Weighted average asset yield       | 4.6 %         |
| Weighted average funding cost      | 7.2 %         |
| <b>Net Interest Spread</b>         | <b>(2.6)%</b> |

(A) The Non-Agency RMBS portfolio consists of 22.2% floating rate securities and 77.8% fixed-rate securities (accounted for on amortized cost basis).

We finance our investments in Non-Agency RMBS with short-term borrowings under master uncommitted repurchase agreements. These borrowings generally bear interest rates offered by the counterparty for the term of the proposed repurchase transaction (e.g., 30 days, 60 days, etc.) of a specified margin over SOFR. At September 30, 2024 and December 31, 2023, the Company pledged Non-Agency RMBS, including securities retained through consolidated securitizations, with a carrying value of approximately \$1.0 billion and \$1.0 billion, respectively, as collateral for borrowings under repurchase agreements. A portion of collateral for borrowings under repurchase agreements is subject to daily mark-to-market fluctuations and margin calls. The remaining collateral is not subject to daily margin calls unless the collateral coverage percentage, a quotient expressed as a percentage equal to the current carrying value of outstanding debt divided by the market value of the underlying collateral, becomes greater than or equal to a collateral trigger. The difference between the collateral coverage percentage and the collateral trigger is referred to as a "margin holiday." See Note 18 to our consolidated financial statements for further information regarding financing of our Non-Agency RMBS, including a summary of activity related to financing from December 31, 2023 to September 30, 2024.

See Note 6 to our consolidated financial statements for additional information including a summary of activity related to government and government-backed securities from December 31, 2023 to September 30, 2024.

## Residential Mortgage Loans

We accumulated our residential mortgage loan portfolio through originations, bulk acquisitions and the execution of call rights. A majority of the portfolio is serviced by Newrez.

Loans are accounted for based on our strategy for the loan and on whether the loan was performing or non-performing at the date of acquisition. Acquired performing loans means that, at the time of acquisition, it is likely the borrower will continue making payments in accordance with contractual terms. Purchased non-performing loans means that at the time of acquisition, the borrower will not likely make payments in accordance with contractual terms (i.e., credit-impaired). We account for loans based on the following categories:

- Loans held-for-investment ("HFI"), at fair value
- Loans HFS, at lower of cost or fair value
- Loans HFS, at fair value
- Investments of consolidated CFEs represent mortgage loans held by certain private label mortgage securitization trusts where Rithm Capital is determined to be a primary beneficiary and, as a result, consolidates such trusts. The assets are measured based on the fair value of the more observable liabilities of such trusts under the CFE election. The assets can only be used to settle obligations and liabilities of such trusts for which creditors do not have recourse to Rithm Capital Corp.

As of September 30, 2024, we had approximately \$3.5 billion outstanding face amount of loans included in residential mortgage loans, held-for-sale and residential mortgage loans, held-for-investment at fair value on the consolidated balance sheets (see below). These investments were financed with secured financing agreements with an aggregate face amount of approximately \$3.2 billion. We acquired these loans through open market purchases, loan origination through Newrez and the exercise of call rights and acquisitions.

The following table presents the total residential mortgage loans outstanding by loan type at September 30, 2024 (dollars in thousands).

|   | September 30, 2024      |                     |               |                        |  | December 31, 2023   |  |
|---|-------------------------|---------------------|---------------|------------------------|--|---------------------|--|
|   | Outstanding Face Amount | Carrying Value      | Loan Count    | Weighted Average Yield | Weighted Average Life (Years) <sup>(A)</sup> | Carrying Value      |  |
|   |                         |                     |               |                        |  |                     |  |
| Investments of consolidated CFEs <sup>(B)</sup>             | \$ 3,072,082            | \$ 2,956,663        | 8,068         | 5.6 %                  | 26.1   | \$ 3,038,587        |  |
| Residential mortgage loans, HFI, at fair value              | 409,000                 | 378,032             | 7,615         | 8.1 %                  | 5.5  | 379,044             |  |
| <i>Residential Mortgage Loans, HFS:</i>                     |                         |                     |               |                        |  |                     |  |
| Acquired performing loans <sup>(C)</sup>                    | 57,957                  | 53,007              | 1,708         | 7.9 %                  | 5.4  | 57,038              |  |
| Acquired non-performing loans <sup>(D)</sup>                | 20,382                  | 16,932              | 243           | 9.1 %                  | 6.7  | 21,839              |  |
| Total residential mortgage loans, HFS                       | \$ 78,339               | \$ 69,939           | 1,951         | 8.2 %                  | 5.7  | \$ 78,877           |  |
| <i>Residential Mortgage Loans, HFS, at Fair Value:</i>      |                         |                     |               |                        |  |                     |  |
| Acquired performing loans <sup>(C)(E)</sup>                 | 255,673                 | 247,065             | 1,330         | 5.5 %                  | 22.3   | 400,603             |  |
| Acquired non-performing loans <sup>(D)(E)</sup>             | 221,555                 | 206,108             | 1,060         | 4.8 %                  | 27.0   | 204,950             |  |
| Originated loans  | 2,580,423               | 2,662,761           | 8,585         | 6.6 %                  | 29.1   | 1,856,312           |  |
| <b>Total Residential Mortgage Loans, HFS, at Fair Value</b> | <b>\$ 3,057,651</b>     | <b>\$ 3,115,934</b> | <b>10,975</b> | <b>6.4 %</b>           | <b>28.4</b>                                  | <b>\$ 2,461,865</b> |  |

- (A) For loans classified as Level 3 in the fair value hierarchy, the weighted average life is based on the expected timing of the receipt of cash flows. For Level 2 loans, the weighted average life is based on the contractual term of the loan.
- (B) Residential mortgage loans of consolidated CFEs are classified as Level 2 in the fair value hierarchy and valued based on the fair value of the more observable financial liabilities under the CFE election.
- (C) Performing loans are generally placed on non-accrual status when principal or interest is 90 days or more past due.
- (D) As of September 30, 2024, Rithm Capital has placed non-performing loans, HFS on non-accrual status, except as described in (E) below.
- (E) Includes \$178.8 million and \$208.2 million UPB of Ginnie Mae early buyout options performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA.

We consider the delinquency status, Loan-to-Value ("LTV") ratios and geographic area of residential mortgage loans as our credit quality indicators.

We finance a significant portion of our investments in residential mortgage loans with borrowings under repurchase agreements. These recourse borrowings generally bear variable interest rates offered by the counterparty for the term of the proposed repurchase transaction, generally less than one year, of a specified margin over SOFR. At September 30, 2024 and December 31, 2023, the Company pledged residential mortgage loans with a carrying value of approximately \$3.5 billion and \$2.2 billion, respectively, as collateral for borrowings under repurchase agreements. A portion of collateral for borrowings under repurchase agreements is subject to daily mark-to-market fluctuations and margin calls. A portion of collateral for borrowings under repurchase agreements is not subject to daily margin calls unless the collateral coverage percentage, a quotient expressed as a percentage equal to the current carrying value of outstanding debt divided by the market value of the underlying collateral, becomes greater than or equal to a collateral trigger. The difference between the collateral coverage percentage and the collateral trigger is referred to as a "margin holiday." See Note 18 to our consolidated financial statements for further information regarding financing of our residential mortgage loans, including a summary of activity related to financing from December 31, 2023 to September 30, 2024.

See Note 7 to our consolidated financial statements for additional information including a summary of activity related to residential mortgage loans from December 31, 2023 to September 30, 2024.

#### Consumer Loans

The table below summarizes the collateral characteristics of the consumer loans, including the portfolio of consumer loans purchased from Goldman Sachs Bank USA in June 2023 (the "Marcus loans" or "Marcus") and loans (the "SpringCastle loans" or "SpringCastle") held by Rithm Capital, through certain limited liability companies (together, the "Consumer Loan Companies"), as of September 30, 2024 (dollars in thousands):

|                               | Collateral Characteristics |                 |                         |                        |                           |                        |                     |                             |                             |
|-------------------------------|----------------------------|-----------------|-------------------------|------------------------|---------------------------|------------------------|---------------------|-----------------------------|-----------------------------|
|                               | UPB                        | Number of Loans | Weighted Average Coupon | Adjustable Rate Loan % | Average Loan Age (months) | Expected Life (Months) | Average             |                             |                             |
|                               |                            |                 |                         |                        |                           |                        | Days <sup>(A)</sup> | 12-Month CRR <sup>(B)</sup> | 12-Month CDR <sup>(C)</sup> |
| SpringCastle                  | \$ 219,629                 | 36,858          | 18.1 %                  | 14.4 %                 | 238                       | 45.6                   | 1.9 %               | 14.5 %                      | 4.7 %                       |
| Marcus                        | 663,154                    | 100,855         | 10.9 %                  | 0.0 %                  | 28                        | 10.9                   | 15.9 %              | 20.5 %                      | 12.3 %                      |
| <b>Total/Weighted Average</b> | <b>\$ 882,783</b>          | <b>137,713</b>  | <b>12.7 %</b>           | <b>3.6 %</b>           | <b>81</b>                 | <b>19.5</b>            | <b>12.4 %</b>       | <b>19.0 %</b>               | <b>10.4 %</b>               |

(A) Represents the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 90 or more days.

(B) Represents the annualized rate of the voluntary prepayments during the three months as a percentage of the total principal balance of the pool.

(C) Represents the annualized rate of the involuntary prepayments (defaults) during the three months as a percentage of the total principal balance of the pool.

We have financed our investments in the SpringCastle loans with securitized non-recourse long-term notes with a stated maturity date of May 2036. The Marcus loans were financed with long-term notes with a stated maturity date of June 2028. See Note 18 to our consolidated financial statements for further information regarding financing of our consumer loans, including a summary of activity related to financing from December 31, 2023 to September 30, 2024.

See Note 8 to our consolidated financial statements for additional information including a summary of activity related to consumer loans from December 31, 2023 to September 30, 2024.

#### Single-Family Rental Portfolio

We continue to invest in our SFR portfolio by acquiring and maintaining a geographically diversified portfolio of high-quality single-family homes and leasing them to high-quality residents. As of September 30, 2024, our SFR portfolio consists of 4,079 properties with an aggregate carrying value of \$1,040.6 million, up from 3,888 properties with an aggregate carrying value of \$1,001.9 million as of December 31, 2023. During the nine months ended September 30, 2024, we acquired 204 SFR properties.

Our ability to identify and acquire properties that meet our investment criteria is impacted by property prices in our target markets, the inventory of properties available, competition for our target assets and our available capital as well as local, state and federal regulations. Properties added to our portfolio through traditional acquisition channels require expenditures in addition to payment of the purchase price, including property inspections, closing costs, liens, title insurance, transfer taxes, recording fees, broker commissions, property taxes and HOA fees, when applicable. In addition, we typically incur costs to renovate a property acquired through traditional acquisition channels to prepare it for rental. Renovation work varies, but may include paint, flooring, cabinetry, appliances, plumbing, hardware and other items required to prepare the property for rental. The time and cost involved to prepare our properties for rental can impact our financial performance and varies among properties based on several factors, including the source of acquisition channel and age and condition of the property.

Additionally, we have acquired and are continuing to acquire additional homes through the purchase of communities and portions of communities built for renting from regional and national home builders. Our operating results are also impacted by the amount of time it takes to market and lease a property, which can vary greatly among properties, and is impacted by local demand, our marketing techniques and the size of our available inventory.

Our revenues are derived primarily from rents collected from tenants for our SFR properties under lease agreements which typically have a term of one to two years. Our rental rates and occupancy levels are affected by macroeconomic factors and local and property-level factors, including market conditions, seasonality and tenant defaults, and the amount of time it takes to turn properties when tenants vacate.

Once a property is available for its initial lease, we incur ongoing property-related expenses, which consist primarily of property taxes, insurance, HOA fees (when applicable), utility expenses, repairs and maintenance, leasing costs, marketing expenses and property administration. Prior to a property being rentable, certain of these expenses are capitalized as building and improvements. Once a property is rentable, expenditures for ordinary repairs and maintenance thereafter are expensed as incurred, and we capitalize expenditures that improve or extend the life of a property.

The following table summarizes certain key SFR property metrics as of September 30, 2024 (dollars in thousands):

|                               | Number of SFR Properties |                |                     | % of Total Properties | Average Gross Book |                      | % of Rented SFR Properties | % of Occupied Properties | % of Stabilized Occupied Properties | Average         |  |
|-------------------------------|--------------------------|----------------|---------------------|-----------------------|--------------------|----------------------|----------------------------|--------------------------|-------------------------------------|-----------------|--|
|                               |                          | Net Book Value | Net Book Value      |                       | Value per Property | Average Monthly Rent |                            |                          |                                     | Average Sq. Ft. |  |
| Alabama                       | 93                       | 2.3 %          | \$ 18,973           | 1.8 %                 | \$ 204             | 93.5 %               | 93.5 %                     | 95.6 %                   | \$ 1,599                            | 1,542           |  |
| Arizona                       | 147                      | 3.6 %          | 60,716              | 5.8 %                 | 413                | 81.6 %               | 81.6 %                     | 85.7 %                   | 2,063                               | 1,528           |  |
| Florida                       | 837                      | 20.5 %         | 239,494             | 23.0 %                | 286                | 89.4 %               | 88.9 %                     | 94.6 %                   | 1,954                               | 1,431           |  |
| Georgia                       | 754                      | 18.5 %         | 188,939             | 18.2 %                | 251                | 87.6 %               | 87.3 %                     | 93.1 %                   | 1,908                               | 1,769           |  |
| Indiana                       | 120                      | 2.9 %          | 28,023              | 2.7 %                 | 234                | 95.0 %               | 92.5 %                     | 98.3 %                   | 1,716                               | 1,625           |  |
| Mississippi                   | 157                      | 3.8 %          | 32,904              | 3.2 %                 | 210                | 92.4 %               | 91.7 %                     | 93.5 %                   | 1,821                               | 1,683           |  |
| Missouri                      | 359                      | 8.8 %          | 73,758              | 7.1 %                 | 205                | 92.8 %               | 91.6 %                     | 93.8 %                   | 1,641                               | 1,409           |  |
| Nevada                        | 108                      | 2.6 %          | 38,708              | 3.7 %                 | 358                | 81.5 %               | 81.5 %                     | 91.7 %                   | 1,902                               | 1,459           |  |
| North Carolina                | 443                      | 10.9 %         | 136,811             | 13.1 %                | 309                | 92.3 %               | 91.8 %                     | 94.9 %                   | 1,872                               | 1,542           |  |
| Oklahoma                      | 52                       | 1.3 %          | 11,639              | 1.1 %                 | 224                | 94.2 %               | 94.2 %                     | 94.2 %                   | 1,593                               | 1,592           |  |
| Tennessee                     | 88                       | 2.2 %          | 31,860              | 3.1 %                 | 362                | 88.6 %               | 88.6 %                     | 96.3 %                   | 2,021                               | 1,499           |  |
| Texas                         | 919                      | 22.5 %         | 178,369             | 17.1 %                | 194                | 66.3 %               | 65.8 %                     | 93.6 %                   | 1,975                               | 1,753           |  |
| Other US                      | 2                        | — %            | 451                 | — %                   | 226                | 100.0 %              | 100.0 %                    | 100.0 %                  | 1,839                               | 1,569           |  |
| <b>Total/Weighted Average</b> | <b>4,079</b>             | <b>100.0 %</b> | <b>\$ 1,040,645</b> | <b>100.0 %</b>        | <b>\$ 255</b>      | <b>84.4 %</b>        | <b>83.9 %</b>              | <b>93.8 %</b>            | <b>\$ 1,893</b>                     | <b>1,602</b>    |  |

We primarily rely on the use of credit facilities, term loans and securitizations to finance purchases of SFR properties. See Note 18 to our consolidated financial statements for further information regarding financing of our SFR properties.

#### *Other Investment Portfolio Businesses*

Our investment portfolio segment also includes the activity from several wholly-owned subsidiaries or minority investments in companies that perform various services in the mortgage and real estate sectors. This includes our subsidiary Guardian Asset Management, which is a national provider of field services and property management services, and Adoor LLC, which is focused on the acquisition and management of our SFR properties.

Additionally, in the fourth quarter of 2023, we entered into a strategic partnership with Darwin Homes, Inc. to establish a new property management platform, Adoor Property Management LLC ("APM"). All of our SFR properties are currently managed through APM.

## ***Mortgage Loans Receivable***

Through our wholly-owned subsidiary Genesis, we specialize in originating and managing a portfolio of primarily short-term business purpose mortgage loans to fund single-family and multi-family real estate developers with construction, renovation and bridge loans.

*Construction* — Loans provided for ground-up construction, including mid-construction refinancing of ground-up construction and the acquisition of such properties.

*Renovation* — Acquisition or refinance loans for properties requiring renovation, excluding ground-up construction.

*Bridge* — Loans for initial purchase, refinance of completed projects or rental properties.

We currently finance construction, renovation and bridge loans using a warehouse credit facility and revolving securitization structures.

Properties securing our loans are typically secured by a mortgage or a first deed of trust lien on real estate. Depending on loan type, the size of each loan committed is based on a maximum loan value in accordance with our lending policy. For construction and renovation loans, we generally use loan-to-cost ("LTC") or loan-to-after-repair-value ("LTARV") ratio. For bridge loans, we use an LTV ratio. LTC and LTARV are measured by the total commitment amount of the loan at origination divided by the total estimated cost of a project or value of a property after renovations and improvements to a property. LTV is measured by the total commitment amount of the loan at origination divided by the "as-complete" appraisal.

At the time of origination, the difference between the initial outstanding principal and the total commitment is the amount held back for future release subject to property inspections, progress reports and other conditions in accordance with the loan documents. Loan ratios described above do not reflect interim activity such as construction draws or interest payments capitalized to loans, or partial repayments of the loan.

Each loan is typically backed by a corporate or personal guarantee to provide further credit support for the loan. The guarantee may be collaterally secured by a pledge of the guarantor's interest in the borrower or other real estate or assets owned by the guarantor.

Loan commitments at origination are typically interest only, bear a variable interest rate tied to SOFR plus a spread ranging from 4.0% to 17.2% and have initial terms typically ranging from 4 to 120 months in duration based on the size of the project and expected timeline for completion of construction, which we often elect to extend for several months based on our evaluation of the project. As of September 30, 2024, the average commitment size of our loans was \$2.7 million, and the weighted average remaining term to contractual maturity of our loans was 12.8 months.

We receive loan origination fees, or "points," and we earned an average of 1.1% of the total commitment at origination as of September 30, 2024. These origination fees factor in the term of the loan, the quality of the borrower and the underlying collateral. In addition, we charge fees on past due receivables and receive reimbursements from borrowers for costs associated with services provided by us, such as closing costs, collection costs on defaulted loans and inspection fees. In addition to origination fees, we earn loan extension fees when maturing loans are renewed or extended and amendment fees when loan terms are modified, such as increases in interest reserves and construction holdbacks in line with our underwriting criteria or upon modification of a loan. Loans are generally only renewed or extended if the loan is not in default and satisfies our underwriting criteria, including our maximum LTV ratios of the appraised value as determined at the time of loan origination or based on an updated appraisal, if required. Loan origination and renewal fees are deferred and recognized in income over the contractual maturity of the underlying loan.

Typical borrowers include real estate investors and developers. Loan proceeds are used to fund the construction, development, investment, land acquisition and refinancing of residential properties and to a lesser extent mixed-use properties. We also make loans to fund the renovation and rehabilitation of residential properties. Our loans are generally structured with partial funding at closing and additional loan installments disbursed to the borrower upon satisfactory completion of previously agreed stages of construction.

A principal source of new loans has been repeat business from our customers and their referral of new business. Our retention originations typically have lower customer acquisition costs than originations to new customers, positively impacting our profit margins.

The following table summarizes certain information related to our portfolio of loans included in mortgage loans receivable, at fair value on the consolidated balance sheets as of and for the nine months ended September 30, 2024 (dollars in thousands):

|  |    |           |
|--|----|-----------|
| Loans originated                                     | \$ | 2,431,746 |
| Loans repaid <sup>(A)</sup>                          | \$ | 1,095,700 |
| Number of loans originated                           |    | 1,047     |
| Unpaid principal balance                             | \$ | 1,841,259 |
| Total commitment                                     | \$ | 2,587,361 |
| Average total commitment                             | \$ | 3,220     |
| Weighted average contractual interest <sup>(B)</sup> |    | 10.3 %    |

(A) Based on commitment.

(B) Excludes loan fees and based on commitment at funding.

The following table summarizes the loan purpose of our portfolio of loans included in mortgage loans receivable, at fair value on the consolidated balance sheets as of September 30, 2024 (dollars in thousands):

|              | Number of<br>Loans | % of Loans     | Total Commitment    | % of Total<br>Commitment | Weighted Average<br>Committed Loan Balance to<br>Value <sup>(A)</sup> |
|--------------|--------------------|----------------|---------------------|--------------------------|---|
| Construction | 346                | 34.3 %         | \$ 1,473,067        | 57.0 %                   | 72.1% / 61.5%   |
| Bridge       | 335                | 33.2 %         | 818,345             | 31.6 %                   | 66.3%   |
| Renovation   | 328                | 32.5 %         | 295,949             | 11.4 %                   | 81.1% / 66.9%   |
| <b>Total</b> | <b>1,009</b>       | <b>100.0 %</b> | <b>\$ 2,587,361</b> | <b>100.0 %</b>           |   |

(A) Weighted by commitment LTV for bridge loans and LTC and LTARV for construction and renovation loans.

See Note 10 to our consolidated financial statements for additional information, including a summary of activity related to mortgage loans receivable from December 31, 2023 to September 30, 2024.

### Asset Management

Our Asset Management business primarily operates through our wholly-owned subsidiaries, Sculptor and RCM Manager, which manages Great Ajax pursuant to the Great Ajax Management Agreement. Sculptor is a leading global alternative asset manager and a specialist in opportunistic investing. Sculptor provides asset management services and investment products across credit, real estate and multi-strategy platforms with approximately \$34.3 billion in AUM as of September 30, 2024. Sculptor serves its global client base through our commingled funds, separate accounts and other alternative investment vehicles.

Sculptor AUM calculation methodology changed effective September 1, 2024. AUM refers to the assets for which we provide investment management, advisory or certain other investment-related services. This is generally equal to the sum of (i) net asset value of the open-ended funds or gross asset value of Real Estate funds, (ii) uncalled capital commitments, and (iii) par value of collateralized loan obligations.

AUM includes amounts that are not subject to management fees, incentive income or other amounts earned on AUM. AUM also includes amounts that are invested in other Sculptor funds or vehicles. Our calculation of AUM may differ from the calculations of other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers. Our calculations of AUM are not based on any definition set forth in the governing documents of the investment funds and are not calculated pursuant to any regulatory definitions.

Growth in AUM in Sculptor's funds and positive investment performance of Sculptor's funds drive growth in our asset management revenues and earnings. Conversely, poor investment performance slows our growth by decreasing our AUM and increasing the potential for redemptions from our funds, which would have a negative effect on our revenues and earnings.

Management fees are generally calculated based on the AUM we manage. Management fees are generally calculated and paid to Sculptor on a quarterly basis in advance, based on the amount of AUM at the beginning of the quarter. Management fees are prorated for capital inflows and redemptions during the quarter. Certain of Sculptor's management fees are paid on a quarterly basis in arrears.

Incentive income is generally based on the investment performance of the funds. Incentive income is generally equal to 20% of the profits, net of management fees, attributable to each fund investor. Incentive income may be subject to hurdle rates, where Sculptor is not entitled to incentive income until the investment performance exceeds an agreed upon benchmark with a

preferential “catch-up” allocation once the rate has been exceeded, or a perpetual “high-water mark,” where any losses generated in a fund must be recouped before taking incentive income.

The asset management business generates its revenues primarily through management fees and incentive income, each as described above.

For the nine months ended September 30, 2024, our asset management revenues were \$266.3 million, driven primarily by management fees and off-cycle crystallizations of incentive income. Operating expenses for the asset management business primarily consist of amortization of intangible assets, compensation and benefits, and office and professional expenses.

## **TAXES**

We have elected to be treated as a REIT for US federal income tax purposes. As a REIT, we generally pay no federal, state or local income tax on income that is currently distributed to our stockholders if we distribute out at least 90% of our current taxable income each year.

We hold certain assets, including servicer advance investments and MSRs, in taxable REIT subsidiaries (“TRSs”) that are subject to federal, state and local income tax because these assets either do not qualify under the REIT requirements or the status of these assets is uncertain. We also operate our securitization program and our servicing, origination, services and asset management businesses through TRSs.

As of September 30, 2024, Rithm Capital’s net deferred tax liability of \$587.8 million is primarily composed of deferred tax liabilities generated through the deferral of gains from residential mortgage loans sold by the origination business and changes in fair value of MSRs, loans and swaps held within taxable entities, offset by deferred tax assets related to net operating losses and tax deductible goodwill. The net deferred tax liability is reported within accrued expenses and other liabilities in the consolidated balance sheets.

For the three and nine months ended September 30, 2024, we recognized deferred tax benefit of \$80.0 million and deferred tax expense of \$57.0 million, respectively. The deferred tax benefit generated during the quarter is driven primarily by a decrease in the fair value of MSRs held within taxable entities, offset partially by deferred tax expense generated by the asset management business segment.

## **CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES**

Management’s Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with US generally accepted accounting principles (“GAAP” or “US GAAP”). The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from these estimates. We believe that the estimates and assumptions utilized in the preparation of the consolidated financial statements are prudent and reasonable. Actual results historically have generally been in line with our estimates and judgments used in applying each of the accounting policies described below, as modified periodically to reflect current market conditions.

Our critical accounting policies as of September 30, 2024, which represent our accounting policies that are most affected by judgments, estimates and assumptions, included all of the critical accounting policies referred to in our Amended 2023 Form 10-K/A.

The mortgage and financial sectors operate in a challenging and uncertain economic environment. Financial and real estate companies continue to be affected by, among other things, market volatility, heightened interest rates and inflationary pressures. We believe the estimates and assumptions underlying our consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2024; however, uncertainty over the current macroeconomic conditions makes any estimates and assumptions as of September 30, 2024, inherently less certain than they would be absent the current economic environment. Actual results may materially differ from those estimates. Market volatility and inflationary pressures and their impact on the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk with respect to our financial condition, results of operations, liquidity and ability to pay distributions.

## **Recent Accounting Pronouncements**

See Note 2 to our consolidated financial statements.

## **RESULTS OF OPERATIONS**

### **Factors Impacting Comparability of Our Results of Operations**

Our net income is primarily generated from servicing fee revenue less cost of servicing, net interest income and gain on sale of loans less cost to originate, as well as changes in the fair value of our MSRs and unrealized and realized gains (losses) of investments. Changes in various factors such as market interest rates, prepayment speeds, estimated future cash flows, servicing costs and credit quality affect the fair value of our MSRs, none of which could be predicted with any certainty. Our operating results may also be affected by credit losses in excess of initial estimates or unanticipated credit events experienced by borrowers whose mortgage loans underlie the MSRs, mortgage loans receivable or the non-Agency RMBS held in our investment portfolio.

Mortgage rates were elevated throughout the eight months ended August 31, 2024, and despite the 50 bps rate cut in September 2024, mortgage rates generally remained elevated in September 2024. Higher interest rates can decrease a borrower's ability or willingness to enter into mortgage transactions, including residential, business purpose and commercial loans. Higher interest rates also increase our financing costs.

## Summary of Results of Operations

The following table summarizes the changes in our results of operations for the three months ended September 30, 2024, compared to the three months ended June 30, 2024, and the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. Our results of operations are not necessarily indicative of future performance (dollars in thousands).

|  | Three Months Ended |                   | Nine Months Ended  |                    |                     | QoQ Change         | YoY Change |
|--|--------------------|-------------------|--------------------|--------------------|---------------------|--------------------|------------|
|  | September 30, 2024 | June 30, 2024     | September 30, 2024 | September 30, 2023 |                     |                    |            |
| <b>Revenues</b>  |                    |                   |                    |                    |                     |                    |            |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables   | \$ 493,171         | \$ 498,978        | \$ 1,462,040       | \$ 1,377,429       | \$ (5,807)          | \$ 84,611          |            |
| Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of \$(139,784), \$(165,138), \$(421,761) and \$(384,094), respectively) | (747,335)          | (67,898)          | (731,058)          | (99,338)           | (679,437)           | (631,720)          |            |
| Servicing revenue, net   | (254,164)          | 431,080           | 730,982            | 1,278,091          | (685,244)           | (547,109)          |            |
| Interest income  | 550,732            | 478,653           | 1,459,271          | 1,177,688          | 72,079              | 281,583            |            |
| Gain on originated residential mortgage loans, HFS, net  | 184,695            | 153,741           | 480,894            | 437,082            | 30,954              | 43,812             |            |
| Other revenues   | 57,212             | 56,500            | 172,060            | 177,672            | 712                 | (5,612)            |            |
| Asset management revenues  | 81,039             | 109,433           | 266,332            | —                  | (28,394)            | 266,332            |            |
|  | 619,514            | 1,229,407         | 3,109,539          | 3,070,533          | (609,893)           | 39,006             |            |
| <b>Expenses</b>  |                    |                   |                    |                    |                     |                    |            |
| Interest expense and warehouse line fees   | 510,168            | 465,944           | 1,385,939          | 1,005,978          | 44,224              | 379,961            |            |
| General and administrative   | 208,046            | 207,123           | 612,363            | 540,088            | 923                 | 72,275             |            |
| Compensation and benefits  | 265,673            | 270,448           | 771,899            | 564,635            | (4,775)             | 207,264            |            |
|  | 983,887            | 943,515           | 2,770,201          | 2,110,701          | 40,372              | 659,500            |            |
| <b>Other Income (Loss)</b>   |                    |                   |                    |                    |                     |                    |            |
| Realized and unrealized gains (losses), net  | 412,953            | (14,769)          | 353,338            | (103,522)          | 427,722             | 456,860            |            |
| Other income (loss), net   | (3,432)            | 19,042            | 23,536             | (66,176)           | (22,474)            | 89,712             |            |
|  | 409,521            | 4,273             | 376,874            | (169,698)          | 405,248             | 546,572            |            |
| <b>Income before Income Taxes</b>  | <b>45,148</b>      | <b>290,165</b>    | <b>716,212</b>     | <b>790,134</b>     | <b>(245,017)</b>    | <b>(73,922)</b>    |            |
| Income tax expense (benefit)   | (78,433)           | 51,648            | 66,627             | 92,309             | (130,081)           | (25,682)           |            |
| <b>Net Income</b>  | <b>123,581</b>     | <b>238,517</b>    | <b>649,585</b>     | <b>697,825</b>     | <b>(114,936)</b>    | <b>(48,240)</b>    |            |
| Noncontrolling interests in income of consolidated subsidiaries  | 1,839              | 2,961             | 8,252              | 10,437             | (1,122)             | (2,185)            |            |
| Dividends on preferred stock   | 24,718             | 22,395            | 69,508             | 67,184             | 2,323               | 2,324              |            |
| <b>Net Income Attributable to Common Stockholders</b>  | <b>\$ 97,024</b>   | <b>\$ 213,161</b> | <b>\$ 571,825</b>  | <b>\$ 620,204</b>  | <b>\$ (116,137)</b> | <b>\$ (48,379)</b> |            |

## Servicing Revenue, Net

Servicing revenue, net consists of the following:

| (dollars in thousands)  | Three Months Ended  |                   | Nine Months Ended |                     |                     | QoQ Change          | YoY Change |  |  |
|---|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|------------|--|--|
|   | September 30,       |                   | September 30,     |                     |                     |                     |            |  |  |
|   | 2024                | June 30, 2024     | 2024              | 2023                | 2023                |                     |            |  |  |
| Servicing fee revenue, net and interest income from MSRs and MSR financing receivables    | \$ 454,757          | \$ 453,989        | \$ 1,338,860      | \$ 1,283,967        | \$ 768              | \$ 54,893           |            |  |  |
| Ancillary and other fees  | 38,414              | 44,989            | 123,180           | 93,462              | (6,575)             | 29,718              |            |  |  |
| Servicing fee revenue, net and fees   | 493,171             | 498,978           | 1,462,040         | 1,377,429           | (5,807)             | 84,611              |            |  |  |
| <i>Change in fair value due to:</i>   |                     |                   |                   |                     |                     |                     |            |  |  |
| Realization of cash flows   | (139,784)           | (165,138)         | (421,761)         | (384,094)           | 25,354              | (37,667)            |            |  |  |
| Change in valuation inputs and assumptions, net of realized gains (losses) <sup>(A)</sup> | (607,551)           | 97,240            | (309,297)         | 284,756             | (704,791)           | (594,053)           |            |  |  |
| <b>Servicing Revenue, Net</b>   | <b>\$ (254,164)</b> | <b>\$ 431,080</b> | <b>\$ 730,982</b> | <b>\$ 1,278,091</b> | <b>\$ (685,244)</b> | <b>\$ (547,109)</b> |            |  |  |

(A) The following table summarizes the components of servicing revenue, net related to changes in valuation inputs and assumptions:

| (dollars in thousands)                     | Three Months Ended  |                  | Nine Months Ended   |                   |                     | QoQ Change          | YoY Change |
|--|---------------------|------------------|---------------------|-------------------|---------------------|---------------------|------------|
|  | September           |                  | September           | September         | September           |                     |            |
|  | 30, 2024            | June 30,         | 30, 2024            | 30, 2023          | 30, 2023            |                     |            |
| Changes in interest and prepayment rates   | \$ (465,041)        | \$ 132,058       | \$ (62,809)         | \$ 719,069        | \$ (597,099)        | \$ (781,878)        |            |
| Changes in discount rates                  | 60,000              | —                | 60,000              | (242,431)         | 60,000              | 302,431             |            |
| Changes in other factors                   | (202,510)           | (34,818)         | (306,488)           | (191,882)         | (167,692)           | (114,606)           |            |
| <b>Change in Valuation and Assumptions</b> | <b>\$ (607,551)</b> | <b>\$ 97,240</b> | <b>\$ (309,297)</b> | <b>\$ 284,756</b> | <b>\$ (704,791)</b> | <b>\$ (594,053)</b> |            |

The table below summarizes the unpaid principal balances of our MSRs, MSR financing receivables and third-party servicing:

| (dollars in millions) | Unpaid Principal Balance |                   |                   | QoQ Change       | YoY Change        |
|-----------------------|--------------------------|-------------------|-------------------|------------------|-------------------|
|                       | September 30,            |                   | June 30,          |                  |                   |
|                       | 2024                     | 2024              | 2023              |                  |                   |
| GSE                   | \$ 446,810               | \$ 442,327        | \$ 363,355        | \$ 4,483         | \$ 83,455         |
| Non-Agency            | 235,358                  | 229,872           | 149,065           | 5,486            | 86,293            |
| Ginnie Mae            | 139,500                  | 137,884           | 126,354           | 1,616            | 13,146            |
| <b>Total</b>          | <b>\$ 821,668</b>        | <b>\$ 810,083</b> | <b>\$ 638,774</b> | <b>\$ 11,585</b> | <b>\$ 182,894</b> |

The table below summarizes the total UPB of our servicing portfolio (owned MSRs and third-party servicing) by Performing Servicing and Special Servicing:

| (dollars in millions)            | Unpaid Principal Balance |                   |                   | QoQ Change       | YoY Change        |
|----------------------------------|--------------------------|-------------------|-------------------|------------------|-------------------|
|                                  | September 30,            |                   | June 30,          |                  |                   |
|                                  | 2024                     | 2024              | 2023              |                  |                   |
| Performing Servicing             | \$ 510,250               | \$ 509,553        | \$ 444,957        | \$ 697           | \$ 65,293         |
| Special Servicing                | 244,406                  | 231,999           | 118,132           | 12,407           | 126,274           |
| <b>Total Servicing Portfolio</b> | <b>\$ 754,656</b>        | <b>\$ 741,552</b> | <b>\$ 563,089</b> | <b>\$ 13,104</b> | <b>\$ 191,567</b> |

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Servicing revenue, net decreased \$685.2 million, primarily driven by changes to the fair value of the MSR portfolio from a change in the forward mortgage interest rate curve during the third quarter of 2024.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Servicing revenue, net decreased \$547.1 million, primarily driven by changes to the fair value of the MSR portfolio from a change in the forward mortgage interest rate curve during the third quarter of 2024.

#### **Interest Income**

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Interest income increased \$72.1 million quarter over quarter, primarily driven by higher average investments in Treasury securities during the third quarter compared to the second quarter, and additional float income as a result of the Computershare Acquisition (Note 3 to our consolidated financial statements). Average custodial balances were \$14.3 billion during the third quarter compared to \$11.8 billion during the second quarter.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Interest income increased \$281.6 million year over year, primarily driven by increases in investments in residential mortgage loans and consumer loans, as well as higher average custodial balances driven by the Computershare Acquisition (Note 3 to our consolidated financial statements).

#### **Gain on Originated Residential Mortgage Loans, HFS, Net**

The following table provides information regarding gain on originated residential mortgage loans, HFS, net as a percentage of pull through adjusted lock volume, by channel:

| (dollars in thousands)  | Three Months Ended    |                  | Nine Months Ended     |                       |
|---|-----------------------|------------------|-----------------------|-----------------------|
|   | September 30,<br>2024 | June 30,<br>2024 | September 30,<br>2024 | September 30,<br>2023 |
| Pull through adjusted lock volume   | \$ 15,831,528         | \$ 15,271,900    | \$ 42,809,716         | \$ 28,046,269         |
| <i>Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:</i> |                       |                  |                       |                       |
| Direct to Consumer  | 2.61                  | %                | 3.71                  | %                     |
| Retail / Joint Venture  | 3.61                  | %                | 3.71                  | %                     |
| Wholesale   | 1.44                  | %                | 1.23                  | %                     |
| Correspondent   | 0.56                  | %                | 0.42                  | %                     |
| <b>Total Gain on Originated Residential Mortgage Loans, as a Percentage of Pull Through Adjusted Lock Volume</b>        | <b>1.13</b>           | <b>%</b>         | <b>1.00</b>           | <b>%</b>              |
|   | <b>1.10</b>           | <b>%</b>         | <b>1.10</b>           | <b>%</b>              |
|   | <b>1.34</b>           | <b>%</b>         |                       |                       |

The following table summarizes funded loan production by channel:

| (dollars in millions)              | Unpaid Principal Balance |                  |                       |                       |                 |                  |  |  |  |  |
|------------------------------------|--------------------------|------------------|-----------------------|-----------------------|-----------------|------------------|--|--|--|--|
|                                    | Three Months Ended       |                  | Nine Months Ended     |                       |                 |                  |  |  |  |  |
|                                    | September 30,<br>2024    | June 30,<br>2024 | September 30,<br>2024 | September 30,<br>2023 | QoQ Change      | YoY Change       |  |  |  |  |
| <b>Production by Channel</b>       |                          |                  |                       |                       |                 |                  |  |  |  |  |
| Direct to Consumer                 | \$ 1,219                 | \$ 725           | \$ 2,614              | \$ 1,520              | \$ 494          | \$ 1,094         |  |  |  |  |
| Retail / Joint Venture             | 861                      | 1,178            | 3,224                 | 4,881                 | (317)           | (1,657)          |  |  |  |  |
| Wholesale                          | 2,023                    | 1,745            | 4,866                 | 3,846                 | 278             | 1,020            |  |  |  |  |
| Correspondent                      | 11,783                   | 10,972           | 30,622                | 17,733                | 811             | 12,889           |  |  |  |  |
| <b>Total Production by Channel</b> | <b>\$ 15,886</b>         | <b>\$ 14,620</b> | <b>\$ 41,326</b>      | <b>\$ 27,980</b>      | <b>\$ 1,266</b> | <b>\$ 13,346</b> |  |  |  |  |

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Gain on originated residential mortgage loans, HFS, net increased \$31.0 million quarter over quarter, primarily driven by a realized gain on a residential mortgage loan securitization and an increase in pull through adjusted lock volume due to higher refinance activity, as interest rates moved lower during the quarter.

For the three months ended September 30, 2024, funded loan origination volume was \$15.9 billion, up from \$14.6 billion in June 30, 2024, primarily attributable to increased production volume in the Correspondent channel. In addition, gain on sale margin for the three months ended September 30, 2024 was 13 bps higher than for the three months ended June 30, 2024, primarily due to improvements in Correspondent and Wholesale margins.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Gain on originated residential mortgage loans, HFS, net increased \$43.8 million year over year, primarily driven by an increase in pull through adjusted lock volume primarily in the Correspondent channel.

For the nine months ended September 30, 2024, funded loan origination volume was \$41.3 billion, up from \$28.0 billion in the nine months ended September 30, 2023, primarily attributable to increased production volume in the Correspondent channel. While funded loan origination volume increased year over year, gain on sale margin for the nine months ended September 30, 2024, was 24 bps lower than for the nine months ended September 30, 2023, primarily due to an increased mix of Correspondent production.

#### **Other Revenues**

Other revenue was consistent quarter over quarter and year over year as there were minimal fluctuations in our SFR portfolio or our property maintenance business.

#### **Asset Management Revenues**

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Asset management revenues decreased \$28.4 million quarter over quarter, primarily due to higher second quarter incentive income driven by off-cycle crystallization related to certain funds managed by Sculptor.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Asset management revenues increased \$266.3 million year over year as a result of the Sculptor Acquisition during the fourth quarter of 2023.

### **Interest Expense and Warehouse Line Fees**

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Interest expense and warehouse line fees increased \$44.2 million quarter over quarter, primarily due to an increase in borrowings related to higher average investments in Treasury securities and an increase in borrowings related to an increase in residential mortgage loan investments.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Interest expense and warehouse line fees increased \$380.0 million year over year, primarily due to an increase in borrowings related to increases in investments in residential mortgage loans and consumer loans. Additionally, there was an increase in MSR financing driven by higher average drawn balances to fund the Sculptor Acquisition and the Computershare Acquisition (Note 3 to our consolidated financial statements) during the nine months ended September 30, 2024. The drawn balances for acquisition funding were partially paid down by September 30, 2024.

### **General and Administrative**

General and administrative expenses consists of the following:

| (dollars in thousands)   | Three Months Ended    |                   |                       | Nine Months Ended  |               |                  |  |  |  |
|--------------------------|-----------------------|-------------------|-----------------------|--------------------|---------------|------------------|--|--|--|
|                          | September 30,<br>2024 | June 30,<br>2024  | September 30,<br>2024 | September 30, 2023 | QoQ Change    | YoY Change       |  |  |  |
| Legal and professional   | \$ 17,521             | \$ 26,941         | \$ 65,951             | \$ 65,447          | \$ (9,420)    | \$ 504           |  |  |  |
| Loan origination         | 19,726                | 17,541            | 52,702                | 33,280             | 2,185         | 19,422           |  |  |  |
| Occupancy                | 15,968                | 16,234            | 49,250                | 40,981             | (266)         | 8,269            |  |  |  |
| Subservicing             | 16,905                | 17,690            | 54,023                | 109,370            | (785)         | (55,347)         |  |  |  |
| Loan servicing           | 2,948                 | 3,502             | 12,041                | 11,827             | (554)         | 214              |  |  |  |
| Property and maintenance | 31,717                | 30,022            | 94,003                | 73,450             | 1,695         | 20,553           |  |  |  |
| Information technology   | 48,367                | 47,999            | 137,568               | 111,698            | 368           | 25,870           |  |  |  |
| Other                    | 54,894                | 47,194            | 146,825               | 94,035             | 7,700         | 52,790           |  |  |  |
| <b>Total</b>             | <b>\$ 208,046</b>     | <b>\$ 207,123</b> | <b>\$ 612,363</b>     | <b>\$ 540,088</b>  | <b>\$ 923</b> | <b>\$ 72,275</b> |  |  |  |

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

General and administrative expenses remained relatively flat quarter over quarter, primarily due to non-recurring integration and acquisition costs from the second quarter Computershare Acquisition (Note 3 to our consolidated financial statements), offset by (i) an increase in intangible amortization expense resulted from the Computershare Acquisition, (ii) tax service fees due to seasonality and (iii) fees incurred on securitizations during the third quarter of 2024.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

General and administrative expenses increased \$72.3 million year over year, primarily driven by the Sculptor Acquisition and the Computershare Acquisition.

### **Compensation and Benefits**

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Compensation and benefits expense decreased \$4.8 million quarter over quarter, primarily driven by second quarter integration costs as a result of the Computershare Acquisition (Note 3 to our consolidated financial statements), specifically payroll associated with additional headcount and severance.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Compensation and benefits expense increased \$207.3 million year over year, primarily driven by the Sculptor Acquisition and the Computershare Acquisition.

### Other Income (Loss)

The following table summarizes the components of other income (loss):

| Dollars in thousands)                       | Three Months Ended |               | Nine Months Ended  |                    |                | QoQ Change     | YoY Change |
|---|--------------------|---------------|--------------------|--------------------|----------------|----------------|------------|
|   | September 30, 2024 | June 30, 2024 | September 30, 2024 | September 30, 2023 |                |                |            |
| Real estate and other securities            | \$ 364,568         | (87,979)      | 173,626            | (354,339)          | 452,547        | 527,965        |            |
| Residential mortgage loans and REO          | 12,569             | 22,623        | 38,718             | (4,463)            | (10,054)       | 43,181         |            |
| Derivative and hedging instruments          | 33,447             | 17,054        | 76,293             | 259,539            | 16,393         | (183,246)      |            |
| Notes and bonds payable                     | (21,343)           | (2,857)       | (7,834)            | 5,889              | (18,486)       | (13,723)       |            |
| Consolidated CFEs <sup>(A)</sup>            | 39,284             | 33,384        | 89,081             | (5,198)            | 5,900          | 94,279         |            |
| Other <sup>(B)</sup>                        | (15,572)           | 3,006         | (16,546)           | (4,950)            | (18,578)       | (11,596)       |            |
| Realized and unrealized gains (losses), net | 412,953            | (14,769)      | 353,338            | (103,522)          | 427,722        | 456,860        |            |
| Other income (loss), net                    | (3,432)            | 19,042        | 23,536             | (66,176)           | (22,474)       | 89,712         |            |
| <b>Total Other Income (Loss)</b>            | <b>\$ 409,528</b>  | <b>4,278</b>  | <b>376,878</b>     | <b>(169,698)</b>   | <b>405,248</b> | <b>546,572</b> |            |

(A) Includes change in the fair value of the consolidated CFEs' financial assets and liabilities and related interest and other income.

(B) Includes excess MSRs, servicer advance investments, consumer loans, mortgage loans receivable and other.

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Realized and unrealized gains (losses), net increased \$427.7 million quarter over quarter largely due to an increase in value of our agency and Treasury securities driven by lower interest rates and an increase in value of our on mortgage loans receivable, partially offset by a decrease in value of our Excess MSRs.

Other income decreased \$22.5 million quarter over quarter, primarily due to \$28.2 million bargain purchase gain recognized during the three months ended June 30, 2024, from the Computershare Acquisition (Note 3 to our consolidated financial statements).

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Realized and unrealized gains (losses), net increased \$456.9 million year over year largely due to an increase in value of our residential mortgage loans and real estate and other securities driven by lower interest rates.

Other income (loss), net increased \$89.7 million year over year, primarily due to losses taken on an equity investment in a commercial redevelopment project and higher contingency reserves during the nine months ended September 30, 2023, and \$28.2 million bargain purchase gain recognized during the nine months ended September 30, 2024 from the Computershare Acquisition (Note 3 to our consolidated financial statements).

### Income Tax Expense (Benefit)

*Three months ended September 30, 2024 compared to the three months ended June 30, 2024*

Income tax changed by \$130.1 million from expense to benefit, of which \$3.6 million and \$126.5 million relate to current and deferred tax expense, respectively. The change from deferred tax expense to benefit was primarily driven by a decrease in the fair value of MSRs held within taxable entities.

*Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023*

Income tax expense decreased \$25.7 million, of which a \$4.2 million increase and a \$29.9 million decrease relate to current and deferred tax expense, respectively. The decrease in deferred tax expense was primarily driven by a decrease in the fair value of MSRs within taxable entities. The increase in current tax expense was primarily driven by income generated by the Asset Management business segment.

## LIQUIDITY AND CAPITAL RESOURCES

### **Overview**

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments and other general business needs.

We must distribute annually at least 90% of our REIT taxable income to maintain our status as a REIT under the Internal Revenue Code (the "Code"). A portion of this requirement may be able to be met through stock dividends, rather than cash, subject to limitations based on the value of our stock. Our ability to utilize funds generated by the MSRs held in our servicer subsidiaries, NRM and Newrez, is subject to and limited by regulatory requirements established by the Federal Housing Finance Agency ("FHFA") and Ginnie Mae for Fannie Mae and Freddie Mac private label servicing and Ginnie Mae servicing, respectively, as summarized below. Moreover, our ability to access and utilize cash generated from our regulated entities is an important part of our dividend paying ability. As of September 30, 2024, approximately \$1.6 billion of available liquidity was held at NRM and Newrez, of which \$1.0 billion were in excess of the new regulatory liquidity requirements made effective during 2023. NRM and Newrez are expected to maintain compliance with applicable liquidity and net worth requirements.

Effective September 30, 2023, FHFA and Ginnie Mae capital and liquidity standards require all loan sellers and servicers to maintain a minimum tangible net worth of \$2.5 million plus 25 bps for Fannie Mae, Freddie Mac and private label servicing UPB plus 35 bps for Ginnie Mae servicing UPB, a tangible net worth to tangible asset ratio of 6% or greater and a base liquidity of 3.5 bps of Fannie Mae, Freddie Mac and private label servicing UPB plus 10 bps for Ginnie Mae servicing UPB. Furthermore, specific to FHFA, all nonbanks have to hold additional origination liquidity of 50 bps times loans held-for-sale plus pipeline loans. Large nonbanks with greater than \$50 billion UPB in servicing will have to hold an additional liquidity buffer of 2 bps on Fannie Mae and Freddie Mac servicing UPB and 5 bps on Ginnie Mae servicing UPB. As of September 30, 2024, Rithm Capital maintained compliance with the required capital and liquidity standards. Noncompliance with the capital and liquidity requirements can result in the FHFA and Ginnie Mae taking various remedial actions up to and including removing our ability to sell loans to and service loans on behalf of the FHFA and Ginnie Mae. Additionally, Ginnie Mae has introduced risk-based capital requirements which are expected to go into effect on December 31, 2024. These revised requirements are expected to increase our capital and liquidity requirement and lower our return on capital.

If the regulatory capital requirements imposed on our lenders change, they may be required to significantly increase the cost of the financing that they provide to us. Our lenders also have revised and may continue to revise their eligibility requirements for the types of assets they are willing to finance or the terms of such financings, including haircuts and requiring additional collateral in the form of cash, based on, among other factors, the regulatory environment and their management of actual and perceived risk. Moreover, the amount of financing we receive under our secured financing agreements will be directly related to our lenders' valuation of our assets that cover the outstanding borrowings.

### **Use of Funds**

Our primary uses of funds are the payment of interest, compensation expense, servicing and subservicing expenses, payment of outstanding commitments (including margins and loan originations), payment of other operating expenses, repayment of borrowings and hedge obligations, payment of dividends and funding of future servicer advances.

As of September 30, 2024, our total outstanding debt obligations amounted to \$29.8 billion and are comprised of secured financing agreements, secured notes and bonds payable, unsecured notes and notes payable of consolidated CFEs. Certain debt obligations are the obligations of our consolidated subsidiaries, which own the related collateral. In some cases, such collateral is not available to other creditors of ours. In particular, the obligations and liabilities of CFEs only have contractual recourse to the assets of the respective CFE and do not have recourse to Rithm Capital Corp.

We have margin exposure on \$15.4 billion of secured financing agreements. To the extent that the value of the collateral underlying these secured financing agreements declines, we may be required to post margin, which could significantly impact our liquidity.

### Short-Term Borrowings

The following tables provide additional information regarding our short-term borrowings (dollars in thousands):

|   | Nine Months Ended September 30, 2024 |   |                            |                                      |  |
|---|--------------------------------------|---|----------------------------|--------------------------------------|--|
|   | Outstanding                          | Average Daily Amount Outstanding <sup>(A)</sup> | Maximum Amount Outstanding | Weighted Average Daily Interest Rate |  |
|   | Balance at September 30, 2024        |   |                            |                                      |  |
| <b>Secured Financing Agreements:</b>        |                                      |   |                            |                                      |  |
| Government and government-backed securities | \$ 9,834,668                         | \$ 11,532,297                                   | \$ 14,887,215              | 5.41 %                               |  |
| Non-Agency RMBS                             | 648,861                              | 634,620   | 677,330                    | 7.45 %                               |  |
| Residential mortgage loans                  | 2,774,949                            | 2,501,391                                       | 3,303,882                  | 6.65 %                               |  |
| Mortgage loans receivable                   | 71,293                               | 164,063   | 264,113                    | 8.12 %                               |  |
| <b>Secured Notes and Bonds Payable:</b>     |                                      |   |                            |                                      |  |
| MSRs  | 2,984,832                            | 1,752,267                                       | 2,984,832                  | 8.40 %                               |  |
| Servicer advances                           | 380,804                              | 571,551   | 2,403,621                  | 7.24 %                               |  |
| Residential mortgage loans                  | —                                    | 650,000   | 650,000                    | 6.83 %                               |  |
| <b>Total/Weighted Average</b>               | <b>\$ 16,695,407</b>                 | <b>\$ 17,806,189</b>                            | <b>\$ 25,170,993</b>       | <b>6.30 %</b>                        |  |

(A) Represents the average for the period the debt was outstanding.

|   | Average Daily Amount Outstanding <sup>(A)</sup> |               |                |                   |
|---|---|---------------|----------------|-------------------|
|   | Three Months Ended                              |               |                |                   |
|   | September 30, 2024                              | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| <b>Secured Financing Agreements:</b>        |   |               |                |                   |
| Government and government-backed securities | \$ 11,532,297                                   | \$ 11,014,369 | \$ 10,033,904  | \$ 8,833,800      |
| Non-Agency RMBS                             | 634,620   | 639,828       | 632,765        | 618,758           |
| Residential mortgage loans and REO          | 3,047,851                                       | 2,796,443     | 1,653,873      | 1,280,958         |
| Mortgage loans receivable                   | 155,477   | 198,942       | 137,866        | 100,855           |

(A) Represents the average for the period the debt was outstanding.

### Unsecured Notes

On March 19, 2024, the Company issued \$775.0 million in 8.000% senior unsecured notes due 2029 (the "2029 Senior Notes"), with interest payable semi-annually starting October 1, 2024, and net proceeds of approximately \$483.0 million. The 2029 Senior Notes, maturing on April 1, 2029, are redeemable from April 1, 2026, at prices ranging from 104% to 100% of the principal amount. On September 16, 2020, the Company issued \$550.0 million in 6.250% senior unsecured notes due 2025 (the "2025 Senior Notes"), with interest payable semi-annually starting April 15, 2021, and net proceeds of approximately \$544.5 million. The 2025 Senior Notes, maturing on October 15, 2025, became redeemable from October 15, 2022, at prices decreasing from 103.125% to 100%. In connection with the offering of the 2029 Senior Notes, the Company tendered for and repurchased \$275.0 million of its 2025 Senior Notes for cash in a total amount of \$282.4 million, leaving \$275.0 million of the 2025 Senior Notes outstanding. For more information regarding our indebtedness, refer to Note 18 of the consolidated financial statements.

## Maturities

Our debt obligations as of September 30, 2024, as summarized in Note 18 to our consolidated financial statements, had contractual maturities as follows (dollars in thousands):

| Year Ending                         | Nonrecourse <sup>(A)</sup> | Recourse <sup>(B)</sup> | Total         |
|-------------------------------------|----------------------------|-------------------------|---------------|
| October 1 through December 31, 2024 | \$ 789,211                 | \$ 6,468,977            | \$ 7,258,188  |
| 2025                                | 146,293                    | 11,679,707              | 11,826,000    |
| 2026                                | 2,070,833                  | 1,735,419               | 3,806,252     |
| 2027                                | 651,229                    | 430,000                 | 1,081,229     |
| 2028                                | 592,142                    | —                       | 592,142       |
| 2029 and thereafter                 | 3,557,334                  | 1,479,249               | 5,036,583     |
|                                     | \$ 7,807,042               | \$ 21,793,352           | \$ 29,600,394 |

(A) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs, and notes payable of consolidated CFEs of \$0.9 billion, \$3.2 billion, \$0.3 billion, and \$3.0 billion respectively.

(B) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs, and notes payable of consolidated CFEs of \$14.5 billion, \$6.3 billion, \$1.1 billion, and \$0.0 billion respectively.

## Covenants

Certain of the debt obligations are subject to customary loan covenants and event of default provisions, including event of default provisions triggered by certain specified declines in our equity or failure to maintain a specified tangible net worth, liquidity or indebtedness to tangible net worth ratio. We were in compliance with all of our debt covenants as of September 30, 2024.

## Source of Funds

Our primary sources of funds are cash provided by operating activities (primarily income from loan originations and servicing, as well as management and incentive fees), sales of and repayments from our investments, potential debt financing sources, including securitizations, and the issuance of equity securities, when feasible and appropriate. Our total cash and cash equivalents at September 30, 2024 was \$1.6 billion.

Currently, our primary sources of financing are secured financing agreements and secured notes and bonds payable, although we have in the past and may in the future also pursue one or more other sources of financing such as securitizations and other secured and unsecured forms of borrowing. As of September 30, 2024, we had outstanding secured financing agreements with an aggregate face amount of approximately \$15.4 billion to finance our investments. The financing of our entire Agency RMBS portfolio, which generally has 30- to 90-day terms, is subject to margin calls. Under secured financing agreements, we sell a security to a counterparty and concurrently agree to repurchase the same security at a later date for a higher specified price. The sale price represents financing proceeds and the difference between the sale and repurchase prices represents interest on the financing. The price at which the security is sold generally represents the market value of the security less a discount or "haircut," which can range broadly. During the term of the secured financing agreement, the counterparty holds the security as collateral. If the agreement is subject to margin calls, the counterparty monitors and calculates what it estimates to be the value of the collateral during the term of the agreement. If this value declines by more than a de minimis threshold, the counterparty could require us to post additional collateral, or margin, in order to maintain the initial haircut on the collateral. This margin is typically required to be posted in the form of cash and cash equivalents. Furthermore, we may, from time to time, be a party to derivative agreements or financing arrangements that may be subject to margin calls based on the value of such instruments. In addition, \$5.4 billion face amount of our MSR and Excess MSR financing is subject to mandatory monthly repayment to the extent that the outstanding balance exceeds the market value (as defined in the related agreement) of the financed asset multiplied by the contractual maximum LTV ratio. We seek to maintain adequate cash reserves and other sources of available liquidity to meet any margin calls or related requirements resulting from decreases in value related to a reasonably possible (in our opinion) change in interest rates.

Our ability to obtain borrowings and to raise future equity capital is dependent on our ability to access borrowings and the capital markets on attractive terms. We continually monitor market conditions for financing opportunities and at any given time may be entering or pursuing one or more of the transactions described above. Our senior management team has extensive long-term relationships with investment banks, brokerage firms and commercial banks, which we believe enhance our ability to source and finance asset acquisitions on attractive terms and access borrowings and the capital markets at attractive levels.

Our ability to fund our operations, meet financial obligations and finance acquisitions may be impacted by our ability to secure and maintain our secured financing agreements, credit facilities and other financing arrangements. Because secured financing agreements and credit facilities are short-term commitments of capital, lender responses to market conditions may make it more difficult for us to renew or replace, on a continuous basis, our maturing short-term borrowings and have imposed, and may continue to impose, more onerous conditions when rolling such financings. If we are not able to renew our existing facilities or arrange for new financing on terms acceptable to us, if we default on our covenants or are otherwise unable to access funds under our financing facilities or if we are required to post more collateral or face larger haircuts, we may have to curtail our asset acquisition activities and/or dispose of assets.

The use of to-be-announced forward contract positions ("TBAs") dollar roll transactions generally increases our funding diversification, expands our available pool of assets and increases our overall liquidity position, as TBA contracts typically have lower implied haircuts relative to Agency RMBS pools funded with repurchase financing. TBA dollar roll transactions may also have a lower implied cost of funds than comparable repurchase funded transactions offering incremental return potential. However, if it were to become uneconomical to roll our TBA contracts into future months it may be necessary to take physical delivery of the underlying securities and fund those assets with cash or other financing sources, which could reduce our liquidity position.

With respect to the next 12 months, we expect that our cash on hand, combined with our cash flow provided by operations and our ability to roll our secured financing agreements and servicer advance financings will be sufficient to satisfy our anticipated liquidity needs with respect to our current investment portfolio, including related financings, potential margin calls, loan origination and operating expenses. Our ability to roll over short-term borrowings is critical to our liquidity outlook. We have a significant amount of near-term maturities, which we expect to be able to refinance. If we cannot repay or refinance our debt on favorable terms, we will need to seek out other sources of liquidity. While it is inherently more difficult to forecast beyond the next 12 months, we currently expect to meet our long-term liquidity requirements through our cash on hand and, if needed, additional borrowings, proceeds received from secured financing agreements and other financings, proceeds from equity offerings and the liquidation or refinancing of our assets.

These short-term and long-term expectations are forward-looking and subject to a number of uncertainties and assumptions, including those described under "—Market Considerations" as well as under "Risk Factors" included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 and in our Amended 2023 Form 10-K/A. If our assumptions about our liquidity prove to be incorrect, we could be subject to a shortfall in liquidity in the future, and such a shortfall may occur rapidly and with little or no notice, which could limit our ability to address the shortfall on a timely basis and could have a material adverse effect on our business.

#### *Borrowing Capacity*

The following table summarizes our borrowing capacity as of September 30, 2024 (dollars in thousands):

| Debt Obligations / Collateral            | Borrowing Capacity | Balance Outstanding | Available Financing <sup>(A)</sup> |
|--|--------------------|---------------------|------------------------------------|
| <i>Secured Financing Agreements:</i>     |                    |                     |                                    |
| Residential mortgage loans and REO       | \$ 5,181,455       | \$ 1,707,817        | \$ 3,473,638                       |
| Loan origination                         | 5,627,000          | 2,764,979           | 2,862,021                          |
| CLOs                                     | 322,653            | 180,286             | 142,367                            |
| Excess MSR                               | 350,000            | 223,241             | 126,759                            |
| <i>Secured Notes and Bonds Payable:</i>  |                    |                     |                                    |
| MSRs                                     | 6,182,688          | 5,224,809           | 957,879                            |
| Servicer advances                        | 4,150,000          | 2,525,232           | 1,624,768                          |
| SFR                                      | 200,000            | 90,832              | 109,168                            |
| <i>Liabilities of Consolidated CFEs:</i> |                    |                     |                                    |
| Consolidated funds                       | 52,500             | —                   | 52,500                             |
|  | <hr/>              | <hr/>               | <hr/>                              |
|  | \$ 22,066,296      | \$ 12,717,196       | \$ 9,349,100                       |

(A) Although available financing is uncommitted, our unused borrowing capacity is available to us if we have additional eligible collateral to pledge and meet other borrowing conditions as set forth in the applicable agreements, including any applicable advance rate.

## Stockholders' Equity

### Preferred Stock

Pursuant to our certificate of incorporation, we are authorized to designate and issue up to 100.0 million shares of preferred stock, par value of \$0.01 per share, in one or more classes or series.

The following table summarizes our preferred shares outstanding (dollars in thousands, except share and per share amounts):

| Series   | Dividends Declared per Share |                   |                                       |                   |                                 |                |                |                |                |  |
|--|------------------------------|-------------------|---------------------------------------|-------------------|---------------------------------|----------------|----------------|----------------|----------------|--|
|  | Number of Shares             |                   |                                       |                   | Nine Months Ended September 30, |                |                |                |                |  |
|  | September 30, 2024           | December 31, 2023 | Liquidation Preference <sup>(A)</sup> | Issuance Discount | Carrying Value <sup>(B)</sup>   | 2024           | 2023           | 2024           | 2023           |  |
| Series A, issued July 2019 <sup>(C)(E)</sup>         | 6,200,000                    | 6,200,000         | \$ 155,002                            | 3.15 %            | \$ 149,822                      | \$ 0.71        | \$ 0.47        | \$ 1.65        | \$ 1.41        |  |
| Series B, issued August 2019 <sup>(C)(E)</sup>       | 11,261,000                   | 11,261,000        | 281,518                               | 3.15 %            | 272,654                         | 0.70           | 0.45           | 1.59           | 1.34           |  |
| Series C, 6.375% issued February 2020 <sup>(C)</sup> | 15,903,000                   | 15,903,000        | 397,584                               | 3.15 %            | 385,289                         | 0.40           | 0.40           | 1.20           | 1.20           |  |
| Series D, 7.00% issued September 2021 <sup>(D)</sup> | 18,600,000                   | 18,600,000        | 465,000                               | 3.15 %            | 449,489                         | 0.44           | 0.44           | 1.31           | 1.31           |  |
| <b>Total</b>   | <b>51,964,000</b>            | <b>51,964,000</b> | <b>\$ 1,299,104</b>                   |                   | <b>\$ 1,257,254</b>             | <b>\$ 2.25</b> | <b>\$ 1.76</b> | <b>\$ 5.75</b> | <b>\$ 5.26</b> |  |

- (A) Each series has a liquidation preference of \$25.00 per share.
- (B) Carrying value reflects par value less discount and issuance costs.
- (C) Fixed-to-floating rate cumulative redeemable preferred.
- (D) Fixed-rate reset cumulative redeemable preferred.
- (E) Effective August 15, 2024, dividends on the Series A and Series B accumulate at a floating rate. For the third quarter 2024 dividend, the Series A accrued dividends at a percentage of the \$25.00 liquidation preference per share of the Series A equal to a floating rate of a three-month LIBOR plus a spread of 5.802%, and dividends on the Series B accumulated at a percentage of the \$25.00 liquidation preference per share of the Series B preferred shares equal to a floating rate of a three-month LIBOR plus a spread of 5.640%.

From and including the date of original issue, July 2, 2019 and August 15, 2019 but excluding August 15, 2024, holders of shares of our Series A and Series B were entitled to receive cumulative cash dividends at a rate of 7.50% and 7.125% per annum of the \$25.00 liquidation preference per share (equivalent to \$1.875 and \$1.781 per annum per share), respectively, and from and including August 15, 2024, holders of our Series A and Series B are entitled to receive cumulative cash dividends at a floating rate per annum which is determined pursuant to the USD-LIBOR cessation fallback language in the Certificate of Designations for each of our Series A and Series B. From and including the date of original issue, February 14, 2020 and September 17, 2021 but excluding February 15, 2025 and November 15, 2026, holders of shares of our Series C and Series D are entitled to receive cumulative cash dividends at a rate of 6.375% and 7.00% per annum of the \$25.00 liquidation preference per share (equivalent to \$1.594 and \$1.750 per annum per share), respectively, and from and including February 15, 2025, with respect to holders of our Series C, at a floating rate per annum which is determined pursuant to the USD-LIBOR cessation fallback language in the Certificate of Designations for our Series C. Holders of shares of our Series D, from and including November 15, 2026, are entitled to receive cumulative cash dividends based on the five-year Treasury rate plus a spread of 6.223%. Dividends for the Series A, Series B, Series C and 7.00% Fixed-Rate Reset Series D Cumulative Redeemable Preferred Stock ("Series D") are payable quarterly in arrears on or about the 15th day of each February, May, August and November.

Additionally, in connection with the phase out of LIBOR that occurred in 2023, we do not currently intend to amend any of our Series A, Series B or Series C to change the existing USD-LIBOR cessation fallback language. Consequently, higher interest rates on dividends paid on our preferred stock that reset to floating rates would adversely affect our cash flows.

Preferred dividends declared for the quarter ended September 30, 2024, were \$26.7 million.

### Common Stock

Our certificate of incorporation authorizes 2.0 billion shares of common stock, par value \$0.01 per share.

On August 5, 2022, we entered into a Distribution Agreement to sell shares of our common stock, par value \$0.01 per share, having an aggregate offering price of up to \$500.0 million, from time to time, through an "at-the-market" equity offering

program (the “ATM Program”). No share issuances were made during the three months ended September 30, 2024, under the ATM Program.

Additionally, Rithm Capital’s stock repurchase program provides for flexibility to return capital when deemed accretive to shareholders. During the nine months ended September 30, 2024, we did not repurchase any shares of our common stock or our preferred stock.

On September 24, 2024, Rithm Capital underwrote a public offering of 30.0 million shares of its common stock at a par value of \$0.01 per share for gross proceeds of \$340.2 million, before deducting estimated offering costs.

#### *Common Dividends*

We generally need to distribute at least 90% of our taxable income each year (subject to certain adjustments) to our shareholders to qualify as a REIT under the Code. This distribution requirement limits our ability to retain earnings and thereby replenish or increase capital to support our activities. Dividends declared for the quarter ended September 30, 2024 were \$129.9 million.

We will continue to monitor market conditions and the potential impact the ongoing volatility and uncertainty may have on our business. Our board of directors will continue to evaluate the payment of dividends as market conditions evolve, and no definitive determination has been made at this time. While the terms and timing of the approval and declaration of cash dividends, if any, on shares of our capital stock is at the sole discretion of our board of directors and we cannot predict how market conditions may evolve, we intend to distribute to our stockholders an amount equal to at least 90% of our REIT taxable income determined before applying the deduction for dividends paid and by excluding net capital gains consistent with our intention to maintain our qualification as a REIT under the Code.

#### *Cash Flows*

The following table summarizes changes to our cash, cash equivalents and restricted cash for the periods presented:

|   | Nine Months Ended September 30, |                     |                   |
|---|---------------------------------|---------------------|-------------------|
|   | 2024                            | 2023                | Change            |
| Beginning of period — cash, cash equivalents and restricted cash      | \$ 1,697,095                    | \$ 1,629,328        | \$ 67,767         |
| Net cash provided by (used in) operating activities                   | (431,843)                       | 1,740,541           | (2,172,384)       |
| Net cash provided by (used in) investing activities                   | (2,087,529)                     | (1,491,011)         | (596,518)         |
| Net cash provided by (used in) financing activities                   | 2,825,689                       | (285,748)           | 3,111,437         |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 306,317                         | (36,218)            | 342,535           |
| <b>End of Period — Cash, Cash Equivalents and Restricted Cash</b>     | <b>\$ 2,003,412</b>             | <b>\$ 1,593,110</b> | <b>\$ 410,302</b> |

#### *Operating Activities*

Net cash provided by (used in) operating activities was approximately \$(0.4) billion and \$1.7 billion for the nine months ended September 30, 2024 and 2023, respectively. The net cash used in operating activities is primarily attributable to higher mortgage origination volumes.

#### *Investing Activities*

Net cash provided by (used in) investing activities was approximately \$(2.1) billion and \$(1.5) billion for the nine months ended September 30, 2024 and 2023, respectively. The net cash used in investing activities is attributable to the Computershare Acquisition, origination of mortgage loan receivables, net of repayments, and purchase of Treasury securities, offset by the proceeds from sale of government and government-backed securities.

## *Financing Activities*

Net cash provided by (used in) financing activities was approximately \$2.8 billion and \$(0.3) billion for the nine months ended September 30, 2024 and 2023, respectively. The net cash provided by financing activities is attributable to proceeds from warehouse facilities and non-qualified mortgage securitizations driven by origination volumes, net proceeds from the issuance of unsecured corporate debt and the issuance of common stock, partially offset by refinancing and the repayment of secured debt.

## **INTEREST RATE, CREDIT AND SPREAD RISK**

We are subject to interest rate, credit and spread risk with respect to our investments. These risks are further described in "Quantitative and Qualitative Disclosures About Market Risk."

## **OFF-BALANCE SHEET ARRANGEMENTS**

We have material off-balance sheet arrangements related to our non-consolidated securitizations of residential mortgage loans treated as sales in which we retained certain interests. We believe that these off-balance sheet structures presented the most efficient and least expensive form of financing for these assets at the time they were entered and represented the most common market-accepted method for financing such assets. Our exposure to credit losses related to these non-recourse, off-balance sheet financings is limited to \$0.5 billion. As of September 30, 2024, there was \$8.2 billion in total outstanding UPB of residential mortgage loans underlying such securitization trusts that represent off-balance sheet financings.

We have material off-balance sheet arrangements related to our involvement with funds through our asset management business. Our involvement in these off-balance sheet arrangements is generally limited to providing asset management services and, in certain cases, investments in the non-consolidated entities. As of September 30, 2024, our maximum exposure to loss of \$817.6 million represents the potential loss of current investments or income and fees receivables from these entities, as well as the obligation to repay unearned revenues, primarily incentive income subject to clawback, in the event of any future fund losses, as well as unfunded commitments to certain funds. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support beyond its share of capital commitments.

We are party to mortgage loan participation purchase and sale agreements, pursuant to which we have access to uncommitted facilities that provide liquidity for recently sold mortgage-backed security ("MBS") up to the MBS settlement date. These facilities, which we refer to as gestation facilities, are a component of our financing strategy and are off-balance sheet arrangements.

TBA dollar roll transactions represent a form of off-balance sheet financing accounted for as derivative instruments. In a TBA dollar roll transaction, we do not intend to take physical delivery of the underlying agency MBS and will generally enter into an offsetting position and net settle the paired-off positions in cash. However, under certain market conditions, it may be uneconomical for us to roll our TBA contracts into future months and we may need to take or make physical delivery of the underlying securities. If we were required to take physical delivery to settle a long TBA contract, we would have to fund our total purchase commitment with cash or other financing sources and our liquidity position could be negatively impacted.

As of September 30, 2024, we did not have any other commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources.

## **CONTRACTUAL OBLIGATIONS**

Our contractual obligations as of September 30, 2024, included all of the material contractual obligations referred to in our Amended 2023 Form 10-K/A, excluding debt that was repaid as described in "—Liquidity and Capital Resources—Debt Obligations."

In addition, we executed the following material contractual obligations during the nine months ended September 30, 2024:

- *Derivatives* – as described in Note 17 to our consolidated financial statements, we altered the composition of our economic hedges during the period.
- *Debt obligations* – as described in Note 18 to our consolidated financial statements, we borrowed additional amounts.

See Notes 16, 25 and 27 to our consolidated financial statements included in this report for information regarding commitments and material contracts entered into subsequent to September 30, 2024, if any. As described in Note 25, we have committed to purchase certain future servicer advances. The actual amount of future advances is subject to significant uncertainty. However, we currently expect that net recoveries of servicer advances will exceed net fundings for the foreseeable future. This expectation is based on judgments, estimates and assumptions, all of which are subject to significant uncertainty. In addition, the Consumer Loan Companies have invested in loans with an aggregate of \$155.4 million of unfunded and available revolving credit privileges as of September 30, 2024. However, under the terms of these loans, requests for draws may be denied and unfunded availability may be terminated at management's discretion. Lastly, each of Genesis and Rithm Capital had commitments to fund up to \$984.2 million and \$1.4 million, respectively, of additional advances on existing mortgage loans as of September 30, 2024. These commitments are generally subject to loan agreements with covenants regarding the financial performance of the customer and other terms regarding advances that must be met before Genesis and Rithm Capital fund the commitment.

## **INFLATION**

Virtually all of our assets and liabilities are financial in nature. As a result, interest rates and other factors affect our performance more so than inflation, although inflation rates can often have a meaningful influence over the direction of interest rates. Furthermore, our financial statements are prepared in accordance with GAAP and our distributions are determined by our board of directors primarily based on our taxable income, and, in each case, our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation. See "Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk."

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk is the exposure to loss resulting from changes in interest rates, credit spreads, foreign currency exchange rates, commodity prices, equity prices and other market-based risks. The primary market risks that we are exposed to are interest rate risk, mortgage basis spread risk, prepayment rate risk and credit risk. These risks are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. All of our market risk sensitive assets, liabilities and derivative positions (other than TBAs) are for non-trading purposes only. For a further discussion of how market risk may affect our financial position or results of operations, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates."

### ***Interest Rate Risk***

Changes in interest rates, including changes in expected interest rates or "yield curves," affect our investments in various ways, the most significant of which are discussed below.

#### ***Fair Value Impact***

Changes in the level of interest rates also affect the yields required by the marketplace on interest rate instruments. Increasing interest rates would decrease the value of the fixed-rate assets we hold at the time because higher required yields result in lower prices on existing fixed-rate assets in order to adjust their yield upward to meet the market.

Changes in unrealized gains or losses resulting from changes in market interest rates do not directly affect our cash flows, or our ability to pay a dividend, to the extent the related assets are expected to be held and continue to perform as expected, as their fair value is not relevant to their underlying cash flows. Changes in unrealized gains or losses would impact our ability to realize gains on existing investments if they were sold. Furthermore, with respect to changes in unrealized gains or losses on investments which are carried at fair value, changes in unrealized gains or losses would impact our net book value and, in certain cases, our net income.

Changes in interest rates can also have ancillary impacts on our investments. Generally, in a declining interest rate environment, residential mortgage loan prepayment rates increase which in turn would cause the value of MSRs, MSRs financing receivables, Excess MSRs and the rights to the base fee components of MSRs to decrease, because the duration of the cash flows we are entitled to receive becomes shortened, and the value of loans and Non-Agency RMBS to increase, because we generally acquired these investments at a discount whose recovery would be accelerated. With respect to a significant portion of our MSRs and Excess MSRs, we have recapture agreements, as described in Notes 5 and 13 to our consolidated financial statements. These recapture agreements help to protect these investments from the impact of increasing prepayment rates. In

addition, to the extent that the loans underlying our MSRs, MSR financing receivables, Excess MSRs and the rights to the base fee components of MSRs are well-seasoned with credit-impaired borrowers who may have limited refinancing options, we believe the impact of interest rates on prepayments would be reduced. Conversely, in an increasing interest rate environment, prepayment rates decrease which in turn would cause the value of MSRs, MSR financing receivables, Excess MSRs and the rights to the base fee components of MSRs to increase and the value of loans and Non-Agency RMBS to decrease. To the extent we do not hedge against changes in interest rates, our balance sheet, results of operations and cash flows would be susceptible to significant volatility due to changes in the fair value of, or cash flows from, our investments as interest rates change. However, rising interest rates could result from more robust market conditions, which could reduce the credit risk associated with our investments. The effects of such a decrease in values on our financial position, results of operations and liquidity are discussed below under “—Prepayment Rate Exposure.”

Changes in the value of our assets could affect our ability to borrow and access capital. Also, if the value of our assets subject to short-term financing were to decline, it could cause us to fund margin, or repay debt, and affect our ability to refinance such assets upon the maturity of the related financings, adversely impacting our rate of return on such investments.

We are subject to margin calls on our secured financing agreements. Furthermore, we may, from time to time, be a party to derivative agreements or financing arrangements that are subject to margin calls, or mandatory repayment, based on the value of such instruments. We seek to maintain adequate cash reserves and other sources of available liquidity to meet any margin calls, or required repayments, resulting from decreases in value related to a reasonably possible (in our opinion) change in interest rates but there can be no assurance that our cash reserves will be sufficient.

In addition, changes in interest rates may impact our ability to exercise our call rights and to realize or maximize potential profits from them. A significant portion of the residential mortgage loans underlying our call rights bear fixed-rates and may decline in value during a period of rising market interest rates. Furthermore, rising rates could cause prepayment rates on these loans to decline, which would delay our ability to exercise our call rights. These impacts could be at least partially offset by potential declines in the value of Non-Agency RMBS related to the call rights, which could then be acquired more cheaply, and in credit spreads, which could offset the impact of rising market interest rates on the value of fixed-rate loans to some degree. Conversely, declining interest rates could increase the value of our call rights by increasing the value of the underlying loans.

We believe our consumer loan investments generally have limited interest rate sensitivity given that our portfolio is mostly composed of seasoned loans with credit-impaired borrowers who are paying fixed-rates, who we believe are relatively unlikely to change their prepayment patterns based on changes in interest rates.

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control.

The interest rates on our secured financing agreements, as well as adjustable-rate mortgage loans in our securitizations, are generally based on SOFR, which is subject to national, international and other regulatory guidance for reform. The recent transition from LIBOR to SOFR involves operational risks, including, but not limited to, reduced experience understanding and modeling SOFR-based assets and liabilities which in turn increases the difficulty of investing, hedging and risk management.

The table below provides comparative estimated changes in our book value based on a parallel shift in the yield curve (assuming an unchanged mortgage basis) including changes in our book value resulting from potential related changes in discount rates:

| Interest rate change (bps) | Estimated Change in Book Value<br>(in \$ millions) <sup>(A)</sup> |                   |
|----------------------------|---|-------------------|
|                            | September 30, 2024  | December 31, 2023 |
| +50bps                     | +83.2   | +339.3            |
| +25bps                     | +57.4   | +171.2            |
| -25bps                     | -89.0   | -171.2            |
| -50bps                     | -209.7  | -347.4            |

(A) Amounts shown are pre-tax.

#### **Mortgage Basis Spread Risk**

Mortgage basis measures the spread between the yield on current coupon MBSs and benchmark rates including treasuries and swaps. The level of mortgage basis is driven by demand and supply of mortgage-backed instruments relative to other rate-

sensitive assets. Changes in the mortgage basis have an impact on prepayment rates driven by the ability of borrowers underlying our portfolio to refinance. A lower mortgage basis would imply a lower mortgage rate which would increase prepayment speeds due to higher refinance activity and, therefore, lower fair value of our mortgage portfolio. The mortgage basis is also correlated with other spread products such as corporate credit.

The table below provides comparative estimated changes in our book value based on changes in mortgage basis:

| Mortgage basis change (bps) | Estimated Change in Book Value<br>(in \$ millions) <sup>(A)</sup> |                   |
|-----------------------------|---|-------------------|
|                             | September 30, 2024  | December 31, 2023 |
| +20bps                      | +49.7   | +31.2             |
| +10bps                      | +24.8   | +15.7             |
| -10bps                      | -24.8   | -15.7             |
| -20bps                      | -49.7   | -32.0             |

(A) Amounts shown above are pre-tax.

#### **Prepayment Rate Exposure**

Prepayment rates significantly affect the value of MSRs and MSR financing receivables, Excess MSRs, the base fee component of MSRs (which we own as part of our servicer advance investments), Non-Agency RMBS and loans, including consumer loans. Prepayment rate is the measurement of how quickly borrowers pay down the UPB of their loans or how quickly loans are otherwise brought current, modified, liquidated or charged off. The price we pay to acquire certain investments will be based on, among other things, our projection of the cash flows from the related pool of loans. Our expectation of prepayment rates is a significant assumption underlying those cash flow projections. If the fair value of MSRs and MSR financing receivables, Excess MSRs or the base fee component of MSRs decreases, we would be required to record a non-cash charge, which would have a negative impact on our financial results. Furthermore, a significant increase in prepayment rates could materially reduce the ultimate cash flows we receive from MSRs and MSR financing receivables, Excess MSRs or our right to the base fee component of MSRs, and we could ultimately receive substantially less than what we paid for such assets. Conversely, a significant decrease in prepayment rates with respect to our loans or RMBS could delay our expected cash flows and reduce the yield on these investments.

We seek to reduce our exposure to prepayment through the structuring of our investments. For example, in our MSR and Excess MSR investments, we seek to enter into "recapture agreements" whereby our MSR or Excess MSR is retained if the applicable servicer or subservicer originates a new loan the proceeds of which are used to repay a loan underlying an MSR or Excess MSR in our portfolio. We seek to enter into such recapture agreements in order to protect our returns in the event of a rise in voluntary prepayment rates.

#### **Credit Risk**

We are subject to varying degrees of credit risk in connection with our assets. Credit risk refers to the ability of each individual borrower underlying our MSRs, MSR financing receivables, Excess MSRs, servicer advance investments, securities and loans to make required interest and principal payments on the scheduled due dates. If delinquencies increase, then the amount of servicer advances we are required to make will also increase, as would our financing cost thereof. We may also invest in loans and Non-Agency RMBS which represent "first loss" pieces; in other words, they do not benefit from credit support although we believe they predominantly benefit from underlying collateral value in excess of their carrying amounts. We do not expect to encounter credit risk in our Agency RMBS, and we do anticipate credit risk related to Non-Agency RMBS, residential mortgage loans and consumer loans.

We seek to reduce credit risk through prudent asset selection, actively monitoring our asset portfolio and the underlying credit quality of our holdings and, where appropriate and achievable, repositioning our investments to upgrade their credit quality. Our pre-acquisition due diligence and processes for monitoring performance include the evaluation of, among other things, credit and risk ratings, principal subordination, prepayment rates, delinquency and default rates, and vintage of collateral.

For our MSRs, MSR financing receivables and Excess MSRs on Agency collateral and our Agency RMBS, delinquency and default rates have an effect similar to prepayment rates. Our Excess MSRs on Non-Agency portfolios are not directly affected by delinquency rates, because the servicer continues to advance principal and interest until a default occurs on the applicable loan, so delinquencies decrease prepayments therefore having a positive impact on fair value, while increased defaults have an effect similar to increased prepayments. For our Non-Agency RMBS and loans, higher default rates can lead to greater loss of

principal. For our call rights, higher delinquencies and defaults could reduce the value of the underlying loans, therefore reducing or eliminating the related potential profit.

Market factors that could influence the degree of the impact of credit risk on our investments include (i) unemployment levels and the general economy, which impact borrowers' ability to make payments on their loans, (ii) home prices, which impact the value of collateral underlying residential mortgage loans, (iii) the availability of credit, which impacts borrowers' ability to refinance and (iv) other factors, all of which are beyond our control.

#### ***Liquidity Risk***

The assets that comprise our asset portfolio are generally not publicly traded. A portion of these assets may be subject to legal and other restrictions on resale or otherwise be less liquid than publicly-traded securities. The illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises, including in response to changes in economic and other conditions. See Note 19 to our consolidated financial statements for a sensitivity analysis for MSRs and MSR financing receivables.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***Disclosure Controls and Procedures***

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is recorded, processed, summarized and reported accurately and on a timely basis. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were not effective because of the material weakness in our internal control over financial reporting described in Part II, Item 9A, "Controls and Procedures" of our Amended 2023 Form 10-K/A.

#### ***Remediation Plan***

Management has implemented a remediation plan to address the material weakness in our internal control over financial reporting described in Part II, Item 9A, "Controls and Procedures" of our Amended 2023 Form 10-K/A. The material weakness cannot be considered remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. The Company will monitor the effectiveness of its remediation plan and will make changes management determines to be appropriate. As of the date of this Form 10-Q, the material weakness described above has not yet been remediated.

To remediate the material weakness, beginning in the second quarter of 2024, management implemented certain enhancements to the Company's internal controls for reviewing key accounting considerations on private label securitization transactions. These enhancements include:

- involvement of external subject matter experts to advise management where necessary or where management determines the application of accounting considerations are particularly complex;
- quarterly formal review of existing transactions by a cross functional team (including accounting, legal and business) to identify changes to existing transactions that could impact previous accounting conclusions; and
- enhancement of documentation and review surrounding significant accounting judgments and key criteria supporting management's conclusions.

The Company will continue to evaluate the operation of these internal controls to determine whether they are operating effectively in order to remediate the material weakness.

#### ***Changes in Internal Control Over Financial Reporting***

Other than as described above, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are or may become, from time to time, involved in various disputes, litigation and regulatory inquiry and investigation matters that arise in the ordinary course of business. Given the inherent unpredictability of these types of proceedings, it is possible that future adverse outcomes could have a material adverse effect on our business, financial position or results of operations.

Rithm Capital is, from time to time, subject to inquiries by government entities. Rithm Capital currently does not believe any of these inquiries would result in a material adverse effect on Rithm Capital's business.

### **ITEM 1A. RISK FACTORS**

For the three months ended September 30, 2024, there were no material changes to the risk factors disclosed under Part I, Item 1A. "Risk Factors" of our Amended 2023 Form 10-K/A and Part II, Item 1A., "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

### **ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

| Exhibit Number                | Exhibit Description  |
|-------------------------------|--|
| <a href="#"><u>31.1*</u></a>  | Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| <a href="#"><u>31.2*</u></a>  | Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| <a href="#"><u>32.1**</u></a> | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |
| <a href="#"><u>32.2**</u></a> | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |
| 101                           | The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Comprehensive Operations; (iii) Consolidated Statements of Changes in Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements |
| 104                           | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)   |

\* Exhibit filed herewith.

\*\* Exhibit furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

RITHM CAPITAL CORP.

By: /s/ Michael Nierenberg  
Michael Nierenberg  
Chief Executive Officer and President  
(Principal Executive Officer)

November 4, 2024

By: /s/ Nicola Santoro, Jr.  
Nicola Santoro, Jr.  
Chief Financial Officer and Treasurer  
(Principal Financial Officer)

November 4, 2024

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael Nierenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rithm Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2024

/s/ Michael Nierenberg

Michael Nierenberg  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Nicola Santoro, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rithm Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2024

/s/ Nicola Santoro, Jr.

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Nicola Santoro, Jr.  
Chief Financial Officer

**CERTIFICATION OF CEO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Rithm Capital Corp. (the "Company") for the quarterly period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Nierenberg, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 4, 2024

/s/ Michael Nierenberg

Michael Nierenberg

Chief Executive Officer

**CERTIFICATION OF CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Rithm Capital Corp. (the "Company") for the quarterly period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nicola Santoro, Jr., as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 4, 2024

/s/ Nicola Santoro, Jr.

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Nicola Santoro, Jr.

Chief Financial Officer