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DELTA REPORT

10-Q

RITM PR D - RITHM CAPITAL CORP.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3541
CHANGES	493
DELETIONS	1495
ADDITIONS	1553

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, 2023 March 31, 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:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
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: 483,214,061 483,477,713 shares outstanding as of October 27, 2023 April 26, 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, as 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 fully described complete discussion of risk factors we face, which are set forth under Part I, Item 1A. "Risk Factors" in this report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. 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 and 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;
- risks relating to realizing some or all of the targeted benefits of internalizing our management functions;
- 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, requirements; significant increases in delinquencies for the loans, loan delinquencies; compliance with the terms of related servicing agreements, agreements; financing related to servicer advances, mortgage servicing rights ("MSRs") and the origination business, business; expenses related to servicing high risk loans, unrecovered loans; unrecoverable or delayed recovery of servicing advances, advances; foreclosure rates, rates; servicer ratings ratings; and termination of government mortgage refinancing programs;
- competition within the finance, and real estate sectors; and asset management industries;
- interest rate fluctuations and shifts in the yield curve;
- impairments in the value of the collateral underlying our investments and the relation of any such impairments to the value of our securities or loans;
- 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 mortgage servicing rights ("MSRs"), MSRs, excess mortgage servicing rights ("Excess MSRs"), servicer advance investments, residential mortgage-backed securities ("RMBS"), residential mortgage loans and consumer loan portfolios; portfolio;
- the risks that default and recovery rates on our MSRs, Excess MSRs, servicer advance investments, servicer advances 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, ("CFPB"), 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, risk related to investment professionals, leverage risk, diligence risk, liquidity risk, valuation risk, risk related to minority investments, foreign investment risk, regulatory risk, risk related to hedging and risk management and investment strategy risk;
- our ability to successfully integrate the businesses and realize the anticipated benefits of the acquisition of Sculptor;
- 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, on the single-family rental properties sector, relating to decreased rental demand during the off-peak rental seasons;
- significant competition in the leasing market for quality residents which may limit our ability and fixed costs related to lease our single-family rental properties on favorable terms;
- a significant portion of our costs and expenses relating to our single-family rental investments are fixed, including the SFR industry, such as increasing property taxes, HOA homeowners' association ("HOA") fees and insurance costs, and we may not be able to adapt our costs structure to offset declines in our revenue; costs;
- our ability to maintain our exclusion from registration under the Investment Company Act of 1940 (the "1940 Act") and limits on our operations from maintaining such exclusion;
- our ability to maintain our qualification as a Real Estate Investment Trust real estate investment trust ("REIT") for U.S. 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, U.S. 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", Mac," and together with Fannie Mae, "Government Sponsored Enterprises" or "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;
- our exposure increased focus related to risks of loss resulting from adverse weather conditions, man-made or natural disasters, the effect of environmental, social and governance issues, including, but not limited to, climate change and pandemics;
- risks associated with our acquisition of Sculptor Capital Management, Inc., including the risk that a condition to closing the acquisition may not be satisfied, the Merger Agreement may be terminated in accordance with its terms, potential adverse impacts related regulations, and any impact such focus could have on our business and operations from uncertainties associated with the acquisition, potential liabilities, stockholder or other litigation, including the Sculptor Stockholder Action (as defined in Note 25), and potential resulting damages and/or adverse effects and our ability to successfully integrate the businesses and realize the anticipated benefits of the acquisition; reputation;
- impact from any of our current or future acquisitions, including, but not limited to, our acquisition of Computershare Mortgage Services Inc. and certain affiliated companies, including Specialized Loan Servicing LLC ("SLS"), and our ability to successfully complete such acquisitions and integrate the acquired assets, entities, employees and assumed liabilities;
- 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; and
- 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.

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 this report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. We caution that you should

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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.

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 US Securities and Exchange Commission’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.

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)

		September 30, 2023 (Unaudited)	December 31, 2022		
	March 31, 2024 (Unaudited)			March 31, 2024 (Unaudited)	December 31, 2023
Assets	**Assets**				
Mortgage servicing rights and mortgage servicing rights financing receivables, at fair value	Mortgage servicing rights and mortgage servicing rights financing receivables, at fair value	$ 8,694,868	$ 8,889,403		
Real estate and other securities ($9,201,474 and $8,289,277 at fair value, respectively)		10,193,596	8,289,277		

Residential loans held-for-investment, at fair value		370,957	452,519
Residential mortgage loans, held-for-sale ($2,740,599 and $3,297,271 at fair value, respectively)		2,819,282	3,398,298
Consumer loans held-for-investment, at fair value(A)		1,436,080	363,756
Mortgage servicing rights and mortgage servicing rights financing receivables, at fair value			
Mortgage servicing rights and mortgage servicing rights financing receivables, at fair value			
Real estate and other securities (includes $15,289,314 and $9,757,664 at fair value, respectively)			
Residential mortgage loans, held-for-investment, at fair value			
Residential mortgage loans, held-for-sale (includes $3,691,700 and $2,461,865 at fair value, respectively)(A)			
Consumer loans, held-for-investment, at fair value(A)			
Single-family rental properties	Single-family rental properties	991,948	971,313
Mortgage loans receivable, at fair value(A)	Mortgage loans receivable, at fair value(A)	2,135,424	2,064,028
Residential mortgage loans subject to repurchase(B)	Residential mortgage loans subject to repurchase(B)	1,443,546	1,219,890
Cash and cash equivalents(A)	Cash and cash equivalents(A)	1,217,283	1,336,508
Restricted cash(A)	Restricted cash(A)	368,447	281,126
Servicer advances receivable	Servicer advances receivable	2,434,266	2,825,485

Receivable for investments sold		219,963	473,126
Other assets(A)		2,419,868	1,914,607
		$34,745,528	$32,479,336
Other assets (includes $1,525,970 and $1,489,419 at fair value, respectively)(A)			
Other assets (includes $1,525,970 and $1,489,419 at fair value, respectively)(A)			
Other assets (includes $1,525,970 and $1,489,419 at fair value, respectively)(A)			
	$		
Liabilities and Equity	**Liabilities and Equity**		
Liabilities	**Liabilities**		
Liabilities			
Liabilities			
Secured financing agreements(A)	Secured financing agreements(A)	$13,605,380	$11,257,736
Secured notes and bonds payable ($552,920 and $632,404 at fair value, respectively)(A)		9,964,855	10,098,943
Secured financing agreements(A)			
Secured financing agreements(A)			
Secured notes and bonds payable (includes $545,984 and $554,800 at fair value, respectively)(A)			
Residential mortgage loan repurchase liability(B)	Residential mortgage loan repurchase liability(B)	1,443,546	1,219,890
Unsecured senior notes, net of issuance costs		546,374	545,056
Unsecured notes, net of issuance costs			
Payable for investments purchased	Payable for investments purchased	—	731,216
Dividends payable	Dividends payable	135,095	129,760
Accrued expenses and other liabilities(A)		1,782,315	1,486,667
		27,477,565	25,469,268
Commitments and Contingencies			

Accrued expenses and other liabilities (includes $251,709 and $333,688 at fair value, respectively)(A)	34,877,556		
Commitments and Contingencies (Note 22)	**Commitments and Contingencies** (Note 22)		
Equity	**Equity**		
Equity			
Equity			
Preferred stock, $0.01 par value, 100,000,000 shares authorized, 51,964,122 and 51,964,122 issued and outstanding, $1,299,104 and $1,299,104 aggregate liquidation preference, respectively	Preferred stock, $0.01 par value, 100,000,000 shares authorized, 51,964,122 and 51,964,122 issued and outstanding, $1,299,104 and $1,299,104 aggregate liquidation preference, respectively	1,257,254	1,257,254
Common stock, $0.01 par value, 2,000,000,000 shares authorized, 483,214,061 and 473,715,100 issued and outstanding, respectively		4,833	4,739
Preferred stock, $0.01 par value, 100,000,000 shares authorized, 51,964,122 and 51,964,122 issued and outstanding, $1,299,104 and $1,299,104 aggregate liquidation preference, respectively			
Preferred stock, $0.01 par value, 100,000,000 shares authorized, 51,964,122 and 51,964,122 issued and outstanding, $1,299,104 and $1,299,104 aggregate liquidation preference, respectively			
Common stock, $0.01 par value, 2,000,000,000 shares authorized, 483,477,713 and 483,226,239 issued and outstanding, respectively			
Additional paid-in capital	Additional paid-in capital	6,070,970	6,062,019
Retained earnings (accumulated deficit)	Retained earnings (accumulated deficit)	(164,010)	(418,662)

Accumulated other comprehensive income	Accumulated other comprehensive income	39,009	37,651
Total Rithm Capital stockholders' equity	Total Rithm Capital stockholders' equity	7,208,056	6,943,001
Noncontrolling interests in equity of consolidated subsidiaries(A)		59,907	67,067
Noncontrolling interests in equity of consolidated subsidiaries(C)			
Total equity	Total equity	7,267,963	7,010,068
		$ 34,745,528	$ 32,479,336
	$		

(A) The Company's Consolidated Balance Sheets include assets of consolidated variable interest entities ("VIEs") that can only be used to settle obligations and liabilities of the VIE for which creditors do not have recourse to the primary beneficiary (Rithm Capital) Capital Corp.). As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, total assets of consolidated VIEs were $2.2 $2.6 billion and $2.3 $2.5 billion, respectively, and total liabilities of consolidated VIEs were $1.8 $2.1 billion and $1.8 $2.1 billion, respectively. See Note 20 for further details.

(B) See Note 5 for details.

(C) See Note 20 for 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 March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	2024
	2024
	2024
Revenues	
Revenues	
Revenues	
Origination and Servicing, Investment Portfolio, Mortgage Loans Receivable and Corporate	
Origination and Servicing, Investment Portfolio, Mortgage Loans Receivable and Corporate	
Origination and Servicing, Investment Portfolio, Mortgage Loans Receivable and Corporate	
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	

Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839) and $(105,691) respectively)
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839) and $(105,691) respectively)
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839) and $(105,691) respectively)

Servicing revenue, net
Servicing revenue, net
Servicing revenue, net

Interest income
Interest income
Interest income

Gain on originated residential mortgage loans, held-for-sale, net
Gain on originated residential mortgage loans, held-for-sale, net
Gain on originated residential mortgage loans, held-for-sale, net

Other revenues
Other revenues
Other revenues

1,210,450
1,210,450
1,210,450

Asset Management
Asset Management
Asset Management

Asset management revenues
Asset management revenues
Asset management revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1,286,310			
	2023	2022	2023	2022
Revenues				
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 442,644	$ 453,163	$ 1,378,045	$ 1,379,041
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(138,993), $(141,616), $(384,094) and $(522,206), respectively)	20,934	(19,174)	(99,338)	890,281
Servicing revenue, net	463,578	433,989	1,278,707	2,269,322
Interest income	476,607	273,379	1,222,007	710,440
Gain on originated residential mortgage loans, held-for-sale, net	149,230	203,479	410,320	980,266
	1,286,310			
	1,286,310			
Expenses				
Expenses				
	1,089,415	910,847	2,911,034	3,960,028
Expenses **Expenses**				
Interest expense and warehouse line fees Interest expense and warehouse line fees	382,554	218,089	1,020,780	507,751

Interest expense and warehouse line fees					
Interest expense and warehouse line fees					
General and administrative					
General and administrative					
General and administrative	General and administrative	190,475	214,624	539,138	686,133
Compensation and benefits	Compensation and benefits	186,149	290,984	564,635	1,023,261
Management fee		—	—	—	46,174
Termination fee to affiliate		—	—	—	400,000
Compensation and benefits					
Compensation and benefits					
		759,178	723,697	2,124,553	2,663,319
		845,261			
		845,261			
		845,261			
Other Income (Loss)	**Other Income (Loss)**				
Realized and unrealized gains (losses) on investments, net		(127,508)	(34,118)	(113,732)	(256,656)
Other Income (Loss)					
Other Income (Loss)					
Realized and unrealized gains (losses), net					
Realized and unrealized gains (losses), net					
Realized and unrealized gains (losses), net					
Other income (loss), net	Other income (loss), net	71,047	23,242	117,385	134,962
		(56,461)	(10,876)	3,653	(121,694)
Income Before Income Taxes		273,776	176,274	790,134	1,175,015
Other income (loss), net					
Other income (loss), net					
		(60,150)			
		(60,150)			
		(60,150)			
Income (loss) before income taxes					
Income (loss) before income taxes					
Income (loss) before income taxes					
Income tax expense (benefit)	Income tax expense (benefit)	52,585	22,084	92,309	297,563
Net Income		$ 221,191	$ 154,190	$ 697,825	$ 877,452
Income tax expense (benefit)					
Income tax expense (benefit)					
Net Income (loss)					
Net Income (loss)					
Net Income (loss)					
Noncontrolling interests in income (loss) of consolidated subsidiaries					
Noncontrolling interests in income (loss) of consolidated subsidiaries					
Noncontrolling interests in income (loss) of consolidated subsidiaries	Noncontrolling interests in income (loss) of consolidated subsidiaries	4,848	7,307	10,437	27,098

Dividends on preferred stock	Dividends on preferred stock	22,394	22,427	67,184	67,315
Net Income (Loss) Attributable to Common Stockholders		$ 193,949	$ 124,456	$ 620,204	$ 783,039
Dividends on preferred stock					
Dividends on preferred stock					
Net income (loss) attributable to common stockholders					
Net income (loss) attributable to common stockholders					
Net income (loss) attributable to common stockholders					
Net Income (Loss) Per Share of Common Stock					
Net Income (loss) per share of common stock					
Net Income (loss) per share of common stock					
Net Income (loss) per share of common stock					
Basic					
Basic					
Basic	Basic	$ 0.40	$ 0.27	$ 1.29	$ 1.68
Diluted	Diluted	$ 0.40	$ 0.26	$ 1.28	$ 1.62
Weighted Average Number of Shares of Common Stock Outstanding					
Diluted					
Diluted					
Weighted average number of shares of common stock outstanding					
Weighted average number of shares of common stock outstanding					
Weighted average number of shares of common stock outstanding					
Basic					
Basic					
Basic	Basic	483,214,061	467,974,962	481,503,762	467,192,721
Diluted	Diluted	484,350,288	476,796,757	483,530,227	481,900,129
Diluted					
Diluted					
Dividends Declared per Share of Common Stock		$ 0.25	$ 0.25	$ 0.75	$ 0.75
Dividends declared per share of common stock					
Dividends declared per share of common stock					
Dividends declared per share of common stock					

See Notes to Consolidated Financial Statements.

RITHM CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income	$ 221,191	$ 154,190	$ 697,825	$ 877,452

Other comprehensive income, net of tax:					
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Net income (loss)					
Net income (loss)					
Net income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Unrealized gain (loss) on available-for-sale securities, net					
Unrealized gain (loss) on available-for-sale securities, net					
Unrealized gain (loss) on available-for-sale securities, net	Unrealized gain (loss) on available-for-sale securities, net	(945)	(9,283)	1,358	(41,916)
Comprehensive income		220,246	144,907	699,183	835,536
Cumulative translation adjustment					
Cumulative translation adjustment					
Cumulative translation adjustment					
Deferred taxes					
Deferred taxes					
Deferred taxes					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss) attributable to noncontrolling interests					
Comprehensive income (loss) attributable to noncontrolling interests					
Comprehensive income (loss) attributable to noncontrolling interests	Comprehensive income (loss) attributable to noncontrolling interests	4,848	7,307	10,437	27,098
Dividends on preferred stock	Dividends on preferred stock	22,394	22,427	67,184	67,315
Dividends on preferred stock					
Dividends on preferred stock					
Comprehensive income (loss) attributable to common stockholders	**Comprehensive income (loss) attributable to common stockholders**	$ 193,004	$ 115,173	$ 621,562	$ 741,123
Comprehensive income (loss) attributable to common stockholders					
Comprehensive income (loss) attributable to common stockholders					

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, MARCH 31, 2024 AND 2023 AND 2022

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

	Preferred Stock		Common Stock							
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Rithm Capital Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
Balance at June 30, 2023	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, $0.25 per share	—	—	—	—	—	(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 employee non-cash stock-based compensation	—	—	(106,545)	(1)	2,357	(932)	—	1,424	—	1,424
Comprehensive income (loss)										
Net income (loss)	—	—	—	—	—	216,343	—	216,343	4,848	221,191
Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	(945)	(945)	—	(945)
Total comprehensive income (loss)								215,398	4,848	220,246
Balance at September 30, 2023	51,964,122	$ 1,257,254	483,214,061	$ 4,833	$ 6,070,970	$ (164,010)	$ 39,009	$ 7,208,056	$ 59,907	$ 7,267,963

	Preferred Stock
	Shares
	Shares
Balance at December 31, 2023	
Balance at December 31, 2023	
Balance at December 31, 2023	
Dividends declared on common stock, $0.25 per share	
Dividends declared on common stock, $0.25 per share	
Dividends declared on common stock, $0.25 per share	
Dividends declared on preferred stock	
Dividends declared on preferred stock	
Dividends declared on preferred stock	
Capital contributions	
Capital contributions	
Capital contributions	
Capital distributions	
Capital distributions	
Capital distributions	

	Preferred Stock		Common Stock							
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Rithm Capital Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
Balance at June 30, 2022	52,038,342	$ 1,258,667	466,856,753	$ 4,670	$ 6,060,740	$ (387,870)	$ 57,620	$ 6,993,827	$ 69,171	$ 7,062,998
Dividends declared on common stock, $0.25 per share	—	—	—	—	—	(118,429)	—	(118,429)	—	(118,429)
Dividends declared on preferred stock	—	—	—	—	—	(22,427)	—	(22,427)	—	(22,427)

Capital distributions	—	—	—	—	—	—	—	—	(5,423)	(5,423)
Cashless exercise of 2020 Warrants	—	—	6,858,347	69	(69)	—	—	—	—	—
Director share grants and employee non-cash stock-based compensation										
Director share grants and employee non-cash stock-based compensation										
Director share grants and employee non-cash stock-based compensation										
Comprehensive income (loss) Comprehensive income (loss)										
Net income	—	—	—	—	—	146,883	—	146,883	7,307	154,190
Comprehensive income (loss)										
Comprehensive income (loss)										
Net income (loss)										
Net income (loss)										
Net income (loss)										
Unrealized gain (loss) on available-for-sale securities, net Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	(9,283)	(9,283)	—	(9,283)
Unrealized gain (loss) on available-for-sale securities, net										
Unrealized gain (loss) on available-for-sale securities, net										
Cumulative translation adjustment										
Cumulative translation adjustment										
Cumulative translation adjustment										
Deferred taxes										
Deferred taxes										
Deferred taxes										
Total comprehensive income (loss) Total comprehensive income (loss)								137,600	7,307	144,907
Balance at September 30, 2022	52,038,342	$ 1,258,667	473,715,100	$ 4,739	$ 6,060,671	$ (381,843)	$ 48,337	$ 6,990,571	$ 71,055	$ 7,061,626
Total comprehensive income (loss)										
Total comprehensive income (loss)										
Balance at March 31, 2024										
Balance at March 31, 2024										
Balance at March 31, 2024										

RITHM CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other	Total Rithm Capital	Noncontrolling Interests in Equity	Total Equity

	Shares	Amount	Shares	Amount		(Accumulated Deficit)	Comprehensive Income	Stockholders' Equity	of Consolidated Subsidiaries	
Balance at December 31, 2022	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, $0.75 per share	—	—	—	—	—	(362,388)	—	(362,388)	—	(362,388)
Dividends declared on preferred stock	—	—	—	—	—	(67,185)	—	(67,185)	—	(67,185)
Capital contributions	—	—	—	—	—	—	—	—	—	—
Capital distributions	—	—	—	—	—	—	—	—	(17,597)	(17,597)
Cashless exercise of 2020 Warrants	—	—	9,287,347	93	(93)	—	—	—	—	—
Director share grants and employee non-cash stock-based compensation	—	—	211,614	1	9,044	(3,163)	—	5,882	—	5,882
Comprehensive income (loss)										
Net income (loss)	—	—	—	—	—	687,388	—	687,388	10,437	697,825
Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	1,358	1,358	—	1,358
Total comprehensive income (loss)								688,746	10,437	699,183
Balance at September 30, 2023	51,964,122	$ 1,257,254	483,214,061	$ 4,833	$ 6,070,970	$ (164,010)	$ 39,009	$ 7,208,056	$ 59,907	$ 7,267,963

	Preferred Stock	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Cap Stockh Equ
Balance at December 31, 2022							
Balance at December 31, 2022							
Balance at December 31, 2022							
Dividends declared on common stock, $0.25 per share							
Dividends declared on preferred stock							
Capital distributions							
Capital distributions							
Capital distributions							
Cashless exercise of 2020 Warrants							

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Rithm Capital Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Rithm Capital Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
	52,210,000	$ 1,262,481	466,758,266	$ 4,669						
Dividends declared on common stock, $0.75 per share	—	—	—	—	—	(351,840)	—	(351,840)	—	(351,840)
Dividends declared on preferred stock	—	—	—	—	—	(67,315)	—	(67,315)	—	(67,315)
Capital distributions	—	—	—	—	—	—	—	—	(21,391)	(21,391)
Cashless exercise of 2020 Warrants	—	—	6,858,347	69	(69)	—	—	—	—	—
Preferred stock repurchase	(171,658)	(3,814)	—	—	—	—	—	(3,814)	—	(3,814)
Director share grants	—	—	98,487	1	1,069	—	—	1,070	—	1,070

Director share grants and employee non-cash stock-based compensation										
Director share grants and employee non-cash stock-based compensation										
Comprehensive income (loss) Comprehensive income (loss)										
Net income	—	—	—	—	—	850,354	—	850,354	27,098	877,452
Comprehensive income (loss)										
Comprehensive income (loss)										
Net income (loss)										
Net income (loss)										
Net income (loss)										
Unrealized gain (loss) on available-for-sale securities, net Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	(41,916)	(41,916)	—	(41,916)
Total comprehensive income (loss) Total comprehensive income (loss)								808,438	27,098	835,536
Balance at September 30, 2022	52,038,342	$ 1,258,667	473,715,100	$ 4,739	$ 6,060,671	$ (381,843)	$ 48,337	$ 6,990,571	$ 71,055	$ 7,061,626
Total comprehensive income (loss)										
Total comprehensive income (loss)										
Balance at March 31, 2023										

See Notes to Consolidated Financial Statements.

RITHM CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollars in thousands)

	Nine Months Ended September 30,			
	2023	**2022**		
	Three Months Ended March 31,		**Three Months Ended March 31,**	
	2024		**2024**	**2023**
Cash Flows From Operating Activities **Cash Flows From Operating Activities**				
Net income	$ 697,825	$ 877,452		
Net income (loss)				
Net income (loss)				
Net income (loss)				

Adjustments to reconcile net income to net cash provided by (used in) operating activities:	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in fair value of investments, net			
Change in fair value of investments, net			
Change in fair value of investments, net	Change in fair value of investments, net	516,114	(587,181)
Change in fair value of equity investments	Change in fair value of equity investments	27,509	8,535
Change in fair value of secured notes and bonds payable	Change in fair value of secured notes and bonds payable	(5,890)	(50,279)
(Gain) loss on settlement of investments, net	(Gain) loss on settlement of investments, net	(402,449)	843,837
(Gain) loss on sale of originated residential mortgage loans, held-for-sale, net	(Gain) loss on sale of originated residential mortgage loans, held-for-sale, net	(410,320)	(980,266)
(Gain) loss on transfer of loans to REO		(10,120)	(6,263)
(Gain) loss on transfer of loans to real estate owned (“REO”)			
Accretion and other amortization	Accretion and other amortization	(85,063)	(45,230)
Provision (reversal) for credit losses on securities, loans and real estate owned		6,455	14,272
Provision (reversal) for credit losses on securities, loans and REO			

Non-cash portions of servicing revenue, net	Non-cash portions of servicing revenue, net	158,344	(890,281)
Deferred tax provision	Deferred tax provision	86,324	297,517
Mortgage loans originated and purchased for sale, net of fees	Mortgage loans originated and purchased for sale, net of fees	(30,003,362)	(65,446,856)
Sales proceeds and loan repayment proceeds for residential mortgage loans, held-for-sale	Sales proceeds and loan repayment proceeds for residential mortgage loans, held-for-sale	30,494,925	72,072,003
Interest received from servicer advance investments, RMBS, loans and other	Interest received from servicer advance investments, RMBS, loans and other	42,932	46,797
Interest received from servicer advance investments, RMBS, loans and other			
Interest received from servicer advance investments, RMBS, loans and other			
Changes in:	Changes in:		
Servicer advances receivable, net	Servicer advances receivable, net	339,610	332,902
Servicer advances receivable, net			
Servicer advances receivable, net			
Other assets	Other assets	15,312	(54,235)
Due to affiliate		—	(17,819)
Accrued expenses and other liabilities			
Accrued expenses and other liabilities			
Accrued expenses and other liabilities	Accrued expenses and other liabilities	199,341	317,256

Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	1,667,487	6,732,161
Cash Flows From Investing Activities	**Cash Flows From Investing Activities**		
Purchase of US Treasuries			
Purchase of US Treasuries			
Purchase of US Treasuries			
Purchase of servicer advance investments	Purchase of servicer advance investments	(644,594)	(744,671)
Purchase of RMBS	Purchase of RMBS	(4,094,458)	(9,597,580)
Purchase of U.S. Treasury Bills		(973,795)	—
Purchase of RMBS			
Purchase of RMBS			
US Treasury short sales			
Reverse repurchase agreements entered			
Purchase of residential mortgage loans	Purchase of residential mortgage loans	(1,269)	(7,182)
Purchase of Single-family rental (“SFR”) properties, MSRs and other assets			
Purchase of SFR properties, real estate owned and other assets		(72,503)	(396,981)
Purchase of mortgage loans receivable		(146,631)	—
Draws on revolving consumer loans	Draws on revolving consumer loans	(20,675)	(22,070)
Draws on revolving consumer loans			
Draws on revolving consumer loans			
Origination of mortgage loans receivable			

Net settlement of derivatives	Net settlement of derivatives	390,415	282,827
Return of investments in Excess MSRs	Return of investments in Excess MSRs	23,066	12,264
Principal repayments from servicer advance investments	Principal repayments from servicer advance investments	675,261	791,653
Principal repayments from RMBS	Principal repayments from RMBS	514,553	915,913
Principal repayments from residential mortgage loans	Principal repayments from residential mortgage loans	35,064	69,020
Principal repayments from consumer loans	Principal repayments from consumer loans	267,820	112,228
Principal repayments from mortgage loans receivable			
Principal repayments from mortgage loans receivable			
Principal repayments from mortgage loans receivable			
Proceeds from sale of MSRs and MSR financing receivables	Proceeds from sale of MSRs and MSR financing receivables	705,300	3,975
Proceeds from sale of RMBS	Proceeds from sale of RMBS	1,868,702	7,716,127
Proceeds from sale of real estate owned		19,806	9,652
Proceeds from sale of REO			
Proceeds from sale of REO			
Proceeds from sale of REO			
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	(1,453,938)	(854,825)

Continued on next page.

RITHM CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED), CONTINUED

(dollars in thousands)

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash Flows From Financing Activities	**Cash Flows From Financing Activities**				
Repayments of secured financing agreements	Repayments of secured financing agreements	(31,733,802)	(39,920,856)		
Repayments of secured financing agreements	Repayments of secured financing agreements				
Repayments of warehouse credit facilities	Repayments of warehouse credit facilities	(31,076,021)	(73,028,747)		
Repayment of unsecured senior notes					
Net settlement of margin deposits under repurchase agreements and derivatives	Net settlement of margin deposits under repurchase agreements and derivatives	(676,511)	1,007,970		
Repayments of secured notes and bonds payable	Repayments of secured notes and bonds payable	(5,024,509)	(3,174,439)		
Deferred financing fees	Deferred financing fees	(7,084)	(8,992)		
Dividends paid on common and preferred stock	Dividends paid on common and preferred stock	(427,583)	(417,445)		
Borrowings under secured financing agreements	Borrowings under secured financing agreements	34,530,433	39,713,905		
Borrowings under warehouse credit facilities	Borrowings under warehouse credit facilities	30,625,465	66,296,292		

Borrowings under secured notes and bonds payable	Borrowings under secured notes and bonds payable	3,561,756	4,101,314
Proceeds from issuance of unsecured senior notes			
Repurchase of preferred stock		—	(3,814)
Noncontrolling interest in equity of consolidated subsidiaries - distributions			
Noncontrolling interest in equity of consolidated subsidiaries - distributions			
Noncontrolling interest in equity of consolidated subsidiaries - distributions	Noncontrolling interest in equity of consolidated subsidiaries - distributions	(17,597)	(21,391)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(245,453)	(5,456,203)
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash			
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash			
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash**	(31,904)	421,133
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	**Cash, Cash Equivalents and Restricted Cash, Beginning of Period**	$ 1,617,634	$ 1,528,442
Cash, Cash Equivalents and Restricted Cash, Beginning of Period			
Cash, Cash Equivalents and Restricted Cash, Beginning of Period			
Cash, Cash Equivalents and Restricted Cash, End of Period			
Cash, Cash Equivalents and Restricted Cash, End of Period			
Cash, Cash Equivalents and Restricted Cash, End of Period	**Cash, Cash Equivalents and Restricted Cash, End of Period**	$ 1,585,730	$ 1,949,575
Supplemental Disclosure of Cash Flow Information	**Supplemental Disclosure of Cash Flow Information**		

Supplemental Disclosure of Cash Flow Information			
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest			
Cash paid during the period for interest			
Cash paid during the period for interest	Cash paid during the period for interest	893,204	468,991
Cash paid during the period for income taxes	Cash paid during the period for income taxes	1,798	1,757
Supplemental Schedule of Non-Cash Investing and Financing Activities			
Supplemental Schedule of Non-Cash Investing and Financing Activities			
Supplemental Schedule of Non-Cash Investing and Financing Activities	**Supplemental Schedule of Non-Cash Investing and Financing Activities**		
Dividends declared but not paid on common and preferred stock	Dividends declared but not paid on common and preferred stock	143,199	140,856
Transfer from residential mortgage loans to real estate owned and other assets		21,135	10,762
Dividends declared but not paid on common and preferred stock			
Dividends declared but not paid on common and preferred stock			
Transfer from residential mortgage loans to REO and other assets			
Real estate securities retained from loan securitizations	Real estate securities retained from loan securitizations	15,241	167,246
Residential mortgage loans subject to repurchase	Residential mortgage loans subject to repurchase	1,443,546	1,897,142
Purchase of Agency RMBS, settled after quarter-end	Purchase of Agency RMBS, settled after quarter-end	—	498,933

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

Cashless exercise of 2020 warrants (par)	Cashless exercise of 2020 warrants (par)	93	—
Seller financing in Marcus acquisition		1,317,347	—

See Notes to Consolidated Financial Statements.

1. BUSINESS AND ORGANIZATION

Rithm Capital Corp. (together with its consolidated subsidiaries, “Rithm Capital,” Capital” or the “Company”) is , a Delaware corporation that is primarily focused on managing assets and investments formed in the real estate and financial services sectors.

Rithm Capital was formed September 2011 as a limited liability company in September 2011 (commenced operations in December 2011), is a global asset manager focused on December 8, 2011) for the purpose of making real estate, credit and financial related investments. Rithm Capital is an independent publicly traded Real Estate Investment Trust (“REIT”). Rithm Capital’s investment portfolio is composed of mortgage servicing related assets (full and excess mortgage servicing rights (“MSRs”) and servicer advances), residential securities (and associated call rights), loans (mortgage, consumer and business purpose loans), single-family rental properties and commercial real estate. Rithm Capital’s investments in operating entities include leading origination and servicing platforms held through its wholly-owned subsidiaries, Newrez LLC (“Newrez”) and Caliber Home Loans Inc. (“Caliber,” and together with Newrez, the “Mortgage Company”) and Genesis Capital LLC (“Genesis”), as well as investments in affiliated businesses that provide mortgage related 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. For its services, the Former Manager was entitled to management fees and incentive compensation, both defined in, and in accordance with the terms of, the Management Agreement. On Effective June 17, 2022, Rithm Capital entered into an Internalization Agreement internalization agreement with the Former Manager, (the “Internalization Agreement”), pursuant to which the Management Agreement was terminated, effective June 17, 2022 (the “Effective Date”), except that certain indemnification and other obligations survive, and the Company internalized its management functions in accordance with the Internalization Agreement (such transactions, the “Internalization”). As a result of the Internalization, Rithm Capital ceased to be externally managed, and, following the Internalization, Rithm Capital operates as an internally managed REIT. In in connection with the termination of the Management Agreement, Internalization, the Company agreed to pay the Former Manager $400.0 million (subject to certain adjustments), which payments were completed by December 15, 2022. Following 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 rentals (“SFR”), 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 no longer pays a management or incentive fee believes enables it to maximize the value of its investments by offering products and services related to the Former Manager. lifecycle of transactions that affect each mortgage loan and underlying residential property or collateral. Rithm Capital operates its asset management business primarily through its wholly-owned subsidiary, Sculptor Capital Management, Inc. (“Sculptor”) and its affiliates. Sculptor, acquired on November 17, 2023, 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 March 31, 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 servicing and origination businesses operated through its wholly-owned subsidiaries Newrez, New Residential Mortgage LLC (“NRM”) and Caliber Home Loans Inc. (“Caliber”), through December 31, 2023. The operations of Caliber were fully integrated into Newrez in the fourth quarter of 2023. The Company’s residential mortgage origination business sources and originates loans through four distinct channels: Direct to Consumer, Retail, 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”), focused on the acquisition and management of the 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 (“Guardian”), a national provider of field services and property management services.

Rithm Capital, through NRM and Newrez, is 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, “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"), United States 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 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 U.S. US federal income tax purposes. As such, Rithm Capital will generally not be subject to U.S. 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 Income Taxes, for additional information regarding Rithm Capital's taxable REIT subsidiaries.

Rithm Capital, through its wholly-owned subsidiaries New Residential Mortgage LLC ("NRM") and the Mortgage Company, is licensed or otherwise eligible to service residential mortgage loans in all states within the United States and the District of Columbia. NRM and the Mortgage Company are also approved to service mortgage loans on behalf of investors, including the GSEs, and in the case of the Mortgage Company, Ginnie Mae. The Mortgage Company is also eligible to perform servicing on behalf of other servicers (subservicing) and investors.

The Mortgage Company sells substantially all of the mortgage loans that it originates into the secondary market. The Mortgage Company securitizes loans into RMBS through the GSEs and Ginnie Mae. Loans originated outside of the GSEs, guidelines of the Federal Housing Administration ("FHA"), United States Department of Agriculture ("USDA") or Department of Veterans Affairs ("VA") (for loans securitized with Ginnie Mae) are sold to private investors and mortgage conduits. The Mortgage Company generally retains the right to service the underlying residential mortgage loans sold and securitized by the Mortgage Company. NRM and the Mortgage Company are required to conduct aspects of their operations in accordance with applicable policies and guidelines.

Additionally, the Company owns the following affiliated businesses which provide mortgage related services to the Mortgage Company: eStreet Appraisal Management, LLC ("eStreet") a provider of appraisal valuation services and Avenue 365 Lender Services, LLC ("Avenue 365") a provider of title insurance and settlement services.

The Company also owns operating companies which support its single-family rental ("SFR") portfolio and MSR investments.

Genesis is a lender specializing in providing capital to developers of new construction, fix and flip and rental hold projects across the residential spectrum (including single-family, multi-family and production home building.) Genesis supports the

Company's single-family rental strategy operated by Adoor LLC ("Adoor" TRSs"). Adoor is a wholly-owned subsidiary focused on the acquisition and management of SFR properties.

Rithm Capital, through its wholly-owned subsidiary Guardian Asset Management ("Guardian"), provides property preservation and maintenance services for residential properties.

As of September 30, 2023, Rithm Capital conducted its business through the following segments: (i) Origination, (ii) Servicing, (iii) MSR Related Investments, (iv) Residential Securities, Properties and Loans, (v) Consumer Loans, (vi) Mortgage Loans Receivable and (vii) Corporate.

Agreement to Acquire Sculptor Capital Management, Computershare Mortgage Services Inc.

On July 23, 2023, Rithm Capital and certain of its affiliates entered into an Agreement and Plan of Merger (including the schedules and exhibits thereto, and as it may be amended from time to time, including by the First Amendment and the Second Amendment (each as defined below), the "Merger Agreement") with Sculptor Capital Management, Inc. ("Sculptor") and certain of its affiliates. Pursuant to the original Merger Agreement, Rithm Capital was to acquire Sculptor in a transaction valued at approximately $639 million, which included $11.15 per Class A common share of Sculptor. On October 12, 2023 October 2, 2023, Rithm Capital entered into the First Amendment a definitive agreement with Computershare Limited to amend the Merger Agreement to reflect, among other things, an updated transaction value acquire Computershare Mortgage Services Inc. ("Computershare") and certain affiliated companies, including Specialized Loan Servicing LLC ("SLS"), for a purchase price of approximately $676 $720 million which included an increase (the "Computershare Acquisition"). The Computershare Acquisition, and simultaneous merger of SLS and Newrez, was completed on May 1, 2024. Refer to $12.00 per Class A common share of Sculptor. Additionally, on October 26, 2023 Note 26 for further information.

Transactions with Great Ajax Corp.

On February 26, 2024, Rithm Capital entered into a transaction with Great Ajax Corp. ("Great Ajax"). As part of the Second Amendment transaction, Great Ajax entered into a one-year term loan agreement with a subsidiary of Rithm Capital for up to further amend the Merger Agreement to reflect, among other things, an updated transaction value of approximately $719.8 $70 million, which includes commitment is reduced under certain circumstances set forth therein. As of March 31, 2024, Great Ajax has not drawn on the term loan. Additionally, subject to Great Ajax shareholders' approval, Great Ajax will enter into a management agreement with an increase affiliate of Rithm Capital to $12.70 per Class A common share serve as Great Ajax's external manager. In connection with the execution of Sculptor (including related transactions the term loan agreement, Great Ajax will issue five-year warrants to Rithm Capital, based on amounts drawn under the Merger Agreement, loan facility (subject to a specified minimum), exercisable for shares of Great Ajax's common stock. Great Ajax and Rithm Capital have also entered into a securities purchase agreement, pursuant to which Great Ajax will issue Rithm Capital $14 million in Great Ajax common stock. The closing of the "Sculptor Acquisition").

The Sculptor Acquisition is targeted purchase of common stock, as well as other aspects of the transaction, are subject to close Great Ajax stockholder approval expected in the fourth second quarter of 2023, subject to various approvals 2024. In addition, during the first quarter of 2024, the Company acquired a pool of performing and customary closing conditions.

See Note 25 for further details. non-performing residential mortgage loans with unpaid principal balance of $245.3 million from Great Ajax.

2. BASIS OF PRESENTATION

Interim Financial Statements — The accompanying Consolidated Financial Statements consolidated financial statements are prepared in accordance with U.S. US generally accepted accounting principles ("GAAP" or "U.S. "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 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 deemed to be 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 uses the equity method of accounting whereby it records its share of the underlying income of such entities. Distributions from equity method investees 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 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.

Impairment of Long-Lived Assets — The Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying value of these assets may exceed their current fair values. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recognized on long-lived assets for the three months and nine months ended September 30, 2023 March 31, 2024. In the future, Subsequently, if events or market conditions affect the estimated fair value to the extent that a of an impaired long-lived asset, is impaired, the Company will adjust the carrying value of these long-lived assets in the period in which the impairment occurs.

Risks and Uncertainties — In the normal course of its business, Rithm Capital primarily encounters primarily 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' ability abilities to perform their servicing obligations servicing with respect to the residential mortgage loans underlying Rithm Capital's Excess MSRs, MSRs, mortgage servicing rights ("Excess MSRs"), mortgage servicing rights ("MSRs"), MSR financing receivables, servicer advance investments, Non-Agency RMBS 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.

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, rapidly rising interest rates and inflationary pressures. Should macroeconomic conditions continue to worsen, there is no assurance that such conditions will not result in an overall decline in the fair value of many assets, including those in which the Company invests, and potential impairment of the carrying value of goodwill or other intangible assets. The ultimate duration and impact of the current economic environment remain uncertain.

Rithm Capital is subject to significant tax risks. If Rithm Capital were to fail to qualify as a REIT in any taxable year, Rithm Capital would be subject to U.S. federal corporate income tax (including any applicable alternative minimum tax), which could be material. Unless entitled to relief under certain statutory provisions, Rithm Capital would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost.

Use of Estimates — The preparation of the consolidated financial statements in conformity accordance with U.S. US GAAP requires management to make estimates and assumptions that affect the 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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. date. Actual results could differ from those estimates. estimates and such differences could be material.

Foreign Currency — The functional currency of substantially all of the Company's consolidated subsidiaries is the US dollar, as their operations are considered extensions of the US parent's operations. Monetary assets and liabilities denominated in foreign currencies are remeasured into US dollars at the closing rates of exchange on the balance sheet date. Nonmonetary assets and liabilities denominated in foreign currencies are remeasured into US dollars using the historical exchange rate. As a result, no transaction gains or losses are recognized for nonmonetary assets and liabilities. The profit or loss arising from foreign currency transactions are remeasured using the rate in effect on the date of any relevant transaction. Gains and losses on transactions denominated in foreign currencies due to changes in exchange rates are recorded within general and administrative on the Consolidated Statements of Operations. Unrealized gains and losses due to changes in exchange rates related to investments denominated in a currency other than an entity's functional currency are reported in net realized and unrealized gains (losses) in the Consolidated Statements of Operations.

The Company has a subsidiary acquired as part of the acquisition of Sculptor whose functional currency is the Euro, and the financial statements of such entity are translated into US dollars using the exchange rates prevailing at the end of each reporting period, and the statement of operations of the entity is translated using the rate in effect on the date of any relevant transaction. Gains and losses arising from the translation of monetary assets and liabilities are recorded as a cumulative translation adjustment in the Consolidated Statements of Comprehensive Income and are included in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets.

See Note 2 in the Company's Annual Report for the complete listing of the significant accounting policies.

Recent Accounting Pronouncements

— In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The standard was issued to ease the accounting effects of reform to the London Interbank Offered Rate ("LIBOR") and other reference rates. The standard provides optional expedients and exceptions for applying GAAP to debt, derivatives and other contracts affected by reference rate reform. The standard was effective for all entities as of March 12, 2020 through December 31, 2022 and was able to be elected over time as reference rate reform activities occur. Additionally, in March 2020. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. The standard defers deferring the expiration date of ASC 848 from December 31, 2022 to December 31, 2024. ASU 2022-06 became effective upon issuance. As of June 30, 2023, the Company has transitioned from LIBOR to an alternative benchmark. The Company's financing arrangements have provisions in place that provide for an alternative to LIBOR. In addition, the Company has amended the terms of certain financing arrangements, where necessary, to transition or direct the transition to an alternative benchmark. The Company does not currently intend to amend the 7.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series A"), the 7.125% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series B"), or the 6.375% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series C") to change the existing USD-LIBOR cessation fallback language.

In March 2022, the FASB issued ASU 2022-01, *Derivative and Hedging (Topic 815): Fair Value Hedging–Portfolio Layer Method*. The standard clarifies the accounting and promotes consistency in reporting for hedges where the portfolio layer method is applied. The new standard is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company's adoption of the new standard did not have a material effect on its Consolidated Financial Statements.

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 is effective for interim and annual periods beginning after December 15, 2023. 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 annual periods beginning after December 15, 2023, with early adoption permitted. The Company does not expect the adoption of the new standard 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 fiscal years beginning after December 15, December 15, 2024, 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.

3. SEGMENT REPORTING

At March 31, 2024, Rithm Capital's reportable segments included (i) Origination and Servicing, (ii) Investment Portfolio, (iii) Mortgage Loans Receivable, (iv) Asset Management and (v) Corporate. The Corporate segment primarily consists of general and administrative expenses, corporate cash and related interest income, senior unsecured notes (Note 18) and related interest expense.

In 2023, Rithm Capital reevaluated the composition and number of its reportable segments based on the significance of certain business activities to its operations and performance evaluation. Based on this reevaluation, the Company revised its presentation and composition of reportable segments. In conjunction with the acquisition of Sculptor, the Company reevaluated portfolio management to reflect its strategic growth as an asset manager, while maintaining its core business lines. The Asset Management segment was therefore identified and reported in 2023, to primarily reflect operations of Sculptor. 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 previously reflected within the Corporate segment. The Company aggregated these segments to reflect is approach to allocating capital and making investment decisions to its portfolio assets. In addition, during the year ended December 31, 2023, the integration of Caliber was completed and, as a result of servicing transfers, the majority of the MSR portfolio is now serviced by Newrez. To reflect the consolidation of assets and operations, Newrez's origination and servicing operations and the associated owned MSR portfolio are consolidated within the Origination and Servicing reportable segment.

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

Segment information for prior periods has been recasted to reflect these changes and to present information for each reportable segment.

2023, with early adoption permitted. The Company does not expect the adoption of the new standard to have a material effect on its Consolidated Financial Statements.

3. SEGMENT REPORTING

At September 30, 2023, Rithm Capital's reportable segments include (i) Origination, (ii) Servicing, (iii) MSR Related Investments, (iv) Residential Securities, Properties and Loans, (v) Consumer Loans, (vi) Mortgage Loans Receivable and (vii) Corporate. The Corporate segment primarily consists of general and administrative expenses, corporate cash and related interest income, unsecured senior notes (Note 18) and related interest expense.

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

	Origination and Servicing				Residential Securities, Properties and Loans					
	Origination	Servicing	MSR Related Investments	Total Origination and Servicing	Real Estate Securities	Properties and Residential Mortgage Loans	Consumer Loans	Mortgage Loans Receivable	Corporate	Total
Three Months Ended September 30, 2023										
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ —	$372,979	$ 69,665	$ 442,644	$ —	$ —	$ —	$ —	$ —	$ 442,644
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(138,993))	—	95,507	(74,573)	20,934	—	—	—	—	—	20,934

	Origination and Servicing	Origination and Servicing	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
Three Months Ended March 31, 2024								
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables								

Servicing fee revenue, net and interest income from MSRs and MSR financing receivables											
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839))											
Servicing revenue, net	Servicing revenue, net	—	468,486	(4,908)	463,578	—	—	—	—	—	463,578
Interest income	Interest income	29,140	127,467	35,339	191,946	140,119	23,993	58,946	59,461	2,142	476,607
Gain on originated residential mortgage loans, held-for-sale, net		126,844	17,295	—	144,139	—	5,091	—	—	—	149,230
Gain on originated residential mortgage loans, HFS, net											
Other investment portfolio revenues											
Asset management revenues(A)											
Total revenues	Total revenues	155,984	613,248	30,431	799,663	140,119	29,084	58,946	59,461	2,142	1,089,415
Interest expense	Interest expense	30,725	83,845	33,907	148,477	136,180	30,753	26,285	31,751	9,108	382,554
G&A and other		137,831	103,728	66,275	307,834	1,009	13,531	4,542	15,524	34,184	376,624
General and administrative											
Compensation and benefits											
Total operating expenses	Total operating expenses	168,556	187,573	100,182	456,311	137,189	44,284	30,827	47,275	43,292	759,178
Realized and unrealized gains (losses) on investments, net		22	—	10,453	10,475	(127,458)	(7,865)	(4,111)	1,451	—	(127,508)
Realized and unrealized gains (losses), net											
Other income (loss), net	Other income (loss), net	74	(700)	37,412	36,786	(2,644)	40,330	(2,410)	5,369	(6,384)	71,047
Total other income (loss)	Total other income (loss)	96	(700)	47,865	47,261	(130,102)	32,465	(6,521)	6,820	(6,384)	(56,461)
Income (loss) before income taxes	Income (loss) before income taxes	(12,476)	424,975	(21,886)	390,613	(127,172)	17,265	21,598	19,006	(47,534)	273,776
Income tax expense (benefit)	Income tax expense (benefit)	(3,125)	59,474	1,946	58,295	—	(4,656)	62	(1,116)	—	52,585
Net income (loss)	Net income (loss)	(9,351)	365,501	(23,832)	332,318	(127,172)	21,921	21,536	20,122	(47,534)	221,191

Noncontrolling interests in income (loss) of consolidated subsidiaries	269	—	1,414	1,683	—	—	3,165	—	—	4,848
Dividends on preferred stock	—	—	—	—	—	—	—	—	22,394	22,394
Net income (loss) attributable to common stockholders	$ (9,620)	$ 365,501	$ (25,246)	$ 330,635	$ (127,172)	$ 21,921	$ 18,371	$ 20,122	$ (69,928)	$ 193,949

(A) Includes $4.9 million of asset management related interest income (Note 25).

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
March 31, 2024						
Investments	$ 10,844,061	$ 19,207,349	$ 2,384,744	$ 211,996	$ —	$ 32,648,150
Cash and cash equivalents	468,355	505,162	60,713	82,460	19,747	1,136,437
Restricted cash	237,186	93,654	55,458	8,248	—	394,546
Other assets	3,427,033	3,046,638	133,198	1,179,469	23,600	7,809,938
Goodwill	24,376	5,092	55,731	46,658	—	131,857
Total assets	$ 15,001,011	$ 22,857,895	$ 2,689,844	$ 1,528,831	$ 43,347	$ 42,120,928
Debt	$ 7,621,241	$ 18,446,477	$ 1,981,198	$ 442,350	$ 1,030,566	$ 29,521,832
Other liabilities	3,294,952	1,418,010	20,435	437,230	185,097	5,355,724
Total liabilities	10,916,193	19,864,487	2,001,633	879,580	1,215,663	34,877,556
Total equity	4,084,818	2,993,408	688,211	649,251	(1,172,316)	7,243,372
Noncontrolling interests in equity of consolidated subsidiaries	8,051	43,426	—	42,343	—	93,820
Total Rithm Capital stockholders' equity	$ 4,076,767	$ 2,949,982	$ 688,211	$ 606,908	$ (1,172,316)	$ 7,149,552
Investments in equity method investees	$ —	$ 117,146	$ —	$ 102,000	$ —	$ 219,146

RITHM CAPITAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	Origination and Servicing				Residential Securities, Properties and Loans					
	Origination	Servicing	MSR Related Investments	Total Origination and Servicing	Real Estate Securities	Properties and Residential Mortgage Loans	Consumer Loans	Mortgage Loans Receivable	Corporate	Total
Nine Months Ended September 30, 2023										

Origination and Servicing

Origination and Servicing

Origination and Servicing

Investment Portfolio Mortgage Loans Receivable Asset Management Corporate Total

Three Months Ended March 31, 2023											
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ —	$1,082,257	$ 295,788	$1,378,045	$ —	$ —	$ —	$ —	$ —	$1,378,045
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(384,094))		—	103,748	(203,086)	(99,338)	—	—	—	—	—	(99,338)
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables											
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables											
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(105,691))											
Servicing revenue, net	Servicing revenue, net	—	1,186,005	92,702	1,278,707	—	—	—	—	—	1,278,707
Interest income	Interest income	81,225	314,387	95,520	491,132	376,842	73,050	97,634	176,607	6,742	1,222,007
Gain on originated residential mortgage loans, held-for-sale, net		373,796	22,882	—	396,678	1,247	12,395	—	—	—	410,320
Gain on originated residential mortgage loans, HFS, net											
Other investment portfolio revenues											
Asset management revenues											
Total revenues	Total revenues	455,021	1,523,274	188,222	2,166,517	378,089	85,445	97,634	176,607	6,742	2,911,034
Interest expense	Interest expense	89,333	246,525	95,977	431,835	350,044	87,775	32,280	91,725	27,121	1,020,780
G&A and other		421,407	298,636	210,811	930,854	3,199	36,303	9,042	46,550	77,825	1,103,773
General and administrative											
Compensation and benefits											
Total operating expenses	Total operating expenses	510,740	545,161	306,788	1,362,689	353,243	124,078	41,322	138,275	104,946	2,124,553

Realized and unrealized gains (losses) on investments, net		78	195	8,366	8,639	(96,015)	(22,228)	(14,095)	9,967	—	(113,732)
Realized and unrealized gains (losses), net											
Other income (loss), net	Other income (loss), net	(261)	(18,971)	107,761	88,529	(4,514)	82,509	(5,736)	6,260	(49,663)	117,385
Total other income (loss)	Total other income (loss)	(183)	(18,776)	116,127	97,168	(100,529)	60,281	(19,831)	16,227	(49,663)	3,653
Income (loss) before income taxes	Income (loss) before income taxes	(55,902)	959,337	(2,439)	900,996	(75,683)	21,648	36,481	54,559	(147,867)	790,134
Income tax expense (benefit)	Income tax expense (benefit)	(14,003)	115,887	(2,117)	99,767	—	(3,436)	169	(4,191)	—	92,309
Net income (loss)	Net income (loss)	(41,899)	843,450	(322)	801,229	(75,683)	25,084	36,312	58,750	(147,867)	697,825
Noncontrolling interests in income (loss) of consolidated subsidiaries	Noncontrolling interests in income (loss) of consolidated subsidiaries	613	—	2,113	2,726	—	—	7,711	—	—	10,437
Dividends on preferred stock	Dividends on preferred stock	—	—	—	—	—	—	—	—	67,184	67,184
Net income (loss) attributable to common stockholders	Net income (loss) attributable to common stockholders	$ (42,512)	$ 843,450	$ (2,435)	$ 798,503	$ (75,683)	$ 25,084	$ 28,601	$ 58,750	$ (215,051)	$ 620,204

	Origination and Servicing				Residential Securities, Properties and Loans					
	Origination	Servicing	MSR Related Investments	Total Origination and Servicing	Real Estate Securities	Properties and Residential Mortgage Loans	Consumer Loans	Mortgage Loans Receivable	Corporate	Total
September 30, 2023										
Investments	$ 1,545,881	$ 7,823,376	$ 1,114,249	$ 10,483,506	$ 10,193,596	$ 2,393,549	$ 1,436,080	$ 2,135,424	$ —	$ 26,642,155
Cash and cash equivalents	211,544	417,092	233,556	862,192	328,794	2,315	533	19,411	4,038	1,217,283
Restricted cash	25,967	139,829	119,150	284,946	3,543	14,501	19,703	45,754	—	368,447
Other assets	135,339	2,714,592	2,323,689	5,173,620	830,971	115,413	94,540	99,095	118,805	6,432,444
Goodwill	11,836	12,540	5,092	29,468	—	—	—	55,731	—	85,199
Total assets	$ 1,930,567	$ 11,107,429	$ 3,795,736	$ 16,833,732	$ 11,356,904	$ 2,525,778	$ 1,550,856	$ 2,355,415	$ 122,843	$ 34,745,528
Debt	$ 1,467,620	$ 4,498,335	$ 2,443,876	$ 8,409,831	$ 10,227,701	$ 1,943,551	$ 1,269,768	$ 1,719,384	$ 546,374	$ 24,116,609
Other liabilities	171,398	2,374,139	33,624	2,579,161	148,823	403,021	9,092	25,532	195,327	3,360,956
Total liabilities	1,639,018	6,872,474	2,477,500	10,988,992	10,376,524	2,346,572	1,278,860	1,744,916	741,701	27,477,565
Total equity	291,549	4,234,955	1,318,236	5,844,740	980,380	179,206	271,996	610,499	(618,858)	7,267,963
Noncontrolling interests in equity of consolidated subsidiaries	9,073	—	12,600	21,673	—	—	38,234	—	—	59,907
Total Rithm Capital stockholders' equity	$ 282,476	$ 4,234,955	$ 1,305,636	$ 5,823,067	$ 980,380	$ 179,206	$ 233,762	$ 610,499	$ (618,858)	$ 7,208,056
Investments in equity method investees	$ —	$ —	$ 65,212	$ 65,212	$ —	$ —	$ —	$ —	$ 34,140	$ 99,352

4. EXCESS MORTGAGE SERVICING RIGHTS

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

Excess MSR assets include Rithm Capital's direct investments in Excess MSRs and investments in joint ventures jointly controlled by Rithm Capital and funds managed by the Former Manager investing in Excess MSRs. The Company's investments in Excess MSR assets measured at fair value are included in Other assets on the Consolidated Balance Sheets.

The table below summarizes the components of Excess MSRs:

	March 31, 2024	December 31, 2023
Direct investments in Excess MSRs	$ 199,363	$ 208,385
Excess MSR joint ventures	55,748	62,765
Excess MSRs, at fair value	$ 255,111	$ 271,150

Direct Investments in Excess MSRs

The following table presents activity related to the carrying value of direct investments in Excess MSRs:

	Total(A)
Balance as of December 31, 2023	$ 208,385
Interest income	2,446
Other income	—
Proceeds from repayments	(9,546)
Proceeds from sales	—
Change in fair value	(1,922)
Balance as of March 31, 2024	$ 199,363

(A) Underlying loans serviced by Mr. Cooper Group Inc. ("Mr. Cooper") and SLS.

	Origination and Servicing				Residential Securities, Properties and Loans					
	Origination	Servicing	MSR Related Investments	Total Origination and Servicing	Real Estate Securities	Properties and Residential Mortgage Loans	Consumer Loans	Mortgage Loans Receivable	Corporate	Total
Three Months Ended September 30, 2022										
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ —	$ 338,742	$ 114,421	$ 453,163	$ —	$ —	$ —	$ —	$ —	$ 453,163
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(141,616))	—	39,853	(59,027)	(19,174)	—	—	—	—	—	(19,174)
Servicing revenue, net	—	378,595	55,394	433,989	—	—	—	—	—	433,989
Interest income	41,862	55,844	15,401	113,107	76,908	19,186	16,456	42,335	5,387	273,379
Gain on originated residential mortgage loans, held-for-sale, net	214,703	5,980	—	220,683	—	(17,204)	—	—	—	203,479
Total revenues	256,565	440,419	70,795	767,779	76,908	1,982	16,456	42,335	5,387	910,847
Interest expense	31,345	56,650	26,033	114,028	51,822	21,242	1,925	18,888	10,184	218,089
G&A and other	283,798	112,731	62,817	459,346	921	12,220	1,991	15,241	15,889	505,608
Total operating expenses	315,143	169,381	88,850	573,374	52,743	33,462	3,916	34,129	26,073	723,697
Realized and unrealized gains (losses) on investments, net	—	(1)	(8,717)	(8,718)	(130,456)	81,829	(5,845)	29,072	—	(34,118)
Other income (loss), net	1,368	(4,074)	4,923	2,217	(2,799)	11,448	8,701	5,710	(2,035)	23,242
Total other income (loss)	1,368	(4,075)	(3,794)	(6,501)	(133,255)	93,277	2,856	34,782	(2,035)	(10,876)
Income (loss) before income taxes	(57,210)	266,963	(21,849)	187,904	(109,090)	61,797	15,396	42,988	(22,721)	176,274
Income tax expense (benefit)	(14,243)	51,032	(7,197)	29,592	—	(5,564)	(4)	(1,940)	—	22,084
Net income (loss)	(42,967)	215,931	(14,652)	158,312	(109,090)	67,361	15,400	44,928	(22,721)	154,190
Noncontrolling interests in income (loss) of consolidated subsidiaries	471	—	(139)	332	—	—	6,975	—	—	7,307
Dividends on preferred stock	—	—	—	—	—	—	—	—	22,427	22,427
Net income (loss) attributable to common stockholders	$ (43,438)	$ 215,931	$ (14,513)	$ 157,980	$ (109,090)	$ 67,361	$ 8,425	$ 44,928	$ (45,148)	$ 124,456

	Origination and Servicing				Residential Securities, Properties and Loans					
	Origination	Servicing	MSR Related Investments	Total Origination and Servicing(A)	Real Estate Securities	Properties and Residential Mortgage Loans	Consumer Loans	Mortgage Loans Receivable	Corporate	Total
<u>Nine Months Ended September 30, 2022</u>										
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ —	$ 1,010,252	$ 368,789	$ 1,379,041	$ —	$ —	$ —	$ —	$ —	$ 1,379,041
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(522,206))	—	881,183	9,098	890,281	—	—	—	—	—	890,281
Servicing revenue, net	—	1,891,435	377,887	2,269,322	—	—	—	—	—	2,269,322
Interest income	143,449	83,954	42,443	269,846	187,841	68,815	53,498	113,360	17,080	710,440
Gain on originated residential mortgage loans, held-for-sale, net	924,582	83,481	—	1,010,568	—	(30,302)	—	—	—	980,266
Total revenues	1,068,031	2,058,870	420,330	3,549,736	187,841	38,513	53,498	113,360	17,080	3,960,028
Interest expense	88,358	131,452	78,186	297,996	81,067	53,442	6,275	38,537	30,434	507,751
G&A and other	1,041,988	321,360	210,774	1,574,122	2,403	47,545	6,405	46,249	478,844	2,155,568
Total operating expenses	1,130,346	452,812	288,960	1,872,118	83,470	100,987	12,680	84,786	509,278	2,663,319
Realized and unrealized gains (losses) on investments, net	—	(1,812)	(12,062)	(13,874)	(331,019)	100,594	(26,774)	14,417	—	(256,656)
Other income (loss), net	5,295	2,061	45,099	52,455	(7,526)	55,235	33,198	13,140	(11,540)	134,962
Total other income (loss)	5,295	249	33,037	38,581	(338,545)	155,829	6,424	27,557	(11,540)	(121,694)
Income (loss) before income taxes	(57,020)	1,606,307	164,407	1,716,199	(234,174)	93,355	47,242	56,131	(503,738)	1,175,015
Income tax expense (benefit)	(14,086)	363,187	33,766	382,867	—	(4,387)	34	(5,563)	(75,388)	297,563
Net income (loss)	(42,934)	1,243,120	130,641	1,333,332	(234,174)	97,742	47,208	61,694	(428,350)	877,452
Noncontrolling interests in income (loss) of consolidated subsidiaries	2,165	—	130	2,295	—	—	24,803	—	—	27,098
Dividends on preferred stock	—	—	—	—	—	—	—	—	67,315	67,315
Net income (loss) attributable to common stockholders	$ (45,099)	$ 1,243,120	$ 130,511	$ 1,331,037	$ (234,174)	$ 97,742	$ 22,405	$ 61,694	$ (495,665)	$ 783,039

(A) Includes elimination of intercompany transactions of $2.5 million primarily related to loan sales.

Servicing Segment Revenues

The table below summarizes the components of servicing segment revenues:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<u>Base servicing</u>				
MSR-owned assets	$ 316,042	$ 284,611	$ 919,913	$ 835,368
Residential whole loans	2,217	2,593	6,553	9,001
Third party	22,316	22,717	67,694	69,439
	340,575	309,921	994,160	913,808
<u>Other fees</u>				
Ancillary and other fees(A)	32,404	28,821	88,097	96,444
<u>Change in fair value due to:</u>				
Realization of cash flows	(115,941)	(90,750)	(290,990)	(341,706)
Change in valuation inputs and assumptions and other	211,448	130,603	394,738	1,222,889
Total servicing fees	$ 468,486	$ 378,595	$ 1,186,005	$ 1,891,435

<u>Servicing data – unpaid principal balance (“UPB”) (period end) (in millions)</u>

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

UPB – MSR-owned assets	$ 455,237	$ 401,826	$ 455,237	$ 401,826
UPB – Residential whole loans	8,480	9,930	8,480	9,930
UPB – Third party	99,372	91,820	99,372	91,820

(A) Includes incentive, boarding and other fees.

4. EXCESS MORTGAGE SERVICING RIGHTS

Excess mortgage servicing rights assets include Rithm Capital's direct investments in Excess MSRs and investments in joint ventures jointly controlled by Rithm Capital and funds managed by the Former Manager investing in Excess MSRs. Our investments in Excess MSR assets are included in Other assets on the Consolidated Balance Sheets.

The table below summarizes the components of Excess MSRs:

	September 30, 2023	December 31, 2022
Direct investments in Excess MSRs	$ 217,764	$ 249,366
Excess MSR joint ventures	65,212	72,437
Excess mortgage servicing rights, at fair value	$ 282,976	$ 321,803

Direct Investments in Excess MSRs

The following table presents activity related to the carrying value of direct investments in Excess MSRs:

	Total(A)
Balance as of December 31, 2022	$ 249,366
Interest income	16,733
Other income	150
Proceeds from repayments	(33,901)
Proceeds from sales	(669)
Change in fair value	(13,915)
Balance as of September 30, 2023	$ 217,764

(A) Underlying loans serviced by Mr. Cooper Group Inc. ("Mr. Cooper") and SLS.

Mr. Cooper or SLS, as applicable, as servicer, performs all of the servicing and advancing functions and 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.

Rithm Capital entered into a "recapture agreement" with respect to each of the direct Excess MSR investments serviced by Mr. Cooper and SLS. Under such arrangements, Rithm Capital is generally entitled to a pro rata interest in the Excess MSRs on any refinancing by Mr. Cooper of a loan in the original portfolio. These recapture agreements do not apply to Rithm Capital's servicer advance investments (Note 6).

On October 2, 2023, Rithm Capital entered into a definitive agreement with Computershare Limited with respect to acquire the Computershare Mortgage Services Inc. and certain affiliated companies, including SLS, Acquisition, which closed on May 1, 2024 (Note 26) for a purchase price of approximately $720 million. As part of the transaction, Rithm Capital acquired MSRs owned by SLS underlying the Excess MSR, which will bereclassifiedd to full MSRs. The Excess MSRs to be reclassified have a fair value of $1.0 million (Note 25) at March 31, 2024.

The following table summarizes direct investments in Excess MSRs:

September 30, 2023							December 31, 2022
UPB of Underlying Mortgages	Interest in Excess MSR			Weighted Average Life Years(A)	Amortized Cost Basis	Carrying Value(B)	Carrying Value(B)
	Rithm Capital(C, D)	Former Manager-managed funds	Mr. Cooper				
$ 44,294,807	32.5% – 100.0% (56.4%)	0.0% – 50%	0.0% – 35.0%	6.5	$ 189,814	$ 217,764	$ 249,366

	March 31, 2024						December 31, 2023
UPB of Underlying Mortgages	Interest in Excess MSR			Weighted Average Life Years(A)	Amortized Cost Basis	Carrying Value(B)	Carrying Value(B)
	Rithm Capital(C, D)	Former Manager-managed funds	Mr. Cooper				
$ 41,899,426	32.5% – 100.0% (56.4%)	0.0% – 50.0%	0.0% – 35.0%	6.0	$ 174,621	$ 199,363	$ 208,385

(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 is also invested in related servicer advance investments, including the basic fee component of the related MSR as of September 30, 2023 March 31, 2024 (Note 6) on $15.7 $14.9 billion UPB unpaid principal balance ("UPB") underlying these Excess MSRs.

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Original and Recaptured Pools	$ (3,498)	$ (3,857)	$ (13,915)	$ (5,421)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Original and Recaptured Pools	$ (1,922)	$ (9,818)

As of September 30, 2023 March 31, 2024, a weighted average discount rate of 8.8% was used to value Rithm Capital's direct and jointly controlled investments in Excess MSRs (directly and through equity method investees). MSRs.

Excess MSR Joint Ventures

Rithm Capital entered into investments in joint ventures ("Excess MSR joint ventures") jointly controlled by Rithm Capital and funds managed by the Former Manager investing in Excess MSRs.

The following tables summarize the financial results of the Excess MSR joint ventures, accounted for as under the equity method investees: of accounting:

	September 30, 2023	December 31, 2022
Excess MSR	$ 120,292	$ 135,356
Other assets	10,818	10,204
Other liabilities	(687)	(687)
Equity	$ 130,423	$ 144,873
Rithm Capital's investment	$ 65,212	$ 72,437
Rithm Capital's percentage ownership	50.0 %	50.0 %

March 31, 2024

	March 31, 2024	December 31, 2023
Excess MSRs	$ 111,664	$ 114,552
Other assets	519	11,664
Other liabilities	(687)	(687)
Equity	$ 111,496	$ 125,529
Rithm Capital's investment		
Rithm Capital's investment	$ 55,748	$ 62,765
Rithm Capital's percentage ownership	50.0 %	50.0 %

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
		2024 2024 2024			
Interest income Interest income					
Interest income	Interest income	$ 5,397	$ 4,437	$ 11,079	$ 10,514
Other income (loss)	Other income (loss)	(2,391)	(12,074)	(6,949)	(14,417)
Other income (loss) Other income (loss)					
Expenses Expenses					
Expenses	Expenses	(8)	(8)	(24)	(24)
Net income (loss)	Net income (loss)	$ 2,998	$ (7,645)	$ 4,106	$ (3,927)
Net income (loss) Net income (loss)					

The following table summarizes the activity of investments in equity method investees:

Balance at December 31, 2022 December 31, 2023	$	72,437 62,765
Distributions of earnings from equity method investees		— (107)
Distributions of capital from equity method investees		(9,278) (6,965)
Change in fair value of investments in equity method investees		2,053 55
Balance at September 30, 2023 March 31, 2024	$	65,212 55,748

The following is a summary of Excess MSR investments made through equity method investees:

	September 30, 2023					
	Unpaid Principal Balance	Investee Interest in Excess MSR(A)	Rithm Capital Interest in Investees	Amortized Cost Basis(B)	Carrying Value(C)	Weighted Average Life (Years)(D)
	As of March 31, 2024					
	Unpaid Principal Balance					
	As of March 31, 2024					
	Unpaid Principal Balance	Investee Interest in Excess MSR(A)	Rithm Capital Interest in Investees	Amortized Cost Basis(B)	Carrying Value(C)	W A (Y
Agency	**Agency**					

Original and Recaptured Pools												
Original and Recaptured Pools												
Original and Recaptured Pools	Original and Recaptured Pools	$17,693,521	66.7 %	50.0 %	$ 98,681	$120,292	5.4	$16,678,050	66.7	66.7 %	50.0 %	$92,197	$	$111,664	5.2	5.2

(A) The remaining interests are held by Mr. Cooper.

(B) Represents the amortized cost basis of the equity method investees in which Rithm Capital holds a 50% interest.

(C) Represents the carrying value of the Excess MSRs held in equity method investees, in which Rithm Capital holds a 50% interest. Carrying value represents the fair value of the pools, as applicable.

(D) Represents the weighted average expected timing of the receipt of expected cash flows of each investment.

5. MORTGAGE SERVICING RIGHTS AND MSR FINANCING RECEIVABLES

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

Balance as of December 31, 2022 December 31, 2023	$	8,889,403 8,405,938
Purchases, net		—
Purchases, net Originations(A)		— 215,939
Originations Sales(B)		609,460 671
Proceeds from sales(C)		(704,657)
Change in fair value due to:		
Realization of cash flows(D) (B)		(384,094) (116,839)
Change in valuation inputs and assumptions		284,756 201,014
Balance at September 30, 2023 March 31, 2024	$	8,694,868 8,706,723

(A) Net of purchase price adjustments and purchase price fully reimbursable from MSR sellers as a result of prepayment protection.

(B) Represents MSRs retained on the sale of originated residential mortgage loans.

(C) Relates primarily to excess servicing cash flows sold on certain agency loans with a total UPB of approximately $91.4 billion during the nine months ended September 30, 2023. In connection with these sales, the Company recorded a gain of approximately $5.2 million during the period, which is included within change in fair value of MSRs and MSR financing receivables in the Consolidated Statements of Operations.

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

The following table summarizes components of servicing revenue, net:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables				
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables				

Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$	412,386	$	419,793	$	1,284,583	$	1,276,137
Ancillary and other fees	Ancillary and other fees		30,258		33,370		93,462		102,904
Ancillary and other fees									
Ancillary and other fees									
Servicing fee revenue, net and fees									
Servicing fee revenue, net and fees									
Servicing fee revenue, net and fees	Servicing fee revenue, net and fees		442,644		453,163		1,378,045		1,379,041
Change in fair value due to:	Change in fair value due to:								
Change in fair value due to:									
Change in fair value due to:									
Realization of cash flows									
Realization of cash flows									
Realization of cash flows	Realization of cash flows		(138,993)		(141,616)		(384,094)		(522,206)
Change in valuation inputs and assumptions, net of realized gains (losses)	Change in valuation inputs and assumptions, net of realized gains (losses)		159,927		143,174		284,756		1,502,844
Change in fair value of derivative instruments			—		(18,505)		—		(11,316)
Gain (loss) on settlement of derivative instruments			—		(2,227)		—		(79,041)
Change in valuation inputs and assumptions, net of realized gains (losses)									
Change in valuation inputs and assumptions, net of realized gains (losses)									
Servicing revenue, net	Servicing revenue, net	$	463,578	$	433,989	$	1,278,707	$	2,269,322
Servicing revenue, net									
Servicing revenue, net									

The following table summarizes MSRs and MSR financing receivables by type as of September 30, 2023 March 31, 2024:

	UPB of Underlying Mortgages	Weighted Average Life (Years)(A)	Carrying Value(B)
	UPB of Underlying Mortgages		
	UPB of Underlying Mortgages		
	UPB of Underlying Mortgages	Weighted Average Life (Years)(A)	Carrying Value(B)
Agency			

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

Agency				
Agency	Agency	$354,510,758	8.1	$5,393,329
Non-Agency	Non-Agency	50,056,162	6.9	704,873
Ginnie Mae(C)	Ginnie Mae(C)	126,354,300	7.7	2,596,666
Total/Weighted Average	Total/Weighted Average	$530,921,220	7.9	$8,694,868
Total/Weighted Average				
Total/Weighted Average				

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

(B) Carrying value represents Represents fair value. As of September 30, 2023 March 31, 2024, weighted average discount rates of 8.5% (range of 7.9% – 10.8%) were used to value Rithm Capital's MSRs and MSR financing receivables.

(C) As of September 30, 2023 March 31, 2024, Rithm Capital holds approximately $1.4 $1.8 billion in residential mortgage loans subject to repurchase and the related residential mortgage loans repurchase liability on its Consolidated Balance Sheets.

Residential Mortgage Loans Subject to Repurchase

Rithm Capital, through its wholly-owned subsidiaries as Newrez, is an approved issuers issuer of Ginnie Mae MBS, 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. Under GAAP, Rithm Capital is required to recognize As a result, once the right to loans on its balance sheet delinquency criteria have been met and establish a corresponding liability upon the triggering of the repurchase right regardless of whether the repurchase option has been exercised, the Company intends to repurchase accounts for the loans. loans as if they had been repurchased. The Company recognizes such loans and a corresponding liability in the Consolidated Balance Sheets. As of September 30, 2023 March 31, 2024, Rithm Capital holds reflected approximately $1.4 $1.8 billion in residential mortgage loans subject to repurchase and residential mortgage loans 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 recognizing loans eligible for repurchase. Rather, upon repurchase of a loan, the MSR is written off. As of September 30, 2023 March 31, 2024, Rithm Capital holds approximately $0.4 $0.5 billion of Ginnie Mae such repurchased residential loans presented within Residential mortgage loans, held for sale on its Consolidated Balance Sheets.

Ocwen MSR Financing Receivable Transactions

In July 2017, Ocwen Loan Servicing, LLC (collectively with certain affiliates, "Ocwen", and subsequently PHH Mortgage Corporation ("PHH") (as successor by merger to Ocwen)) and Rithm Capital entered into an agreement in which both parties agreed to undertake certain actions to facilitate the transfer from Ocwen to Rithm Capital of Ocwen's remaining interests in the MSRs relating to loans with an aggregate unpaid principal balance UPB of approximately $110.0 $110.0 billion and with respect to which Rithm Capital already held certain rights ("Rights to MSRs"). Additionally, in January 2018, Ocwen 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 $11.1 billion UPB, as March 31, 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.

billion and with respect to which Rithm Capital already held certain rights ("Rights to MSRs"). Ocwen and Rithm Capital concurrently entered into a subservicing agreement pursuant to which Ocwen agreed to subservice the mortgage loans related to the MSRs that were transferred to Rithm Capital.

In January 2018, Ocwen sold and transferred to Rithm Capital certain Rights to MSRs and other assets related to mortgage servicing rights for loans with an unpaid principal balance of approximately $86.8 billion. PHH (as successor by merger to Ocwen) will continue to service the residential mortgage loans related to the MSRs until any necessary third-party consents to transferring the MSRs are obtained and all other conditions to transferring the MSRs are satisfied.

Of the Rights to MSRs sold and transferred to NRM and Newrez, consents and all other conditions to transfer have been received with respect to approximately $66.7 billion UPB of underlying loans. Although legally sold and entitled to the economics of the transfer, as of September 30, 2023, with respect to MSRs representing approximately $11.6 billion UPB of underlying loans, it was determined for accounting purposes that substantially all of the risks and rewards inherent in owning the MSRs had not been transferred to Newrez and therefore are not treated as a sale under GAAP and are classified as MSR financing receivables. Geographic Distributions

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

	Percentage of Total Outstanding Unpaid Principal Amount

		Percentage of Total Outstanding Unpaid Principal Amount			Percentage of Total Outstanding Unpaid Principal Amount	
State Concentration	State Concentration	September 30, 2023	December 31, 2022	State Concentration	March 31, 2024	December 31, 2023
California	California	17.1 %	17.4 %	California	17.0 %	17.1 %
Florida	Florida	8.6 %	8.6 %	Florida	8.6 %	8.6 %
Texas	Texas	6.2 %	6.2 %	Texas	6.2 %	6.2 %
New York	New York	6.0 %	6.0 %	New York	6.0 %	6.0 %
Washington	Washington	5.8 %	5.9 %	Washington	5.7 %	5.8 %
New Jersey	New Jersey	4.3 %	4.4 %	New Jersey	4.3 %	4.3 %
Virginia	Virginia	3.6 %	3.6 %	Virginia	3.7 %	3.6 %
Maryland	Maryland	3.4 %	3.4 %	Maryland	3.4 %	3.4 %
Illinois	Illinois	3.3 %	3.4 %	Illinois	3.3 %	3.3 %
Georgia	Georgia	3.0 %	2.9 %	Georgia	3.0 %	3.0 %
Other U.S.		38.7 %	38.2 %			
		100.0 %	100.0 %			
Other US				Other US	38.8 %	38.7 %
	100.0				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 Subservicing

The Mortgage Company 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 on Rithm Capital's in the Consolidated Balance Sheets. The UPB of residential mortgage loans serviced for others as of September 30, 2023 March 31, 2024 and 2022 2023 was $99.4 billion $111.3 billion and $91.8 billion $94.1 billion, respectively. Rithm Capital earned servicing revenue of $104.0 million $38.1 million and $100.4 million $34.0 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, related to unaffiliated serviced subserviced loans which is included presented within Servicing Revenue, Net revenue, net in the Consolidated Statements of Operations.

In relation to certain owned MSRs, Rithm Capital engages unaffiliated licensed mortgage servicers as subservicers and, in relation to certain owned MSRs, including to perform the operational servicing duties, including recapture activities, in exchange for a subservicing fee, which is recorded recognized as Subservicing Expense subservicing expense and reflected presented as part of General and Administrative administrative expenses in Rithm Capital's the Consolidated Statements of Operations. As of September 30, 2023 March 31, 2024, these subservicers include PHH and Valon Mortgage, Inc. ("Valon") subservice 8.5% and Loancare which

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subservice 8.7%, 3.9% and 1.6% 4.8%, respectively, of the MSRs owned by Rithm Capital. The remaining 85.8% 86.7% of owned MSRs are serviced by the Mortgage Company Newrez (Note 1).

During the nine months ended September 30, 2023, Rithm Capital notified Mr. Cooper, LoanCare and Flagstar that their respective subservicing agreements would not be renewed and servicing related to loans subserviced by Mr. Cooper, LoanCare and Flagstar would be transferred to the Mortgage Company. As of September 30, 2023, no loans in relation to owned MSRs were subserviced by Mr. Cooper and Flagstar.

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 (Note 22) it services. These servicer advances are recorded when advanced and are included in servicer advances receivable on the Consolidated Balance Sheets.

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

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

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

	March 31, 2024	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Principal and interest advances	Principal and interest advances	$ 579,277	$ 664,495		
Escrow advances (taxes and insurance advances)	Escrow advances (taxes and insurance advances)	1,093,779	1,426,409		
Foreclosure advances	Foreclosure advances	833,680	754,073		
Total(A)(B)(C)	Total(A)(B)(C)	$2,506,736	$2,844,977		

(A) Includes $426.5 million $529.6 million and $526.5 million $585.0 million of servicer advances receivable related to Agency MSRs, respectively, recoverable either from the borrower or the Agencies.

(B) Includes $296.1 million $372.2 million and $261.8 million $405.6 million of servicer advances receivable related to Ginnie Mae MSRs, respectively, recoverable from either the borrower or Ginnie Mae. Expected losses for advances associated with Ginnie Mae loans in the MSR portfolio are considered in the MSR fair valuation value through a non-reimbursable advance loss assumption.

(C) Excludes $72.5 million $64.5 million and $19.5 million $66.4 million, respectively, in unamortized advance discount and reserves, net of accruals for advance recoveries. These reserves relate to inactive loans in the foreclosure or liquidation process.

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 bonds that were notes issued by the trust. In the majority of most cases, advances in excess of respective the 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 or modified, the Company has reserved $108.8 million provisioned $93.2 million, or 4.3% 3.5%, and $65.4 $93.7 million, or 2.3% 3.3%, for expected non-recovery of advances as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following table summarizes servicer advances reserve: provision activity during the quarter:

Balance at December 31, 2022 December 31, 2023	$	65,428 93,681
Provision		58,214 7,217
Write-offs		(14,851) (7,654)
Balance at September 30, 2023 March 31, 2024	$	108,791 93,244

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

6. SERVICER ADVANCE INVESTMENTS

Rithm Capital's servicer 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 basic fee component of the related MSR. Rithm Capital elected to record its servicer advance investments, including the right to the basic fee component of the related MSRs, at fair value pursuant to under the fair value option for financial instruments election to provide users of the financial statements with better information regarding the effects of market factors.

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

On October 2, 2023, Rithm Capital entered into a definitive agreement with Computershare Limited with respect to the Computershare Acquisition, which closed on May 1, 2024 (Note 26) for a purchase price of approximately $720 million. As part of the transaction, Rithm Capital acquired MSRs owned by SLS underlying the servicer advance investment, which will be reclassified to a full MSR during the second quarter. The servicer advance investment to be reclassified have a fair value of $9.7 million at March 31, 2024.

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

A taxable wholly-owned subsidiary of Rithm Capital is the managing member of Advance Purchaser LLC (the “Advance (“Advance Purchaser”), a joint venture entity and a subsidiary of the Company, and owns an approximately 89.3% interest in Advance Purchaser as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Advance Purchaser was established in December 2013 for the purpose

of investing in residential mortgage related advances. As of September 30, 2023 March 31, 2024, the noncontrolling third-party co-investors and Rithm Capital have funded their capital commitments; however, 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-investors nor Rithm Capital is obligated to fund amounts in excess of their respective capital commitments, regardless of the capital requirements of Advance Purchaser.

Our The Company’s servicer advance investments are included presented in Other assets on the Consolidated Balance Sheets. The following table summarizes servicer advance investments, including the right to the basic fee component of the related MSRs:

	Amortized Cost Basis	Carrying Value(A)	Weighted Average Discount Rate	Weighted Average Yield	Weighted Average Life (Years)(B)
September 30, 2023					
March 31, 2024					
Servicer advance investments Servicer advance investments	$ 361,325	$387,669	6.2 %	7.1 %	8.6
December 31, 2022					
Servicer advance investments Servicer advance investments	$ 392,749	$398,820	5.7 %	5.6 %	8.4
Servicer advance investments	$352,275	$374,511	6.2 %	7.0 %	8.4
December 31, 2023					
Servicer advance investments					
Servicer advance investments					
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 basic fee component of the related MSRs.

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

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

	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans	Face Amount of Secured Notes and Bonds Payable	Loan-to-Value (“LTV”)(A) Gross	Loan-to-Value (“LTV”)(A) Net(B)	Cost of Funds(C) Gross	Cost of Funds(C) Net
September 30, 2023								

	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans	Face Amount of Secured Notes and

												Bonds Payable
March 31, 2024												
Servicer advance investments(D)	Servicer advance investments(D)	$15,654,419	$ 314,165	2.0 %	$275,952	84.1 %	81.9 %	7.5 %	6.9 %			
December 31, 2022												
Servicer advance investments(D)	Servicer advance investments(D)	$17,033,753	$ 341,628	2.0 %	$319,276	90.2 %	88.3 %	6.5 %	5.9 %			
Servicer advance investments(D)									$14,871,701	$313,271	2.1 %	$270,705 84.1
December 31, 2023												
Servicer advance investments(D)												
Servicer advance investments(D)												
Servicer advance investments(D)									$15,499,559	$320,630	2.1 %	$278,845 84.1

(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, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Principal and interest advances	Principal and interest advances	$ 55,058	$ 66,892		
Escrow advances (taxes and insurance advances)	Escrow advances (taxes and insurance advances)	142,995	155,438		
Foreclosure advances	Foreclosure advances	116,112	119,298		
Total	Total	$ 314,165	$ 341,628		

7. REAL ESTATE AND OTHER SECURITIES

“ Agency RMBS (“Agency” RMBS) are RMBS issued by the GSEs or Ginnie Mae. “Non-Agency” RMBS Non-Agency securities (“Non-Agency”) are issued by either public trusts or private label securitization entities.

The following table summarizes real estate and other securities for available for sale (“AFS”) and RMBS measured at fair value securities by designation:

	September 30, 2023		December 31, 2022
	Gross Unrealized	Weighted Average	

	Outstanding Face Amount	Gains	Losses	Carrying Value(A)	Number of Securities	Coupon(B)	Yield	Life (Years)(C)	Carrying Value
RMBS Designated as Available for Sale (AFS):									

March 31, 2024

March 31, 2024

December 31, 2023

March 31, 2024

Gross Unrealized

Outstanding Face Amount

Outstanding Face Amount

Outstanding Face Amount

Gains **Losses** **Carrying Value(A)** **Number of Securities** **Coupon(B)** **Yield** **Life (Years)(C)** **Carrying Value(A)**

Securities designated as available for sale (“AFS”):

Agency(D)

Agency(D)

		Outstanding Face Amount	Gains	Losses	Carrying Value(A)	Number of Securities	Coupon(B)	Yield	Life (Years)(C)	Carrying Value
Agency(D)	Agency(D)	$ 75,928	$ —	$ —	$ 65,093	1	3.5 %	3.5 %	10.9	$ 73,439
Non-Agency(E)(F)	Non-Agency(E)(F)	2,516,651	72,278	(32,923)	366,972	333	3.5 %	3.9 %	5.5	397,076
RMBS Measured at Fair Value through Net Income (FVO):										
Securities measured at fair value through net income:										
Securities measured at fair value through net income:										
Securities measured at fair value through net income:										
Agency(D)	Agency(D)	8,655,669	—	(253,951)	8,235,153	44	5.2 %	5.2 %	9.6	7,264,978
Agency(D)										
Agency(D)										
US Treasury(D)										
Non-Agency(E)(F)	Non-Agency(E)(F)	14,611,690	59,989	(97,944)	534,256	354	2.9 %	6.6 %	8.1	553,784
Total/Weighted Average	**Total/Weighted Average**	$ 25,859,938	$ 132,267	$ (384,818)	$9,201,474	732	5.2 %	5.2 %	9.9	$8,289,277

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

(B) Excludes residual bonds and certain other Non-Agency bonds, with a carrying value of $17.8 million and $0.8 million, respectively, $30.1 million for which no coupon payment is expected.

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

(D) The total outstanding face amount was $8.7 billion $14.3 billion for fixed rate fixed-rate securities as of September 30, 2023 March 31, 2024.

(E) The total outstanding face amount was $7.9 billion $7.7 billion (including $7.0 billion $6.7 billion of residual and fair value option notional amount) residual) for fixed rate fixed-rate securities and $9.2 billion $11.8 billion (including $9.0 billion $11.3 billion of residual and fair value option notional amount) residual) for floating rate securities as of September 30, 2023 March 31, 2024.

(F) Includes other asset-backed securities consisting primarily of (i) interest-only securities, servicing strips collateralized loan obligations backed by corporate debt and commercial mortgage backed securities MBSs (fair value option securities), (ii) bonds backed by consumer loans (AFS securities), and (iii) corporate debt which Rithm Capital elected to carry at interest-only securities and servicing strips (AFS or fair value and record changes to valuation through earnings option securities). These securities are detailed in the table below:

		Gross Unrealized							
		Gross Unrealized							
		Gross Unrealized					Weighted Average		
Asset Type									
		Gross Unrealized				Weighted Average			
Asset Type		Outstanding Face Amount	Gains	Losses	Carrying Value	Number of Securities	Coupon	Yield	Life (Years)
Corporate debt		$ 514	$ 3	$ —	$ 512	2	8.2 %	9.5 %	1.5
Consumer loan bonds	Consumer loan bonds	301	663	—	663	2	N/A	N/A	0.1
Fair value option securities:									
Consumer loan bonds									
Consumer loan bonds									
Interest-only securities									
Interest-only securities									
Interest-only securities	Interest-only securities	9,247,297	33,197	(31,955)	139,108	145	0.8 %	9.5 %	2.4
Servicing strips	Servicing strips	4,087,218	17,726	(3,734)	50,737	61	0.2 %	15.2 %	3.9
Commercial Mortgage Backed Securities		3,931	103	—	3,900	2	7.9 %	8.8 %	1.6
Servicing strips									
Servicing strips									
Commercial MBSs									
Commercial MBSs									
Commercial MBSs									
CLOs									
CLOs									
CLOs									

The following table summarizes Real Estate real estate and Other Securities for Held other securities, held to Maturity securities: maturity:

	September 30, 2023							December 31, 2022
						Weighted Average		
	Outstanding Face Amount	Amortized Cost / Carrying Value	Fair Value	Unrecognized Gains/(Losses)	Number of Securities	Yield	Life (Years)	Carrying Value
	March 31, 2024							
	March 31, 2024							
	March 31, 2024							December 31, 2023
						Weighted Average		
	Outstanding Face Amount							
	Outstanding Face Amount							

		Outstanding Face Amount	Amortized Cost / Carrying Value	Fair Value	Unrecognized Gains/(Losses)	Number of Securities	Yield	Life (Years)	Carrying Value
Treasury Bills Designated as Held to Maturity (HTM):	Treasury Bills Designated as Held to Maturity (HTM):								
Treasury	Treasury	$ 1,000,000	$ 992,122	$ 992,183	$ 61	1	5.4 %	0.2	$ —
Treasury									
Treasury									

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The following table summarizes purchases and sales of Real Estate real estate and Other Securities: other securities:

		Three Months Ended September 30,					Nine Months Ended September 30,				
		2023			2022		2023			2022	
		Three Months Ended March 31,									
		Three Months Ended March 31,									
		Three Months Ended March 31,									
		2024									
		2024									
		2024									
(in millions)											
(in millions)											
(in millions)	(in millions)	Treasury	Agency	Non-Agency	Agency	Non-Agency	Treasury	Agency	Non-Agency	Agency	Non-Agency
Purchases	**Purchases**										
Purchases											
Purchases											
Face	Face	$ —	$ 1,211.3	$ —	$ 9,053.2	$ 906.7	$ 1,000.0	$ 3,373.7	$ 472.6	$ 10,051.4	$ 4,189.8
Face											
Face											
Purchase price											
Purchase price											
Purchase price	Purchase price	—	1,196.2	—	9,041.6	69.1	973.8	3,350.6	32.6	10,046.1	217.7
Sales	**Sales**										
Sales											
Sales											
Face											
Face											
Face	Face	$ —	$ 230.0	$ —	$ 7,767.1	$ 15.3	$ —	$ 1,692.4	$ —	$ 8,596.9	$ 15.3
Amortized cost	Amortized cost	—	229.8	—	7,987.1	12.0	—	1,672.6	0.2	8,844.1	13.6
Amortized cost											
Amortized cost											
Sale price	Sale price	—	219.6	—	6,965.4	12.0	—	1,615.5	—	7,704.3	12.0
Gain (loss) on sale		—	(10.2)	—	(1,021.8)	(0.1)	—	(57.1)	(0.2)	(1,139.9)	(1.6)

Sale price
Sale price
Realized gain (loss)
Realized gain (loss)
Realized gain (loss)

(A) Excludes treasury short sales. Refer to Note 17 for information regarding short sales.

As of September 30, 2023 March 31, 2024, Rithm Capital had sold $230.0 million has purchased $1.3 billion face amount of Agency RMBS for $219.6 million $1.3 billion and $14.0 million face amount of Non-Agency RMBS for $13.9 million, each of which had not yet been settled. As settled as of December 31, 2022, Rithm Capital had purchased $738.4 million face amount of Agency RMBS for $730.0 million and sold $490.8 million face amount of Agency RMBS for $471.6 million which had not yet been settled. the reporting date. Unsettled purchases and sales are recorded on a trade date basis and grouped and presented within Payable for Investments Purchased and Receivable for Investments Sold investments purchased on the Consolidated Balance Sheets.

Prior to March 31, 2024, Rithm Capital has exercised its call rights with respect to certain Non-Agency RMBS trusts and purchased performing and non-performing residential mortgage loans and REO contained in such trusts prior to their termination. In certain cases, Rithm Capital sold portions of the purchased loans through securitizations and retained bonds notes issued by such securitizations. In addition, Rithm Capital received par on the securities issued by the called trusts which it owned prior to such trusts' termination. Refer to Note 8 for further details on these transactions.

During the nine months ended September 30, 2023, Rithm Capital purchased $1.0 billion of 6-month U.S. Treasury Bills maturing on November 24, 2023. terminations.

The following table summarizes certain information for RMBS designated as AFS in an unrealized loss position as of September 30, 2023 March 31, 2024:

March 31, 2024												
			Amortized Cost Basis						Weighted Average			
Securities in an Unrealized Loss Position	Securities in an Unrealized Loss Position	Outstanding Face Amount	Before Credit Impairment	Credit Impairment(A)	After Credit Impairment	Gross Unrealized Losses	Carrying Value	Number of Securities	Coupon		Yield	Life (Years)
Less than 12 Months	Less than 12 Months	$ 79,960	$ 69,392	$ —	$ 69,392	$ (6,770)	$ 62,622	72	3.1	%	4.0 %	4.7
Less than 12 Months												
Less than 12 Months												
12 or More Months	12 or More Months	306,044	288,367	(14,421)	273,946	(26,153)	247,793	130	3.7	%	3.7 %	7.2
Total/Weighted Average	Total/Weighted Average	$ 386,004	$ 357,759	$ (14,421)	$ 343,338	$ (32,923)	$310,415	202	3.6	%	3.8 %	6.7

March 31, 2024							December 31, 2023	
Securities in an Unrealized Loss Position	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized Losses	Carrying Value	Number of Securities	Weighted Average		Carrying Value

(A) Represents credit impairment on securities in an unrealized loss position as of September 30, 2023 March 31, 2024.

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Rithm Capital performed an assessment of all RMBS designated as AFS that are in an unrealized loss position (an unrealized loss position exists when a security's amortized cost basis, excluding the effect of credit impairment, exceeds its fair value) and determined the following:

	September 30, 2023				December 31, 2022			
			Gross Unrealized Losses				Gross Unrealized Losses	
RMBS Designated as AFS	Fair Value	Amortized Cost Basis After Credit Impairment	Credit(A)	Non-Credit(B)	Fair Value	Amortized Cost Basis After Credit Impairment	Credit(A)	Non-Credit(B)

	March 31, 2024				December 31, 2023			
			Gross Unrealized Losses				Gross Unrealized Losses	
RMBS Designated as AFS	Fair Value	Amortized Cost Basis After Credit Impairment	Credit(A)	Non-Credit(B)	Fair Value	Amortized Cost Basis After Credit Impairment	Credit(A)	Non-Credit(B)

Securities Rithm Capital intends to sell		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Securities Rithm Capital is more likely than not to be required to sell(C)		—	—	—	—	—	—	—	—
Securities Rithm Capital has no intent to sell and is not more likely than not to be required to sell:									
Securities intended to sell									
Securities that are more likely than not required to be sold(C)									
Securities with no intent to sell and are not more likely than not required to be sold:									
Credit impaired securities									
Credit impaired securities									
Credit impaired securities	Credit impaired securities	69,456	69,833	(14,421)	(376)	77,843	78,101	(10,816)	(258)
Non-credit impaired securities	Non-credit impaired securities	240,959	273,505	—	(32,547)	271,405	304,831	—	(33,426)
Total debt securities in an unrealized loss position	Total debt securities in an unrealized loss position	$ 310,415	$ 343,338	$ (14,421)	$ (32,923)	$ 349,248	$ 382,932	$ (10,816)	$ (33,684)

(A) Required to be recorded Recognized through earnings. In measuring the portion of credit losses, Rithm Capital estimates the expected cash flow for each of the securities. This evaluation included a review of the credit status and the performance of the collateral supporting those securities, including the credit of the issuer, key terms of the securities and the effect of local, industry and broader economic trends. Significant inputs in estimating the cash flows included Rithm Capital's expectations of prepayment rates, default rates and loss severities. Credit losses were measured as the decline in the present value of the expected future cash flows discounted at the security's effective interest rate.

(B) Represents unrealized losses on securities that are due to non-credit factors. factors included in other comprehensive income (loss) in the Company's Consolidated Statements of Comprehensive Income.

(C) Rithm Capital may, at times, be more likely than not to be required to sell certain securities for liquidity purposes. While the amount of the securities to be sold may be an estimate, and the securities to be sold have not yet been identified, Rithm Capital must make makes its best estimate, which is subject to significant judgment regarding future events, and may differ materially from actual future sales.

The following table summarizes the activity for the period related to the allowance for credit losses on RMBS designated as AFS (excluding credit impairment relating to securities Rithm Capital intends to sell or is more likely than not required to sell):

RMBS Designated as AFS	Purchased Credit Deteriorated	Non-Purchased Credit Deteriorated	Total

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

Allowance for credit losses on available-for-sale debt securities at December 31, 2022	$ 4,140	$ 6,676	$ 10,816
Additions to the allowance for credit losses on securities for which credit losses were not previously recorded	—	—	—
Additions to the allowance for credit losses arising from purchases of available-for-sale debt securities accounted for as purchased financial assets with credit deterioration	—	—	—
Reductions for securities sold during the period	(221)	—	(221)
Reductions in the allowance for credit losses because the entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis	—	—	—
Additional increases (decreases) to the allowance for credit losses on securities that had credit losses, or an allowance recorded in a previous period	(158)	3,984	3,826
Write-offs charged against the allowance	—	—	—
Recoveries of amounts previously written off	—	—	—
Allowance for credit losses on available-for-sale debt securities at September 30, 2023	$ 3,761	$ 10,660	$ 14,421

RMBS Designated as AFS	**Purchased Credit Deteriorated**	**Non-Purchased Credit Deteriorated**	**Total**
Allowance for credit losses on available-for-sale debt securities at December 31, 2023	$ 1,183	$ 8,969	$ 10,152
Additions to the allowance for credit losses on securities for which credit losses were not previously recognized	21	—	21
Additions to the allowance for credit losses arising from purchases of AFS debt securities accounted for as purchased financial assets with credit deterioration	—	—	—
Reductions for securities sold during the period	—	—	—
Reductions in the allowance for credit losses for securities intended to be sold or are more likely than not required to be sold before recovery of its amortized cost basis	—	—	—
Additional increases (decreases) to the allowance for credit losses on securities with credit losses, or an allowance recognized in a previous period	595	(84)	511
Write-offs charged against the allowance	—	—	—
Recoveries of amounts previously written off	—	—	—
Allowance for credit losses on available-for-sale debt securities at March 31, 2024	$ 1,799	$ 8,885	$ 10,684

See Note 18 regarding the financing of Real Estate and Other Securities.

8. RESIDENTIAL MORTGAGE LOANS

Rithm Capital accumulated accumulates its residential mortgage loan portfolio through various originations, bulk acquisitions and the execution of call rights. Rithm Capital, through its Mortgage Company, originates A majority of the residential mortgage loans for sale and securitization to third parties and generally retains the servicing rights on the underlying loans. 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, 2023 March 31, 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 held-for-sale, HFS, at fair value

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

	March 31, 2024	
	March 31, 2024	
	March 31, 2024	**December 31, 2023**

	Outstanding Face Amount					

Outstanding Face Amount	Carrying Value	Loan Count	Weighted Average Yield	Weighted Average Life (Years)(A)	Carrying Value

Total residential mortgage loans, HFI, at fair value

	September 30, 2023					December 31, 2022
Loan Type	Outstanding Face Amount	Carrying Value	Loan Count	Weighted Average Yield	Weighted Average Life (Years)(A)	Carrying Value
Total residential mortgage loans, held-for-investment, at fair value	$ 462,187	$ 370,957	8,610	8.9 %	4.5	$ 452,519
Acquired performing loans(B)						
Acquired performing loans(B)						
Acquired performing loans(B)						
Acquired non-performing loans(C)						
Total residential mortgage loans, HFS, at lower of cost or market						
Acquired performing loans(B) (D) Acquired performing loans(B) (D)	69,353	57,229	1,947	8.9 %	4.7	72,425
Acquired non-performing loans(C) (D) Acquired non-performing loans(C) (D)	27,042	21,454	324	9.3 %	3.2	28,602
Total residential mortgage loans, held-for-sale, at lower of cost or market	$ 96,395	$ 78,683	2,271	9.0 %	4.3	$ 101,027
Originated loans						
Total residential mortgage loans, HFS, at fair value						
Acquired performing loans(B)(D)	$ 997,217	$ 963,554	3,374	6.8 %	13.1	$ 890,131
Acquired non-performing loans(C)(D)	211,662	191,078	1,101	4.6 %	23.8	340,342
Originated loans	1,579,012	1,585,967	5,593	6.9 %	29.2	2,066,798
Total residential mortgage loans, held-for-sale, at fair value	$ 2,787,891	$2,740,599	10,068	6.7 %	23.0	$3,297,271
Total residential mortgage loans, held-for-sale, at fair value/lower of cost or market	$ 2,884,286	$2,819,282				$3,398,298

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

Total residential mortgage loans, HFS, at fair value and lower of cost or fair value	
Total residential mortgage loans, HFS, at fair value and lower of cost or fair value	
Total residential mortgage loans, HFS, at fair value and lower of cost or fair value	

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

(C) As of September 30, 2023 March 31, 2024, Rithm Capital has placed non-performing loans, held-for-sale HFS on non-accrual status, except as described in (D) below.

(D) Includes $252.1 million $228.6 million and $186.7 million $222.7 million UPB of Ginnie Mae Early Buyout Options ("EBOs") early buyout options performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA.

The following table summarizes the geographic distribution of the underlying residential mortgage loans:

		Percentage of Total Outstanding Unpaid Principal Amount					
		Percentage of Total Outstanding Unpaid Principal Amount					Percentage of Total Outstanding Unpaid Principal Amount
State Concentration	**State Concentration**	**September 30, 2023**	**December 31, 2022**	**State Concentration**	**March 31, 2024**	**December 31, 2023**	
California				California	10.3 %	8.3 %	
Florida	Florida	11.4 %	10.9 %	Florida	9.8 %	9.3 %	
California		9.3 %	10.2 %				
Texas				Texas	8.2 %	9.5 %	
New York	New York	8.5 %	6.8 %	New York	6.3 %	8.0 %	
Texas		8.0 %	8.9 %				
Georgia	Georgia	4.1 %	4.2 %	Georgia	4.8 %	4.9 %	
North Carolina				North Carolina	3.7 %	3.2 %	
Illinois				Illinois	3.6 %	3.5 %	
New Jersey	New Jersey	3.8 %	3.8 %	New Jersey	3.6 %	3.9 %	
Illinois		3.6 %	3.6 %				
Indiana		3.2 %	3.2 %				
Virginia				Virginia	3.4 %	3.6 %	
Maryland	Maryland	3.2 %	3.1 %	Maryland	3.2 %	3.3 %	
Pennsylvania		2.8 %	2.7 %				
Other U.S.		42.1 %	42.6 %				
		100.0 %	100.0 %				
Other US				Other US	43.1 %	42.5 %	
	100.0				100.0%		100.0 %

See Note 18 regarding the financing of residential mortgage loans.

The following table summarizes the difference between the aggregate unpaid principal balance UPB and the aggregate carrying value of loans: residential mortgage loans 90 days or more past due:

September 30, 2023	December 31, 2022

	March 31, 2024			December 31, 2023		
Days Past Due	UPB	Carrying Value	Carrying Value Over (Under) UPB	UPB	Carrying Value	Carrying Value Over (Under) UPB
90+	$305,579	$266,341	$(39,237)	$468,147	$423,321	$(44,826)
90+						
90+						

The following table summarizes the activity for residential mortgage loans: loans for the period:

	Loans Held-for-Investment, at Fair Value	Loans Held-for-Sale, at Lower of Cost or Fair Value	Loans Held-for-Sale, at Fair Value	Total
	Loans HFI, at Fair Value	Loans HFS, at Lower of Cost or Fair Value	Loans HFS, at Fair Value	Total
Balance at December 31, 2022	$ 452,519	$101,027	$ 3,297,271	$ 3,850,817
Balance at December 31, 2023				
Originations	—	—	28,097,716	28,097,716
Sales	—	(6,946)	(28,795,595)	(28,802,541)
Purchases/additional fundings	1,269	—	241,061	242,330
Proceeds from repayments	(38,988)	(8,289)	(146,886)	(194,163)
Transfer of loans to other assets(A)	—	—	7,248	7,248
Transfer of loans to real estate owned	(6,127)	(3,170)	(1,464)	(10,761)
Transfers of loans to held-for-sale	(30,556)	—	—	(30,556)
Transfer of loans from held-for-investment	—	—	30,556	30,556
Valuation (provision) reversal on loans	—	(3,939)	—	(3,939)
Transfer of loans (to) from other assets				
Transfer of loans to REO				
Impairment (loss) reversal				
Impairment (loss) reversal				
Impairment (loss) reversal				
Fair value adjustments due to:				
Changes in instrument-specific credit risk	4,000	—	9,309	13,309
Changes in instrument-specific credit risk				
Changes in instrument-specific credit risk				
Other factors	(11,160)	—	1,383	(9,777)
Balance at September 30, 2023	$ 370,957	$ 78,683	$ 2,740,599	$ 3,190,239
Balance at March 31, 2024				

(A) Represents loans for which foreclosure has been completed and for which Rithm Capital has made, or intends to make, a claim with the governmental agency that has guaranteed the loans that are grouped and presented as part of claims receivable in other assets (Note 13).

Net Interest Income

The following table summarizes the net interest income for residential mortgage loans:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest income:				
Loans held-for-investment, at fair value	$ 8,009	$ 11,550	$ 26,732	$ 32,298
Loans held-for-sale, at lower of cost or fair value	1,206	1,613	4,594	5,429
Loans held-for-sale, at fair value	43,875	47,885	122,906	174,536
Total interest income	$ 53,090	$ 61,048	$ 154,232	$ 212,263
Interest expense:				
Loans held-for-investment, at fair value	4,823	3,793	14,342	9,955
Loans held-for-sale, at lower of cost or fair value	857	841	2,746	2,513
Loans held-for-sale, at fair value	44,531	47,953	130,034	129,332
Total interest expense	$ 50,211	$ 52,587	$ 147,122	$ 141,800
Net interest income	$ 2,879	$ 8,461	$ 7,110	$ 70,463

	Three Months Ended March 31,	
	2024	2023
Interest income:		
Loans HFI, at fair value	$ 7,857	$ 9,509
Loans HFS, at lower of cost or fair value	861	1,504
Loans HFS, at fair value	36,016	37,286
Total interest income	$ 44,734	$ 48,299
Interest expense:		
Loans HFI, at fair value	4,224	4,670
Loans HFS, at lower of cost or fair value	716	907
Loans HFS, at fair value	37,238	42,779
Total interest expense	$ 42,178	$ 48,356
Net interest income	$ 2,556	$ (57)

Gain on Originated Residential Mortgage Loans, Held-for-Sale, HFS, Net

The Mortgage Company 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, held-for-sale, HFS, net in the Consolidated Statements of Operations.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Gain (loss) on residential mortgage loans originated and sold, net(A)					
Gain (loss) on residential mortgage loans originated and sold, net(A)					
Gain (loss) on residential mortgage loans originated and sold, net(A)	Gain (loss) on residential mortgage loans originated and sold, net(A)	$ (178,658)	$ (141,327)	$ (332,793)	$ (933,582)
Gain (loss) on settlement of residential mortgage loan origination derivative instruments(B)	Gain (loss) on settlement of residential mortgage loan origination derivative instruments(B)	67,377	57,407	65,798	1,109,163
Gain (loss) on settlement of residential mortgage loan origination derivative instruments(B)					
Gain (loss) on settlement of residential mortgage loan origination derivative instruments(B)					
MSRs retained on transfer of residential mortgage loans(C)					
MSRs retained on transfer of residential mortgage loans(C)					
MSRs retained on transfer of residential mortgage loans(C)	MSRs retained on transfer of residential mortgage loans(C)	266,644	268,613	609,460	1,059,535
Other(D)	Other(D)	5,892	2,763	2,751	32,302
Other(D)					
Other(D)					
Realized gain on sale of originated residential mortgage loans, net					
Realized gain on sale of originated residential mortgage loans, net					
Realized gain on sale of originated residential mortgage loans, net	Realized gain on sale of originated residential mortgage loans, net	$ 161,255	$ 187,456	$ 345,216	$ 1,267,418
Change in fair value of residential mortgage loans	Change in fair value of residential mortgage loans	(19,299)	(113,210)	40,190	(383,169)
Change in fair value of residential mortgage loans					
Change in fair value of residential mortgage loans					
Change in fair value of interest rate lock commitments (Note 17)					
Change in fair value of interest rate lock commitments (Note 17)					

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

Change in fair value of interest rate lock commitments (Note 17)	Change in fair value of interest rate lock commitments (Note 17)	(8,630)	(104,440)	(2,288)	(154,644)
Change in fair value of derivative instruments (Note 17)	Change in fair value of derivative instruments (Note 17)	15,904	233,673	27,202	250,661
Gain on originated residential mortgage loans, held-for-sale, net		$ 149,230	$ 203,479	$ 410,320	$ 980,266
Change in fair value of derivative instruments (Note 17)					
Change in fair value of derivative instruments (Note 17)					
Gain on originated residential mortgage loans, HFS, net					
Gain on originated residential mortgage loans, HFS, net					
Gain on originated residential mortgage loans, HFS, net					

(A) Includes residential mortgage loan origination fees of $105.9 $177.7 million and $156.8 $68.9 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Includes residential mortgage loan origination fees of $268.8 million and $526.1 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

(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.

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

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

9. CONSUMER LOANS

On June 20, 2023, Rithm Capital purchased a Capital's consumer loan portfolio consists of (i) consumer loans purchased from Goldman Sachs Bank USA (the "Marcus loans" or "Marcus"). The portfolio consists in June 2023 and (ii) a co-investment (as of unsecured fixed rate closed end installment loans. In tandem with this purchase, March 31, 2024, Rithm Capital entered into a loan servicing agreement with Goldman Sachs Bank USA ("Goldman") whereby Goldman will continue to service the Marcus loans for the duration of their life.

Rithm Capital, through certain limited liability companies (together, the "Consumer Loan Companies"), has a co-investment capital owns 53.5% in a portfolio of consumer loans purchased from SpringCastle (the "SpringCastle loans" or "SpringCastle"). The Marcus loans portfolio includes unsecured fixed-rate closed-end installment loans, and the joint venture SpringCastle. The SpringCastle loans portfolio includes personal unsecured loans and personal homeowner loans. The Marcus loans (the "SpringCastle loans" or "SpringCastle"). OneMain Holdings Inc is the servicer of are serviced by Systems & Services Technologies, Inc. and the SpringCastle loans and provides all servicing and advancing functions for the SpringCastle portfolio. As of September 30, 2023, Rithm Capital owns 53.5% of the limited liability company interests in, and consolidates, the Consumer Loan Companies. are serviced by OneMain Holdings Inc.

The following table summarizes characteristics of the consumer loan portfolio inclusive of the SpringCastle loans and Marcus loans: measured at fair value:

	Unpaid Principal Balance	Carrying Value	Weighted Average Coupon	Weighted Average Expected Life (Years)
	Unpaid Principal Balance			
	Unpaid Principal Balance			
	Unpaid Principal Balance			
March 31, 2024				
March 31, 2024				
March 31, 2024				
September 30, 2023				
SpringCastle				

SpringCastle					
SpringCastle	SpringCastle	$ 275,053	$ 303,881	18.2 %	3.6
Marcus	Marcus	1,200,441	1,132,199	11.1 %	1.3
Marcus					
Marcus					
Total consumer loans	Total consumer loans	$ 1,475,494	$ 1,436,080	12.4 %	1.7
December 31, 2022					
Total consumer loans					
Total consumer loans					
December 31, 2023					
December 31, 2023					
December 31, 2023					
SpringCastle					
SpringCastle					
SpringCastle	SpringCastle	$ 330,428	$ 363,756	17.8 %	3.4
Marcus	Marcus	—	—	— %	—
Marcus					
Marcus					
Total consumer loans	Total consumer loans	$ 330,428	$ 363,756	17.8 %	3.4
Total consumer loans					
Total consumer loans					

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:

	March 31, 2024			December 31, 2023		
Days Past Due	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**
SpringCastle						
Current	$ 241,454	$ 262,483	$ 21,029	$ 255,441	$ 280,577	$ 25,136
90+	5,099	5,465	366	4,661	5,055	394
Total SpringCastle	$ 246,553	$ 267,948	$ 21,395	$ 260,102	$ 285,632	$ 25,530
Marcus						
Current	$ 842,297	$ 775,293	$ (67,004)	$ 1,014,404	$ 956,076	$ (58,328)
90+	65,792	60,558	(5,234)	34,268	32,297	(1,971)
Total Marcus	$ 908,089	$ 835,851	$ (72,238)	$ 1,048,672	$ 988,373	$ (60,299)
	$ 1,154,642	$ 1,103,799	$ (50,843)	$ 1,308,774	$ 1,274,005	$ (34,769)

(A) Consumer loans are carried at fair value under the fair value option election. See Note 19 regarding fair value measurements.

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 past due status and difference between the aggregate unpaid principal balance and the aggregate carrying value of consumer loans:

	September 30, 2023			December 31, 2022		
Days Past Due	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**
SpringCastle						
Current	$ 270,509	$ 298,905	$ 28,396	$ 325,192	$ 358,057	$ 32,865
90+	4,544	4,976	432	5,236	5,699	463

Total SpringCastle	$	275,053	$	303,881	$	28,828	$	330,428	$	363,756	$	33,328
Marcus												
Current	$	1,193,531	$	1,125,682	$	(67,849)	$	—	$	—	$	—
90+		6,910		6,517		(393)		—		—		—
Total Marcus	$	1,200,441	$	1,132,199	$	(68,242)	$	—	$	—	$	—
	$	1,475,494	$	1,436,080	$	(39,414)	$	330,428	$	363,756	$	33,328

(A) Consumer loans are carried at fair value. See Note 19 regarding fair value measurements.

The following table summarizes activities related to the carrying value of activity for consumer loans: loans for the period:

	SpringCastle		Marcus		Total	
Balance at December 31, 2022	$	363,756	$	—	$	363,756
Purchases		—		1,317,347		1,317,347
Additional fundings(A)		20,675		—		20,675
Proceeds from repayments		(75,681)		(197,274)		(272,955)
Accretion of loan discount and premium amortization, net		7,178		14,103		21,281
Fair value adjustment due to:						
Changes in instrument-specific credit risk		3,945		—		3,945
Other factors		(15,992)		(1,977)		(17,969)
Balance at September 30, 2023	$	303,881	$	1,132,199	$	1,436,080

	Total	
Balance at December 31, 2023	$	1,274,005
Purchases		—
Additional fundings(A)		4,113
Proceeds from repayments		(154,354)
Accretion of loan discount and premium amortization, net		10,152
Fair value adjustments due to:		
Changes in instrument-specific credit risk		(22,961)
Other factors		(7,156)
Balance at March 31, 2024	$	1,103,799

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

10. 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 three months ended March 31, 2024, Rithm Capital transferred one SFR property to HFS.

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

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Land	Land	$ 180,782	$ 175,607		
Building	Building	723,129	702,427		
Capital improvements	Capital improvements	134,631	118,999		

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

Total gross investment in SFR properties	Total gross investment in SFR properties	1,038,542	997,033
Total gross investment in SFR properties			
Total gross investment in SFR properties			
Accumulated depreciation	Accumulated depreciation	(46,594)	(25,720)
Investment in SFR properties, net	Investment in SFR properties, net	$ 991,948	$ 971,313

Depreciation expense for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 totaled $21.0 $7.7 million and $12.4 $6.9 million, respectively, and is included in other income (loss), net in the Consolidated Statements of Operations.

As of March 31, 2024 and December 31, 2023, the carrying amount of the SFR properties includes capitalized acquisition costs of $7.4 million and $7.1 million, respectively.

As of September 30, 2023 and December 31, 2022, the carrying amount of the SFR properties includes capitalized acquisition costs of $7.5 million and $7.7 million, respectively.

SFR properties held-for-sale are managed for near term sale and disposition. For the nine months ended September 30, 2023, Rithm Capital transferred 30 SFR properties to held-for-sale.

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 HFI	SFR Properties HFS	Total
	SFR Properties Held-for-Investment	SFR Properties Held-for-Sale	Total	
Balance at December 31, 2022	$ 971,313	$ —	$971,313	
Balance at December 31, 2023				
Balance at December 31, 2023				
Balance at December 31, 2023				
Acquisitions and capital improvements / Acquisitions and capital improvements	48,563	—	48,563	
Transfer to held-for-sale	(9,747)	9,747	—	
Transfers to HFS				
Dispositions / Dispositions	(250)	(6,698)	(6,948)	
Accumulated depreciation / Accumulated depreciation	(20,861)	(119)	(20,980)	
Balance at September 30, 2023	$ 989,018	$ 2,930	$991,948	
Accumulated depreciation				
Accumulated depreciation				
Balance at March 31, 2024				

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

Rithm Capital generally rents its SFR properties under non-cancelable lease agreements with a term of one to two years. The following table summarizes our the future minimum rental revenues under existing leases on SFR properties:

Remainder of 2023 2024	$	17,917 36,521
2024 2025 and thereafter		33,291 9,217
Total	$	51,208 45,738

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

	SFR Properties Held-for-Investment	SFR Properties Held-for-Sale	Total
Balance at December 31, 2022	3,731	—	3,731
Acquisition of SFR units	129	—	129
Transfer to held-for-sale	(30)	30	—
Disposition of SFR units	(1)	(20)	(21)
Balance at September 30, 2023	3,829	10	3,839

	SFR Properties HFI	SFR Properties HFS	Total
Balance at December 31, 2023	3,882	6	3,888
Acquisition of SFR units	48	—	48
Transfer to HFS	(1)	1	—
Disposition of SFR units	(4)	(4)	(8)
Balance at March 31, 2024	3,925	3	3,928

See Note 18 regarding the financing of SFR Properties.

11. 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 fixed-rate bridge and renovation loans and is master serviced by Genesis.

The following table summarizes mortgage loans receivable outstanding by loan type as of March 31, 2024:

	Carrying Value(A)	% of Portfolio	Loan Count	% of Portfolio	Weighted Average Yield	Weighted Average Original Life (Months)	Weighted Average Committed Loan Balance to Value(B)
Construction	$ 1,047,688	43.9 %	365	26.1 %	10.9 %	16.8	73.4% / 62.3%
Bridge	1,037,056	43.5 %	638	45.7 %	9.9 %	27.2	68.1%
Renovation	300,000	12.6 %	394	28.2 %	10.3 %	12.6	81.2% / 68.4%
	$ 2,384,744	100.0 %	1,397	100.0 %	10.4 %	20.5	N/A

(A) Mortgage loans receivable are carried at fair value under the fair value option election. See Note 19 regarding fair value measurements.

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

The following table summarizes mortgage loans receivable outstanding by loan purpose as of September 30, 2023:

	Carrying Value(A)	% of Portfolio	Loan Count	% of Portfolio	Weighted Average Yield	Weighted Average Original Life (Months)	Weighted Average Committed Loan Balance to Value(B)
Construction	$ 947,754	44.3 %	422	30.0 %	9.8 %	16.1	75.0% / 63.3%

Bridge	925,859	43.4 %	682	48.6 %	9.3 %	25.1	69.9%
Renovation	261,811	12.3 %	300	21.4 %	9.9 %	14.0	79.4% / 68.2%
	$ 2,135,424	100.0 %	1,404	100.0 %	9.6 %	19.7	N/A

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

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

The following table summarizes the activity for the period for mortgage loans receivable:

Balance at December 31, 2022 December 31, 2023	$	2,064,028 2,232,913
Initial loan advances		975,677 468,805
Construction holdbacks and draws		491,370 180,893
Paydowns and payoffs		(1,542,459) (505,091)
Fair value adjustments		14,873
Purchased loans discount amortization		177 588
Transfer of loans to REO		(8,237)
Balance at September 30, 2023 March 31, 2024	$	2,135,424 2,384,744

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 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 unpaid principal balance UPB and the aggregate carrying value of mortgage loans receivable:

		September 30, 2023			December 31, 2022									
		March 31, 2024							March 31, 2024			December 31, 2023		
Days Past Due	**Days Past Due**	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**	**Days Past Due**	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**
Current	Current	$2,105,989	$2,104,383	$ (1,606)	$2,064,028	$2,064,028	$ —							
90+	90+	31,045	31,041	(4)	—	—	—							

The following table summarizes the geographic distribution of the underlying mortgage loans receivable as of March 31, 2024:

	Percentage of Total Loan Commitment	
State Concentration	**March 31, 2024**	**December 31, 2023**
California	49.9 %	48.2 %
Washington	6.5 %	7.9 %
Florida	6.5 %	7.3 %
New York	6.5 %	6.5 %
Colorado	4.7 %	2.4 %
Arizona	4.1 %	5.0 %
Virginia	4.1 %	4.7 %
Texas	3.3 %	3.5 %
Georgia	2.8 %	2.3 %
Illinois	2.4 %	2.5 %
Other US	9.2 %	9.7 %
	100.0 %	100.0 %

See Note 18 regarding the financing of mortgage loans receivable.

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

The following table summarizes the geographic distribution of the underlying mortgage loans receivable as of September 30, 2023:

State Concentration	Percentage of Total Loan Commitment
California	49.2 %
Washington	8.7 %
New York	7.0 %
Colorado	5.6 %
Florida	5.2 %
Arizona	4.2 %
Virginia	3.8 %
North Carolina	2.5 %
Illinois	2.4 %
Texas	2.3 %
Other U.S.	9.1 %
	100.0 %

See Note 18 regarding the financing of mortgage loans receivable.

12. 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 primarily relates to the financing consists of servicer advances that has been pledged to the note holders for interest and fees payable, cash collateral pledges related to securitization facilities (Note 20) secured financing and financing of consumer loans as well as real estate securities. securitizations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on Rithm Capital's Consolidated Balance Sheets to the total of the same such amounts shown in the Consolidated Statements of Cash Flows:

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Cash and cash equivalents	Cash and cash equivalents	$1,217,283	$1,336,508		
Restricted cash	Restricted cash	368,447	281,126		
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	$1,585,730	$1,617,634		

The following table summarizes restricted cash balances: balances by reporting segment:

	September 30, 2023	December 31, 2022
MSRs and servicer advances	$ 119,150	$ 69,347
Real estate and other securities	3,543	4,604
Consumer loans	19,703	15,930
SFR properties	14,501	4,627
Origination and servicing	165,796	161,249

Mortgage loans receivable	45,754	25,369
Total restricted cash	$ 368,447	$ 281,126

	March 31, 2024	December 31, 2023
Investment Portfolio	$ 93,654	$ 144,169
Origination and Servicing	237,186	195,490
Mortgage Loans Receivable	55,458	37,805
Asset Management	8,248	8,156
Total restricted cash	$ 394,546	$ 385,620

RITHM CAPITAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

13. OTHER ASSETS AND LIABILITIES

Other Assets and Accrued Expenses and Other Liabilities consist of the following:

	Other Assets			Accrued Expenses and Other Liabilities	
	September 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Margin receivable, net(A)	$ 569,081	$ 20,614	Margin payable	$ 31,392	$ 4,852

	Other Assets	Other Assets		Accrued Expenses and Other Liabilities	
	March 31, 2024	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Assets of consolidated funds					
Deferred tax asset					
Derivative and hedging assets (Note 17)					
Due from related parties					
Equity investments(A)					

Excess MSRs, at fair value (Note 4)	Excess MSRs, at fair value (Note 4)	282,976	321,803	Interest payable	215,276	87,700

Goodwill (Note 15)(B)
Income and fees receivable
Intangible assets (Note 15)
Loans receivable, at fair value(C)

Margin receivable, net(D)

Notes receivable, at fair value(E)

Operating lease right-of-use assets (Note 16)

Operating lease right-of-use assets (Note 16)

Operating lease right-of-use assets (Note 16)

Other receivables

Other receivables

Other receivables

Prepaid expenses

Prepaid expenses

Prepaid expenses

Principal and interest receivable

Principal and interest receivable

Principal and interest receivable

Property and equipment

Property and equipment

Property and equipment

Real Estate Owned

Real Estate Owned

Real Estate Owned

Servicer advance investments, at fair value (Note 6)

Servicer advance investments, at fair value (Note 6)

Servicer advance investments, at fair value (Note 6)	Servicer advance investments, at fair value (Note 6)	387,669	398,820	Accounts payable	177,969	155,492
Servicing fee receivables	Servicing fee receivables	125,381	128,438	Derivative liabilities (Note 17)	9,639	18,064
Principal and interest receivable		164,558	106,608	Accrued compensation and benefits	110,834	112,762
Equity investments(B)		67,819	71,388	Operating lease liabilities (Note 16)	101,478	101,225
Other receivables		159,142	146,131	Deferred tax liability	798,179	711,855
REO		17,824	19,379	Other liabilities	337,548	294,717
Goodwill (Note 15)(C)		85,199	85,199		$1,782,315	$1,486,667

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

Notes receivable, at fair value(E)	33,250	—
Servicing fee receivables		
Servicing fee receivables		
Warrants, at fair value Warrants, at fair value	18,854	19,346
Property and equipment	26,840	37,883
Intangible assets (Note 15)	123,245	141,413
Prepaid expenses	35,398	60,817
Operating lease right-of-use assets (Note 16)	77,522	77,329
Derivative assets (Note 17)	63,532	52,229
Loans receivable, at fair value(D)	30,109	94,401
Warrants, at fair value		
Warrants, at fair value		
Other assets Other assets	151,469	132,809
	$2,419,868	$1,914,607
Other assets		
Other assets	—	
	$	
	$	
	$	

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

(B) Represents equity investments in (i) commercial redevelopment projects and (ii) operating companies providing services throughout the real estate industry, including investments in Covius Holding Inc. ("Covius"), a provider of various technology-enabled services to the mortgage and real estate sectors, preferred stock in of Valon, Mortgage, Inc. ("Valon"), a residential mortgage servicing and technology company, and preferred stock in of Covalto Ltd. (formerly known as Credijusto Ltd. ("Covalto"), a financial services company. company and (iii) funds managed by Sculptor.

(C) (B) Includes goodwill derived from the acquisition of Shellpoint Partners LLC ("Shellpoint"), Newrez, Guardian, Asset Management LLC ("Guardian") Genesis and Genesis. Sculptor.

(D) (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 accounted for under the fair value option.

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

(E) Represents notes receivable acquired pursuant to a loan sale agreement, secured by certain commercial properties. The note is notes are accounted for under the fair value option.

Real Estate Owned (REO) REO — REO assets are those individual properties acquired by Rithm Capital or where Rithm Capital receives the property in satisfaction as a result of a debt (e.g., by taking legal title or physical possession). foreclosure of the underlying loan. Rithm Capital measures REO assets at the lower of cost or fair value, with valuation changes provision recorded in other Other income or valuation in the Consolidated Statements of Operations. REO assets are managed for prompt sale and credit loss (provision) disposition.

reversal on loans and real estate owned 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:

Balance at December 31, 2022 December 31, 2023	$	19,379 15,507
Purchases		5,763
Property received in satisfaction of loan		21,135 14,154
Sales(A)		(23,822) (6,254)
Valuation (provision) reversal		1,132 277
Balance at September 30, 2023 March 31, 2024	$	17,824 29,447

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

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

As of September 30, 2023 March 31, 2024, Rithm Capital had residential mortgage loans and mortgage loans receivable that were in the process of foreclosure with unpaid principal balances UPBs of $61.4 million $60.7 million and $19.3 $31.0 million, respectively.

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

		Notes Receivable	Loans Receivable	Total
Balance at December 31, 2022		$ —	$ 94,401	$94,401
		Notes Receivable		
		Notes Receivable		
		Notes Receivable	**Loans Receivable**	**Total**
Balance at December 31, 2023				
Fundings	Fundings	35,000	—	35,000
Payment in Kind	Payment in Kind	—	4,422	4,422
Proceeds from repayments	Proceeds from repayments	(1,750)	(68,945)	(70,695)
Fair value adjustments due to:	Fair value adjustments due to:	**Fair value adjustments due to:**		
Changes in instrument-specific credit risk	Changes in instrument-specific credit risk	—	—	—
Other factors	Other factors	—	231	231
Balance at September 30, 2023		$ 33,250	$ 30,109	$63,359
Balance at March 31, 2024				

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

		September 30, 2023			December 31, 2022									
		March 31, 2024							March 31, 2024			December 31, 2023		
Days Past Due	**Days Past Due**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**	**Days Past Due**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**
Current	Current	$133,191	$ 63,359	$(69,832)	$157,745	$ 94,401	$(63,344)							
90+	90+	—	—	—	—	—	—							

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

14. EXPENSES, REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, NET AND OTHER

Other Revenues consists of the following:

	Three Months Ended March 31,	
	2024	2023
Property and maintenance	$ 32,380	$ 33,637
Rental	18,949	18,123
Other	7,019	6,384
Total other revenues	$ 58,348	$ 58,144

General and Administrative expenses consist consists of the following:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Legal and professional					
Legal and professional					
Legal and professional	Legal and professional	$ 35,348	$ 16,310	$ 65,447	$ 65,718
Loan origination	Loan origination	11,929	16,991	33,280	91,907
Loan origination					
Loan origination					
Occupancy					
Occupancy					
Occupancy	Occupancy	13,004	29,916	40,981	88,579
Subservicing	Subservicing	31,483	37,899	109,370	126,694
Subservicing					
Subservicing					
Loan servicing					
Loan servicing					
Loan servicing	Loan servicing	5,381	3,371	10,878	13,541
Property and maintenance	Property and maintenance	25,480	24,698	73,450	70,409
Property and maintenance					
Property and maintenance					
Information technology					
Information technology					
Information technology					
Other					
Other					
Other	Other	67,850	85,439	205,732	229,285
Total general and administrative expenses	Total general and administrative expenses	$ 190,475	$ 214,624	$ 539,138	$ 686,133
Total general and administrative expenses					
Total general and administrative expenses					

Other Income (Loss)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Real estate and other securities	$ (315,612)	$ (463,607)	$ (354,339)	$ (1,590,625)
Residential mortgage loans and REO	(12,437)	(35,310)	(4,463)	(166,927)
Derivative instruments	194,593	464,618	259,539	1,503,183
Other(A)	5,948	181	(14,469)	(2,287)
Realized and unrealized gains (losses) on investments, net	$ (127,508)	$ (34,118)	$ (113,732)	$ (256,656)
Unrealized gain (loss) on secured notes and bonds payable	$ 3,840	$ 15,128	$ 5,889	$ 50,279
Rental revenue	18,297	16,937	54,163	37,339
Property and maintenance revenue	33,953	34,520	100,707	100,860
(Provision) reversal for credit losses on securities	(2,798)	(2,812)	(3,605)	(5,697)
Valuation and credit loss (provision) reversal on loans and real estate owned	(647)	(3,932)	(2,849)	(8,575)
Other income (loss)	18,402	(36,599)	(36,920)	(39,244)
Other income (loss), net	$ 71,047	$ 23,242	$ 117,385	$ 134,962
Total Other income (loss)	$ (56,461)	$ (10,876)	$ 3,653	$ (121,694)

	Three Months Ended March 31,	
	2024	2023
Real estate and other securities	$ (103,600)	$ 83,851
Residential mortgage loans and REO	(3,562)	18,097
Derivative and hedging instruments	41,932	(151,006)
Notes and bonds payable	(4,838)	(2,500)
Other(A)	1,934	(26,591)
Realized and unrealized gains (losses), net	$ (68,134)	$ (78,149)
Other income (loss), net	7,984	(25,166)
Total other income (loss)	$ (60,150)	$ (103,315)

(A) Includes excess MSRs, servicer advance investments, consumer loans and other.

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15. GOODWILL AND INTANGIBLE ASSETS

As a result of acquisitions, Rithm Capital the Company identified intangible assets in the form of licenses, management contracts, customer relationships, business relationships purchased technology, trademarks and trade names. The Company also recognized goodwill on certain acquisitions. Goodwill and intangible assets are presented within Other assets in the Consolidated Balance Sheets.

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

	Origination	Servicing	MSR Related Investments	Mortgage Loans Receivable	Total
Balance at December 31, 2022	$ 11,836	$ 12,540	$ 5,092	$ 55,731	$85,199

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Total
Balance at December 31, 2023					
Goodwill acquired	—	—	—	—	—
Accumulated impairment loss	—	—	—	—	—
Balance at September 30, 2023	$ 11,836	$ 12,540	$ 5,092	$ 55,731	$85,199
Balance at March 31, 2024					
Balance at March 31, 2024					
Balance at March 31, 2024					

The following table summarizes the acquired identifiable intangible assets:

	Estimated Useful Lives (Years)	September 30, 2023	December 31, 2022
Gross Intangible Assets			
Management contracts			
Management contracts			
Management contracts			
Customer relationships	3 to 9	$ 57,949	$ 57,949
Purchased technology	3 to 7	137,922	120,787
Trademarks / Trade names	1 to 5	10,259	10,259
		$ 206,130	$ 188,995
		$	
Accumulated Amortization (A)			
Management contracts			
Management contracts			
Management contracts			
Customer relationships		16,739	12,960
Purchased technology		61,598	30,959
Trademarks / Trade names		4,548	3,663
		$ 82,885	$ 47,582
		$	
Intangible Assets, Net			
Management contracts			
Management contracts			
Management contracts			
Customer relationships		41,210	44,989

	Estimated Useful Lives (Years)		March 31, 2024	December 31, 2023
Customer relationships		27,424	17,834	17,834
Purchased technology		69,361	67,145	67,145
Trademarks / Trade names		5,138	4,843	4,843

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

Purchased technology(A)	76,324	89,828
Trademarks / Trade names(B)	5,711	6,596
	$ 123,245	$ 141,413

Purchased technology(B)

Trademarks / Trade names(C)

—

$

(A) Amortization expense is presented within general and administrative expense on Rithm's statement of operations.

(B) Includes indefinite-lived intangible assets of $21.4 million and $21.4 million, respectively.

(B) (C) Includes indefinite-lived intangible assets of $1.9 million and $1.9 million, respectively.

The following table summarizes the expected future amortization expense for acquired Company did not record any impairment loss on its intangible assets as of September 30, 2023:

Year Ending	Amortization Expense
October 1 through December 31, 2023	$ 7,566
2024	27,675
2025	25,592
2026	17,357
2027 and thereafter	21,814
	$ 100,004

for the period ending March 31, 2024.

The following table summarizes the expected future amortization expense for acquired intangible assets as of March 31, 2024:

Year Ending	Amortization Expense
April 1 through December 31, 2024	$ 57,294
2025	44,165
2026	37,657
2027	33,806
2028	32,305
2029 and thereafter	140,499
	$ 345,726

16. OPERATING 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, 2023 March 31, 2024 and 2022 2023 totaled $11.0 $11.9 million and $11.5 million, respectively, and for the nine months ended September 30, 2023 and 2022 totaled $34.1 million and $35.3 $12.2 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.

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 March 31, 2024, the Company has pledged collateral related to its lease obligations of $6.2 million, which is presented as part of restricted cash on the Consolidated Balance Sheets. Operating lease ROU assets and lease liabilities are grouped and presented as part of other assets and accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheet. See Note 13. Sheets (Note 13).

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

Year Ending	Year Ending	Amount	Year Ending	Operating Leases	Finance Leases	Total
October 1 through December 31, 2023		$ 7,325				

2024		25,967
April 1 through December 31, 2024		
2025	2025	21,099
2026	2026	13,715
2027	2027	11,257
2028 and thereafter		37,630
2028		
2029 and thereafter		
Total remaining undiscounted lease payments	Total remaining undiscounted lease payments	116,993
Less: imputed interest	Less: imputed interest	15,515
Total remaining discounted lease payments	Total remaining discounted lease payments	$101,478

The future commitments under the non-cancelable leases have not been reduced by the sublease rentals of $7.2 $19.3 million due in the future periods.

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Other information related to operating leases is summarized below:

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term (years)	6.4	5.7
Weighted-average discount rate	4.5 %	4.0 %

	March 31, 2024	December 31, 2023
Weighted average remaining lease term (years)		
Operating leases	5.7	5.8
Finance leases	3.3	3.5
Weighted average discount rate		
Operating leases	6.2 %	6.2 %
Finance leases	7.9 %	7.9 %

	Three Months Ended March 31,	
Supplemental Information	**2024**	**2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 11,411	$ 8,276
Operating cash flows - finance leases	4	—
Finance cash flows - finance leases	224	—
Supplemental non-cash information on lease liabilities arising from obtaining ROU assets:		
ROU assets obtained in exchange for new operating lease liabilities	126	—

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

17. DERIVATIVES AND HEDGING

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

As of September 30, 2023 March 31, 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.

order to hedge the exposure related to IRLCs Derivatives and residential mortgage loans that are not covered by residential mortgage loan sale commitments.

Derivatives 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:

	Balance Sheet Location	September 30, 2023	December 31, 2022
Derivative assets			
Interest rate swaps(A)	Other assets	$ 350	$ 449
Interest rate lock commitments	Other assets	13,751	16,015
TBAs	Other assets	49,431	35,765
Options on treasury futures	Other assets	—	—
		$ 63,532	$ 52,229
Derivative liabilities			
Interest rate lock commitments	Accrued expenses and other liabilities	$ 7,253	$ 7,229
TBAs	Accrued expenses and other liabilities	2,386	10,835
		$ 9,639	$ 18,064

	March 31, 2024	December 31, 2023
Derivative and hedging assets		
Interest rate swaps(A)	$ —	$ 106
IRLCs	32,063	26,482
TBAs	7,492	1,492
Treasury short sales(B)	62,672	—
	$ 102,227	$ 28,080
Derivative and hedging liabilities		
Interest rate swaps(A)	—	—
IRLCs	835	2,678
TBAs	15,654	49,087
Treasury short sales(B)	—	63,766
Other commitments(C)	17,097	—
	$ 33,586	$ 115,531

(A) Net of $1.1 billion $0.5 million and $1.2 billion $342.0 million of related variation margin balances accounts as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(B) Net of $3.0 billionand $1.8 billion of related reverse repurchase agreements as of March 31, 2024 and December 31, 2023, respectively.

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

(C) During the quarter, 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.

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

	September 30, 2023	December 31, 2022
Interest rate swaps(A)	$ 22,565,000	$ 23,085,000
Interest rate lock commitments	2,704,543	2,647,747
TBAs, short position(B)	7,104,300	8,473,221
TBAs, long position(B)	—	31,500

	March 31, 2024	December 31, 2023
Interest rate swaps(A)	$ 700,000	$ 7,979,988
IRLCs	3,734,933	2,757,060
Treasury short sales(B)	2,985,000	1,800,000
TBAs, short position(C)	7,918,900	6,013,100
Other commitments	23,021	—

(A) Includes $20.2 billion $700.0 million notional of receive Secured Overnight Financing Rate ("SOFR")/pay fixed of 2.5% 4.6% and $2.4 billion $0.0 million notional of receive fixed of 3.4% 0.0%/pay SOFR with weighted average maturities of 38 32 months and 40 0 months, respectively, as of September 30, 2023 March 31, 2024. Includes $23.1 billion $8.0 billion notional of receive SOFR/pay fixed of 1.9% 2.5% and $0.0 billion notional of receive fixed of 0.0%/pay SOFR with weighted average maturities of 35 32 months and 0 months, respectively, as of December 31, 2022 December 31, 2023.

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

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

The following table summarizes gain (loss) on derivatives and hedging and the related location on the Consolidated Statements of Operations:

	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Servicing revenue, net(A)				
Gain on originated residential mortgage loans, HFS, net(A)				
Gain on originated residential mortgage loans, HFS, net(A)				
Gain on originated residential mortgage loans, HFS, net(A)				
IRLCs				
IRLCs				
IRLCs				
TBAs TBAs	$ —	$ (18,505)	$ —	$ (15,205)
Treasury futures	—	—	—	(1,746)
Options on treasury futures	—	—	—	5,635

	$ —	$ (18,505)	$ —	$ (11,316)
Gain on originated residential mortgage loans, held-for-sale, net(A)				
Interest rate lock commitments	(8,630)	(104,440)	(2,288)	(154,644)
TBAs				
TBAs TBAs	15,574	233,673	28,803	250,661
Interest rate swaps Interest rate swaps	330	—	(1,601)	—
	$ 7,274	$ 129,233	$ 24,914	$ 96,017
Realized and unrealized gains (losses) on investments, net(B)(C)				
Interest rate swaps				
Interest rate swaps				
	$			
	$			
	$			
Realized and unrealized gains (losses), net(B)				
Realized and unrealized gains (losses), net(B)				
Realized and unrealized gains (losses), net(B)				
Interest rate swaps				
Interest rate swaps				
Interest rate swaps Interest rate swaps	191,527	465,269	263,347	1,145,196
TBAs TBAs	3,066	(651)	(3,808)	357,987
	$ 194,593	$ 464,618	$ 259,539	$ 1,503,183
TBAs				
TBAs				
Treasury short sales(C)				
Treasury short sales(C)				
Treasury short sales(C)				
Other commitments				
Other commitments				
Other commitments				
	$			
	$			
	$			
Total gain (loss) Total gain (loss)	$ 201,867	$ 575,346	$ 284,453	$ 1,587,884
Total gain (loss)				
Total gain (loss)				

(A) Represents unrealized gain (loss).

(B) Excludes no $15.5 million loss and $2.2 million loss for the three months ended September 30, 2023 and 2022, respectively, and no loss and $79.0 million loss for the nine months ended September 30, 2023 and 2022, respectively, included within Servicing revenue, net (Note 5).

(C) Excludes $67.4 million gain and $57.4 $9.9 million gain for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $65.8 million gain and $1.1 billion gain for the nine months ended September 30, 2023 and 2022, 2023, respectively, included within Gain on originated residential mortgage loans, held-for-sale, HFS, net (Note 8).

(C) Refer to the table below for detail regarding US Treasury short sales:

	As of and for the Three Months Ended March 31, 2024

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

	Face	Sale proceeds	Fair value	Unrealized gain (loss) position	Realized & unrealized gain (loss)(A)	Reverse repurchase agreements	Net asset (liability)(B)
Short sale liabilities(C)	$ 1,485,000	1,484,652	$ 1,487,320	$ (2,668)	$ 23,997	$ 1,492,268	$ 4,948
Covered short sale liabilities(D)	1,500,000	N/A	1,505,156	N/A	4,348	1,548,488	43,332
Total	$ 2,985,000		$ 2,992,476		$ 28,345	$ 3,040,756	$ 48,280

(A) Includes net interest income (expense) on treasuries payable and associated reverse repurchase agreements.

(B) Represents the net fair value of the position excluding accrued interest receivable (payable).

(C) Short sales are moved to covered after realized gain (loss) is recognized at purchase to cover.

(D) Face and fair value of liability is equal to face and fair value of treasuries presented as part of real estate and other securities on the Consolidated Balance Sheets.

18. DEBT OBLIGATIONS

The following table summarizes Secured Financing Agreements, and Secured Notes and Bonds Payable and debt obligations: obligations related to consolidated funds:

September 30, 2023 | December 31, 2022

Collateral

March 31, 2024

March 31, 2024

March 31, 2024 | December 31, 2023

Collateral

Debt Obligations/Collateral(C)

Debt Obligations/Collateral(C)

Debt Obligations/Collateral(C)	Debt Obligations/Collateral(C)	Outstanding Face Amount	Carrying Value(A)	Final Stated Maturity(B)	Weighted Average Funding Cost	Weighted Average Life (Years)	Outstanding Face	Amortized Cost Basis	Carrying Value	Weighted Average Life (Years)	Carrying Value(A)
Secured Financing Agreements	Secured Financing Agreements										
Repurchase Agreements:											
Warehouse Credit Facilities-Residential Mortgage Loans(F)		$ 2,155,544	$ 2,155,092	Oct-23 to Mar-25	7.3 %	0.7	$ 2,565,299	$2,586,513	$2,482,541	17.8	$ 2,601,327
Warehouse Credit Facilities-Residential Mortgage Loans(D)											
Warehouse Credit Facilities-Residential Mortgage Loans(D)											
Warehouse Credit Facilities-Residential Mortgage Loans(D)											
Warehouse Credit Facilities-Mortgage Loans Receivable(E)	Warehouse Credit Facilities-Mortgage Loans Receivable(E)	1,212,156	1,212,156	Dec-23 to May-24	8.2 %	0.3	1,473,515	1,471,904	1,471,904	1.1	1,220,662
Agency RMBS or U.S. Treasury Bills(D)		9,653,355	9,653,355	Oct-23 to Feb-24	5.4 %	0.2	9,731,596	9,546,319	9,870,841	8.1	6,821,788
Agency RMBS or US Treasuries(F)											
Non-Agency RMBS(E)	Non-Agency RMBS(E)	574,346	574,346	Oct-23 to Oct-27	7.3 %	0.8	13,600,138	882,800	880,999	6.2	609,282
SFR Properties(E)	SFR Properties(E)	10,431	10,431	Dec-24	7.8 %	1.2	N/A	32,899	32,899	N/A	4,677
CLOs(G)											

Outstanding Face Amount	Carrying Value(A)	Final Stated Maturity(B)	Weighted Average Funding Cost	Weighted Average Life (Years)	Outstanding Face	Amortized Cost Basis	Carrying Value	Weig Ave Li (Ye

Commercial Notes Receivable												
Total Secured Financing Agreements	Total Secured Financing Agreements	$13,605,832	$13,605,380		6.0	%	0.3					$11,257,736
Secured Notes and Bonds Payable	Secured Notes and Bonds Payable											
Excess MSRs(G) (E)												
Excess MSRs(G) (E)												
Excess MSRs(G) (E)	Excess MSRs(G) (E)	193,432	193,432	Aug-25	8.8	%	1.9	61,988,328	239,154	278,059	6.3	227,596
MSRs(H)	MSRs(H)	4,200,200	4,191,504	Nov-23 to Mar-28	6.9	%	1.7	523,532,413	6,317,954	8,616,793	7.9	4,791,543
Servicer Advance Investments(I)	Servicer Advance Investments(I)	275,952	275,142	Mar-24 to Aug-24	7.5	%	0.4	314,165	361,325	387,669	8.6	318,445
Servicer Advances(I)	Servicer Advances(I)	2,091,447	2,091,185	Nov-23 to Nov-24	7.6	%	0.5	2,555,898	2,434,266	2,434,266	0.7	2,361,259
Residential Mortgage Loans(J)	Residential Mortgage Loans(J)	650,000	650,000	May-24	6.5	%	0.6	654,975	655,576	658,402	29.2	769,988
Consumer Loans(K)	Consumer Loans(K)	1,303,517	1,269,768	Jun-28 to Sep 37	7.1	%	4.5	1,475,494	1,422,559	1,436,080	1.7	299,498
SFR Properties(L)	SFR Properties(L)	833,387	786,596	Mar-26 to Sep-27	4.1	%	3.6	N/A	956,118	956,118	N/A	817,695
Mortgage Loans Receivable(M)	Mortgage Loans Receivable(M)	524,062	507,228	Jul 26 to Dec-26	5.7	%	3.1	567,432	567,432	567,432	0.6	512,919
Secured Facility-Asset Management CLOs(G)												
Total Secured Notes and Bonds Payable	Total Secured Notes and Bonds Payable	$10,071,997	$ 9,964,855		6.8	%	1.9					$10,098,943
Total/ Weighted Average		$23,677,829	$23,570,235		6.4	%	1.0					$21,356,679
Liabilities of Consolidated Funds(N)												
Consolidated funds(O)												
Consolidated funds(O)												
Consolidated funds(O)												
Total / Weighted Average												

(A) Net of deferred financing costs.

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

(C) Includes approximately $199.5 million of associated Associated with accrued interest payable of approximately $134.3 million as of September 30, 2023 March 31, 2024.

(D) Includes $974.0 million face amount $224.7 million with an average fixed-rate of repurchase agreements collateralized by U.S. Treasury Bills. All repurchase 5.0% with the remaining based on SOFR interest rates.

(E) SOFR-based floating interest rates.

(F) Repurchase agreements have a fixed rate. fixed-rate. Includes financing on and collateral for US Treasuries purchased to cover short sales. Collateral carrying value includes margin deposits.

(E) (G) All SOFR-based Repurchase agreements and loans based on SOFR- or Euro Interbank Offered Rate (EURIBOR) floating interest rates. Collateral carrying value includes margin deposits.

(F) Includes $244.3 million which bear interest at an average fixed rate of 5.1% with the remaining having SOFR-based floating interest rates.

(G) Includes $193.4 million of corporate loans which bear interest at the sum of one-month SOFR plus a margin of 3.4%. rate.

(H) Includes $2.7 $3.5 billion of MSR notes which bear with an interest equal to the sum of (i) a floating rate index equal to one-month SOFR, and (ii) a margin ranging from 2.5% to 3.7%; and $1.5 $1.0 billion of capital market 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.

(I) Includes debt bearing with an interest rate equal to the sum of (i) a floating rate index equal to one-month SOFR, and (ii) a margin ranging from 1.5% to 3.7%. Collateral includes servicer advance investments, as well as servicer advances receivable related to the MSRs and MSR financing receivables owned by NRM and the Mortgage Company. Newrez.

(J) Represents $650.0 million securitization backed by a revolving warehouse facility to finance newly originated first-lien, fixed- and adjustable-rate residential mortgage loans which bears with an interest rate equal to one-month SOFR plus a margin of 1.2%. Collateral carrying value includes cash held in the securitization trust required to meet collateral requirements.

(K) Includes (i) SpringCastle debt, which is primarily composed of the following classes of asset-backed notes held by third parties: $220.9 $191.7 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) $1.0 $721.9 billion of debt collateralized by the Marcus loans bearing with an interest at the sum rate of one-month SOFR plus a margin of 3.0%.

(L) Includes $833.4 $833.0 million of fixed fixed-rate notes with an interest rate notes which bear interest ranging from 3.5% to 7.1%.

(M) Includes $238.1 million which bear with an interest rate at an average fixed rate fixed-rate of 4.7% 4.6% with the remaining having SOFR-based floating interest rates.

(N) Included within accrued expenses and other liabilities in the Consolidated Balance Sheets (Note 13).

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

(O) 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.

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.

As of September 30, 2023March 31, 2024, Rithm Capital has margin exposure on $13.6 billion$18.3 billion 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:

		Excess MSRs	MSRs	Servicer Advances(A)	Real Estate Securities	Residential Mortgage Loans and REO	Consumer Loans	SFR Properties	Mortgage Loans Receivable	Total
Balance at December 31, 2022		$227,596	$4,791,543	$2,679,704	$7,431,070	$3,371,315	$299,498	$822,372	$1,733,581	$21,356,679
	Servicer Advances and Excess MSRs(A)									
Balance at December 31, 2023										
Secured Financing Agreements	Secured Financing Agreements									
Borrowings	Borrowings	—	—	—	34,530,433	28,858,739	—	10,431	1,756,295	65,155,898
Borrowings										
Borrowings										
Repayments	Repayments	—	—	—	(31,733,802)	(29,306,544)	—	(4,677)	(1,764,800)	(62,809,823)
FX remeasurement										
Capitalized deferred financing costs, net of amortization	Capitalized deferred financing costs, net of amortization	—	—	—	—	1,570	—	—	—	1,570
Secured Notes and Bonds Payable	Secured Notes and Bonds Payable									
Borrowings	Borrowings	—	1,753,504	1,955,228	—	—	1,185,612	—	—	4,894,344
Borrowings										
Borrowings										
Repayments	Repayments	(34,164)	(2,353,301)	(2,271,757)	—	(116,730)	(212,867)	(35,690)	—	(5,024,509)
Discount on borrowings, net of amortization		—	—	—	—	—	—	—	—	—
Unrealized gain on notes, fair value		—	—	—	—	(3,258)	3,058	—	(5,692)	(5,892)
FX remeasurement										
Unrealized (gain) loss on notes, fair value										

Servicer Advances and Excess MSRs(A)	MSRs	Commercial Notes Receivable	Real Estate and Other Securities	Residential Mortgage Loans and REO	Consumer Loans	SFR Properties	Mo L Rec

Unrealized (gain) loss on notes, fair value										
Unrealized (gain) loss on notes, fair value										
Capitalized deferred financing costs, net of amortization	Capitalized deferred financing costs, net of amortization	—	(242)	3,152	—	—	(5,533)	4,591	—	1,968
Balance at September 30, 2023		$193,432	$4,191,504	$2,366,327	$10,227,701	$2,805,092	$1,269,768	$797,027	$1,719,384	$23,570,235
Liabilities of Consolidated Funds(B)										
Acquired borrowing, net of discount										
Acquired borrowing, net of discount										
Acquired borrowing, net of discount										
Unrealized (gain) loss on notes, fair value										
Balance at March 31, 2024										

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

(B) Included within accrued expenses and other liabilities in the Consolidated Balance Sheets (Note 13).

Maturities

Contractual maturities of debt obligations as of September 30, 2023 March 31, 2024 are as follows:

Year Ending	**Year Ending**	**Nonrecourse(A)**	**Recourse(B)**	**Total**
Year Ending		**Nonrecourse(A)**	**Recourse(B)**	**Total**
October 1 through December 31, 2023		$ —	$ 8,934,533	$ 8,934,533
2024		3,054,577	6,241,670	9,296,247
April 1 through December 31, 2024				
2025	2025	—	1,814,895	1,814,895
2026	2026	—	1,725,498	1,725,498
2027	2027	734,738	245,000	979,738
2028 and thereafter		1,303,518	173,400	1,476,918
		$ 5,092,833	$19,134,996	$24,227,829
2028				
2029 and thereafter				
		— $		

(A) Includes secured notes and bonds payable of $5.1 billion.

(B) Includes secured financing agreements, and secured notes and bonds payable, and senior unsecured notes, net of $13.6 billion issuance costs of $1.0 billion, $4.9 billion and $5.5 billion, $0.2 billion, respectively. Secured financing agreements with contractual maturities prior to December 31, 2023 includes $9.7 billion collateralized by Agency RMBS or U.S. Treasury Bills.

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

(B) Includes secured financing agreements, secured notes and bonds payable, and senior unsecured notes, net of issuance costs of $17.3 billion, $5.8 billion and $0.5 billion, respectively.

Borrowing Capacity

The following table represents borrowing capacity as of September 30, 2023 March 31, 2024:

Debt Obligations / Collateral	Debt Obligations / Collateral	Borrowing Capacity	Balance Outstanding	Available Financing(A)
Debt Obligations / Collateral				
Debt Obligations / Collateral		**Borrowing Capacity**	**Balance Outstanding**	**Available Financing(A)**
Secured Financing Agreements	Secured Financing Agreements			
Residential mortgage loans and REO		$ 5,604,816	$ 2,186,023	$ 3,418,793
Residential mortgage loans, mortgage loans receivable, SFR and commercial notes receivable				
Residential mortgage loans, mortgage loans receivable, SFR and commercial notes receivable				
Residential mortgage loans, mortgage loans receivable, SFR and commercial notes receivable				
Loan originations	Loan originations	6,827,000	1,192,108	5,634,892
CLOs				
Secured Notes and Bonds Payable	Secured Notes and Bonds Payable			
Secured Notes and Bonds Payable				
Secured Notes and Bonds Payable				
Excess MSRs				
Excess MSRs				
Excess MSRs	Excess MSRs	286,380	193,432	92,948
MSRs	MSRs	7,068,200	4,200,200	2,868,000
Servicer advances	Servicer advances	3,880,000	2,367,399	1,512,601
Residential mortgage loans		296,762	195,411	101,351
SFR				
		$23,963,158	$10,334,573	$13,628,585
Liabilities of Consolidated Funds				
Liabilities of Consolidated Funds				
Liabilities of Consolidated Funds				

Consolidated funds	
Consolidated funds	
Consolidated funds	
	$

(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, 2023 March 31, 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.

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. For the three months ended March 31, 2024, the Company recognized interest expense of $2.1 million. At March 31, 2024, the unamortized discount and debt issuance cost was approximately $16.9 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 debt agreement. 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 March 31, 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 as issuer, completed issued in a private offering of $550.0 million of aggregate principal amount of 6.250% senior unsecured notes due 2025 on October 15, 2025 (the "2025 Senior Notes"). for net proceeds of $544.5 million. Interest on the 2025 Senior Notes accrue accrues at the rate of 6.250% per annum with interest payable semi-annually in arrears on each April 15 and October 15. 15, commencing on April 15, 2021.

The 2025 Senior Notes mature on October 15, 2025 and the Company may redeem some or all of the 2025 Senior Notes at the Company's option, 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 price equal to the following fixed redemption prices (expressed as price of 101.563% from October 15, 2023 to October 16, 2024 and at a percentage fixed redemption price of principal amount of 100.000% after October 14, 2024, in each case, plus accrued and unpaid interest, if any, to, but not including the 2025 Senior Notes to be redeemed):

Year	Price
2023	101.563%
2024 and thereafter	100.000%

applicable redemption date.

Net proceeds from the offering were approximately $544.5 million, after deducting the initial purchasers' discounts and commissions and estimated offering expenses payable by the Company. The Company incurred fees of approximately $8.3 million in relation to the issuance of the 2025 Senior Notes. These fees Notes which were capitalized as debt issuance cost and are grouped and presented as part of Unsecured senior notes, net of issuance costs on the Consolidated Balance Sheets. For the three months ended September 30, 2023 March 31, 2024, the Company recognized interest expense of $8.7 million. $8.0 million. At September 30, 2023 March 31, 2024, the unamortized debt issuance costs was approximately $3.6 million. $2.7 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 Total Unencumbered Assets, as defined in the Indenture, dated September 16, 2020, pursuant to

which the 2025 Senior Notes were issued) 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 debt agreement. 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, 2023 March 31, 2024, the Company was in compliance with all covenants.

RITHM CAPITAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

In the event of a change Change of control, 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 acquisition of Sculptor, 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.

As of March 31, 2024, the estimated undiscounted future payment under the TRA was $267.9 million. The carrying value of the TRA liability measured at amortized cost was $174.8 million as of March 31, 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.

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

The table below presents the Company’s estimate as of March 31, 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 Under TRA
April 1 through December 31, 2024	$	11,591
2025		29,819
2026		17,374
2027		18,994
2028		15,940
2029 and thereafter		174,203
	$	267,921

19. FAIR VALUE MEASUREMENTS

U.S. GAAP requires Fair value represents the categorization 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 judgement 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 measurement 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 three broad levels which form a hierarchy one of the following categories based on the transparency observability of inputs to used in the valuation. 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 such as interest rates, yield curves, volatilities, prepayment rates, (“CPR”), 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.

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, 2023 March 31, 2024 were as follows:

	Principal Balance or Notional Amount	Carrying Value	Fair Value			
			Level 1	Level 2	Level 3	Total

Principal Balance	Principal Balance or Notional	Carrying	Fair Value

or Notional Amount	Amount	Value	Level 1	Level 2	Level 3	Net Asset Value (“NAV”)	Total

Assets						
Excess MSRs(A)	$ 61,988,328	$ 282,976	$ —	$ —	$ 282,976	$ 282,976
Excess MSRs(A)						
Excess MSRs(A)						
MSRs and MSR financing receivables(A)	530,921,220	8,694,868	—	—	8,694,868	8,694,868
Servicer advance investments	314,165	387,669	—	—	387,669	387,669
Real estate and other securities(B)	26,859,938	10,193,596	992,183	8,300,246	901,228	10,193,657
Residential mortgage loans, held-for-sale	96,395	78,683	—	—	78,683	78,683
Residential mortgage loans, held-for-sale, at fair value	2,787,891	2,740,599	—	2,601,246	139,353	2,740,599
Residential mortgage loans, held-for-investment, at fair value	462,187	370,957	—	—	370,957	370,957
Residential mortgage loans, HFS						
Residential mortgage loans, HFS, at fair value						
Residential mortgage loans, HFI, at fair value						
Residential mortgage loans subject to repurchase	1,443,546	1,443,546	—	1,443,546	—	1,443,546
Consumer loans	1,475,494	1,436,080	—	—	1,436,080	1,436,080
Derivative and hedging assets						
Mortgage loans receivable(C)	2,135,424	2,135,424	—	348,062	1,787,362	2,135,424
Notes receivable	103,082	33,250	—	—	33,250	33,250
Loans receivable	30,109	30,109	—	—	30,109	30,109
Cash, cash equivalents and restricted cash	1,585,730	1,585,730	1,585,730	—	—	1,585,730
Investments in funds						
Other assets(D)	N/A	19,626	—	—	19,626	19,626
Derivative assets	31,135,387	63,532	—	49,781	13,751	63,532

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

			$29,496,645	$2,577,913	$12,742,881	$14,175,912	$29,496,706
		$					
Liabilities	**Liabilities**						
Secured financing agreements	Secured financing agreements	$13,605,832	$13,605,380	$ —	$13,605,380	$ —	$13,605,380
Secured notes and bonds payable(E)		10,071,997	9,964,855	—	307,228	10,029,723	10,336,951
Unsecured senior notes, net of issuance costs		546,374	546,374	—	—	523,133	523,133
Secured financing agreements							
Secured financing agreements							
Secured notes and bonds payable(D)							
Unsecured notes, net of issuance costs							
Residential mortgage loan repurchase liability	Residential mortgage loan repurchase liability	1,443,546	1,443,546	—	1,443,546	—	1,443,546
Payable for investments purchased(E)							
Derivative liabilities	Derivative liabilities	1,238,456	9,639	—	2,386	7,253	9,639
			$25,569,794	$ —	$15,358,540	$10,560,109	$25,918,649
Notes payable of consolidated funds(F)							
		$					

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

(B) Includes U.S. US Treasury Bills classified as Level 1 and held at amortized cost basis of $992.1 $24.9 million (see Note 7). Carrying value equals fair value for all other securities.

(C) Includes Rithm Capital's economic interests in the VIEs consolidated and VIE accounted for under the collateralized financing entity ("CFE") election. As of September 30, 2023 March 31, 2024, the fair value of Rithm Capital's interests in the mortgage loans receivable securitization was $50.6 $33.9 million.

(D) Excludes the indirect equity investment in a commercial redevelopment project accounted for at fair value on a recurring basis based on NAV of Rithm Capital's investment. The investment had a fair value of $0 as of September 30, 2023.

(E) Includes SCFT 2020-A (as defined below) and 2022-RTL1 mortgage-backed securities Securitization (as defined below) MBS issued for which the fair value option for financial instruments was elected and resulted in a fair value of $552.9 $546.0 million as of September 30, 2023 March 31, 2024.

(E) Represents the cost of Agency and Non-Agency securities purchased and not settled as of the reporting date. The purchases settled prior to issuance.

(F) Represents notes issued by a consolidated VIE accounted for under the CFE election.

The following table summarizes assets measured at fair value on a recurring basis using the changes in the Company's Level 3 inputs: inputs financial assets for the period presented:

	Level 3											
	Excess MSRs(A)(B)											
Excess MSRs(A)(B)	Level 3	Total	Excess MSRs(A)	MSRs and MSR Financing	Servicer Advance	Non-Agency	Derivatives(C)	Residential Mortgage	Consumer	Notes and Loans	Mortgage Loans	Total

(B)	Receivables(A)	Investments	Securities		Loans	Loans	Receivable	Receivable

	Excess MSRs(A)(B)	MSRs and MSR Financing Receivables(A)	Servicer Advance Investments	Non-Agency RMBS	Derivatives(C)	Residential Mortgage Loans	Consumer Loans	Notes and Loans Receivable	Mortgage Loans Receivable	
Balance at December 31, 2022	$321,803	$ 398,820	$ 950,860	$ 8,786	$ 713,896	$ 363,756	$ 94,401	$1,714,053	$13,455,778	
Balance at December 31, 2023										**Total**
Balance at December 31, 2023										
Balance at December 31, 2023										
Balance at December 31, 2023										
Balance at December 31, 2023										
Balance at December 31, 2023										
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Balance at December 31, 2023										
Balance at December 31, 2023										
Balance at December 31, 2023										
Transfers	Transfers									
Transfers from Level 3	Transfers from Level 3	—	—	—	—	—	(41,430)	—	—	(253,885)	(295,315)
Transfers from Level 3										
Transfers from Level 3										
Transfers to Level 3	Transfers to Level 3	—	—	—	—	—	20,421	—	—	—	20,421
Gain (loss)	Gain (loss)									

included in net income	included in net income										
Credit losses on securities(D)	Credit losses on securities(D)										
Credit losses on securities(D)	Credit losses on securities(D)	—	—	—	371	—	—	—	—	—	371
Servicing revenue, net(E)	Servicing revenue, net(E)										
Included in servicing revenue(E)	Included in servicing revenue(E)	—	(99,338)	—	—	—	—	—	—	—	(99,338)
Included in servicing revenue(E)	Included in servicing revenue(E)										
Change in fair value of:	Change in fair value of:										
Excess MSRs(D)	Excess MSRs(D)	(11,862)	—	—	—	—	—	—	—	—	(11,862)
Change in fair value of excess MSRs, equity method investees(D)		—	—	—	—	—	—	—	—	—	—
Excess MSRs(D)	Excess MSRs(D)										
Excess MSRs, equity method investees(D)											
Servicer advance investments	Servicer advance investments	—	—	20,273	—	—	—	—	—	—	20,273
Consumer loans											
Residential mortgage loans	Residential mortgage loans	—	—	—	—	—	(9,548)	—	—	—	(9,548)
Consumer loans		—	—	—	—	—	—	(14,024)	—	—	(14,024)
Gain (loss) on settlement of investments, net	Gain (loss) on settlement of investments, net	284	—	—		—	—	—	—	—	284
Other income (loss), net(D)	Other income (loss), net(D)	(134)	—	—	(3,028)	(2,288)	42,421	—	231	—	37,202
Gains (losses) included in OCI(F)	Gains (losses) included in OCI(F)	—	—	—	685	—	—	—	—	—	685
Interest income	Interest income	16,733	—	16,257	21,121	—	—	21,281	4,422	—	79,814
Purchases, sales and repayments	Purchases, sales and repayments										
Purchases, net(G)	Purchases, net(G)	—	—	644,594	32,600	—	38,335	1,317,347	35,000	146,631	2,214,507
Purchases, net(G)	Purchases, net(G)										
Proceeds from sales	Proceeds from sales	(900)	(704,657)	—	—	—	(239,446)	20,675	—	—	(924,328)
Proceeds from repayments	Proceeds from repayments	(42,948)	—	(692,275)	(101,381)	—	(69,718)	(272,955)	(70,695)	(1,286,661)	(2,536,633)
Originations and	Originations and	—	609,460	—	—	—	55,379	—	—	1,467,224	2,132,063

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

other	other									
Balance at September 30, 2023	$ 282,976	$ 8,694,868	$ 387,669	$ 901,228	$ 6,498	$ 510,310	$ 1,436,080	$ 63,359	$ 1,787,362	$ 14,070,350
Balance at March 31, 2024										

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

(B) Amounts include Rithm Capital's portion of the Excess MSRs held by the respective joint ventures in which Rithm Capital has a 50% interest.

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

(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.

Liabilities measured at fair value on a recurring basis using The following table summarizes the changes in the Company's Level 3 inputs changed as follows: financial liabilities for the period presented:

	Level 3
	Asset-Backed Securities Issued
Balance at December 31, 2022	$ 319,486
Gains (losses) included in net income	
Other income(A)	(200)
Purchases, sales and repayments	
Proceeds from sales	—
Payments	(73,591)
Balance at September 30, 2023	$ 245,695

	Level 3		
	Asset-Backed Securities Issued	**Notes Payable of Consolidated Funds**	**Total**
Balance at December 31, 2023	$ 235,770	$ 218,157	$ 453,927
Gains (losses) included in net income			
Other income(A)	(411)	(34)	(445)
Purchases, sales and repayments			
Proceeds from sales	—	—	—
Payments	(13,437)	—	(13,437)
Balance at March 31, 2024	$ 221,922	$ 218,123	$ 440,045

(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.

See Note 20 in the Company's Annual Report for a listing of criteria used to determine the significant inputs for each asset class.

Excess MSRs, MSRs and MSR Financing Receivables Valuation

Fair value estimates of Rithm Capital's MSRs 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 for Excess MSRs, the 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.

(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, 2023 March 31, 2024:

	Significant Inputs(A)							
	Prepayment Rate(B)	Delinquency(C)	Recapture Rate(D)	Mortgage Servicing Amount or Excess Mortgage Servicing Amount (bps)(E)		Collateral Weighted Average Maturity (Years)(F)		
Excess MSRs Directly Held	2.3% 2.5% – 11.0% 12.0% (5.9% (6.6%)	0.2% – 8.9% 15.0% (4.4% (6.2%)	0.0% – 90.7% 91.3% (55.3% (55.4%)	7 – 59 32 (20)		11 – 27 (21) 26 (20)		
Excess MSRs Held through Investees	6.3% 7.4% – 9.0% 10.1% (7.8% (8.6%)	2.2% 1.8% – 5.6% 5.0% (3.5% (3.2%)	45.1% 45.4% – 64.3% 64.1% (59.0% (59.2%)	16 – 25 (21)		15 14 – 21 (19) (18)		
MSRs and MSR Financing Receivables(G)								
Agency	3.0% 0.6% – 83.7% (6.4%)	0.1% – 66.7% 100.0% (2.1% (1.7%)	—(H) (G)	12 – 136 (27)	7 – 108 (26)		0 – 40 (23) (22)	
Non-Agency	0.1% 0.8% – 84.4% 83.5% (11.8% (7.7%)	0.7% 0.8% – 70.0% 80.0% (22.2% (26.6%)	—(H) (G)	10 1 – 188 277 (46)		0 – 40 (24) (20)		
Ginnie Mae	5.4% 4.5% – 81.5% 81.9% (8.9% (9.1%)	0.2% 0.1% – 71.4% (8.6% (8.1%)	—(H) (G)	19 – 119 (44)	18 – 116 (43)		0 – 40 39 (27)	
Total/Weighted Average—MSRs and MSR Financing Receivables	0.6% – 83.7% (7.3%)	0.1% – 84.4% 100.0% (7.6% (5.5%)	0.1% – 71.4% (5.7%)	—(H) (G)		7 1 – 188 277 (33)		0 – 40 (24)

(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 will is expected to miss a mortgage payments. 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 basic fee as applicable, measured in basis points ("bps"). A As of March 31, 2024, weighted average cost costs of subservicing of $6.91 – $7.18 $7.09 ($6.96) 6.95) per loan per month was used to value the agency MSRs. A weighted Weighted average cost costs of subservicing of $7.47 $7.54 – $9.55 ($9.14) 9.17) per loan per month was used to value the Non-Agency non-agency MSRs, including MSR financing receivables. A weighted Weighted average cost of subservicing of $8.36 $8.37 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.

(G) For certain pools, recapture rate represents the expected recapture rate with the successor subservicer appointed by NRM.

(H) Recapture is not considered a significant input for MSRs and MSR financing receivables.

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 4.1%.

As of September 30, 2023 March 31, 2024, a weighted average discount rate of 8.8% (range of 8.5% – 9.0%) was used to value Rithm Capital's Excess MSRs (directly and through equity method investees). As of September 30, 2023 March 31, 2024, a weighted average discount rate of 8.5% (range of 7.9% – 10.8%) was used to value Rithm Capital's MSRs and MSR financing receivables.

The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Agency MSRs, owned as of March 31, 2024, given several parallel shifts in the discount rate, prepayment rate and delinquency rate:

Fair value at March 31, 2024	$ 5,477,522			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 5,916,038	$ 5,688,536	$ 5,281,385	$ 5,098,703
Change in estimated fair value:				
Amount	$ 438,516	$ 211,014	$ (196,137)	$ (378,819)
Percentage	8.0 %	3.9 %	(3.6)%	(6.9)%

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

Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 5,712,739	$ 5,589,924	$ 5,374,997	$ 5,279,423
Change in estimated fair value:				
Amount	$ 235,217	$ 112,402	$ (102,525)	$ (198,099)
Percentage	4.3 %	2.1 %	(1.9)%	(3.6)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 5,564,061	$ 5,524,189	$ 5,424,447	$ 5,365,476
Change in estimated fair value:				
Amount	$ 86,539	$ 46,667	$ (53,075)	$ (112,046)
Percentage	1.6 %	0.9 %	(1.0)%	(2.0)%

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 March 31, 2024, given several parallel shifts in the discount rate, prepayment rate and delinquency rate:

Fair value at March 31, 2024	$ 666,958			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 736,242	$ 700,014	$ 636,705	$ 608,936
Change in estimated fair value:				
Amount	$ 69,284	$ 33,056	$ (30,253)	$ (58,022)
Percentage	10.4 %	5.0 %	(4.5)%	(8.7)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 705,048	$ 685,527	$ 649,291	$ 632,451
Change in estimated fair value:				
Amount	$ 38,090	$ 18,569	$ (17,667)	$ (34,507)
Percentage	5.7 %	2.8 %	(2.6)%	(5.2)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 702,058	$ 685,264	$ 647,274	$ 626,531
Change in estimated fair value:				
Amount	$ 35,100	$ 18,306	$ (19,684)	$ (40,427)
Percentage	5.3 %	2.7 %	(3.0)%	(6.1)%

The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Ginnie Mae MSRs, owned as of March 31, 2024, given several parallel shifts in the discount rate, prepayment rate and delinquency rate:

Fair value at March 31, 2024	$ 2,562,243			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,767,898	$ 2,661,043	$ 2,470,671	$ 2,385,605
Change in estimated fair value:				
Amount	$ 205,655	$ 98,800	$ (91,572)	$ (176,638)
Percentage	8.0 %	3.9 %	(3.6)%	(6.9)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,710,793	$ 2,632,485	$ 2,498,505	$ 2,439,407
Change in estimated fair value:				
Amount	$ 148,550	$ 70,242	$ (63,738)	$ (122,836)
Percentage	5.8 %	2.7 %	(2.5)%	(4.8)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,739,713	$ 2,654,908	$ 2,463,189	$ 2,359,206

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

Change in estimated fair value:				
Amount	$ 177,470	$ 92,665	$ (99,054)	$ (203,037)
Percentage	6.9 %	3.6 %	(3.9)%	(7.9)%

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 basic fee component of the related MSRs:

	Significant Inputs					
	Outstanding Servicer Advances to UPB of Underlying Residential Mortgage Loans	Prepayment Rate(A)	Delinquency	Mortgage Servicing Amount(B)	Discount Rate	Collateral Weighted Average Maturity (Years)(C)
September 30, 2023 Servicer advance investments	1.1% 1.2% – 2.2% (2.2% 2.4% (2.4%)	2.6% 3.9% – 4.4% (4.4% 4.9% (4.8%)	3.3% 6.6% – 20.5% (20.1% 20.0% (19.7%)	18.2 – 19.9 (19.8) bps	6.2% – 6.7% (6.2%)	21.2 20.9 – 21.9 (21.9) 21.6 (21.6)

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

(B) Mortgage servicing amount is net of 2.7 2.2 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.

Real Estate and Other Securities Valuation

As of September 30, 2023, 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 U.S. US Department of the Treasury and are classified as Level 1.

				Fair Value										Fair Value
Asset Type	Asset Type	Outstanding Face Amount	Amortized Cost Basis	Multiple Quotes(A)	Single Quote(B)	Total	Level	Asset Type	Outstanding Face Amount	Amortized Cost Basis	Multiple Quotes(A)	Single Quote(B)	Total	Level
Agency RMBS		$ 8,731,597	$8,554,197	$8,300,246	$ —	$8,300,246	2							
Non-Agency RMBS(C)		17,128,341	899,828	901,228	—	901,228	3							
Agency								Agency	$ 9,751,506	$ 9,558,334	$ 9,566,210	$ —	$9,566,210	2
Non-Agency								Non-Agency	19,462,070	1,217,263	1,038,452	211,996	1,250,448	3
Total	Total	$25,859,938	$9,454,025	$9,201,474	$ —	$9,201,474								

(A) Rithm Capital generally obtained obtains pricing service quotations or broker quotations from two sources, one of which was generally the seller (the party that sold Rithm Capital the security) for Non-Agency RMBS. 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 RMBS, 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 more 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 Agency RMBS are classified within Level 2 of the fair value hierarchy because the market for these securities is very 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 RMBS. 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

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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 62.2% 46.2% of Non-Agency RMBS, 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 RMBS securities were not readily available.

		Fair Value	Discount Rate	Prepayment Rate(a)	CDR(b)	Loss Severity(c)	
Non-Agency RMBS	$	560,081 578,082	0.0% – 12.6% (6.3%)	5.7% – 15.0% (9.3%)	0.0% – 40.7% (7.1% 20.0% (11.4%)	0.0% – 2.4% (0.4% 2.0% (0.9%)	0.0% – 75.9% (13.0% 49.0% (19.5%)

(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. balance of the loans in default.

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

(C) Includes Rithm Capital's investments in interest-only notes for which the fair value option for financial instruments was elected.

Residential Mortgage Loans Valuation

Rithm Capital, through its Mortgage Company, Newrez, originates residential mortgage loans that it intends to sell into Fannie Mae, Freddie Mac and Ginnie Mae mortgage-backed securitizations. Residential mortgage loans held-for-sale, 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. The Mortgage Company 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 held-for-sale, 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 held-for-sale HFS for which there is little to no

observable trading activity of similar instruments are valued using Level 3 measurements based upon dealer price quotes (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 held-for-sale, HFS, at fair value also includes 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 model is 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 held-for-sale, HFS, at fair value classified as Level 3: 3 as of March 31, 2024:

Performing Loans	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Acquired loans	$ 43,697	8.7% – 9.2% (9.0%)	1.9% – 7.7% (5.4%)	2.3% – 10.0% (5.4%)	12.1% – 61.0% (21.3%)
Originated loans(A)	65,822	6.0%	1.0% - 42.1% (5.3%)	0.1% - 41.4% (3.0%)	0.1% - 63.3% (12.5%)
Residential mortgage loans held-for-sale, at fair value	$109,519				

Performing Loans	Fair Value		Discount Rate	Prepayment Rate	CDR	Loss Severity
Acquired loans	$ 215,160	5.9% – 9.7% (6.4%)	5.9% – 9.7% (6.4%)	2.3% – 9.1% (7.3%)	1.3% – 6.6% (2.7%)	6.9% – 55.4% (11.7%)
Originated loans(A)	32,617	4.4%	4.4%	8.9%	3.6%	20.7%
Residential mortgage loans HFS, at fair value						

Non-Performing Loans	Fair Value	Discount Rate	Annual change in home prices	Liquidation Timeline (in years)	Current Value of Underlying Properties
Acquired loans	$19,807	8.6% – 9.1% (8.9%)	6.1%–12.7% (8.1%)	2.0 – 6.4 (2.9)	227.1% – 782.5% (279.9%)
Originated loans(A)	10,027	6.0%	N/A	0.5 - 9.2 (1.9)	N/A
Residential mortgage loans held-for-sale, at fair value	$29,834				

Non-Performing Loans	Fair Value		Discount Rate	Annual change in home prices	CDR	Current Value of Underlying Properties
Acquired loans	$62,848	4.8% – 10.0% (6.3%)	4.8% – 10.0% (6.3%)	2.0%– 7.6% (3.8%)	1.3% – 4.3% (3.3%)	223.1% – 863.9% (243.7%)
Originated loans(A)	5,786	4.4%	4.4%	N/A	3.6%	N/A
Residential mortgage loans HFS, at fair value						

(A) Includes inputs for 47.9% 66.9% and 76.9% 50.8% of originated performing and non-performing loans, respectively, classified as Level 3. The remainder of performing and non-performing loans were priced using dealer price quotes and historical sale transactions for similar loans with a range of 49.2% 50.9% - 100.0% (87.9% (85.8%).

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing residential mortgage loans held-for-investment, HFI, at fair value classified as Level 3: 3 as of March 31, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Residential mortgage loans held-for-investment, HFI, at fair value	$ 370,957 365,398	8.7% 7.9% – 9.2% 9.8% (8.9% (8.1%)	3.6% 3.0% – 5.0% 3.9% (4.4% (3.6%)	6.9% 1.3% – 17.0% 6.6% (9.3% (5.1%)	21.1% 23.2% – 61.0% 55.4% (41.2% (43.4%)

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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 held-for-investment, HFI, at fair value classified as Level 3: 3 as of March 31, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
SpringCastle	$ 303,881	8.4% – 9.4% (8.6%)	9.1% – 36.6% (17.7%)	1.7% – 7.5% (4.7%)	60.0% – 60.0% (60.0%)
Marcus	1,132,199	11.1%	20.5%	5.3%	7.0%

	Fair Value		Discount Rate	Prepayment Rate	CDR	Loss Severity
SpringCastle	$267,948	8.4% – 9.4% (8.6%)	8.4% – 9.4% (8.6%)	9.4% – 35.7% (15.5%)	1.7% – 7.3% (5.0%)	85.7% – 100.0% (93.6%)
Marcus	835,851	7.8%	7.8%	19.8%	11.3%	86.0%

Consumer loans, held-for-investment, at fair value	$ 1,436,080
Consumer loans, HFI, at fair value	

Mortgage Loans Receivable Valuation

The estimated fair value of originated loans approximates carrying value as most are variable-rate that reprice frequently and with minimal credit risk and severity risk. Fair value of acquired loans purchased on August 24, 2023 approximates purchase price given the recency of acquisition. 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 March 31, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Acquired mortgage loans receivable	$ 73,934	10.7%	—%	1.8% – 2.5% (2.1%)	25.0%
Originated mortgage loans receivable	1,968,980	9.6%	N/A	N/A	N/A
Mortgage loans receivable, at fair value	$ 2,042,914				

Rithm Capital has securitized certain mortgage loans receivable which are held as part of a collateralized financing entity ("CFE"). CFE. 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 discussion regarding VIEs and securitization trusts. Rithm Capital determined the inputs to the fair value measurement of the financial liabilities of its CFE 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 CFE to measure the fair value of the financial assets of the CFE. The fair value of the debt issued by the CFE is typically valued using external pricing data, which includes third-party valuations. The securitized mortgage loans receivable, which are assets of the CFE, are included in mortgage loans receivable, at fair value, on the Company's Consolidated Balance Sheets. The debt issued by the CFE is included in Secured Notes and Bonds Payable on the Company's Consolidated Balance Sheets. Unrealized gain (loss) from changes in fair value of the debt issued by the CFE is included in other income (loss) realized and unrealized gains (losses), net in the Company's Consolidated Statements of Operations. The securitized mortgage loans receivable and the debt issued by the Company's CFE are both classified as Level 2.

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.

As a part Treasury short sales are valued using market-based prices published by the US Department of the mortgage loan origination business, Rithm Capital enters into forward loan sale Treasury and securities delivery commitments, which are valued based on observed market pricing for similar instruments and therefore, are classified as Level 2. 1.

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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.

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The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing IRLCs: IRLCs as of March 31, 2024:

	Fair Value	Loan Funding Probability	Fair Value of Initial Servicing Rights (Bps)
IRLCs, net	$ 6,498 31,228	0.3% 0.4% – 100.0% (82.6% (83.6%)	0.7 4.4 – 345.0 (222.4) (239.7)

Asset-Backed Securities Issued

As of March 31, 2024, Rithm Capital was deemed to be the primary beneficiary of the SCFT 2020-A (as defined below) securitization, and therefore, Rithm Capital's Consolidated Balance Sheets include the asset-backed securities issued by the SCFT 2020-A trust. Rithm Capital elected the fair value option for these financial instruments the securities and the asset-backed securities issued were valued them consistently with Rithm Capital's Non-Agency RMBS securities described above.

The following table summarizes certain information regards regarding the ranges and weighted averages of inputs used in valuing Asset-Backed Securities Issued: asset-backed securities issued as of March 31, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Asset-backed securities issued	$ 245,695	6.4%	17.7%	4.7%	93.5%

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Asset-backed securities issued	$ 221,922	5.8%	15.5%	5.0%	93.6%

Notes Receivable 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 and loans receivable. Solely for March 31, 2024, the fair value of notes receivable was determined utilizing a market approach based on an observable trade in the specific security. Due to the fact that the fair value of Rithm Capital's notes 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 and loans receivable as of March 31, 2024:

	Fair Value	Discount Rate
Notes receivable	$ 364,977	N/A
Loans receivable	27,997	12.7 %
Total	$ 392,974	

Consolidated Funds

Investments of consolidated funds include investments held by Sculptor's consolidated structured alternative investment solution. The investments of the consolidated structured alternative investment solution that Sculptor manages are measured at fair value using the NAV per share practical expedient.

The following table summarizes the fair value of the investments by fund type and ability to redeem such investments as of March 31, 2024:

Fund Type(A)	Fair Value	Redemption Frequency	Redemption Notice Period
Open-ended	$ 241,058	Monthly - Annually(B)	30 days - 90 days(B)
Close-ended	97,279	None(C)	N/A
Total	$ 338,337		

(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) $168.6 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 March 31, 2024, the structured alternative investment solution had unfunded commitments of $68.4 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 consolidated funds of $218.1 million as of March 31, 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 entity 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 funds are included in accrued expenses and other liabilities on the Company's Consolidated Balance Sheets. Unrealized gain (loss) from changes in fair value is included in realized and unrealized gains (losses), net in the Company's Consolidated Statements of Operations.

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 held-for-sale and HFS, foreclosed real estate accounted for as REO and SFR, Rithm Capital applies measures the assets at the lower of cost or fair value accounting and which may be required, require, from time to time, to record a nonrecurring fair value adjustment. Upon the

occurrence of certain events, the Company re-measures the fair value of long-lived assets, including property, plant and equipment, SFR Properties, operating lease ROU assets, intangible assets and goodwill if an impairment or observable price adjustment is recognized in the current period.

At September 30, 2023 March 31, 2024, assets measured at fair value on a nonrecurring basis were $85.5 million $95.4 million. The $85.5 million $95.4 million of assets include approximately $78.7 million $74.4 million of residential mortgage loans held-for-sale HFS and $6.8 million $21.0 million of REO. The fair value of Rithm Capital's residential mortgage loans, held-for-sale 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, 2023 March 31, 2024:

		Fair Value and Carrying Value	Discount Rate	Weighted Average Life (Years)(A)	Prepayment Rate	CDR(B)	Loss Severity(C)
Performing loans	Performing loans	$ 57,229	5.3% – 9.2% (8.9%)	4.6 – 5.6 (4.7)	1.9% – 5.0% (4.7%)	6.9% – 13.8% (7.5%)	21.1% – 61.0% (22.2%)
Non-performing loans	Non-performing loans	21,454	8.6% – 10.0% (9.3%)	2.0 – 6.4 (3.2)	1.9% – 4.5% (2.9%)	11.8% – 37.7% (25.0%)	34.8% – 65.1% (41.5%)
Total/weighted average	Total/weighted average	$ 78,683	9.0%	4.3	4.2%	12.3%	27.5%

	Fair Value	Discount Rate	Weighted Average Life (Years)(A)	Prepayment Rate	CD
Performing loans	$ 54,056	6.5% – 8.3% (8.0%)	6.5% – 8.3% (8.0%)	4.8 – 6.8 (5.3)	2.3% – 6.2% (4.0%)	3.7% – 7.9% (4.4%)
Non-performing loans	20,359	5.9% – 10.0% (8.6%)	5.9% – 10.0% (8.6%)	5.4 – 9.5 (6.0)	2.4% – 3.1% (2.8%)	1.3% – 9.1% (4.9%)
Total/weighted average	$ 74,415	8.1%	8.1%	5.5	3.7%	4.6%

(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. balance in default.

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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 21% 20%), 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 three months ended September 30, 2023 consisted March 31, 2024 consists of a reversal of valuation allowance of $3.9 million $0.2 million for residential mortgage loans and a reversal of valuation allowance of $1.1 million $0.3 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 its interests in each SPE for classification as whether it holds a variable interest in the entity. Where the Company has a variable interest, it is required to determine whether the entity will be considered a VIE or a Voting Interest Entity ("VIE" VOE"). , the classification of which will determine the analysis that the Company is required to perform when determining whether it should consolidate the entity.

VIEs are defined as entities in which (i) equity investors do not have the characteristics of a controlling financial interest, or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. 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 only by its the primary beneficiary, which is defined as the party who has the power to direct the activities of a VIE that most significantly impact its economic performance and who 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 includes consolidates the SPE in its consolidated financial statements.

For certain consolidated VIEs, Rithm Capital has elected to account for the assets and liabilities of these entities as collateralized financing entities ("CFE"). CFEs. A CFE is a variable interest entity that holds financial assets, and issues beneficial

interests in those assets and these has no more than nominal equity. The beneficial interests have contractual recourse only to the related assets of the CFE. Accounting guidance under GAAP for CFEs 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.

Consolidated VIEs

Servicer Advances Advance Purchaser

Rithm Capital, through a taxable wholly-owned subsidiary, is the managing member of Advance Purchaser and owned approximately 89.3% of Advance Purchaser as of September 30, 2023 and March 31, 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 6 for details.

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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 JVs" Joint Ventures") and is deemed to be the primary beneficiary of the joint ventures 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.

Residential Mortgage Loans

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, NPF Trust EBO I and Newrez Trust II 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.

Mortgage-Backed Securitization

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 determined it 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.

Caliber Mortgage Participant I, LLC was formed to acquire, receive, participate, hold, release and dispose of participation interests in certain of Caliber's residential mortgage loans held for sale ("MLHFS PC"). The Caliber Mortgage Participant I, LLC transfers the MLHFS PC in exchange for cash. Caliber 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, Held-for-Sale and the related warehouse credit facility liabilities as part of Secured Financing Agreements. Caliber retains the risks and benefits associated with the assets transferred to the SPEs.

Caliber remains the servicer of the underlying residential mortgage loans and has the power to direct the SPE's activities. Holders of the term notes issued by the Trust can look only to the assets of the Trust for satisfaction of the debt and have no recourse against Caliber.

Consumer Loan Companies

Rithm Capital has a co-investment in a portfolio of consumer loans held through certain limited liability entities (the "Consumer Loan Companies"), which hold the Consumer Loan Companies. SpringCastle loans. As of September 30, 2023 March 31, 2024, Rithm Capital owns 53.5% of the limited liability company interests in and consolidates the Consumer Loan Companies.

On September 25, 2020, certain entities comprising the Consumer Loan Companies, in a private transaction, issued $663.0 million of asset-backed notes ("SCFT 2020-A") securitized by a portfolio of consumer loans.

The Consumer Loan Companies consolidate certain entities that issued securitized debt collateralized by the consumer loans (the "Consumer Loan SPVs"). The Consumer Loan SPVs are VIEs of which the Consumer Loan Companies are the primary beneficiaries.

Securitized Mortgage Loans Receivable

In March 2022, Rithm Capital formed a securitization facility that issued securitized debt collateralized by mortgage loans receivable (the "2022-RTL1 Securitization"). The 2022-RTL1 Securitization consists of a pool 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 36 months, with an aggregate UPB of approximately $348.1 million and an aggregate principal limit of approximately $433.5 million as of September 30, 2023. In addition to pass-through certificates sold to third parties, Rithm Capital acquired all of the residual tranche certificate, which bears no interest, for $20.9 million. Rithm Capital evaluated the purchased

residual tranche certificate as a variable interest in the trust and concluded that the residual tranche certificate will absorb a majority of the trust's expected losses or receive a majority of the trust's expected residual returns. Rithm Capital also concluded that the securitization's asset manager, a wholly-owned subsidiary of Rithm Capital, has the ability to direct activities that could impact the trust's economic performance. As a result, Rithm Capital consolidates the trust. As of March 31, 2024, the 2022-RTL1 Securitization consists of a pool 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 36 months, with an aggregate UPB of approximately $341.8 million and an aggregate principal limit of approximately $487.2 million.

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

Consolidated 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 March 31, 2024, the consolidated notes payable due to third parties had a fair value of $218.1 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 March 31, 2024, the consolidated funds have not drawn on the facility.

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

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on the Consolidated Balance Sheets:

		Advance Purchaser	Newrez Joint Ventures	Residential Mortgage Loans	Consumer Loan SPVs	Mortgage Loans Receivable	Total	
September 30, 2023								
		Advance Purchaser						
		Advance Purchaser						
		Advance Purchaser	**Newrez Joint Ventures**	**Residential Mortgage Loans**	**Consumer Loan Companies**	**Mortgage Loans Receivable**	**Consolidated Funds**	**Total**
March 31, 2024								
Assets								
Assets								
Assets	**Assets**							
Servicer advance investments, at fair value	Servicer advance investments, at fair value	$ 378,664	$ —	$ —	$ —	$ —	$ 378,664	
Servicer advance investments, at fair value								
Residential mortgage loans, held-for-sale, at fair value		—	—	1,094,978	—	—	1,094,978	
Servicer advance investments, at fair value Residential mortgage loans, HFS, at fair value								
Consumer loans	Consumer loans	—	—	—	303,881	—	303,881	
Mortgage loans receivable	Mortgage loans receivable	—	—	—	—	348,061	348,061	
Cash and cash equivalents	Cash and cash equivalents	5,241	21,177	4,410	—	—	30,828	
Restricted cash	Restricted cash	8,151	—	9,378	6,375	12,859	36,763	
Other assets	Other assets	9	410	—	4,528	—	4,947	

Total Assets	Total Assets	$ 392,065	$ 21,587	$ 1,108,766	$ 314,784	$ 360,920	2,198,122
Liabilities	**Liabilities**						
Secured financing agreements(A)							
Secured financing agreements(A)							
Secured financing agreements(A)							
Secured notes and bonds payable(A)	Secured notes and bonds payable(A)	271,488	—	995,361	245,695	307,228	1,819,772
Accrued expenses and other liabilities	Accrued expenses and other liabilities	2,612	3,257	74	1,422	3,100	10,465
Total Liabilities	Total Liabilities	$ 274,100	$ 3,257	$ 995,435	$ 247,117	$ 310,328	$ 1,830,237
December 31, 2022							
December 31, 2023							
December 31, 2023							
December 31, 2023							
Assets							
Assets							
Assets	**Assets**						
Servicer advance investments, at fair value	Servicer advance investments, at fair value	$ 387,675	$ —	$ —	$ —	$ —	$ 387,675
Residential mortgage loans, held-for-investment, at fair value		—	—	22,699	—	—	22,699
Residential mortgage loans, held-for-sale, at fair value		—	—	844,000	—	—	844,000
Servicer advance investments, at fair value							
Servicer advance investments, at fair value							
Residential mortgage loans, HFS, at fair value							
Consumer loans							
Mortgage loans receivable	Mortgage loans receivable	—	—	—	—	349,975	349,975
Consumer loans		—	—	—	363,756	—	363,756
Cash and cash equivalents	Cash and cash equivalents	34,084	28,404	23,473	—	—	85,961
Restricted cash	Restricted cash	7,433	—	7,547	6,652	9,368	31,000
Other assets	Other assets	9	1,026	165,975	5,253	(238)	172,025
Total Assets	Total Assets	$ 429,201	$ 29,430	$ 1,063,694	$ 375,661	$ 359,105	$ 2,257,091
Liabilities	**Liabilities**						
Secured financing agreements(A)	Secured financing agreements(A)	—	—	51,325	—	—	51,325
Secured financing agreements(A)							
Secured financing agreements(A)							
Secured notes and bonds payable(A)	Secured notes and bonds payable(A)	313,093	—	768,959	299,498	312,918	1,694,468
Accrued expenses and other liabilities	Accrued expenses and other liabilities	1,928	4,306	25,381	1,144	349	33,108

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

Total Liabilities	Total Liabilities	$ 315,021	$ 4,306	$ 845,665	$ 300,642	$ 313,267	$1,778,901

(A) The creditors of the VIEs do not have recourse to the general credit of Rithm Capital, and the assets of the VIEs are not directly available to satisfy Rithm Capital's obligations.

Non-Consolidated VIEs

The following table summarizes the carrying value of the Company's real estate bonds issued by unconsolidated bonds VIEs and retained pursuant to required risk retention regulations which reflects the Company's maximum exposure to loss, as well as the UPB of transferred loans. These bonds are grouped and presented as part of real Real estate and other securities on the Consolidated Balance Sheets:

		As of and for the Nine Months Ended September 30, 2023	2022		March 31, 2024	December 31, 2023
		March 31, 2024 March 31, 2024 March 31, 2024				
Residential mortgage loan UPB and other collateral	Residential mortgage loan UPB and other collateral	$10,809,466	$12,137,481	Residential mortgage loan UPB and other collateral	$ 11,466,396	$ 10,901,751
Weighted average delinquency(A)	Weighted average delinquency(A)	4.2 %	4.9 %	Weighted average delinquency(A)	4.2%	
Net credit losses	Net credit losses	$ 167,519	$ 170,439	Net credit losses	$ 167,949	$ 163,125
Face amount of debt held by third parties(B)		$ 9,840,864	$11,228,461			
Face amount of debt held by third parties				Face amount of debt held by third parties	$ 10,397,972	$ 9,857,607
Carrying value of bonds retained by Rithm Capital(C)(D)		$ 867,134	$ 920,904			
Cash flows received by Rithm Capital on these bonds		$ 113,527	$ 173,765			
Carrying value of bonds retained by Rithm Capital(B)(C)						
Carrying value of bonds retained by Rithm Capital(B)(C)						
Carrying value of bonds retained by Rithm Capital(B)(C)					$ 991,692	$ 963,953
Year to date cash flows received by Rithm Capital on these bonds				Year to date cash flows received by Rithm Capital on these bonds	$ 40,924	$ 155,972

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

(B) Excludes bonds retained by Rithm Capital.

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

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

(D) (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 with VIEs related to the asset management business that are not consolidated. The Company's involvement, through Sculptor, 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 17.

	March 31, 2024	December 31, 2023
Net assets of unconsolidated VIEs in which the Company has a variable interest	$ 12,613,891	$ 12,782,124
Maximum risk of loss as a result of the Company's involvement with unconsolidated VIEs:		
Unearned income and fees	38,993	37,468
Income and fees receivable	37,873	43,250
Investments	527,231	533,026
Unfunded commitments(A)	182,846	207,575
Other commitments	23,021	—
Maximum Exposure to Loss	$ 809,964	$ 821,319

(A) Includes commitments from certain employees and executive managing directors in the amounts of $94.8 million and $97.5 million as of March 31, 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 22 regarding certain guarantees provided in connection with the investments. These investments are grouped and presented as part of Equity investments within Other other assets on the Consolidated Balance Sheets:

	September 30, 2023	December 31, 2022
Carrying value of commercial real estate held within unconsolidated VIEs	$ 48,438	$ —
Carrying value of Rithm's investments in unconsolidated commercial real estate VIEs	$ 19,933	$ —

	March 31, 2024	December 31, 2023
Carrying value of commercial real estate held within unconsolidated VIEs	$ 96,186	$ 66,652
Carrying value of Rithm Capital's investments in unconsolidated commercial real estate VIEs	$ 34,846	$ 29,210

Noncontrolling Interests

Noncontrolling interests represent the ownership interests in certain consolidated subsidiaries held by entities or persons other than Rithm Capital. 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 Rithm Capital's servicer advance investments (Note 6), the Newrez JVs Joint Ventures (Note 8) and Consumer , consumer loans (Note 9).

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

	September 30, 2023			December 31, 2022		
	Advance Purchaser(A)	Newrez Joint Ventures	Consumer Loan Companies	Advance Purchaser(A)	Newrez Joint Ventures	Consumer Loan Companies
Total consolidated equity	$ 117,966	$ 18,330	$ 82,007	$ 114,180	$ 25,124	$ 91,263
Others' ownership interest	10.7 %	49.5 %	46.5 %	10.7 %	49.5 %	46.5 %
Others' interest in equity of consolidated subsidiary	$ 12,600	$ 9,073	$ 38,234	$ 12,193	$ 12,437	$ 42,437

and Sculptor investments.

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

	March 31, 2024	December 31, 2023

	Total Consolidated Equity	Others' Ownership Interest	Others' Interest in Equity of Consolidated Subsidiary	Total Consolidated Equity	Others' Ownership Interest	Others' Interest in Equity of Consolidated Subsidiary
Advance Purchaser	$ 109,988	10.7 %	$ 11,747	$ 104,458	10.7 %	$ 11,157
Newrez Joint Ventures	$ 16,265	49.5 %	$ 8,051	$ 16,607	49.5 %	$ 8,220
Consumer Loan Companies	$ 68,126	46.5 %	$ 31,679	$ 72,361	46.5 %	$ 33,748

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

	Three Months Ended September 30,					
	2023			2022		
	Advance Purchaser(A)	Newrez Joint Ventures	Consumer Loan Companies	Advance Purchaser(A)	Newrez Joint Ventures	Consumer Loan Companies
Net income (loss)	$ 13,229	$ 544	$ 6,806	$ (1,296)	$ 952	$ 15,000
Others' ownership interest	10.7 %	49.5 %	46.5 %	10.7 %	49.5 %	46.5 %
Others' interest in net income (loss) of consolidated subsidiary	$ 1,414	$ 269	$ 3,165	$ (139)	$ 471	$ 6,975

	Three Months Ended March 31,					
	2024			2023		
	Net income (loss)	Others' ownership interest as a percent of total	Others' interest in net income (loss) of consolidated subsidiaries	Net income (loss)	Others' ownership interest as a percent of total	Others' interest in net income (loss) of consolidated subsidiaries
Advance Purchaser	$ 9,530	10.7 %	$ 1,018	$ (1,370)	10.7 %	$ (146)
Newrez Joint Ventures	$ 112	49.5 %	$ 55	$ (85)	49.5 %	$ (42)
Consumer Loan Companies	$ 2,192	46.5 %	$ 1,019	$ (2,391)	46.5 %	$ (1,112)

	Nine Months Ended September 30,					
	2023			2022		
	Advance Purchaser(A)	Newrez Joint Ventures	Consumer Loan Companies	Advance Purchaser(A)	Newrez Joint Ventures	Consumer Loan Companies
Net income (loss)	$ 19,786	$ 1,238	$ 16,582	$ 1,219	$ 4,374	$ 53,340
Others' ownership interest	10.7 %	49.5 %	46.5 %	10.7 %	49.5 %	46.5 %
Others' interest in net income (loss) of consolidated subsidiary	$ 2,113	$ 613	$ 7,711	$ 130	$ 2,165	$ 24,803

(A) Rithm Capital owned 89.3% 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 Advance Purchaser as carried interest is expensed and recorded within compensation and benefits on the Consolidated Statements of September 30, 2023 Operations and 2022.therefore excluded in the calculation of noncontrolling interests. As of March 31, 2024, others' interest in the net equity of consolidated subsidiaries related to Sculptor was $42.3 million.

21. 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, (the "ATM Shares"), 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 nine three months ended September 30, 2023 March 31, 2024 under the ATM Program.

On December 15, 2022, In February 2024, Rithm Capital's board of directors approved renewed the Stock Repurchase Program 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, 2023 December 31, 2024. The objective of the Stock Repurchase Program stock repurchase program is to seek flexibility to return capital when deemed accretive to shareholders. stockholders.

Repurchases may can be made from time to time through open market purchases or privately 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. requirements During the nine three months ended September 30, 2023 March 31, 2024, the Company did not repurchase any shares of its common stock or its preferred stock.

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. Further, as of September 30, 2023, the Company has not established a trading plan pursuant to Rule 10b5-1 under the Exchange Act.

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 summarizes preferred shares:

							Dividends Declared per Share			
		Number of Shares					Three Months Ended September 30,		Nine Months Ended September 30,	
							Dividends Declared per Share			
							Dividends Declared per Share			
							Dividends Declared per Share			
		Number of Shares								
Series										
Series										
Series	Series	September 30, 2023	December 31, 2022	Liquidation Preference(A)	Issuance Discount	Carrying Value(B)	2023	2022	2023	2022
Series A, 7.50% issued July 2019(C)	Series A, 7.50% issued July 2019(C)	6,200	6,200	$ 155,002	3.15 %	$ 149,822	$ 0.47	$ 0.47	$ 1.41	$ 1.41
Series A, 7.50% issued July 2019(C)										
Series A, 7.50% issued July 2019(C)										
Series B, 7.125% issued August 2019(C)										
Series B, 7.125% issued August 2019(C)										
Series B, 7.125% issued August 2019(C)	Series B, 7.125% issued August 2019(C)	11,261	11,261	281,518	3.15 %	272,654	0.45	0.45	1.34	1.34
Series C, 6.375% issued February 2020(C)	Series C, 6.375% issued February 2020(C)	15,903	15,903	397,584	3.15 %	385,289	0.40	0.40	1.20	1.20
Series C, 6.375% issued February 2020(C)										
Series C, 6.375% issued February 2020(C)										
Series D, 7.00% issued September 2021(D)										
Series D, 7.00% issued September 2021(D)										

Series D, 7.00% issued September 2021(D)	Series D, 7.00% issued September 2021(D)	18,600	18,600	465,000	3.15 %	449,489	0.44	0.44	1.31	1.31
Total	Total	51,964	51,964	$ 1,299,104		$ 1,257,254	$ 1.76	$ 1.76	$ 5.26	$ 5.26
Total										
Total										

(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.

On September 14, 2023 March 20, 2024, Rithm Capital's board of directors declared third first quarter 2023 2024 preferred dividends of $0.47 per share of the Series A, $0.45 per share of the Series B, $0.40 per share of the Series C and $0.44 per share of the 7.00% Fixed-Rate Reset Series D Cumulative Redeemable Preferred Stock (the "Series D"), or approximately $2.9 million, $5.0 million, $6.3 million and $8.1 million, respectively.

Common dividends have been declared as follows:

Declaration Date	Declaration Date	Payment Date	Quarterly Dividend Per Share	Total Amounts Distributed (millions)	Declaration Date	Payment Date	Per Share	Total Amounts Distributed (millions)
June 17, 2022		July 2022	0.25	116.7				
September 22, 2022		October 2022	0.25	118.4				
December 15, 2022								
December 15, 2022								
December 15, 2022	December 15, 2022	January 2023	0.25	118.6				
March 17, 2023	March 17, 2023	April 2023	0.25	120.8				
June 23, 2023	June 23, 2023	July 2023	0.25	120.8				
September 14, 2023	September 14, 2023	October 2023	0.25	120.8				
December 12, 2023								
March 20, 2024								

Common Stock Purchase Warrants Options

During Prior to the second quarter of 2020, Internalization, the Company issued warrants (the "2020 Warrants") in conjunction with options (i) to the issuance of a term loan, which was fully repaid in the third quarter of 2020, that provided the holders the right Former Manager and (ii) as initial one-time grants relating to acquire, subject to anti-dilution adjustments, up to 43.4 million 1,000 shares of the Company's common stock 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 aggregate. The 2020 Warrants were exercisable in cash or on excess of the fair market value of a cashless basis and were set to expire on May 19, 2023 and were exercisable, in whole or in part, at any time or from time to time after September 19, 2020 at the following prices (subject to certain anti-dilution adjustments): approximately 24.6 million shares share of common stock at $6.11 per share and approximately 18.9 million shares of common stock at $7.94 per share.

On February 21, 2023, warrant holders exercised all remaining and outstanding warrants to purchase up to approximately 25.6 million shares of the Company's common stock. The warrants were exercised on a cashless basis, using the market price of the Company's common stock on February 17, 2023, which was the last trading day preceding the date of exercise over the exercise price per share unless advance approval is made to 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 warrants, resulting in the issuance of approximately 9.3 million shares of the Company's common stock on February 23, 2023.

2013 Plan applicable to such awards.

The table below summarizes the 2020 Warrants at September 30, 2023:

	Number of Warrants (in millions)		Adjusted Weighted Average Exercise Price (per share)
	Initial	Adjusted(A)	
December 31, 2022	22.4	25.6	$ 6.1
Granted	—	—	—
Exercised	(22.4)	(25.6)	6.1
Expired	—	—	—
September 30, 2023	—	—	

(A) Reflects the incremental number of additional common stock issuable upon exercise of warrants in accordance with the warrant agreement.

Option Plan

As of September 30, 2023, outstanding options were as follows:

Held by Former Manager	21,471,990
Issued to the independent directors	2,000
Total	21,473,990

The following table summarizes outstanding options as of September 30, 2023March 31, 2024. The last sales price on the New York Stock Exchange for Rithm Capital's common stock in the quarter ended September 30, 2023March 31, 2024 was $9.29$11.16 per share.

Recipient	Recipient	Date of Grant/ Exercise(A)	Number of Unexercised Options	Options Exercisable as of September 30, 2023	Weighted Average Exercise Price(B)	Intrinsic Value of Exercisable Options as of September 30, 2023 (millions)	Recipient	Date of Grant/ Exercise(A)	Number of Unexercised Options		Options Exercisable as of March 31, 2024		Weighted Average Exercise Price(B)		Intrin Value Exercis Option of March 202 (millio
Directors		Various	2,000	2,000	$ 10.70	$ —									
Independent Directors															
Former Manager															
Former Manager															
Former Manager	Former Manager	2017	1,130,916	1,130,916	12.84	—									
Former Manager	Former Manager	2018	5,320,000	5,320,000	15.57	—									
Former Manager	Former Manager	2019	6,351,000	6,351,000	14.95	—									
Former Manager	Former Manager	2020	1,619,739	1,619,739	16.30	—									
Former Manager	Former Manager	2021	7,050,335	6,501,162	9.35	—	Former Manager	2021	7,050,335	7,049,146	7,049,146	9.38	9.38	12.57	
Outstanding	Outstanding		21,473,990	20,924,817											
Outstanding															
Outstanding															

(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.

The following table summarizes activity in outstanding options:

	Number of Options	Weighted Average Exercise Price
December 31, 2022	21,476,990	$ —
Granted	—	—
Exercised	—	—
Expired	(3,000)	14.24
September 30, 2023	21,473,990	See table above

	Number of Options
December 31, 2023	21,473,990
RITHM CAPITAL CORP. AND SUBSIDIARIES Granted	—
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) Exercised	—
(dollars in tables in thousands, except share and per share data) Expired	

—

Stock-Based Compensation

On May 25, 2023, Rithm Capital's stockholders adopted the Rithm Capital Corp. 2023 Omnibus Incentive Plan (the "2023 Plan"), which became effective as of May 25, 2023. The 2023 Plan replaced Rithm Capital's Nonqualified Stock Option and Incentive Award Plan which became effective on May 15, 2013, and was amended and restated as of November 4, 2014 and as of February 16, 2023, which expired by its terms on April 29, 2023 (the "2013 Plan"). Any stock-based awards issued under the 2013 Plan will continue to be subject to the terms and provisions of the 2013 Plan applicable to such awards. The Company may grant stock-based compensation to its officers and other employees and non-employee directors for the purpose of providing incentives and rewards for service or performance. Stock-based awards issued under the Plan include time-based and performance-based restricted stock unit awards ("RSU" and "PSU" awards, respectively), and restricted stock awards ("RSA"), and may include other forms of equity-based compensation. RSU and PSU awards are an agreement to issue an equivalent number of shares of the Company's common stock, plus any equivalent shares for dividends declared on the Company's common stock, at the time the award vests. RSAs and RSU awards vest over a specified service period. PSU awards vest over a specified service period subject to achieving long-term performance criteria.

Shares underlying RSU and PSU awards are issued when the awards vest. Statutory tax withholding obligations may be covered via (i) election of a cash payment, (ii) net settlement of the applicable shares of stock underlying the RSUs or PSUs, (iii) a broker assisted sale process or (iv) any such other method approved by Rithm Capital. If applicable, the fair value of shares withheld for tax withholdings is recorded as a reduction to additional paid-in capital.

During the nine months ended September 30, 2023, the Company granted RSU awards to employees with a grant date fair value of $12.5 million, inclusive of dividend equivalents, which vest ratably over a three-year period. The Company also granted PSU awards to employees which vest at the end of a three-year period provided that specified performance criteria are met. The fair value of the PSU awards granted during the nine months ended September 30, 2023 as of the grant date was $23.1 million, assuming the maximum levels of performance are achieved.

The table below summarizes the Company's awards granted, forfeited or vested under the 2013 Plan and the 2023 Plan during the nine months ended September 30, 2023:

	Number of Shares				Grant Date Price		
	RSAs	RSUs	PSUs	Total	RSAs	RSUs	PSUs
Unvested Shares at December 31, 2022	578,034	—	—	578,034	$ 8.65	$ —	$ —
Granted	—	1,215,329	2,430,658	3,645,987	—	9.52	9.52
Accrued RSU and PSU dividend equivalents(A)	—	98,384	196,768	295,152	—	9.52	9.52
Vested	(192,678)	—	—	(192,678)	8.65	—	—
Forfeited	—	(23,003)	(46,006)	(69,009)	—	9.52	9.52
Unvested Shares at September 30, 2023(A)	385,356	1,290,710	2,581,420	4,257,486			

(A) Number of PSUs assumes maximum levels of performance are achieved for outstanding unvested PSU awards.

The Company measures and recognizes compensation expense for all stock-based payment awards made to employees and non-employee directors based on their fair value. The fair value of granted awards is determined based on the closing price of the Company's common stock on the date of grant of the awards. Stock-based compensation is recorded within Compensation and benefits in the Consolidated Statements of Operations and corresponding recording within Additional paid-in-capital in the Consolidated Balance Sheets and Consolidated Statements of Changes in Stockholders' Equity. For RSUs, compensation expense is recognized using the accelerated attribution model. For PSU awards, the Company estimates the probability that the performance criteria will be achieved and recognizes compensation expense only for those awards expected to vest using the accelerated attribution model. The Company reevaluates its estimate each reporting period and recognizes a cumulative effect adjustment to expense if estimates change from the prior period. For RSAs, compensation expense is recognized using the accelerated attribution model. The Company does not estimate forfeiture rates but rather adjusts for forfeitures in the periods in which they occur. For RSUs and PSUs, the Company provides dividend equivalents for any dividends that are paid out during the period in between grant date and the date the shares are delivered upon vesting.

For the nine months ended September 30, 2023, total stock-based compensation expenses recorded was $8.9 million. For the nine months ended September 30, 2023 for the RSU and PSU awards, there were no performance adjustments for actual performance achieved relative to the maximum and no vested shares. The fair value of the RSU and PSU awards forfeited during the nine months ended September 30, 2023 was $0.6 million. For the nine months ended September 30, 2023 for the RSAs, the fair value of vested shares after consideration of net settlement of the vested shares for tax withholding purposes was $0.7 million, and there were no forfeited shares.

At September 30, 2023, aggregate unrecognized compensation cost for all unvested equity awards was $31.1 million (assuming maximum levels of performance are achieved), which is expected to be recognized over a weighted-average period of 1.2 years.

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. outstanding for the period. Diluted EPS is computed 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

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

The following table summarizes the basic and diluted earnings per share EPS calculations:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income	$ 221,191	$ 154,190	$ 697,825	$ 877,452
Noncontrolling interests in income of consolidated subsidiaries	4,848	7,307	10,437	27,098
Dividends on preferred stock	22,394	22,427	67,184	67,315
Net income attributable to common stockholders	$ 193,949	$ 124,456	$ 620,204	$ 783,039
Basic weighted average shares of common stock outstanding	483,214,061	467,974,962	481,503,762	467,192,721
Dilutive effect of stock options, restricted stock, common stock purchase warrants, RSUs and PSUs(A)(B)	1,136,227	8,821,795	2,026,465	14,707,408
Diluted weighted average shares of common stock outstanding	484,350,288	476,796,757	483,530,227	481,900,129
Basic earnings per share attributable to common stockholders	$ 0.40	$ 0.27	$ 1.29	$ 1.68
Diluted earnings per share attributable to common stockholders	$ 0.40	$ 0.26	$ 1.28	$ 1.62

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income (loss)	$ 287,487	$ 89,949
Noncontrolling interests in income of consolidated subsidiaries	3,452	(1,300)
Dividends on preferred stock	22,395	22,395
Net income (loss) attributable to common stockholders	$ 261,640	$ 68,854
Basic weighted average shares of common stock outstanding	483,336,777	478,167,178
Effect of dilutive securities:(A)(B)		
Stock options	897,800	—

Common stock purchase warrants	—	4,470,133
Restricted stock	274,754	209,600
Time-based restricted stock unit awards	816,310	—
Performance-based restricted stock unit awards	605,860	—
Diluted weighted average shares of common stock outstanding	485,931,501	482,846,911
Basic earnings (loss) per share attributable to common stockholders	$ 0.54	$ 0.14
Diluted earnings (loss) per share attributable to common stockholders	$ 0.54	$ 0.14

(A) Stock Certain stock options and common stock purchase warrants that could potentially dilute basic earnings per share EPS in the future were not included in the computation of diluted earnings per share 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) RSU and PSU awards Awards related to stock-based compensation were included to the extent dilutive and issuable under the relevant time and/or performance measures.

22. 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.

In 2023, in connection with the acquisition of Sculptor, litigation was filed against Sculptor alleging, among other things, that Sculptor's board of directors (the "Sculptor Board") and the special committee of the Sculptor Board violated their fiduciary duties, and sought, among other things, to enjoin the transaction with Rithm Capital. An agreement was reached in principle by the parties to settle all claims of the litigation. The parties executed and filed the Stipulation and Agreement of Settlement, Compromise and Release in connection with the settlement, pending a final hearing for the settlement.

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, 2023 March 31, 2024, Rithm Capital had outstanding capital commitments related to investments in the following investment types (also refer to Note 5 for MSR investment commitments and to Note 25 26 for additional capital commitments entered into subsequent to September 30, 2023 March 31, 2024, if any):

- *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

RITHM CAPITAL CORP. AND SUBSIDIARIES
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(dollars in tables in thousands, except share and per share data)

Capital's subsidiaries, NRM and the Mortgage Company, 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 6 for discussion on Rithm Capital's MSRs and servicer advance investments, respectively.

- *Mortgage Origination Reserves* — The Mortgage Company 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 the Mortgage Company 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 Mortgage Company 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, the Mortgage

Company Newrez generally has an obligation to cure the breach. If the Mortgage Company Newrez is unable to cure the breach, the purchaser may require the Mortgage Company, as applicable, Newrez to repurchase the loan.

In addition, as issuers of Ginnie Mae guaranteed securitizations, the Mortgage Company 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 the Mortgage Company Newrez is not obligated to repurchase the delinquent loans, the Mortgage Company Newrez generally exercises its respective option to repurchase loans that will result in an economic benefit. As of September 30, 2023 March 31, 2024, Rithm Capital's estimated liability associated with representations and warranties and Ginnie Mae repurchases was $56.9 million $52.6 million and $1.4 $1.8 billion, respectively. See Note 5 for information on regarding the right to repurchase delinquent loans from Ginnie Mae securities and mortgage origination.

- *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 8 for information regarding Rithm Capital's residential mortgage loans.

- *Consumer Loans* — The Consumer Loan Companies have invested in loans with an aggregate of $185.7 million $168.4 million of unfunded and available revolving credit privileges as of September 30, 2023 March 31, 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.

- *Single-Family Rental SFR Properties* — On June 21, 2023, Crowne Property Acquisitions, LLC, a wholly owned 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 first fourth quarter of 2024. As of September 30, 2023 108 March 31, 2024, 200 SFR properties have been delivered to Rithm Capital. 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.

- *Mortgage Loans Receivable* — Genesis and Rithm Capital had commitments to fund up to $616.6 $827.0 million and $5.1 $2.0 million, respectively, of additional advances on existing mortgage loans as of September 30, 2023 March 31, 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.

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 funds the commitment.

- *Equity Investments* — As part of its investment commitment in certain commercial real estate projects, Rithm Capital is required to fund its pro rata share of future capital contributions subject to certain limitations.

- *Fund Commitments* — The Company has unfunded capital commitments of $232.9 million to certain funds Sculptor manages, of which $68.4 million relates to commitments of Sculptor's consolidated structured alternative investment solution, and $50.0 million relates to commitments to a consolidated Sculptor Loan Financing Partners fund, a collateralized loan obligation ("CLO") equity investment platform. The remaining $114.5 million relates to commitments of Sculptor to unconsolidated funds. Approximately $94.8 million of Sculptor's 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.

- *Corporate* — As part of the partnership with Great Ajax (Note 1), the Company entered into a one-year delayed draw term loan agreement with Great Ajax for up to $70 million, which remains unfunded as of March 31, 2024. In connection with the execution of the term loan agreement, Great Ajax will issue five-year warrants to Rithm Capital, based on amounts drawn under the loan facility (subject to a specified minimum), exercisable for shares of Great Ajax's common stock.

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.

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

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, 2023 March 31, 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.

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. 18 for a further discussion of the Company's debt obligations.

23. RELATED PARTY TRANSACTIONS

The Company follows ASC 850, *Related Party Disclosure*, for the identification of related parties and disclosure of related party transactions. A party is considered to be related to us the Company if the party, directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with us. 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 we 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 that holds a limited partnership interest in to acquire a commercial real estate development project. Rithm's limited partnership Rithm Capital's ownership interest in such entity is accounted for under the equity method and is recorded presented within Other Assets. In addition, assets on the Consolidated Balance Sheets. Concurrently, Genesis entered into a loan agreement in the amount of $86.4 million with the entity, which matures in 36 a remaining term of approximately 27 months unless otherwise extended. 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 management agreement with Adoor Property Management LLC, 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.

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 March 31, 2024, approximately $708.8 million of the Company's assets under management ("AUM") represented investments by Sculptor, its current executive managing directors, employees and certain other related parties in Sculptor's funds. As of March 31, 2024, approximately 53.7% 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.

Other Commitments

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

24. INCOME TAXES

Income tax expense (benefit) consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			

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

		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Current:					
Current:					
Current:	Current:				
Federal	Federal	$ 5,014	$ —	$ 5,030	$ —
Federal					
Federal					
State and local	State and local	185	3	306	48
State and local					
State and local					
Foreign					
Foreign					
Foreign					
Total current income tax expense (benefit)					
Total current income tax expense (benefit)					
Total current income tax expense (benefit)	Total current income tax expense (benefit)	5,199	3	5,336	48
Deferred:	Deferred:				
Deferred:					
Deferred:					
Federal					
Federal					
Federal	Federal	41,759	18,654	75,822	250,221
State and local	State and local	5,627	3,427	11,151	47,294
Total deferred income tax expense		47,386	22,081	86,973	297,515
State and local					
State and local					
Foreign					
Foreign					
Foreign					
Total deferred income tax expense (benefit)					
Total deferred income tax expense (benefit)					
Total deferred income tax expense (benefit)					
Total income tax expense (benefit)	Total income tax expense (benefit)	$ 52,585	$ 22,084	$ 92,309	$ 297,563
Total income tax expense (benefit)					
Total income tax expense (benefit)					

Rithm Capital intends to qualify as a REIT for each of its tax years through December 31, 2023 December 31, 2024. A REIT is generally not subject to U.S. 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 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 3 for further details.

Rithm Capital operates various business segments, including servicing, origination and MSR related investments, through taxable REIT subsidiaries ("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 3 for further details.

As of September 30, 2023 March 31, 2024, Rithm Capital recorded a net deferred tax liability of $798.2 $898.0 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. entities, which is reported within accrued expenses and other liabilities in the Consolidated Balance Sheets. As of March 31, 2024, Sculptor recorded a net deferred tax asset of $284.9 million, primarily composed of net operating losses and tax deductible goodwill, which is reported within other assets in the Consolidated Balance Sheets.

25. ASSET MANAGEMENT REVENUES

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

	Three Months Ended March 31, 2024
Management fees	$ 57,130
Incentive income	13,821
Other asset management revenue	4,909
Total asset management revenues	$ 75,860

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

	March 31, 2024	December 31, 2023
Management fees receivable	$ 21,548	$ 23,757
Incentive income receivable	28,281	35,377
Total income and fees receivable	$ 49,829	$ 59,134

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 through Sculptor:

	March 31, 2024	December 31, 2023
Unearned management fees	$ 1	$ 1
Unearned incentive income	38,992	37,467
Total unearned income and fees	$ 38,993	$ 37,468

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 AUM at the beginning of the quarter.

26. SUBSEQUENT EVENTS

These financial statements include a discussion of material events that have occurred subsequent to September 30, 2023 March 31, 2024 through the issuance of these Consolidated Financial Statements. consolidated financial statements. Events subsequent to that date have not been considered in these financial statements.

On October 2, 2023, Rithm Capital entered into a definitive agreement with Computershare Limited to acquire Computershare Mortgage Services Inc. ("Computershare") and certain affiliated companies, including SLS, for a purchase price of approximately $720 million.

On October 12, 2023, Rithm Capital and certain of its affiliates entered into Amendment No. 1 to the Merger Agreement (the "First Amendment") with Sculptor and certain of its affiliates. Pursuant to the First Amendment, among other things, the transaction value was updated to approximately $676 million, which included $12.00 per Class A common share of Sculptor, and increased the termination fee payable by Sculptor to Rithm in certain circumstances pursuant to the Merger Agreement (the "Company Termination Fee") from approximately $16.6 million to approximately $20.3 million.

Also, on October 12, 2023, Rithm Capital purchased from Delaware Life Insurance Company ("DLIC") warrants to purchase an aggregate of 4,338,015 shares of Sculptor's Class A Common Stock (the "Warrant Shares") at an exercise price of $7.95 per share, for an aggregate purchase price of $27.6 million. Rithm Capital also agreed to pay certain additional amounts to DLIC in the event that Sculptor is acquired within 270 days of the closing of the purchase of the warrants. On October 12, 2023, Rithm Capital delivered to Sculptor an exercise notice pursuant to the terms of the warrants for the Warrant Shares, representing 12.8% of Sculptor's outstanding Class A Common Stock, and on October 13, 2023 Sculptor issued the Warrant Shares. As a result of the ownership of the Warrant Shares, Rithm Capital controls approximately 6.5% of the total voting power of Sculptor's outstanding voting stock.

Beginning on August 12, 2023, a consortium of bidders (the "Consortium") sent several unsolicited, non-binding proposals to acquire Sculptor. Subsequently, on October 13, 2023, Sculptor received an updated unsolicited, non-binding proposal from the Consortium to acquire Sculptor for $13.50 per Class A common share of Sculptor in cash, provided that, among other things, Sculptor terminate the Merger Agreement in accordance with its terms. In such event, Sculptor would be obligated to pay Rithm Capital the Company Termination Fee.

While Rithm Capital was not party to the filed complaint, on September 11, 2023, stockholder Gilles Beachemin filed a purported class action against Sculptor and each of Sculptor's directors in the Court of Chancery of the State of Delaware, captioned Gilles Beachemin v. Marcy Engel, et al., No. 2023-0921- (Del. Ch. September 11, 2023) (the "Beachemin Action"). The Beachemin Action alleges, among other things, that Sculptor's board of directors (the "Sculptor Board") and the special committee of the Sculptor Board (the "Special Committee") violated their fiduciary duties by refusing to waive certain restrictions in the Consortium's standstill.

On October 17, 2023, Sculptor stockholders Daniel S. Och, Harold A. Kelly, Jr., Richard Lyon, James O'Connor and Zoltan Varga (collectively, the "Specified Stockholders") filed a purported class action complaint on behalf of themselves and all other similarly situated stockholders of Sculptor against each of Sculptor's directors, Sculptor and certain of its subsidiaries and Rithm Capital and certain of its subsidiaries in the Court of Chancery of the State of Delaware, captioned Och, et al. v. Engel, et al., C.A. No. 2023-1043-SG (the "Former EMD Group Action"). The complaint in the Former EMD Group Action alleges, among other things, that the Sculptor Board and the Special Committee violated their fiduciary duties. The Former EMD Group Action complaint seeks, among other things, to enjoin the transaction with Rithm Capital and a court order (i) reducing the Company Termination Fee, (ii) prohibiting Rithm Capital from voting the Warrant Shares and (iii) declaring that the Majority of Unaffiliated Vote Condition, as defined in the Merger Agreement, be reinserted into the Merger Agreement. Sculptor, the

Sculptor Board, the Special Committee and Rithm Capital deny any alleged wrongdoing, and intend to oppose any request for a preliminary injunction. Computershare Acquisition

Rithm Capital completed the Computershare Acquisition, and simultaneous merger of SLS and Newrez, on May 1, 2024 for a cash purchase price of approximately $720.0 million. The Former EMD Group Action Computershare Acquisition included approximately $45.0 billion UPB of MSRs and $104.0 billion of third-party servicing UPB, along with SLS's origination services business. Given the recent timing of the transaction, the Company is currently evaluating the purchase price allocation. It is impracticable to disclose the preliminary purchase price allocation for this acquisition given the short period of time between the acquisition date and the Beachemin Action have been issuance of these consolidated into In re Sculptor Capital Management, Inc. Stockholder Litigation, C.A. No. 2023-0921-SG (Del. Ch.) (the "Sculptor Stockholder Action") in connection with a preliminary injunction hearing scheduled on November 9, 2023.

On October 26, 2023, Rithm Capital and certain of its affiliates entered into Amendment No. 2 to the Merger Agreement (the "Second Amendment") with Sculptor and certain of its affiliates. Pursuant to the Second Amendment, among other things, the transaction value was updated to approximately $719.8 million, which includes $12.70 per Class A common share of Sculptor and the Company Termination Fee was increased to approximately $22.4 million. In connection with entering into the Second Amendment, on October 26, 2023, Rithm Capital entered into a Transaction Support Agreement (the "Transaction Support Agreement") with each of the Specified Stockholders and the other signatories party thereto. Under the terms of the Transaction Support Agreement, each Specified Stockholder agreed, among other things, to vote all shares held by such Specified Stockholder in favor of the adoption of the Merger Agreement and the approval of the Sculptor Acquisition. The Specified Stockholders also agreed not to transfer or otherwise dispose of any common stock of Sculptor or other securities of Sculptor or its subsidiaries, other than certain permitted transfers, during the term of the Transaction Support Agreement. Furthermore, in accordance with the Transaction Support Agreement, counsel for the Specified Stockholders signed a stipulated order dismissing with prejudice the claims raised by the Specified Stockholders in the Sculptor Stockholder Action, solely with respect to the Specified Stockholders, which was submitted to the Court of Chancery for approval, and the Specified Stockholders have agreed to withdraw any demands under Section 220 of the General Corporation Law of the State of Delaware and to not commence any proceeding or pursue any claims relating to the Sculptor Acquisition prior to the closing of the Sculptor Acquisition.

On October 29, 2023, plaintiff filed a consolidated amended complaint under seal adding additional claims and defendants to the matter.

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 is intended to help the reader understand the results of operations and financial condition of Rithm Capital. The following should be read in conjunction with the unaudited Consolidated Financial Statements consolidated financial statements and notes thereto, and with Part II, Item 1A, "Risk Factors" of this Report and Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

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 of assets and investments focused on investing in, and actively managing, investments related to the real estate, credit and the financial services sectors. services. We are structured as a an internally managed REIT for U.S. 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, create manage and invest primarily in real estate related and other financial services related assets including operating companies, and more recently, broader asset management capabilities, in each case, that offer provides investors with attractive risk-adjusted returns. Our investment 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 includes 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 customers, servicers and other parties through 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. 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. We acquired Sculptor on November 17, 2023 pursuant to the Agreement and Plan of Merger (including the schedules and exhibits thereto and as amended by Amendment No. 1 to the Merger Agreement and Amendment No. 2 to the Merger Agreement). For more information about our investment guidelines, see “Item “Part I, Item 1. Business — Business—Investment Guidelines” of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, we had approximately $34.7 billion $42.1 billion in total assets and approximately 6,098 employees, including those individuals employed by our operating entities. $32.3 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	$ in thousands except per share amounts	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
$ in thousands except per share amounts						
$ in thousands except per share amounts						
Total equity						
Total equity						
Total equity	Total equity	$ 7,267,963	$ 7,194,684	$ 6,954,543	$ 7,010,068	$ 7,061,626
Less: Preferred Stock Series A, B, C and D	Less: Preferred Stock Series A, B, C and D	1,257,254	1,257,254	1,257,254	1,257,254	1,258,667
Less: Preferred Stock Series A, B, C and D						
Less: Preferred Stock Series A, B, C and D						
Less: Noncontrolling interests of consolidated subsidiaries	Less: Noncontrolling interests of consolidated subsidiaries	59,907	60,251	60,337	67,067	71,055
Less: Noncontrolling interests of consolidated subsidiaries						
Less: Noncontrolling interests of consolidated subsidiaries						
Total equity attributable to common stock						
Total equity attributable to common stock						
Total equity attributable to common stock	Total equity attributable to common stock	$ 5,950,802	$ 5,877,179	$ 5,636,952	$ 5,685,747	$ 5,731,904
Common stock outstanding	Common stock outstanding	483,214,061	483,320,606	483,017,747	473,715,100	473,715,100
Common stock outstanding						
Common stock outstanding						
Book value per common share	Book value per common share	$ 12.32	$ 12.16	$ 11.67	$ 12.00	$ 12.10
Book value per common share						
Book value per common share						

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

Economic US economic data and indicators regarding the overall financial health and condition of the U.S. remained steady for the third first quarter of 2023 were strong. The U.S. 2024. There was a decrease in US real gross domestic product ("GDP" ("GDP") increased growth during the quarter as compared to the previous quarter. Inflation remained above US and global economic growth continue to be threatened by the Federal Reserve's 2% target ongoing conflict between Israel and various regional adversaries, in addition to the war in Ukraine, elevated inflation rate. rates and growing uncertainty on the inflation outlook. The Federal Reserve increased the interest rate in July 2023 and held interest rates steady during August 2023 the first quarter of 2024 and September 2023. the US Treasury rate rose by just over 30 basis points to 4.2%. The labor market overall remained tight with continued to show signs of strength with the addition of 303,000 jobs in March 2024 and an unemployment rate slightly

increasing to of 3.8%, remaining near 50-year historical lows, and an unexpected rise in job openings in September 2023. Reflecting lows. On the stronger than expected other hand, wage growth for the 10-year U.S. Treasury rate rose sharply to 4.6%, driven higher by quarter was slow. In the real rates. With respect to estate market, the mortgage market, origination volume remained low during the third quarter of 2023, driven by increased mortgage rates amidst continued low inventory of existing homes. homes for sale remained low while mortgage rates and home prices remained high.

Inflation

Over the last quarter the inflation rate remained above the targeted 2% level. at relatively high levels, while showing improvement as compared to March 2023. The Consumer Price Index rose 0.4% in September 0.1% from December 2023 a slowdown from the 0.6% increase in August 2023, to March 2024, with a 3.7% 3.5% rise on an annual basis, largely due to a spike in gasoline prices driven by high housing and high shelter costs. In July 2023, energy prices. Further, the Federal Reserve increased the continued to hold interest rate to rates steady in a target range of between 5.25% - 5.5%, taking benchmark borrowing costs to their remaining at the highest rate level since 2001. in over two decades. The Federal Reserve held interest originally indicated the expectation was to cut rates steady during August 2023 in 2024 if inflation and September 2023, while indicating one additional increase this year and fewer cuts than previously indicated for next year. Rising interest rates could result in increased interest expense on our outstanding variable rate debt and future variable and fixed rate debt, thereby adversely affecting cash flow and our ability to service our indebtedness and pay distributions.

Additionally, in August 2023, growth further moderated; however, as 2024 has progressed, the Federal Reserve revised up its economic growth expectations, with gross domestic product expected to rise 2.1% in 2023. has been revising these expectations.

Labor Markets

During the third first quarter of 2023, 2024, the U.S. US labor market continued to remain tight as show signs of strength, with the addition of 303,000 jobs in March 2024, the largest gain since May 2023. Wage growth was slow during the first quarter of 2024, with average hourly wages up 4.1% in March 2024 from March 2023, the smallest year-over-year increase since 2021. The unemployment rate remained relatively unchanged at 3.8%, just a few percentage points from the recent near 50-year low.In addition, the U.S. added 336,000 jobs low of 3.4% in September 2023, which was twice as many as expected.2023.

Housing Market

During the third first quarter of 2023, 2024, the housing market has continued to fluctuate struggle as housing affordability remained low due to the continued increase in elevated home prices and mortgage rates. Inventory rates, as well as a continued low inventory of existing homes homes. Home prices continued to rise in the first quarter of 2024 at a seasonally adjusted 1.7%, on par with what was seen in the fourth quarter of 2023. Single-family home prices increased 7.4% year-over-year, up from the previous quarter's revised annual growth rate of 6.6%. The 30-year fixed mortgage rates remained low primarily due high at 6.8%. During the reluctance first quarter of homeowners to change residence 2024, the US foreclosure market showed a 3% quarter-over-quarter increase and give up the low interest rates locked-in when they purchased or refinanced their residence at sub-3% mortgage rates. less than a 1% decrease year-over-year in US properties with a foreclosure filing.

The market conditions discussed above influence our investment strategy and results, many of which have been impacted by the continued high inflation and high mortgage rates, as well as an increase a decrease in GDP growth rate.

The following table summarizes the change in U.S. gross domestic product US GDP estimates annualized rate according to the U.S. US Bureau of Economic Analysis:

	Three Months Ended				
	September 30, 2023(A)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Real GDP	4.9 %	2.1 %	2.0 %	2.6 %	3.2 %

	Three Months Ended				
	March 31, 2024(A)	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Real GDP	1.6 %	3.4 %	4.9 %	2.1 %	2.0 %

(A) Annualized rate based on the advance estimate.

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

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Unemployment rate	3.8 %	3.6 %	3.5 %	3.5 %	3.5 %

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Unemployment rate	3.8 %	3.7 %	3.8 %	3.6 %	3.5 %

The following table summarizes the annualized 10-year U.S. US Treasury rate and the annualized 30-year fixed mortgage rate:

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
10-year U.S. Treasury rate	4.6 %	3.8 %	3.5 %	3.9 %	3.8 %
30-year fixed mortgage rate	7.3 %	6.7 %	6.3 %	6.4 %	6.7 %

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
10-year US Treasury rate	4.2 %	3.9 %	4.6 %	3.8 %	3.5 %
30-year fixed mortgage rate	6.8 %	6.6 %	7.3 %	6.7 %	6.3 %

We believe the estimates and assumptions underlying our consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2023 March 31, 2024; however, uncertainty related to market volatility, inflationary pressures driving causing the federal funds rate to increase remain elevated and banking sector instability the ongoing conflict between Israel and various regional adversaries makes any estimates and assumptions as of September 30, 2023 March 31, 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 LIBOR, intends 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 U.S., US, the Alternative Reference Rates Committee ("ARRC") has identified the SOFR Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for U.S. US dollar-based LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. US Treasury securities and is based on directly observable U.S. 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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, is composed of origination and servicing, our investment portfolio, mortgage loans receivable, and origination, including our subsidiary operating entities, residential securities and loans and other investments, asset management, as described in more detail below (dollars in thousands).

	Origination and Servicing				Residential Securities, Properties and Loans					
	Origination	Servicing	MSR Related Investments	Total Origination and Servicing	Real Estate Securities	Properties and Residential Mortgage Loans	Consumer Loans	Mortgage Loans Receivable	Corporate	Total
September 30, 2023										

Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corpo

		Origination and Servicing									
March 31, 2024											
Investments											
Investments											
Investments	Investments	$ 1,545,881	$ 7,823,376	$ 1,114,249	$10,483,506	$10,193,596	$2,393,549	$1,436,080	$2,135,424	$ —	$26,642,155
Cash and cash equivalents	Cash and cash equivalents	211,544	417,092	233,556	862,192	328,794	2,315	533	19,411	4,038	1,217,283
Restricted cash	Restricted cash	25,967	139,829	119,150	284,946	3,543	14,501	19,703	45,754	—	368,447
Other assets	Other assets	135,339	2,714,592	2,323,689	5,173,620	830,971	115,413	94,540	99,095	118,805	6,432,444
Goodwill	Goodwill	11,836	12,540	5,092	29,468	—	—	—	55,731	—	85,199
Total assets	**Total assets**	$ 1,930,567	$11,107,429	$ 3,795,736	$16,833,732	$11,356,904	$2,525,778	$1,550,856	$2,355,415	$ 122,843	$34,745,528
Debt	Debt	$ 1,467,620	$ 4,498,335	$ 2,443,876	$ 8,409,831	$10,227,701	$1,943,551	$1,269,768	$1,719,384	$ 546,374	$24,116,609
Other liabilities	Other liabilities	171,398	2,374,139	33,624	2,579,161	148,823	403,021	9,092	25,532	195,327	3,360,956
Total liabilities	**Total liabilities**	1,639,018	6,872,474	2,477,500	10,988,992	10,376,524	2,346,572	1,278,860	1,744,916	741,701	27,477,565
Total equity	Total equity	291,549	4,234,955	1,318,236	5,844,740	980,380	179,206	271,996	610,499	(618,858)	7,267,963
Noncontrolling interests in equity of consolidated subsidiaries	Noncontrolling interests in equity of consolidated subsidiaries	9,073	—	12,600	21,673	—	—	38,234	—	—	59,907
Total Rithm Capital stockholders' equity	Total Rithm Capital stockholders' equity	$ 282,476	$ 4,234,955	$ 1,305,636	$ 5,823,067	$ 980,380	$ 179,206	$ 233,762	$ 610,499	$ (618,858)	$ 7,208,056
Investments in equity method investees	Investments in equity method investees	$ —	$ —	$ 65,212	$ 65,212	$ —	$ —	$ —	$ —	$ 34,140	$ 99,352
December 31, 2022											
December 31, 2023											
Investments											
Investments											
Investments	Investments	$ 2,066,798	$ 7,304,637	$ 2,091,507	$11,462,942	$ 8,289,277	$2,248,591	$ 363,756	$2,064,028	$ —	$24,428,594
Debt	Debt	$ 1,909,030	$ 4,751,454	$ 3,272,945	$ 9,933,429	$ 7,430,463	$1,937,395	$ 299,498	$1,733,579	$ 567,371	$21,901,735
Debt											
Debt											

Operating Investments

Origination and Servicing

Our Rithm Capital's servicing and origination business operates businesses operated through its wholly-owned subsidiaries Newrez, New Residential Mortgage LLC ("NRM") and Caliber Home Loans Inc. ("Caliber"), through December 31, 2023. The operations of Caliber were fully integrated into Newrez in the fourth quarter of 2023, and as such operated within our Mortgage Company. Newrez during the quarter ended March 31, 2024.

We have a multi-channel lending platform, offering purchase and refinance loan products. We originate loans through our Retail channel, provide refinance 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 FHA, VA Federal Housing Administration ("FHA"), the Department of Veterans Affairs and USDA, the US Department of Agriculture, and Non-Agency RMBS and non-QM other securities are issued by either public trusts or private label securitization entities ("Non-Agency") and non-qualified residential mortgage loans ("Non-QM") through our SMART Loan Series. Our non-QM Non-QM loan products provide a variety of options for highly qualified borrowers who fall outside the specific requirements of Agency residential mortgage loans. loans issued by the GSEs or Ginnie Mae ("Agency").

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 March 31, 2024, the performing loan servicing division serviced $447.3 billion UPB of loans, and SMS serviced $130.2 billion UPB of loans, for a total servicing portfolio of $577.5 billion UPB, increased $9.5 billion from the prior quarter. The increase was primarily attributable to 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 Correspondent typically being the lowest and DTC 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.

For the three months ended September 30, 2023, funded loan origination volume was $11.1 billion, up from $9.9 billion in the prior quarter. Gain on sale margin for the three months ended September 30, 2023 was 1.28%, 5 bps higher than the 1.23% for the prior quarter, primarily due to channel mix (refer to the tables below).

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

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

		Unpaid Principal Balance									
		Three Months Ended				Nine Months Ended					
		Unpaid Principal Balance									
		Unpaid Principal Balance									
		Unpaid Principal Balance									
		Three Months Ended									
		Three Months Ended									
		Three Months Ended									
(in millions)											
(in millions)											
(in millions)	(in millions)	September 30, 2023	% of Total	June 30, 2023	% of Total	September 30, 2023	% of Total	September 30, 2022	% of Total	QoQ Change	YoY Change
Production by Channel	Production by Channel										
Production by Channel											
Production by Channel											
Direct to Consumer											
Direct to Consumer											
Direct to Consumer	Direct to Consumer	$ 538	5 %	$ 536	5 %	$ 1,520	5 %	$ 7,654	13 %	$ 2	$ (6,134)
Retail / Joint Venture	Retail / Joint Venture	1,646	15 %	1,826	18 %	4,881	17 %	16,791	28 %	(180)	(11,910)
Retail / Joint Venture											
Retail / Joint Venture											
Wholesale											
Wholesale											
Wholesale	Wholesale	1,348	12 %	1,369	14 %	3,846	14 %	9,656	16 %	(21)	(5,810)
Correspondent	Correspondent	7,548	68 %	6,197	63 %	17,733	64 %	25,643	43 %	1,351	(7,910)
Correspondent											
Correspondent											
Total Production by Channel											
Total Production by Channel											
Total Production by Channel	Total Production by Channel	$ 11,080	100 %	$ 9,928	100 %	$ 27,980	100 %	$ 59,744	100 %	$ 1,152	$ (31,764)
Production by Product	Production by Product										

Production by Product

Production by Product

Agency

Agency

Agency	Agency	$	6,037	55	%	$	5,713	58	%	$	15,135	54	%	$	34,895	58	%	$ 324	$ (19,760)
Government	Government		4,699	42	%		3,917	39	%		11,922	43	%		21,536	36	%	782	(9,614)

Government

Government

Non-QM

Non-QM

Non-QM	Non-QM	138	1	%	110	1	%	383	1	%	1,111	2	%	28	(728)
Non-Agency	Non-Agency	54	1	%	69	1	%	196	1	%	1,724	3	%	(15)	(1,528)

Non-Agency

Non-Agency

Other	Other	152	1	%	119	1	%	344	1	%	478	1	%	33	(134)

Other

Other

Total Production by Product

Total Production by Product

Total Production by Product	Total Production by Product	$	11,080	100	%	$	9,928	100	%	$	27,980	100	%	$	59,744	100	%	$ 1,152	$ (31,764)
% Purchase	% Purchase		88 %				87 %				87 %				68 %				

% Purchase

% Purchase

% Refinance	% Refinance	12 %	13 %	13 %	32 %	

% Refinance

% Refinance

		Three Months Ended		Nine Months Ended			

Three Months Ended

Three Months Ended

Three Months Ended

(dollars in thousands)

(dollars in thousands)

(dollars in thousands)	(dollars in thousands)	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
Gain on originated residential mortgage loans, held-for-sale, net(A)(B)(C)(D)		$ 126,844	$ 134,130	$ 373,796	$ 924,582	$ (7,286)	$ (550,786)

Gain on originated residential mortgage loans, HFS, net(A)(B)(C)(D)

Gain on originated residential mortgage loans, HFS, net(A)(B)(C)(D)

Gain on originated residential mortgage loans, HFS, net(A)(B)(C)(D)

Pull through adjusted lock volume

Pull through adjusted lock volume

Pull through adjusted lock volume	Pull through adjusted lock volume	$ 10,267,879	$ 10,754,380	$ 28,046,269	$ 54,773,668	$ (486,501)	$ (26,727,399)

Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:	Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:								
Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:									
Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:									
Direct to Consumer									
Direct to Consumer									
Direct to Consumer	Direct to Consumer	3.82	%	3.59	%	3.85	%	3.59	%
Retail / Joint Venture	Retail / Joint Venture	3.42	%	3.45	%	3.48	%	3.18	%
Retail / Joint Venture									
Retail / Joint Venture									
Wholesale									
Wholesale									
Wholesale	Wholesale	1.43	%	1.38	%	1.41	%	1.04	%
Correspondent	Correspondent	0.47	%	0.45	%	0.50	%	0.28	%
Correspondent									
Correspondent									
Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume	Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume	1.28	%	1.23	%	1.34	%	1.69	%
Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume									
Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume									

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

(B) Includes loan origination fees of $105.9 million $177.7 million and $94.0 $107.8 million for the three months ended September 30, 2023 March 31, 2024 and June 30, 2023 December 31, 2023, respectively. Includes loan origination fees of $268.8 million and $526.1 million for the nine months ended September 30, 2023 and 2022, respectively.

(C) Represents Gain on originated residential mortgage loans, held-for-sale, HFS, net of related to the origination business within the Origination and Servicing segment (Note 3 and Note 8) 8 to our consolidated financial statements).

(D) Excludes mortgage servicing rights MSR revenue on recaptured loan volume delivered back to NRM. reported in the servicing segment.

Total Gain on originated residential mortgage loans, held-for-sale, HFS, net decreased $7.3 increased $32.2 million to $126.8 $140.7 million for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended June 30, 2023 December 31, 2023. The decrease increase is attributable to a 5% decrease an increase in pull through adjusted lock volume as well as channel mix with our correspondent channel generating 68% of production in Q3 vs 63% of production in Q2. across most channels. Purchase originations comprised 87% 83% of funded loans for the nine three months ended September 30, 2023 March 31, 2024 compared to 86% 87% for the six three months ended June 30, 2023 December 31, 2023. The lower higher percentage of refinance originations compare to the same period in 2022, which was primarily driven by the increase in the high 30-year conventional mortgage rate. Total Gain on originated residential mortgage loans, held-for-sale, net decreased $550.8 million for the nine months ended September 30, 2023 compared to the same period in 2022, attributed to lower loan production volume related to the rise a decline in interest rates year over year. at the end of 2023 into early 2024.

Servicing

Our servicing business operates through our performing and special servicing divisions (“SMS”). The performing For the three months ended March 31, 2024, funded loan servicing division services performing Agency and government-insured loans. SMS services delinquent government-insured, Agency and Non-Agency loans on behalf of the owners of the underlying mortgage loans. We are highly experienced origination volume was $10.8 billions, up from $8.9 billion in loan servicing, including loan modifications, and seek to help borrowers avoid foreclosure. As of September 30, 2023, the performing loan servicing division serviced $445.0 billion UPB of loans and SMS serviced $118.1 billion UPB of loans, for a total servicing portfolio of $563.1 billion UPB, increased from the prior quarter. The increase Gain on sale margin for the three months ended March 31, 2024 was 1.20%, 3 basis points lower than the 1.23% for the prior quarter, primarily attributable due to servicing transfer from third party subservicers and loan production, partially offset by scheduled and voluntary prepayment loan activity. channel mix (refer to the tables above).

The table below provides the mix of our serviced assets portfolio between subserviced performing servicing (labeled as “Performing Servicing”) and subserviced non-performing, or special servicing (labeled as “Special Servicing”). The Mortgage Company Newrez subservices on behalf of Rithm Capital or its subsidiaries and for third parties for the periods presented.

	Unpaid Principal Balance		
(in millions)	March 31, 2024	December 31, 2023	QoQ Change
Performing servicing			
MSR-owned assets	$ 444,504	$ 444,057	$ 447
Residential whole loans	2,765	1,781	984
Total performing servicing	447,269	445,838	1,431
Special servicing			
MSR-owned assets	12,115	12,917	(802)
Residential whole loans	6,816	6,738	78
Third party	111,287	102,500	8,787
Total special servicing	130,218	122,155	8,063
Total servicing portfolio	$ 577,487	$ 567,993	$ 9,494
Agency servicing			
MSR-owned assets	$ 323,473	$ 325,708	$ (2,235)
Third party	9,010	8,698	312
Total agency servicing	332,483	334,406	(1,923)
Government-insured servicing			
MSR-owned assets	129,914	127,864	2,050
Total government servicing	129,914	127,864	2,050
Non-Agency (private label) servicing			
MSR-owned assets	3,232	3,402	(170)
Residential whole loans	9,581	8,519	1,062
Third party	102,277	93,802	8,475
Total Non-Agency (private label) servicing	115,090	105,723	9,367
Total servicing portfolio	$ 577,487	$ 567,993	$ 9,494

	Unpaid Principal Balance				
(in millions)	September 30, 2023	June 30, 2023	September 30, 2022	QoQ Change	YoY Change
Performing servicing					
MSR-owned assets	$ 443,189	$ 391,040	$ 391,797	$ 52,149	$ 51,392
Residential whole loans	1,768	1,967	3,472	(199)	(1,704)
Third party	—	—	317	—	(317)
Total performing servicing	444,957	393,007	395,586	51,950	49,371
Special servicing					
MSR-owned assets	12,048	10,588	10,029	1,460	2,019

Residential whole loans	6,712	6,786	6,458	(74)	254
Third party	99,372	95,603	91,503	3,769	7,869
Total special servicing	118,132	112,977	107,990	5,155	10,142
Total servicing portfolio	$ 563,089	$ 505,984	$ 503,576	$ 57,105	$ 59,513
Agency servicing					
MSR-owned assets	$ 325,316	$ 273,990	$ 278,318	$ 51,326	$ 46,998
Third party	8,843	9,139	9,697	(296)	(854)
Total agency servicing	334,159	283,129	288,015	51,030	46,144
Government-insured servicing					
MSR-owned assets	126,354	123,800	119,168	2,554	7,186
Total government servicing	126,354	123,800	119,168	2,554	7,186
Non-Agency (private label) servicing					
MSR-owned assets	3,567	3,838	4,340	(271)	(773)
Residential whole loans	8,480	8,753	9,930	(273)	(1,450)
Third party	90,529	86,464	82,123	4,065	8,406
Total Non-Agency (private label) servicing	102,576	99,055	96,393	3,521	6,183
Total servicing portfolio	$ 563,089	$ 505,984	$ 503,576	$ 57,105	$ 59,513

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

		Three Months Ended		Nine Months Ended			
		Three Months Ended Three Months Ended Three Months Ended					
(in thousands)	(in thousands)	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
Base servicing fees							
(in thousands)							
(in thousands)							
Servicing fees							
Servicing fees							
Servicing fees							
MSR-owned assets							
MSR-owned assets							
MSR-owned assets	MSR-owned assets	$ 316,042	$ 304,912	$ 919,913	$ 835,368	$ 11,130	$ 84,545
Residential whole loans	Residential whole loans	2,217	1,920	6,553	9,001	297	(2,448)
Residential whole loans							
Residential whole loans							
Third party	Third party	22,316	23,015	67,694	69,439	(699)	(1,745)
Total base servicing fees		340,575	329,847	994,160	913,808	10,728	80,352
Third party							
Third party							
Total servicing fees							
Total servicing fees							
Total servicing fees							
Other fees							
Other fees							
Other fees	Other fees						

Incentive	Incentive	13,425	13,733	37,971	52,236	(308)	(14,265)
Incentive							
Incentive							
Ancillary							
Ancillary							
Ancillary	Ancillary	14,817	15,428	44,308	40,167	(611)	4,141
Boarding	Boarding	4,162	846	5,818	4,041	3,316	1,777
Boarding							
Boarding							
Other							
Other							
Other							
Total other fees(A)							
Total other fees(A)							
Total other fees(A)	Total other fees(A)	32,404	30,007	88,097	96,444	2,397	(8,347)
Total Servicing Fees		$ 372,979	$ 359,854	$ 1,082,257	$ 1,010,252	$ 13,125	$ 72,005
Total servicing portfolio fees							
Total servicing portfolio fees							
Total servicing portfolio fees							

(A) Includes other fees earned from third parties of $12.6 million $14.1 million and $12.1 $10.9 million for the three months ended September 30, 2023 March 31, 2024 and June 30, 2023 December 31, 2023, respectively, and $36.3 million and $31.0 million for the nine months ended September 30, 2023 and 2022, respectively.

MSR Related Investments

MSRs and MSR Financing Receivables

Our MSR servicing segment includes owned MSRs serviced by Newrez. As of March 31, 2024, 86.7% of the underlying UPB of mortgages related investments include to owned MSRs MSR finance receivables and Excess 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 basic fee and an excess Excess MSR. The basic 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 basic 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 March 31, 2024.

We finance our investments in MSRs and MSR financing receivables with short- and medium-term bank and public capital markets notes. These borrowings are primarily recourse debt and bear both either fixed and 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 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, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

We have contracted with certain subservicers to perform the related servicing duties on the residential mortgage loans underlying our MSRs. As of September 30, 2023, these subservicers include PHH, Valon and LoanCare, which subservice 8.7%, 3.9% and 1.6% of the underlying UPB of the related mortgages, respectively (includes both MSRs and MSR financing receivables). The remaining 85.8% of the underlying UPB of the related mortgages is serviced by our Mortgage Company.

During nine months ended September 30, 2023, we notified Mr. Cooper, LoanCare and Flagstar that their respective subservicing agreements would not be renewed and servicing related to loans subserviced by Mr. Cooper, LoanCare and Flagstar are being transferred to the Mortgage Company. As of September 30, 2023, no loans were subserviced by Mr. Cooper and Flagstar.

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 forbearances, 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 nonrecoverable 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 both either fixed and 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 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, 2023 March 31, 2024:

(dollars in millions)	Current UPB	Weighted Average MSR (bps)		Carrying Value
GSE	$354,510.8	26	bps	$5,393.3
Non-Agency	50,056.1	46		704.9
GSE(A)				
GSE(A)				
GSE(A)				
Non-Agency(A)				
Ginnie Mae	126,354.3	43		2,596.7
Total/Weighted Average	$530,921.2	33	bps	$8,694.9
Total/Weighted Average				
Total/Weighted Average				

(A) Includes GSE and Non-Agency MSRs of $25.5 billion and $44.6 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, 2023 March 31, 2024 (dollars in thousands):

	Collateral Characteristics											
	Current Carrying Amount	Current Principal Balance	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Adjustable Rate Mortgage %(B)	Three Month Average CPR(C)	Three Month Average CRR(D)	Three Month Average CDR(E)	Three Month Average Recapture Rate
GSE	$ 5,393,329	$354,510,758	1,889,598	766	3.8 %	275	57	1.3 %	5.8 %	5.7 %	0.1 %	3.5 %
Non-Agency	704,873	50,056,162	454,534	636	4.4 %	286	210	9.5 %	6.4 %	4.4 %	2.0 %	— %
Ginnie Mae	2,596,666	126,354,300	536,146	701	3.7 %	323	34	0.5 %	5.6 %	5.4 %	0.1 %	8.6 %
Total	$ 8,694,868	$530,921,220	2,880,278	738	3.8 %	287	66	1.9 %	5.8 %	5.5 %	0.3 %	4.4 %

	Collateral Characteristics					
	Current Carrying Amount	Current Principal Balance	Number of Loans	WA FICO Score(A)	WA Coupon	
GSE(A)						
GSE(A)						
GSE(A)	$5,477,522	$348,953,092	1,856,741	770	3.9 %	[illegible]
Non-Agency(A)	666,958	47,806,353	439,443	636	4.4 %	[illegible]
Ginnie Mae	2,562,243	129,914,381 129,914,381	546,203 546,203	699 699	3.9 3.9 %	
Total						
Total	$8,706,723	$526,673,826	2,842,387	740	4.0 %	[illegible]

(A) Includes GSE and Non-Agency MSRs of $25.5 billion and $44.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

	Collateral Characteristics			
	Delinquency 90+ Days(F)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
GSE	0.4 %	0.2 %	— %	0.2 %
Non-Agency	4.6 %	6.2 %	0.7 %	2.3 %
Ginnie Mae	1.7 %	0.5 %	— %	0.5 %
Weighted Average	1.1 %	0.8 %	0.1 %	0.4 %

	Collateral Characteristics			
	Delinquency 90+ Days(F)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
GSE(G)	0.3 %	0.2 %	— %	0.1 %
Non-Agency(G)	4.3 %	6.4 %	0.7 %	2.3 %
Ginnie Mae	2.1 %	0.6 %	— %	0.6 %
Weighted Average	1.1 %	0.8 %	0.1 %	0.4 %

(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 $25.5 billion and $44.6 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 certain subservicers to perform the related servicing duties on the residential mortgage loans underlying our MSRs and MSR financing receivables. As of March 31, 2024, third-party subservicers include PHH Mortgage Corporation and Valon Mortgage, Inc., which subservice 8.5% and 4.8%, or $44.6 billion and $25.5 billion, of the underlying UPB of the related mortgages, respectively.

See Note 5 to our Consolidated Financial Statements consolidated financial statements for additional information including a summary of activity related to MSRs and MSR financing receivables from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 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 March 31, 2024.

Excess MSRs

An MSR is made up of two components: a basic fee and an Excess MSR. The basic fee is the expected amount of compensation needed for the performance of servicing duties (including advance obligations), and the Excess MSR is the amount that exceeds the basic fee.

The following tables summarize the terms of our Excess MSRs:

MSR Component(A)	Excess MSR

MSR Component(A)

MSR Component(A)

MSR Component(A)	Excess MSR

Direct Excess MSRs	Direct Excess MSRs	Current UPB (billions)(B)	Weighted Average MSR (bps)	Weighted Average Excess MSR (bps)	Interest in Excess MSR (%)	Carrying Value (millions)
Total/Weighted Average	Total/Weighted Average	$ 44.3	32 bps	19 bps	32.5% – 100.0%	$ 217.7

Direct Excess MSRs	Current UPB (billions)(B)	Weighted Average MSR (bps)	Weighted Average Excess MSR (bps)	Interest in Excess MSR (%)		Carrying Value (millions)
Total/Weighted Average						
Total/Weighted Average						

(A) The MSR is a weighted average as of September 30, 2023 March 31, 2024, and the Excess MSR represents the difference between the weighted average MSR and the basic fee (which fee remains constant).

(B) Non-Agency Excess MSRs serviced by Mr. Cooper Group Inc. ("Mr. Cooper") and SLS, we also invested in related servicer advance investments, including the basic fee component of the related MSR (Note 6) on $15.7 $14.9 billion UPB underlying these Excess MSRs.

MSR Component(A)

MSR Component(A)

Excess MSRs Through Equity Method Investees

Excess MSRs Through Equity Method Investees

Excess MSRs Through Equity Method Investees

Excess MSRs Through Equity Method Investees

Excess MSRs Through Equity Method Investees

Excess MSRs Through Equity Method Investees	Excess MSRs Through Equity Method Investees	Current UPB (billions)	Weighted Average MSR (bps)	Weighted Average Excess MSR (bps)	Rithm Capital Interest in Investee (%)	Investee Interest in Excess MSR (%)	Rithm Capital Effective Ownership (%)	Investee Carrying Value (millions)
Agency	Agency	17.7	33 bps	21 bps	50 %	66.7 %	33.3 %	120.3

Excess MSRs Through Equity Method Investees	Current UPB (billions)		Weighted Average MSR (bps)		Weighted Average Excess MSR (bps)		Rithm Capital Interest in Investee (%)		Investee Interest in Excess MSR (%)		Rithm Capital Effective Ownership (%)		Investee Carrying Value (millions)
Agency	16.7	33	33	21		21	50 %		66.7 %		33.3 %		111.7

(A) The MSR is a weighted average as of September 30, 2023 March 31, 2024, and the Excess MSR represents the difference between the weighted average MSR and the basic fee (which fee remains constant).

The following tables summarize the collateral characteristics of the loans underlying our direct Excess MSRs as of September 30, 2023 March 31, 2024 (dollars in thousands):

	Collateral Characteristics										
	Current Carrying Amount	Current Principal Balance	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Three Month Average CPR(B)	Three Month Average CRR(C)	Three Month Average CDR(D)	Three Month Average Recapture Rate
Total/Weighted Average	$ 217,764	$ 44,294,807	304,543	713	4.6 %	243	161	7.3 %	6.9 %	0.5 %	18.9 %

	Collateral Characteristics										
	Current Carrying Amount	Current Principal Balance	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Three Month Average CPR(B)	Three Month Average CRR(C)	Three Month Average CDR(D)	Three Month Average Recapture Rate
Total/Weighted Average	$ 199,363	$ 41,899,426	292,017	712	4.6 %	238	166	5.9 %	5.3 %	0.7 %	13.8 %

	Collateral Characteristics			
	Delinquency 90+ Days(E)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Total/Weighted Average(F)	1.2 %	2.7 %	0.7 %	0.3 %

	Collateral Characteristics			
	Delinquency	Loans in	Real	Loans in

	Delinquency 90+ Days(E)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Total/Weighted Average(F)	1.0 %	2.6 %	0.8 %	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) Constant prepayment rate represents 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.

The following table summarizes the collateral characteristics as of September 30, 2023 March 31, 2024 of the loans underlying Excess MSRs made through joint ventures accounted for as equity method investees (dollars in thousands). For each of these pools, we own a 50% interest in an entity that invested in a 66.7% interest in the Excess MSRs.

	Collateral Characteristics											
	Current Carrying Amount	Current Principal Balance	Rithm Capital Effective Ownership (%)	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Three Month Average CPR(B)	Three Month Average CRR(C)	Three Month Average CDR(D)	Three Month Average Recapture Rate
Total/Weighted Average(G)	$ 120,292	$ 17,693,521	33.3 %	175,813	725	4.6 %	223	122	7.2 %	7.0 %	0.2 %	26.4 %

	Collateral Characteristics											
	Current Carrying Amount	Current Principal Balance	Rithm Capital Effective Ownership (%)	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Three Month Average CPR(B)	Three Month Average CRR(C)	Three Month Average CDR(D)	Three Month Average Recapture Rate
Total/Weighted Average(F)	$ 111,664	$ 16,678,050	33.3 %	168,180	724	4.6 %	218	127	5.7 %	5.5 %	0.2 %	22.6 %

	Collateral Characteristics			
	Delinquency 90+ Days(E)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Total/Weighted Average(F)	0.5 %	0.5 %	0.1 %	0.2 %

	Collateral Characteristics			
	Delinquency 90+ Days(E)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Total/Weighted Average(F)	0.4 %	0.4 %	0.1 %	0.2 %

(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 on a monthly basis. 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 basic fee component of the related MSR.

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

	September 30, 2023				
	Amortized Cost Basis	Carrying Value(A)	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans
Mr. Cooper and SLS serviced pools	$ 361,325	$ 387,669	$ 15,654,419	$ 314,165	2.0 %

	March 31, 2024				
	Amortized Cost Basis	Carrying Value(A)	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans
Mr. Cooper and SLS serviced pools	$ 352,275	$ 374,511	$ 14,871,701	$ 313,271	2.1 %

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

The following is summarizes additional information regarding our servicer advance investments and related financing, as of and for the nine three months ended September 30, 2023 March 31, 2024 (dollars in thousands):

	Weighted Average Discount Rate	Weighted Average Life (Years)(C)	Nine Months Ended September 30, 2023 Change in Fair Value Recorded in Other Income (Loss)	Face Amount of Secured Notes and Bonds Payable	Loan-to-Value ("LTV")(A) Gross	Loan-to-Value ("LTV")(A) Net(D)	Cost of Funds(B) Gross	Cost of Funds(B) Net
Servicer advance investments(E)	6.2 %	8.6	$ 20,273	$ 275,952	84.1 %	81.9 %	7.5 %	6.9 %

	Weighted Average Discount Rate	Weighted Average Life (Years)(C)	Three Months Ended March 31, 2024 Change in Fair Value Recorded in Other Income (Loss)	Face Amount of Secured Notes and Bonds Payable	Loan-to-Value ("LTV")(A) Gross	Loan-to-Value ("LTV")(A) Net(D)	Cost of Funds(B) Gross	Cost of Funds(B) Net
Servicer advance investments(E)	6.2 %	8.4	$ 8,115	$ 270,705	84.1 %	81.7 %	7.3 %	6.9 %

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

(B) 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, 2023 March 31, 2024
Principal and interest advances	$ 55,058 54,452
Escrow advances (taxes and insurance advances)	142,995 145,846
Foreclosure advances	116,112 112,973
Total	$ 314,165 313,271

MSR Related Services Businesses

Our MSR related investments 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. Our subsidiary Guardian is a national provider of field services and property management services. We also made a strategic minority investment in Covius, a provider of various technology-enabled services to the mortgage and real estate sectors. As of September 30, 2023, our ownership interest in Covius is 18.1%.

Residential Securities and Loans

Real Estate Securities

Agency RMBS and U.S. Treasury Bills US Treasuries

The following table summarizes our Agency RMBS and U.S. US Treasury Bill portfolio as of September 30, 2023 March 31, 2024 (dollars in thousands):

Asset Type	Asset Type	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized Gains	Losses	Carrying Value(A)	Count	Outstanding Repurchase Agreements	Weighted Average Life (Years)	3-Month CPR(B)	Outstanding Repurchase Agreements
Asset Type	Asset Type	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized		Carrying Value(A)	Count		W A (		
Agency RMBS	Agency RMBS	$ 8,731,597	$ 8,554,197	$—	$ (253,951)	$ 8,300,246	45		9.6	5.2 %	$ 8,679,350
Agency RMBS											
Agency RMBS											
Treasury Notes											
Treasury Bills	Treasury Bills	$ 1,000,000	$ 992,122	N/A	N/A	$ 992,122	1		0.2	N/A	$ 974,005
Total/weighted average											

(A) Carrying value equals Agency RMBS and US Treasury Notes are held at fair value for Agency RMBS. U.S. under the fair value option election. US Treasury Bills are held-to-maturity at amortized cost basis.

(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 Agency RMBS portfolio for the three months ended September 30, 2023 March 31, 2024:

	Net Interest Spread(A)
Weighted Average Asset Yield	5.15 5.13 %
Weighted Average Funding Cost	5.43 5.40 %
Net Interest Spread	(0.28) (0.27)%

(A) The Agency RMBS portfolio consists of 100.0% fixed rate fixed-rate securities (based on amortized cost basis).

We largely employ our Agency RMBS and Treasury positions, or government-backed securities, as a hedge to our MSR portfolio. portfolio and for REIT status. Our government-backed securities portfolio was $9.3 $14.1 billion as of September 30, 2023 March 31, 2024. We finance the investments 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 one-month SOFR. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company pledged Agency RMBS and U.S. Treasury Bills US Treasuries with a carrying value of approximately $9.3 $12.8 billion and $7.1 $8.6 billion, respectively, as collateral for borrowings under repurchase agreements. We expect to continue to finance our government-backed securities acquisitions of Agency RMBS with repurchase agreement financing. See Note 18 to our Consolidated Financial Statements consolidated financial statements for further information regarding financing of our Agency RMBS and U.S. Treasury Bills positions, government-backed securities, including a summary of activity related to financing from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

Non-Agency RMBS

Within our Non-Agency RMBS portfolio, we retain and own risk retention bonds from our securitizations in conjunction accordance with risk retention regulations under the Dodd-Frank Act. As of September 30, 2023 March 31, 2024, 55.5% 53.0% 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, 2023 March 31, 2024 (dollars in thousands):

Asset Type	Asset Type	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized Gains	Losses	Carrying Value(A)	Outstanding Repurchase Agreements
Asset Type		Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized		Carrying Value(A)	Outstanding Repurchase Agreements
Non-Agency RMBS	Non-Agency RMBS	$17,128,341	$ 899,828	$132,267	$(130,867)	$901,228	$ 574,347
Non-Agency RMBS							
Non-Agency RMBS							

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

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, 2023 March 31, 2024 (dollars in thousands):

	Non-Agency RMBS Characteristics						
	Number of Securities	Outstanding Face Amount	Amortized Cost Basis	Carrying Value	Excess Spread(A)	Weighted Average Life (Years)	Weighted Average Coupon(B)
Total/weighted average	683	$ 17,127,526	$ 899,319	$ 900,053	8.9 %	7.2	3.1 %

	Non-Agency RMBS Characteristics						
	Number of Securities	Outstanding Face Amount	Amortized Cost Basis	Carrying Value	Excess Spread(B)	Weighted Average Life (Years)	Weighted Average Coupon(C)
Total/weighted average(A)	705	$ 19,246,378	$ 1,007,290	$ 1,038,193	8.1 %	6.9	3.6 %

	Collateral Characteristics				
	Average Loan Age (years)	Collateral Factor(C)	3-Month CPR(D)	Delinquency(E)	Cumulative Losses to Date
Total/weighted average	11.3	0.57	6.6 %	1.0 %	0.7 %

	Collateral Characteristics				
	Average Loan Age (years)	Collateral Factor(D)	3-Month CPR(E)	Delinquency(F)	Cumulative Losses to Date
Total/weighted average(A)	9.8	0.57	6.2 %	1.0 %	0.5 %

(A) Excludes other asset-backed securities, including bonds backed by consumer loans.

(B) The current amount of interest received on the underlying loans in excess of the interest paid on the securities, as a percentage of the outstanding collateral balance for the quarter ended September 30, 2023 March 31, 2024.

(B) (C) Excludes residual bonds and certain other Non-Agency bonds with a carrying value of $17.8 million and $0.8 million, respectively, $17.1 million for which no coupon payment is expected.

(C) (D) The ratio of original UPB of loans still outstanding.

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

(E) (F) 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, 2023 March 31, 2024:

Net Interest Spread(A)

Weighted average asset yield	5.59 5.97 %
Weighted average funding cost	7.29 7.44 %
Net interest spread	(1.70) (1.47)%

(A) The Non-Agency RMBS portfolio consists of 35.8% 36.9% floating rate securities and 64.2% fixed rate 63.1% fixed-rate securities (based 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 one-month SOFR. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company pledged Non-Agency RMBS with a carrying value of approximately $881.0 million $1.0 billion and $946.2 million, $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 consolidated financial statements for further information regarding financing of our Non-Agency RMBS, including a summary of activity related to financing from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

See Note 7 to our Consolidated Financial Statements consolidated financial statements for additional information including a summary of activity related to real estate and other securities from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

Call Rights

We hold a limited right to cleanup call options with respect to certain securitization trusts (including securitizations we have issued) whereby, when the UPB of the underlying residential mortgage loans falls below a pre-determined threshold, we can effectively purchase the underlying residential mortgage loans at par, plus unreimbursed servicer advances, resulting in the repayment of all of the outstanding securitization financing at par, in exchange for a fee of 0.75% of UPB paid to servicer (if applicable) at the time of exercise. The aggregate UPB of the underlying residential mortgage loans within these various securitization trusts is approximately $76.0 billion. For the nine months ended September 30, 2023, Rithm Capital executed no calls.

We continue to evaluate the call rights we acquired from each of our servicers, and our ability to exercise such rights and realize the benefits therefrom are subject to a number of risks. See "Risk Factors—Risks Related to Our Business—Our ability to exercise our cleanup call rights may be limited or delayed if a third party contests our ability to exercise our cleanup call rights, if the related securitization trustee refuses to permit the exercise of such rights, or if a related party is subject to bankruptcy proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. The actual UPB of the residential mortgage loans on which we can successfully exercise call rights and realize the benefits therefrom may differ materially from our initial assumptions.

Residential Mortgage Loans

We have accumulated our residential mortgage loan portfolio through various originations, bulk acquisitions and the execution of call rights. Additionally, through our Mortgage Company, we originate residential mortgage loans for sale and securitization to third parties and we generally retain A majority of the servicing rights on the underlying loans. 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 held-for-sale ("HFS"), at lower of cost or fair value
- Loans held-for-sale, HFS, at fair value

As of September 30, 2023 March 31, 2024, we had approximately $3.3 billion $4.2 billion outstanding face amount of residential mortgage loans (see below). These investments were financed with secured financing agreements with an aggregate face amount of approximately $2.2 $3.1 billion and secured notes and bonds payable with an aggregate face amount of approximately $0.7 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, 2023 March 31, 2024 (dollars in thousands).

	Outstanding Face Amount				
	Outstanding Face Amount				
	Outstanding Face Amount				
Total residential mortgage loans, HFI, at fair value					
Total residential mortgage loans, HFI, at fair value					
Total residential mortgage loans, HFI, at fair value					
	Outstanding Face Amount	**Carrying Value**	**Loan Count**	**Weighted Average Yield**	**Weighted Average Life (Years)(A)**
Total residential mortgage loans, held-for-investment, at fair value	$ 462,187	$ 370,957	8,610	8.9 %	4.5
Acquired performing loans(B)					
Acquired performing loans(B)					
Acquired performing loans(B)					
Acquired non-performing loans(C)					
Acquired non-performing loans(C)					
Acquired non-performing loans(C)					
Total residential mortgage loans, HFS, at lower of cost or market					
Total residential mortgage loans, HFS, at lower of cost or market					
Total residential mortgage loans, HFS, at lower of cost or market					
Acquired performing loans(B) (D)					
Acquired performing loans(B) (D)					
Acquired performing loans(B) (D) Acquired performing loans(B) (D)	69,353	57,229	1,947	8.9 %	4.7
Acquired non-performing loans(C) (D) Acquired non-performing loans(C) (D)	27,042	21,454	324	9.3 %	3.2
Total residential mortgage loans, held-for-sale, at lower of cost or market	$ 96,395	$ 78,683	2,271	9.0 %	4.3
Acquired performing loans(B)(D)	$ 997,217	$ 963,554	3,374	6.8 %	13.1

Acquired non-performing loans(C)(D)	211,662	191,078	1,101	4.6 %	23.8
Acquired non-performing loans(C) (D)					
Acquired non-performing loans(C) (D)					
Originated loans Originated loans	1,579,012	1,585,967	5,593	6.9 %	29.2
Total residential mortgage loans, held-for-sale, at fair value	$ 2,787,891	$ 2,740,599	10,068	6.7 %	23.0
Originated loans					
Originated loans					
Total residential mortgage loans, HFS, at fair value					
Total residential mortgage loans, HFS, at fair value					
Total residential mortgage loans, HFS, at fair value					

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

(C) As of September 30, 2023 March 31, 2024, we have placed all Non-Performing Loans, held-for-sale HFS on non-accrual status, except as described in (D) below.

(D) Includes $252.1 million $228.6 million and $186.7 million $222.7 million UPB of Ginnie Mae EBO 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 the one-month SOFR. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company pledged residential mortgage loans with a carrying value of approximately $2.5 $3.4 billion and $3.0 billion $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 consolidated financial statements for further information regarding financing of our residential mortgage loans, including a summary of activity related to financing from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

See Note 8 to our Consolidated Financial Statements consolidated financial statements for additional information including a summary of activity related to residential mortgage loans from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

Other

Consumer Loans

The table below summarizes the collateral characteristics of the consumer loans, including the Marcus portfolio of consumer loans purchased from Goldman Sachs Bank USA in June 2023 (the "Marcus loans" or "Marcus") and those loans held in by Rithm Capital, through certain limited liability companies (together, the Consumer "Consumer Loan Companies, Companies"), as of September 30, 2023 March 31, 2024 (dollars in thousands):

	Collateral Characteristics								
	UPB	Number of Loans	Weighted Average Coupon	Adjustable Rate Loan %	Average Loan Age (months)	Average Expected Life (Months)	Delinquency 90+ Days(A)	12-Month CRR(B)	12-Month CDR(C)
SpringCastle	$ 275,053	46,028	18.2 %	14.3 %	219	43	1.5 %	16.9 %	4.2 %
Marcus	$ 1,200,441	100,855	11.1 %	0.0 %	16	15.3	0.6 %	17.3 %	1.1 %
Consumer loans	$ 1,475,494	146,883	12.4 %	2.7 %	54	20.5	0.8 %	17.2 %	1.6 %

Collateral Characteristics

Collateral Characteristics

Collateral Characteristics

	UPB							UPB	Number of Loans	Weighted Average Coupon	Adjustable Rate Loan %	Average Loan Age (month
SpringCastle	$ 246,553	41,110	41,110	18.2	18.2 %	14.5 %	232		45.6		2.1 %	15.2
Marcus	$ 908,089	100,855	100,855	10.1	10.1 %	0.0 %	22		11.8		7.2 %	20.0
Consumer loans	$ 1,154,642	141,965	141,965	11.8	11.8 %	3.1 %	67		19.0		6.1 %	19.0

(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 consolidated financial statements for further information regarding financing of our consumer loans, including a summary of activity related to financing from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

See Note 9 to our Consolidated Financial Statements consolidated financial statements for additional information including a summary of activity related to consumer loans from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

Single-Family Rental Portfolio

We continue to invest in our SFR portfolio and strive to become a leader in the SFR sector by acquiring and maintaining a geographically diversified portfolio of high-quality single-family homes. homes and leasing them to high-quality residents. As of September 30, 2023 March 31, 2024, our SFR portfolio consisted consists of 3,839 3,928 properties with an aggregate carrying value of $991.9 million. $1.0 billion, up from 3,888 properties with an aggregate carrying value of $1.0 billion as of December 31, 2023. During the nine three months ended September 30, 2023 March 31, 2024, we acquired 129 48 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. 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 homeowners' association ("HOA") 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. All of our SFR properties are managed through an external property manager. 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, 2023 March 31, 2024 (dollars in thousands):

		Number of SFR Properties	% of Total SFR Properties	Net Book Value	% of Total Net Book Value	Average Gross Book Value per Property	% of Rented SFR Properties	Average Monthly Rent	Average Sq. Ft.									
	Number of SFR Properties									Number of SFR Properties	% of Total SFR Properties	Net Book Value	% of Total Net Book Value	Average Gross Book Value per Property	% of Rented SFR Properties	% of Occupied Properties	% of Stabilized Occupied Properties	Average Monthly Rent
Alabama	Alabama	96	2.5 %	$ 18,170	1.8 %	$ 189	93.8 %	$ 1,530	1,578									
Arizona	Arizona	149	3.9 %	58,205	5.9 %	391	95.2 %	2,043	1,535									
Florida	Florida	837	21.7 %	226,284	22.7 %	270	91.4 %	1,916	1,428									
Georgia	Georgia	756	19.7 %	180,602	18.2 %	239	86.6 %	1,865	1,769									
Indiana	Indiana	120	3.1 %	26,514	2.7 %	221	95.8 %	1,630	1,625									
Mississippi	Mississippi	148	3.9 %	25,877	2.6 %	175	103.2 %	1,698	1,652									
Missouri	Missouri	360	9.4 %	72,358	7.3 %	201	90.0 %	1,589	1,407									
Nevada	Nevada	108	2.8 %	36,219	3.7 %	335	95.4 %	1,882	1,457									
North Carolina	North Carolina	445	11.6 %	130,157	13.1 %	292	94.8 %	1,814	1,542									
Oklahoma	Oklahoma	54	1.4 %	12,455	1.3 %	231	96.3 %	1,545	1,607									
Tennessee	Tennessee	88	2.3 %	29,603	3.0 %	336	89.8 %	1,984	1,500									

Texas	Texas	676	17.6 %	174,997	17.6 %	259	90.1 %	1,955	1,812
Other U.S.		2	0.1 %	507	0.1 %	254	50.0 %	1,788	1,576
Other US									
Total/Weighted Average	Total/Weighted Average	3,839	100.0 %	$991,948	100.0 %	$ 258	88.1 %	$ 1,844	1,602

We primarily rely on the use of credit facilities, term loans and mortgage-backed securitizations to finance purchases of SFR properties. See Note 18 to our Consolidated Financial Statements 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, which is a national provider of field services and property management services, and Adoor, 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 to establish a new property management platform, Adoor Property Management LLC ("APM"). Our SFR properties currently are managed through an external property manager and 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 a loan-to-value ("LTV") 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, and bear a variable interest rate tied to the SOFR plus a spread ranging from 4.0% to 11.5%, 17.2% and have initial terms typically ranging from 6 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, 2023 March 31, 2024, the average commitment size of our loans was $2.4 $2.6 million, and the weighted average remaining term to contractual maturity of our loans was 11.3 12.4 months.

We typically receive loan origination fees, or "points" at an average of up to 8.9% 1.0% of the total commitment at origination. These origination which varies fees factor in amount based upon the term of the loan, and 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 mortgage loans receivable activity as of and for the nine three months ended September 30, 2023 March 31, 2024 (dollars in thousands):

146,631		
Loans originated	$	1,574,336 835,766
Loans repaid(A)	$	1,542,459 505,091
Number of loans originated		914 367
Unpaid principal balance	$	2,137,034 2,370,769
Total commitment	$	2,849,986 3,202,076
Average total commitment	$	2,917 2,995
Weighted average contractual interest(B)		10.7 10.4 %

(A) Based on commitment.

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

The following table summarizes our total mortgage loans receivable portfolio by loan purpose as of September 30, 2023 March 31, 2024 (dollars in thousands):

		Number of Loans	%	Total Commitment	%	Weighted Average Committed Loan Balance to Value(A)
		Number of Loans				
		Number of Loans				
		Number of Loans				
Construction						
Construction						
Construction	Construction	422	30.1 %	$ 1,613,591	56.6 %	75.0% / 63.3%
Bridge	Bridge	682	48.5 %	932,338	32.7 %	69.9%
Bridge						
Bridge						
Renovation						
Renovation						
Renovation	Renovation	300	21.4 %	304,056	10.7 %	79.4% / 68.2%
Total	Total	1,404	100.0 %	$ 2,849,985	100.0 %	
Total						
Total						

(A) Weighted by commitment LTV for bridge loans and LTC and LTARV for construction and renovation loans.

The following table summarizes our total mortgage loans receivable portfolio by geographic location as of September 30, 2023 March 31, 2024 (dollars in thousands):

		Number of Loans	%	Total Commitment	%							
		Number of Loans						Number of Loans	%		Total Commitment	%
California	California	562	40.0 %	$ 1,402,758	49.2 %	California	578	41.4	41.4 %	$ 1,596,694	49.9	49.9 %
Washington	Washington	109	7.8 %	247,040	8.7 %	Washington	91	6.5	6.5 %	208,499	6.5	6.5 %
Florida						Florida	126		9.0 %	207,406		6.5 %
New York	New York	42	3.0 %	200,108	7.0 %	New York	46	3.3	3.3 %	206,828	6.5	6.5 %
Colorado	Colorado	55	3.9 %	160,475	5.6 %	Colorado	48	3.4	3.4 %	152,095	4.7	4.7 %
Florida		131	9.3 %	149,104	5.2 %							
Arizona	Arizona	42	3.0 %	120,227	4.2 %	Arizona	37	2.6	2.6 %	130,218	4.1	4.1 %
Virginia	Virginia	16	1.1 %	107,737	3.8 %	Virginia	34	2.4	2.4 %	130,189	4.1	4.1 %
North Carolina		81	5.8 %	70,636	2.5 %							

Texas						Texas	19		1.4 %	104,437		3.3 %
Georgia						Georgia	16		1.1 %	90,178		2.8 %
Illinois	Illinois	20	1.4 %	68,695	2.4 %	Illinois	94	6.7	6.7 %	77,188	2.4	2.4 %
Texas		77	5.5 %	66,472	2.3 %							
Other U.S.		269	19.2 %	256,733	9.1 %							
Other US						Other US	308		22.2 %	298,344		9.2 %
Total	Total	1,404	100.0 %	$ 2,849,985	100.0 %	Total	1,397	100.0	100.0 %	$ 3,202,076	100.0	100.0 %

See Note 11 to our consolidated financial statements for additional information, including a summary of activity related to mortgage loans receivable from December 31, 2023 to March 31, 2024.

Asset Management

Our asset management business primarily operates through our wholly-owned subsidiary, Sculptor. 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 $32.3 billion in AUM as of March 31, 2024. Sculptor serves its global client base through our commingled funds, separate accounts and other alternative investment vehicles. We acquired Sculptor on November 17, 2023.

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 funds, (ii) uncalled capital commitments, (iii) total capital commitments for certain real estate funds and (iv) par value of collateralized loan obligations ("CLOs").

AUM includes amounts that are not subject to management fees, incentive income or other amounts earned on AUM. 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 three months ended March 31, 2024, the first full quarter of results, our asset management revenues were $75.9 million, driven primarily by management fees. Operating expenses for the asset management business primarily consist of amortization of intangible assets, compensation and benefits, and office and professional expenses.

Our asset management business retains and owns investments in the CLOs we manage in accordance with European Union and United Kingdom risk retention regulations. As of March 31, 2024, substantially all of our CLO portfolio was related to bonds retained pursuant to these regulations. Through CLOs, we invest in performing credit including leveraged loans, high-yield bonds, private credit/bespoke financings, and investment grade credit.

The following table summarizes our CLO portfolio as of March 31, 2024 (dollars in thousands):

			Gross Unrealized			
Asset Type	**Outstanding Face Amount**	**Amortized Cost Basis**	**Gains**	**Losses**	**Carrying Value(A)**	**Outstanding Debt**
CLOs	$ 215,412	$ 209,974	$ 4,425	$ (2,403)	$ 211,996	$ 197,858

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

The following tables summarize the characteristics of our CLO portfolio as of March 31, 2024 (dollars in thousands):

	CLO Characteristics					
	Number of Securities	**Outstanding Face Amount**	**Amortized Cost Basis**	**Carrying Value**	**Weighted Average Life (Years)**	**Weighted Average Coupon**
Total / weighted average	194	$ 215,412	$ 209,974	$ 211,996	8.6	5.5 %

The following table summarizes the net interest spread of our CLO portfolio for the three months ended March 31, 2024:

Net Interest Spread(A)

Weighted average asset yield	8.71 %
Weighted average funding cost	6.36 %
Net interest spread	2.35 %

(A) The CLO portfolio consists of 93.2% floating rate securities and 6.8% fixed-rate securities (based on amortized cost basis).

TAXES

We have elected to be treated as a REIT for U.S. US federal income tax purposes. As a REIT, we generally pay no federal, or state and or local income tax on assets income that qualify under the REIT requirements is currently distributed to our stockholders if we distribute out at least 90% of the our current taxable income generated from these assets. each year.

We hold certain assets, including servicer advance investments and MSRs, in TRSs 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 services asset management businesses through TRSs.

At September 30, 2023 As of March 31, 2024, we recorded a Rithm Capital's net deferred tax liability of $798.2 $898.0 million is primarily composed of deferred tax liabilities generated through the deferral of gains from residential mortgage loans sold by our the origination business with servicing retained by us and deferred tax liabilities generated from changes in fair value of MSRs, loans and swaps held within taxable entities. entities, which is reported within accrued expenses and other liabilities in the Consolidated Balance Sheets. As of March 31, 2024, a net deferred tax asset of $284.9 million reported within other assets in the Consolidated Balance Sheets primarily composed of net operating losses and tax deductible goodwill related to Sculptor.

For the three and nine months ended September 30, 2023 March 31, 2024, we recognized deferred tax expense of $47.4 million and $87.0 million, respectively, $90.6 million, primarily reflecting deferred tax expense generated from changes in the fair value of MSRs, loans and swaps held within taxable entities, as well as income in our origination and servicing and origination business segments. 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, consolidated financial statements, which have been prepared in accordance with 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 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, 2023 March 31, 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

The mortgage and financial sectors are operating 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 consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2023 March 31, 2024; however, uncertainty over the current macroeconomic conditions makes any estimates and assumptions as of September 30, 2023 March 31, 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. consolidated financial statements.

RESULTS OF OPERATIONS

Factors Impacting Comparability of Our Results of Operations

Our net income is primarily generated from net interest income, servicing fee revenue less cost and gain on sale of loans less cost to originate. Changes in various factors such as market interest rates, prepayment speeds, estimated future cash flows, servicing costs and credit quality could affect the amount of basis premium to be amortized or discount to be accreted into interest income for a given period. Prepayment speeds vary according to the type of investment, conditions in the financial markets, competition and other factors, none of which can 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.

During the three months ended September 30, 2023 March 31, 2024, interest rates remained elevated. 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, 2023 March 31, 2024 compared to the three months ended June 30, 2023, and the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 December 31, 2023. Our results of operations are not necessarily indicative of future performance.

	Three Months Ended
	Three Months Ended
	Three Months Ended
	March 31, 2024
	March 31, 2024
	March 31, 2024
Revenues	
Revenues	
Revenues	
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839) and $(134,884), respectively)	
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839) and $(134,884), respectively)	
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(116,839) and $(134,884), respectively)	
Servicing revenue, net	
Servicing revenue, net	
Servicing revenue, net	
Interest income	
Interest income	
Interest income	
Gain on originated residential mortgage loans, HFS, net	
Gain on originated residential mortgage loans, HFS, net	
Gain on originated residential mortgage loans, HFS, net	
Other revenues	
Other revenues	
Other revenues	
	1,210,450
	1,210,450
	1,210,450
Asset Management	
Asset Management	
Asset Management	
Asset management revenues	
Asset management revenues	

Asset management revenues

	Three Months Ended		Nine Months Ended			
	1,286,310					
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
Revenues						
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 442,644	$ 465,562	$ 1,378,045	$ 1,379,041	$ (22,918)	$ (996)
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(138,993), $(139,410), $(384,094) and $(522,206), respectively)	20,934	22,032	(99,338)	890,281	(1,098)	(989,619)
Servicing revenue, net	463,578	487,594	1,278,707	2,269,322	(24,016)	(990,615)
Interest income	476,607	398,786	1,222,007	710,440	77,821	511,567
Gain on originated residential mortgage loans, held-for-sale, net	149,230	151,822	410,320	980,266	(2,592)	(569,946)
	1,286,310					
	1,286,310					
Expenses						
Expenses						
	1,089,415	1,038,202	2,911,034	3,960,028	51,213	(1,048,994)
Expenses **Expenses**						
Interest expense and warehouse line fees Interest expense and warehouse line fees	382,554	329,158	1,020,780	507,751	53,396	513,029
Interest expense and warehouse line fees						
Interest expense and warehouse line fees						
General and administrative						
General and administrative						
General and administrative General and administrative	190,475	181,508	539,138	686,133	8,967	(146,995)
Compensation and benefits Compensation and benefits	186,149	189,606	564,635	1,023,261	(3,457)	(458,626)
Management fee	—	—	—	46,174	—	(46,174)
Termination fee to affiliate	—	—	—	400,000	—	(400,000)
Compensation and benefits						
Compensation and benefits						
	759,178	700,272	2,124,553	2,663,319	58,906	(538,766)
	845,261					
	845,261					
	845,261					
Other Income (Loss) **Other Income (Loss)**						
Realized and unrealized gains (losses) on investments, net	(127,508)	89,425	(113,732)	(256,656)	(216,933)	142,924
Other Income (Loss)						
Other Income (Loss)						
Realized and unrealized gains (losses), net						
Realized and unrealized gains (losses), net						

Realized and unrealized gains (losses), net							
Other income (loss), net	Other income (loss), net	71,047	15,860	117,385	134,962	55,187	(17,577)
		(56,461)	105,285	3,653	(121,694)	(161,746)	125,347
Income Before Income Taxes		273,776	443,215	790,134	1,175,015	(169,439)	(384,881)
Other income (loss), net							
Other income (loss), net							
		(60,150)					
		(60,150)					
		(60,150)					
Income (Loss) Before Income Taxes							
Income (Loss) Before Income Taxes							
Income (Loss) Before Income Taxes							
Income tax expense (benefit)	Income tax expense (benefit)	52,585	56,530	92,309	297,563	(3,945)	(205,254)
Net Income		$ 221,191	$ 386,685	$ 697,825	$ 877,452	$ (165,494)	$ (179,627)
Income tax expense (benefit)							
Income tax expense (benefit)							
Net Income (Loss)							
Net Income (Loss)							
Net Income (Loss)							
Noncontrolling interests in income (loss) of consolidated subsidiaries							
Noncontrolling interests in income (loss) of consolidated subsidiaries							
Noncontrolling interests in income (loss) of consolidated subsidiaries	Noncontrolling interests in income (loss) of consolidated subsidiaries	4,848	6,889	10,437	27,098	(2,041)	(16,661)
Dividends on preferred stock	Dividends on preferred stock	22,394	22,395	67,184	67,315	(1)	(131)
Dividends on preferred stock							
Dividends on preferred stock							
Net Income (Loss) Attributable to Common Stockholders	**Net Income (Loss) Attributable to Common Stockholders**	$ 193,949	$ 357,401	$ 620,204	$ 783,039	$ (163,452)	$ (162,835)
Net Income (Loss) Attributable to Common Stockholders							
Net Income (Loss) Attributable to Common Stockholders							

Servicing Revenue, Net

Servicing revenue, net consists of the following:

	Three Months Ended
	Three Months Ended
	Three Months Ended
	March 31, 2024
	March 31, 2024
	March 31, 2024

Servicing fee revenue, net and interest income from MSRs and MSR financing receivables

Servicing fee revenue, net and interest income from MSRs and MSR financing receivables

Servicing fee revenue, net and interest income from MSRs and MSR financing receivables

Ancillary and other fees

Ancillary and other fees

Ancillary and other fees

Servicing fee revenue, net and fees

Servicing fee revenue, net and fees

Servicing fee revenue, net and fees

Change in fair value due to:

Change in fair value due to:

Change in fair value due to:

Realization of cash flows

Realization of cash flows

Realization of cash flows

Change in valuation inputs and assumptions, net of realized gains (losses)(A)

Change in valuation inputs and assumptions, net of realized gains (losses)(A)

Change in valuation inputs and assumptions, net of realized gains (losses)(A)

	Three Months Ended		Nine Months Ended			
Servicing revenue, net						
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 412,386	$ 432,965	$ 1,284,583	$ 1,276,137	$ (20,579)	$ 8,446
Ancillary and other fees	30,258	32,597	93,462	102,904	(2,339)	(9,442)
Servicing fee revenue, net and fees	442,644	465,562	1,378,045	1,379,041	(22,918)	(996)
Change in fair value due to:						
Realization of cash flows	(138,993)	(139,410)	(384,094)	(522,206)	417	138,112
Change in valuation inputs and assumptions, net of realized gains (losses)(A)	159,927	161,442	284,756	1,502,844	(1,515)	(1,218,088)
Change in fair value of derivative instruments	—	—	—	(11,316)	—	11,316
Gain (loss) on settlement of derivative instruments	—	—	—	(79,041)	—	79,041
Servicing revenue, net	$ 463,578	$ 487,594	$ 1,278,707	$ 2,269,322	$ (24,016)	$ (990,615)

Servicing revenue, net

(A) The following table summarizes the components of servicing revenue, net related to changes in valuation inputs and assumptions:

	Three Months Ended		Nine Months Ended	

		September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
		Three Months Ended					
		Three Months Ended					
		Three Months Ended					
		March 31, 2024					
		March 31, 2024					
		March 31, 2024					
Changes in interest and prepayment rates							
Changes in interest and prepayment rates							
Changes in interest and prepayment rates	Changes in interest and prepayment rates	$ 613,570	$ 342,527	$ 719,069	$ 2,235,718	$ 271,043	$ (1,516,649)
Changes in discount rates	Changes in discount rates	(351,208)	(80,826)	(242,431)	(408,753)	(270,382)	166,322
Changes in discount rates							
Changes in discount rates							
Changes in other factors							
Changes in other factors							
Changes in other factors	Changes in other factors	(102,435)	(100,259)	(191,882)	(324,121)	(2,176)	132,239
Change in valuation and assumptions	Change in valuation and assumptions	$ 159,927	$ 161,442	$ 284,756	$ 1,502,844	$ (1,515)	$ (1,218,088)
Change in valuation and assumptions							
Change in valuation and assumptions							

The table below summarizes the unpaid principal balances of our MSRs and MSR financing receivables:

		Unpaid Principal Balance				
		Unpaid Principal Balance				
		Unpaid Principal Balance				
		Unpaid Principal Balance				
(dollars in millions)						
(dollars in millions)						
(dollars in millions)	(dollars in millions)	September 30, 2023	June 30, 2023	September 30, 2022	QoQ Change	YoY Change
GSE	GSE	$ 354,511	$ 357,247	$ 369,057	$ (2,736)	$ (14,546)
GSE						
GSE						
Non-Agency						
Non-Agency						
Non-Agency	Non-Agency	50,056	51,345	55,380	(1,289)	(5,324)
Ginnie Mae	Ginnie Mae	126,354	123,800	119,741	2,554	6,613
Ginnie Mae						
Ginnie Mae						
Total	Total	$ 530,921	$ 532,392	$ 544,178	$ (1,471)	$ (13,257)
Total						
Total						

The table below summarizes loan UPB by Performing Servicing and Special Servicing:

	Unpaid Principal Balance				
(dollars in millions)	September 30, 2023	June 30, 2023	September 30, 2022	QoQ Change	YoY Change
Performing Servicing	$ 444,957	$ 393,007	$ 395,586	$ 51,950	$ 49,371

Special Servicing	118,132	112,977	107,990	5,155	10,142
Total Servicing Portfolio	$ 563,089	$ 505,984	$ 503,576	$ 57,105	$ 59,513

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

	Unpaid Principal Balance		
(dollars in millions)	March 31, 2024	December 31, 2023	QoQ Change
Performing Servicing	$ 447,269	$ 445,838	$ 1,431
Special Servicing	130,218	122,155	8,063
Total Servicing Portfolio	$ 577,487	$ 567,993	$ 9,494

Servicing revenue, net decreased $24.0 million increased $538.5 million, primarily driven by an increase in fair value of our MSR portfolio due to a $22.9 million decrease change in servicing fee collections. Weighted average servicing revenues and fees on total MSRs decreased to 31bps for assumptions driven by the three months ended September 30, 2023 from 32bps for the three months ended June 30, 2023. The decrease is attributable to a decrease quarter over quarter change in weighted average servicing revenue on agency MSRs to 26 bps as of September 30, 2023 from 28bps as of June 30, 2023 due to sales of a portion of our MSRs “excess servicing strip” on agency loans with a total UPB of approximately $91.4 billion during the second and third quarters of 2023. projected forward interest rates.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

Servicing revenue, net decreased $1.0 billion, primarily due to a $1.2 billion decrease in positive mark-to-market adjustments on our MSR portfolio, attributable to a steadying of low projected prepayment speeds and a slower rate of increase in forward interest rates during the nine months ended September 30, 2023.

Interest Income

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

Interest income increased $77.8 million decreased $2.4 million quarter over quarter, primarily driven by higher interest income earned lower outstanding balances on Agency our Marcus loans and repayments of agency securities, the Marcus consumer loan portfolio and custodial accounts associated with our MSRs.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

Interest income increased $511.6 million year over year. The increase is primarily driven partially offset by the acquisition of the Marcus consumer loan portfolio, higher interest income earned on U.S. Treasury Bills, Agency securities, mortgage loans receivable, and custodial accounts associated with our MSRs, attributable to the increase in interest rates.

Gain on Originated Residential Mortgage Loans, Held-for-Sale, HFS, Net

The following table provides information regarding gain on originated residential mortgage loans, held-for-sale, HFS, net as a percentage of pull through adjusted lock volume, by channel:

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(dollars in thousands)					
(dollars in thousands)					
(dollars in thousands)	(dollars in thousands)	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022
Pull through adjusted lock volume	Pull through adjusted lock volume	$ 10,267,879	$ 10,754,380	$ 28,046,269	$ 54,773,668
Pull through adjusted lock volume					
Pull through adjusted lock volume					
Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:					

Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:

Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:	**Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:**				
Direct to Consumer	Direct to Consumer	3.82 %	3.59 %	3.85 %	3.59 %

Direct to Consumer

Direct to Consumer

Retail / Joint Venture

Retail / Joint Venture

Retail / Joint Venture	Retail / Joint Venture	3.42 %	3.45 %	3.48 %	3.18 %
Wholesale	Wholesale	1.43 %	1.38 %	1.41 %	1.04 %

Wholesale

Wholesale

Correspondent

Correspondent

Correspondent	Correspondent	0.47 %	0.45 %	0.50 %	0.28 %
Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume	Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume	1.28 %	1.23 %	1.34 %	1.69 %

Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume

Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume

The following table summarizes funded loan production by channel:

	Unpaid Principal Balance					
	Three Months Ended		Nine Months Ended			
(in millions)	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
<u>Production by Channel</u>						
Direct to Consumer	$ 538	$ 536	$ 1,520	$ 7,654	$ 2	$ (6,134)
Retail / Joint Venture	1,646	1,826	4,881	16,791	(180)	(11,910)
Wholesale	1,348	1,369	3,846	9,656	(21)	(5,810)
Correspondent	7,548	6,197	17,733	25,643	1,351	(7,910)
Total Production by Channel	$ 11,080	$ 9,928	$ 27,980	$ 59,744	$ 1,152	$ (31,764)

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

	Unpaid Principal Balance		
	Three Months Ended		
(in millions)	March 31, 2024	December 31, 2023	QoQ Change
Production by Channel			
Direct to Consumer	$ 670	$ 437	$ 233
Retail / Joint Venture	1,185	1,249	(64)
Wholesale	1,098	949	149
Correspondent	7,867	6,279	1,588
Total Production by Channel	$ 10,820	$ 8,914	$ 1,906

Gain on originated residential mortgage loans, held-for-sale, HFS, net was relatively flat quarter over quarter as loan volume and gain on sale margin remained at a comparable level.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

Gain on originated residential mortgage loans, held-for-sale, net decreased $569.9 million increased $51.4 million, primarily driven by a reduction an increase in pull through adjusted lock volume attributable to an increase in interest rates year over year. volume.

Gain on sale margin for the nine three months ended September 30, 2023 March 31, 2024 was 1.34% 1.20%, 35 3 bps lower than 1.69% 1.23% for the prior year. The decrease is attributable to a 49% decrease in pull through adjusted lock volume as well as channel mix with our correspondent channel. three months ended December 31, 2023. For the nine three months ended September 30, 2023 March 31, 2024, funded loan origination volume was $28.0 billion $10.8 billion, down up from $59.7 billion $8.9 billion in the prior year December 31, 2023 primarily attributable to a persistent rise improvements in interest rates year over year. the correspondent channel. Purchase originations comprised 87% 83% of all funded loans for the nine three months ended September 30, 2023 March 31, 2024 compared to 68% 87% in December 31, 2023. The higher percentage of refinance originations was primarily driven by decline in interest rates at the prior year. end of 2023 into early 2024.

Other Revenues

Other revenue was consistent quarter over quarter as there were minimal fluctuations in our single family rental portfolio.

Asset Management Revenues

Asset management revenues decreased $8.1 million quarter over quarter, primarily due to lower incentive income driven by timing of realizations and distributions related to the asset management funds, offset by a full quarter of management fees in 2024 compared to a partial quarter during the fourth quarter of 2023.

Interest Expense and Warehouse Line Fees

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

Interest expense and warehouse line fees increased $53.4 million $13.9 million quarter over quarter, primarily due to higher average interest rates during the third quarter affecting our variable an increase in borrowings related to treasury and agency purchases, partially offset by a decrease in floating rate financing coupled with the addition of a full quarter of interest expense on the Marcus consumer loan portfolio MSR and additional Agency securities purchased.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

Interest expense and warehouse line fees increased $513.0 million year over year, primarily due to higher average interest rates during 2023 and the addition of interest expense on the Marcus consumer loan portfolio and Agency securities purchased. advance financing.

General and Administrative

General and administrative expenses consists of the following:

	Three Months Ended		Nine Months Ended			
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
Legal and professional	$ 35,348	$ 21,385	$ 65,447	$ 65,718	$ 13,963	$ (271)
Loan origination	11,929	12,323	33,280	91,907	(394)	(58,627)
Occupancy	13,004	16,382	40,981	88,579	(3,378)	(47,598)
Subservicing	31,483	40,625	109,370	126,694	(9,142)	(17,324)
Loan servicing	5,381	2,520	10,878	13,541	2,861	(2,663)

Property and maintenance	25,480	23,935	73,450	70,409	1,545	3,041
Other	67,850	64,338	205,732	229,285	3,512	(23,553)
Total	$ 190,475	$ 181,508	$ 539,138	$ 686,133	$ 8,967	$ (146,995)

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

	Three Months Ended		
	March 31, 2024	December 31, 2023	QoQ Change
Legal and professional	$ 21,489	$ 38,348	$ (16,859)
Loan origination	15,397	11,843	3,554
Occupancy	17,048	14,597	2,451
Subservicing	19,428	19,900	(472)
Loan servicing	4,935	5,307	(372)
Property and maintenance	32,264	31,747	517
Information Technology	41,202	34,044	7,158
Other	43,355	35,828	7,527
Total	$ 195,118	$ 191,614	$ 3,504

General and administrative expenses increased $9.0 million $3.5 million quarter over quarter, primarily driven by higher a full quarter of Asset Management operating expenses in 2024 compared to a partial quarter during the fourth quarter of 2023. The increase was partially offset by lower professional service fees attributable to Sculptor transaction due diligence. expenses incurred in the fourth quarter of 2023.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

General and administrative expenses decreased $147.0 million year over year, primarily driven by a reduction in expenses within our Origination segment associated with a decrease in loan production commensurate with the higher interest rate environment.

Compensation and Benefits

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

Compensation and benefits expense remained relatively unchanged with a decrease of $3.5 million increased $13.3 million quarter over quarter, as the rate environment and production levels remained consistent.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

Compensation and benefits expense decreased $458.6 million year over year, primarily driven by a reduction full quarter of Asset Management compensation expense in headcount and commissions due 2024 compared to lower production levels commensurate with a partial quarter during the higher interest rate environment.

fourth quarter of 2023.

Other Income (Loss)

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

	Three Months Ended		Nine Months Ended			
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022	QoQ Change	YoY Change
Real estate and other securities	$ (315,612)	$ (122,578)	$ (354,339)	$ (1,590,625)	$ (193,034)	$ 1,236,286
Residential mortgage loans and REO	(12,437)	(10,123)	(4,463)	(166,927)	(2,314)	162,464
Derivative instruments	194,593	215,952	259,539	1,503,183	(21,359)	(1,243,644)
Other(A)	5,948	6,174	(14,469)	(2,287)	(226)	(12,182)
Realized and unrealized gains (losses) on investments, net	(127,508)	89,425	(113,732)	(256,656)	(216,933)	142,924
Unrealized gain (loss) on secured notes and bonds payable	3,840	4,549	5,889	50,279	(709)	(44,390)
Rental revenue	18,297	17,743	54,163	37,339	554	16,824
Property and maintenance revenue	33,953	33,117	100,707	100,860	836	(153)

(Provision) reversal for credit losses on securities	(2,798)	(2,035)	(3,605)	(5,697)	(763)	2,092
Valuation and credit loss (provision) reversal on loans and real estate owned	(647)	(3,777)	(2,849)	(8,575)	3,130	5,726
Other income (loss)	18,402	(33,737)	(36,920)	(39,244)	52,139	2,324
Other income (loss), net	71,047	15,860	117,385	134,962	55,187	(17,577)
Total other income (loss)	$ (56,461)	$ 105,285	$ 3,653	$ (121,694)	$ (161,746)	$ 125,347

	Three Months Ended		
	March 31, 2024	December 31, 2023	QoQ Change
Real estate and other securities	$ (103,600)	$ 393,702	$ (497,302)
Residential mortgage loans and REO	(3,562)	24,323	(27,885)
Derivative and hedging instruments	41,932	(313,880)	355,812
Notes and bonds payable	(4,838)	(18,733)	13,895
Other(A)	1,934	(14,805)	16,739
Realized and unrealized gains (losses), net	(68,134)	70,607	(138,741)
Other income (loss), net	7,984	(303)	8,287
Total other income (loss)	$ (60,150)	$ 70,304	$ (130,454)

(A) Includes excess MSRs, servicer advance investments, consumer loans and other.

Three months endedSeptember 30, 2023 compared to the three months ended June 30, 2023

Total other loss, inclusive of Realized realized and Unrealized unrealized gains (losses)on investments, , net was $56.5 million $60.2 million in the third first quarter of 2023 2024 compared to income of $105.3 million inclusive of Realized and Unrealized gains (losses) on investments, net $70.3 million in the second fourth quarter of 2023.

The net loss in realized and unrealized gains (losses) quarter over quarter was primarily driven by an increase in the 10-year Treasury yield resulting in a decreased market value of Agency securities, which was partially offset by a gain in on derivative instruments.

Other income (loss) increased $52.1 million primarily due to an unrealized loss instruments, coupled with lower overall mark-to-market adjustments on preferred and equity investments of $28.3 million during the three months ended June 30, 2023. Other income during the three months ended September 30, 2023 was primarily driven by an increase in valuation and servicing cash flows from our recovery business.

Nine months endedSeptember 30, 2023 compared to the nine months ended September 30, 2022

Total other income, inclusive of Realized and Unrealized gains (losses) on investments, net was $3.7 million for the nine months ended September 30, 2023 compared to a loss of $121.7 million inclusive of Realized and Unrealized gains (losses) on investments, net for the nine months ended September 30, 2022.

The increase in realized and unrealized gains (losses) year over year was primarily driven by a lower rate-of-increase of the 10-year U.S. Treasury residential mortgage loans during the first nine months quarter of 2023, resulting in less severe market value adjustments on real estate securities and residential mortgage loans partially offset by decreased realized and unrealized gains from interest rate swaps.

Unrealized gain on secured notes and bonds payable decreased $44.4 million, primarily driven by lower positive debt mark to market adjustments on the SpringCastle debt during 2023.

Rental revenue increased $16.8 million, driven by the acquisition of additional properties, an increase in the percentage of properties rented, and an increase in average monthly rent per property during 2023. 2024.

Income Tax Expense (Benefit)

Three months ended*September 30, 2023 compared to the three months ended June 30, 2023*

Income tax expense decreased $3.9 million, increased $63.6 million, of which $2.3 million and $61.3 million relate to current and deferred tax expense, respectively. The increase in deferred tax expense was primarily driven by the net changes in the fair value of MSRs, loans and swaps held within taxable entities.

Nine months endedSeptember 30, 2023 compared to entities, as well as, income generated by the nine months ended September 30, 2022

Income tax expense decreased $205.3 million, primarily driven by changes in the fair value of MSRs, loans origination and swaps held within taxable entities. servicing business segment.

LIQUIDITY AND CAPITAL RESOURCES

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. Additionally, to maintain our status as a REIT under the Internal Revenue Code, we must distribute annually at least 90% of our REIT taxable income. We note that a portion of this requirement may be able to be met in future years through stock dividends, rather than cash, subject to limitations based on the value of our stock.

Our primary sources of funds are cash provided by operating activities (primarily income from loan originations and servicing), sales of and repayments from our investments, potential debt financing sources, including securitizations, and the issuance of equity securities, when feasible and appropriate.

Our primary uses of funds are the payment of interest, servicing and subservicing expenses, outstanding commitments (including margins and loan originations), other operating expenses, repayment of borrowings and hedge obligations, dividends and funding of future servicer advances. Our total cash and cash equivalents at September 30, 2023 March 31, 2024 was $1,217.3 million $1.1 billion.

The Company intends to use cash on hand and available liquidity to finance the acquisition of Sculptor in the amount of $719.8 million, which management expects to close in Q4 2023. The Company intends to use a mix of existing cash, available liquidity on the balance sheet, as well as additional MSR and servicer advance financing to finance the acquisition of Computershare in the amount of $720 million, which management expects to close in Q1 2024. See Note 1 and Note 25 to our Consolidated Financial Statements for further information regarding the acquisitions of Sculptor and Computershare.

Our ability to utilize funds generated by the MSRs held in our servicer subsidiaries, NRM and the Mortgage Company, Newrez, is subject to and limited by certain regulatory requirements, including maintaining liquidity, tangible net worth and ratio of capital to assets. 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, 2023 March 31, 2024, approximately $1,250.5 million $1.3 billion of available liquidity was held at NRM Newrez and Caliber, Newrez, of which $737.9 million $783.7 million were in excess of the new regulatory liquidity requirements in place as of September 30, 2023. made effective during 2023. NRM Newrez and Caliber Newrez are expected to maintain compliance with applicable liquidity and net worth requirements throughout the year. requirements.

On September 30, 2023, the Federal Housing Finance Agency ("FHFA") and Ginnie Mae updated capital and liquidity standards for loan sellers and servicers became effective. In regard to capital requirements, the updated 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. This change aligns the existing Ginnie Mae capital requirement with the FHFA's requirement. In addition, the definition of tangible net worth has been changed to remove deferred tax assets, though the tangible net worth to tangible asset ratio remained unchanged at 6% or greater. In regard to liquidity requirements, the updated standards require all non-depositories to maintain base liquidity of 3.5 bps of Fannie Mae, Freddie Mac and private label servicing UPB plus 10 bps for Ginnie Mae servicing. This change is an increase in required liquidity for the Ginnie Mae balances and aligns with the FHFA's capital requirements. Furthermore, specific to FHFA, all non-banks will have to hold additional origination liquidity of 50 bps times loans held for sale plus pipeline loans. Large non-banks 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 balances and 5 bps on Ginnie Mae servicing. As of March 31, 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. Currently, Ginnie Mae's risk-based capital requirement is expected to go into effect on December 31, 2024. The FHFA's revised requirements are expected to increase our capital and liquidity requirement and lower our return on capital.

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, 2023 March 31, 2024, we had outstanding secured financing agreements with an aggregate face amount of approximately $13.6 billion $18.3 billion to finance our investments. The financing of our entire 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") 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, $4.4 $4.6 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 loan-to-value 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, or 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 TBA 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 repo repurchase financing. TBA dollar roll transactions may also have a lower implied cost of funds than comparable repo 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.

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.

On August 17, 2022, the Federal Housing Finance Agency (“FHFA”) and Ginnie Mae released updated capital and liquidity standards for loan sellers and servicers. In regard to capital requirements, the updated 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. This change aligns the existing Ginnie Mae capital requirement with the FHFA’s. In addition, the definition of tangible net worth has been changed to remove deferred tax assets, though the tangible net worth to tangible asset ratio remained unchanged at 6% or greater. In regard to liquidity requirements, the updated standards require all non-depositories to maintain base liquidity of 3.5 bps of Fannie Mae, Freddie Mac and private label servicing UPB plus 10 bps for Ginnie Mae servicing. This change is an increase in required liquidity for the Ginnie Mae balances and aligns with the FHFA’s. Furthermore, specific to FHFA, all non-banks will have to hold additional origination liquidity of 50 bps times loans held for sale plus pipeline loans. Large non-banks 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 balances and 5 bps on Ginnie Mae servicing. Notwithstanding Ginnie Mae’s risk-based capital requirement, the updated standards became effective on September 30, 2023. As of September 30, 2023, 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. Currently, Ginnie Mae’s risk-based capital requirement is expected to go into effect on December 31, 2024. The FHFA’s revised requirements are expected to increase our capital and liquidity requirement and lower our return on capital.

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” in this Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. 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.

Our cash flow provided by operations differs from our net income due to these primary factors: (i) the difference between (a) accretion and amortization and unrealized gains and losses recorded with respect to our investments and (b) cash received therefrom, (ii) unrealized gains and losses on our derivatives, and recorded impairments, if any, (iii) deferred taxes and (iv) principal cash flows related to held-for-sale HFS loans, which are characterized as operating cash flows under GAAP.

Debt Obligations

The following table summarizes certain information regarding our debt obligations (dollars in thousands):

		September 30, 2023									December 31, 2022
							Collateral				
		March 31, 2024									
		March 31, 2024									
		March 31, 2024									December 31, 2023
							Collateral				
Debt Obligations/Collateral(C)											
Debt Obligations/Collateral(C)											
Debt Obligations/Collateral(C)	Debt Obligations/Collateral(C)	Outstanding Face Amount	Carrying Value(A)	Final Stated Maturity(B)	Weighted Average Funding Cost	Weighted Average Life (Years)	Outstanding Face	Amortized Cost Basis	Carrying Value	Weighted Average Life (Years)	Carrying Value(A)
Secured Financing Agreements	Secured Financing Agreements										
Repurchase Agreements:											

Outstanding Face Amount	Carrying Value(A)	Final Stated Maturity(B)	Weighted Average Funding Cost	Weighted Average Life (Years)	Outstanding Face	Amortized Cost Basis		Carrying Value	Weig Ave Li (Ye

Warehouse Credit Facilities-Residential Mortgage Loans(F)		$ 2,155,544	$ 2,155,092	Oct-23 to Mar-25	7.3	%	0.7	$ 2,565,299	$2,586,513	$2,482,541	17.8	$ 2,601,327
Warehouse Credit Facilities-Mortgage Loans Receivable(E)		1,212,156	1,212,156	Dec-23 to May-24	8.2	%	0.3	1,473,515	1,471,904	1,471,904	1.1	1,220,662
Agency RMBS and Treasury(D)		9,653,355	9,653,355	Oct-23 to Feb-24	5.4	%	0.2	9,731,596	9,546,319	9,870,841	8.1	6,821,788
Warehouse Credit Facilities- Residential Mortgage Loans(D)												
Warehouse Credit Facilities- Residential Mortgage Loans(D)												
Warehouse Credit Facilities- Residential Mortgage Loans(D)												
Warehouse Credit Facilities- Mortgage Loans Receivable(E)												
Agency RMBS and Treasury(F)												
Non-Agency RMBS(E)	Non-Agency RMBS(E)	574,346	574,346	Oct-23 to Oct-27	7.3	%	0.8	13,600,138	882,800	880,999	6.2	609,282
SFR Properties(E)	SFR Properties(E)	10,431	10,431	Dec-24	7.8	%	1.2	N/A	32,899	32,899	N/A	4,677
CLOs(G)												
Commercial Notes Receivable												
Total Secured Financing Agreements	Total Secured Financing Agreements	13,605,832	13,605,380		6.0	%	0.3					11,257,736
Secured Notes and Bonds Payable	Secured Notes and Bonds Payable											
Excess MSRs(G) (E)												
Excess MSRs(G) (E)												
Excess MSRs(G) (E)	Excess MSRs(G) (E)	193,432	193,432	Aug-25	8.8	%	1.9	61,988,328	239,154	278,059	6.3	227,596
MSRs(H)	MSRs(H)	4,200,200	4,191,504	Nov-23 to Mar-28	6.9	%	1.7	523,532,413	6,317,954	8,616,793	7.9	4,791,543
Servicer Advance Investments(I)	Servicer Advance Investments(I)	275,952	275,142	Mar-24 to Aug-24	7.5	%	0.4	314,165	361,325	387,669	8.6	318,445
Servicer Advances(I)	Servicer Advances(I)	2,091,447	2,091,185	Nov-23 to Nov-24	7.6	%	0.5	2,555,898	2,434,266	2,434,266	0.7	2,361,259
Residential Mortgage Loans(J)	Residential Mortgage Loans(J)	650,000	650,000	May-24	6.5	%	0.6	654,975	655,576	658,402	29.2	769,988
Consumer Loans(K)	Consumer Loans(K)	1,303,517	1,269,768	Jun-28 to Sep 37	7.1	%	4.5	1,475,494	1,422,559	1,436,080	1.7	299,498
SFR Properties(L)	SFR Properties(L)	833,387	786,596	Mar-26 to Sep-27	4.1	%	3.6	N/A	956,118	956,118	N/A	817,695
Mortgage Loans Receivable(M)	Mortgage Loans Receivable(M)	524,062	507,228	Jul 26 to Dec-26	5.7	%	3.1	567,432	567,432	567,432	0.6	512,919
Secured Facility- Asset Management CLOs(G)												
Total Secured Notes and Bonds Payable	Total Secured Notes and Bonds Payable	10,071,997	9,964,855		6.8	%	1.9					10,098,943
Liabilities of Consolidated Funds(N)												
Consolidated funds(O)												
Consolidated funds(O)												
Consolidated funds(O)												

Total/ Weighted Average	Total/ Weighted Average	$23,677,829	$23,570,235	6.4 %	1.0		$21,356,679

(A) Net of deferred financing costs.

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

(C) Includes approximately $199.5 million of associated Associated with accrued interest payable of approximately $134.3 million as of September 30, 2023 March 31, 2024.

(D) Includes $974.0 $224.7 million face amount which bear interest at an average fixed-rate of repurchase agreements collateralized by U.S. Treasury Bills. All repurchase agreements have a fixed rate. 5.0% with the remaining having SOFR-based floating interest rates.

(E) All SOFR-based floating interest rates.

(F) Includes $244.3 million which bear interest at an average fixed rate of 5.1% with the remaining having SOFR-based All repurchase agreements have a fixed-rate. Collateral carrying value includes margin deposits.

(G) All SOFR or EURIBOR-based floating interest rates.

(G) Includes $193.4 million of corporate loans which bear interest at the sum of one-month SOFR plus a margin of 3.4%.

(H) Includes $2.7 $3.5 billion of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month SOFR and (ii) a margin ranging from 2.5% to 3.7%; and $1.5 $1.0 billion of capital market MSR notes with fixed interest rates ranging from 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.

(I) Includes debt bearing interest equal to the sum of (i) a floating rate index equal to one-month SOFR and (ii) a margin ranging from 1.5% to 3.7%. Collateral includes servicer advance investments, as well as servicer advances receivable related to the MSRs and MSR financing receivables owned by NRM and the Mortgage Company. Newrez.

(J) Represents $650.0 million securitization backed by a revolving warehouse facility to finance newly originated first-lien, fixed- and adjustable-rate residential mortgage loans which bears interest equal to one-month SOFR plus 1.2%. Collateral carrying value includes cash held in the securitization trust required to meet collateral requirements.

(K) Includes (i) SpringCastle debt, which is primarily composed of the following classes of asset-backed notes held by third parties: $220.9 $191.7 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) $1.0 $721.9 billion of debt collateralized by the Marcus loans bearing interest at the sum of one-month SOFR plus a margin of 3.0%.

(L) Includes $833.4 $833.0 million of fixed rate fixed-rate notes which bear interest ranging from 3.5% to 7.1%.

(M) Includes $238.1 million which bear interest at an average fixed rate fixed-rate of 4.7% 4.6% with the remaining having SOFR-based floating interest rates.

(N) Included within accrued expenses and other liabilities in the Consolidated Balance Sheets (Note 13).

(O) 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.

Certain of the debt obligations included above are obligations of our consolidated subsidiaries, which own the related collateral. In some cases, such collateral is not available to other creditors of ours.

We have margin exposure on $13.6 billion $18.3 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.

The following tables provide additional information regarding our short-term borrowings (dollars in thousands):

		Nine Months Ended September 30, 2023					
	Outstanding Balance at September 30, 2023	Average Daily Amount Outstanding(A)	Maximum Amount Outstanding	Weighted Average Daily Interest Rate			
		Three Months Ended March 31, 2024					
	Outstanding Balance at March 31, 2024					Outstanding Balance at March 31, 2024	Average Daily Amount Outstanding(A)
Secured Financing Agreements	Secured Financing Agreements						
Agency RMBS							
Agency RMBS							
Agency RMBS	Agency RMBS	$ 9,653,355	$ 8,247,343	$ 9,675,592	5.08 %	$ 12,557,569 $	$ 10,033,904 $	$ 12,557,569

Non-Agency RMBS	Non-Agency RMBS	574,346	587,562	612,629	6.95 %
Residential mortgage loans	Residential mortgage loans	1,690,478	1,996,652	2,628,859	6.70 %
Mortgage loans receivable	Mortgage loans receivable	599,317	512,357	713,604	7.19 %
Secured Notes and Bonds Payable	Secured Notes and Bonds Payable				
MSRs	MSRs	1,723,000	1,135,011	1,723,000	8.08 %
Servicer advances	Servicer advances	2,124,952	2,012,384	2,700,070	3.99 %
Residential mortgage loans	Residential mortgage loans	650,000	676,374	750,000	6.34 %
Total/weighted average	Total/weighted average	$17,015,448	$ 15,167,683	$18,803,754	5.60 %

Non-Agency RMBS	645,381	632,765		632,765	646,819	
Residential mortgage loans	2,834,100	1,653,873		1,653,873	2,839,978	
Mortgage loans receivable	245,391	137,866		137,866	264,113	
MSRs						
MSRs	1,544,013			1,265,253		1,778
Servicer advances	1,996,502	2,027,881		2,027,881	2,668,763	
Residential mortgage loans	650,000	650,000		650,000	650,000	
Total/weighted average						
Total/weighted average	$ 20,472,956			$ 16,401,542		$ 21,405

(A) Represents the average for the period the debt was outstanding.

	Average Daily Amount Outstanding(A)			
	Three Months Ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	Average Daily Amount Outstanding(A)			
	Average Daily Amount Outstanding(A)			
	Average Daily Amount Outstanding(A)			
	Three Months Ended			
	Three Months Ended			
	March 31, 2024			
Secured Financing Agreements				
Secured Financing Agreements				
Secured Financing Agreements				
Agency RMBS	$9,130,197	$7,787,408	$7,514,693	$8,408,051
Agency RMBS				
Agency RMBS				
Non-Agency RMBS				
Non-Agency RMBS				
Non-Agency RMBS	576,820	1,962,669	604,806	615,830
Residential mortgage loans and REO	2,063,804	2,062,667	1,751,530	1,726,716

Residential mortgage loans and REO					
Residential mortgage loans and REO					
Mortgage loans receivable					
Mortgage loans receivable					
Mortgage loans receivable	Mortgage loans receivable	556,952	425,081	555,018	—

(A) Represents the average for the period the debt was outstanding.

Corporate Debt

On March 19, 2024, the Company issued in a private offering $775 million aggregate principal amount of 8.000% senior unsecured notes due 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. Net proceeds from the offering were approximately $483 million, after deducting the initial purchasers’ discounts and commissions, estimated offering expenses payable by us and partial repurchase of 2025 Senior Notes discussed below.

The 2029 Senior Notes mature on April 1, 2029. 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 %

On September 16, 2020, we, as issuer, completed the Company issued in a private offering of $550.0 million aggregate principal amount of the 6.250% senior unsecured notes due 2025 (the “2025 Senior Notes. Notes”). Interest on the 2025 Senior Notes accrue 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. Net proceeds from the offering were approximately $544.5 million, after deducting the initial purchasers’ discounts and commissions and estimated offering expenses payable by us.

The 2025 Senior Notes mature on October 15, 2025 and we may redeem some or all of the 2025 Senior Notes at our option, . The notes became redeemable at any time and from time to time, on or after October 15, 2022 at a price equal to the following fixed redemption prices (expressed as a percentage of principal amount of. The Company may redeem the 2025 Senior Notes at a fixed redemption price of 101.563% from October 15, 2023 to be redeemed): 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.

Year	Price
2023	101.563%
2024 and thereafter	100.000%

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, including 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.

For additional information on our debt activities, see Note 18 to our Consolidated Financial Statements. consolidated financial statements.

Maturities

Our debt obligations as of September 30, 2023 March 31, 2024, as summarized in Note 18 to our Consolidated Financial Statements, consolidated financial statements, had contractual maturities as follows (in thousands):

Year Ending	Year Ending	Nonrecourse(A)	Recourse(B)	Total	Year Ending	Nonrecourse(A)	Recourse(B)	Total
October 1 through December 31, 2023		$ —	$ 8,934,533	$ 8,934,533				
2024		3,054,577	6,241,670	9,296,247				

April 1 through December 31, 2024				
2025	2025	—	1,814,895	1,814,895
2026	2026	—	1,725,498	1,725,498
2027	2027	734,738	245,000	979,738
2028 and thereafter		1,303,518	173,400	1,476,918
		$ 5,092,833	$19,134,996	$24,227,829
2028				
2029 and thereafter				
	—			
	$			

(A) Includes secured financing agreements, secured notes and bonds payable, and secured notes net of $5.1 billion. issuance costs of $1.0 billion, $4.9 billion, and $0.2 billion, respectively.

(B) Includes secured financing agreements, and secured notes and bonds payable, and senior unsecured notes net of $13.6 billion issuance costs of $17.3 billion, $5.8 billion, and $5.5 billion, $0.5 billion, respectively.

Secured financing agreements with contractual maturities prior to December 31, 2023 includes $9.7 billion collateralized by Agency RMBS or U.S. Treasury Bills.

The weighted average differences between the fair value of the assets and the face amount of available financing for the Agency RMBS repurchase agreements (including amounts related to trades receivable trade receivables and treasury securities) and Non-Agency RMBS repurchase agreements were 2.2% 2.0% and 34.8% 35.6%, respectively, and for residential mortgage loans was 13.2% 10.2% during the nine three months ended September 30, 2023 March 31, 2024.

Borrowing Capacity

The following table summarizes our borrowing capacity as of September 30, 2023 March 31, 2024 (in thousands):

Debt Obligations / Collateral	Debt Obligations / Collateral	Borrowing Capacity	Balance Outstanding	Available Financing(A)	Borrowing Capacity	Balance Outstanding	Available Financing(A)
Debt Obligations / Collateral							
Debt Obligations / Collateral							
Secured Financing Agreements	Secured Financing Agreements						
Residential mortgage loans and REO	Residential mortgage loans and REO	$ 5,604,816	$ 2,186,023	$ 3,418,793			
Residential mortgage loans and REO							
Residential mortgage loans and REO							
Loan origination	Loan origination	6,827,000	1,192,108	5,634,892			
CLOs							
Secured Notes and Bonds Payable	Secured Notes and Bonds Payable						
Secured Notes and Bonds Payable							
Secured Notes and Bonds Payable							
Excess MSRs							
Excess MSRs							

Excess MSRs	Excess MSRs	286,380	193,432	92,948
MSRs	MSRs	7,068,200	4,200,200	2,868,000
Servicer advances	Servicer advances	3,880,000	2,367,399	1,512,601
Residential mortgage loans		296,762	195,411	101,351
SFR Consolidated funds				
		$23,963,158	$10,334,573	$13,628,585
		$		
		$		
		$		

(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.

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, 2023 March 31, 2024.

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 preferred shares:

									Dividends Declared per Share						
		Number of Shares							Three Months Ended September 30,				Nine Months Ended September 30,		
									Dividends Declared per Share						
									Dividends Declared per Share						
									Dividends Declared per Share						
		Number of Shares													
Series	Series	September 30, 2023	December 31, 2022	Liquidation Preference(A)		Issuance Discount		Carrying Value(B)	2023		2022		2023		2022
Series A, 7.50% issued July 2019(C)		6,200	6,200	$	155,002	3.15	%	$ 149,822	$	0.47	$ 0.47	$	1.41	$	1.41
Series															
Series															
Series A, 7.50% issued July 2019(C)															
Series A, 7.50% issued July 2019(C)															
Series A, 7.50% issued July 2019(C)															
Series B, 7.125% issued August 2019(C)															
Series B, 7.125% issued August 2019(C)															

Series B, 7.125% issued August 2019(C)	Series B, 7.125% issued August 2019(C)	11,261	11,261	281,518	3.15 %	272,654	0.45	0.45	1.34	1.34
Series C, 6.375% issued February 2020(C)	Series C, 6.375% issued February 2020(C)	15,903	15,903	397,584	3.15 %	385,289	0.40	0.40	1.20	1.20
Series D, 7.00%, issued September 2021(D)		18,600	18,600	465,000	3.15 %	449,489	0.44	0.44	1.31	1.31
Series C, 6.375% issued February 2020(C)										
Series C, 6.375% issued February 2020(C)										
Series D, 7.00% issued September 2021(D)										
Series D, 7.00% issued September 2021(D)										
Series D, 7.00% issued September 2021(D)										
Total	Total	51,964	51,964	$ 1,299,104		$ 1,257,254	$ 1.76	$ 1.76	$ 5.26	$ 5.26
Total										
Total										

(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.

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”), 6.375% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (“Series C”) and 7.00% Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (“Series D”) rank senior to all classes or series of our common stock and to all other equity securities issued by us that expressly indicate are subordinated to the Series A, Series B, Series C and Series D with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up. Our Series A, Series B, Series C and Series D have no stated maturity, are not subject to any sinking fund or mandatory redemption and rank on parity with each other. Under certain circumstances upon a change of control, our Series A, Series B, Series C and Series D are convertible to shares of our common stock.

From and including the date of original issue, July 2, 2019, August 15, 2019, February 14, 2020 and September 17, 2021 but excluding August 15, 2024, August 15, 2024, February 15, 2025 and November 15, 2026, holders of shares of our Series A, Series B, Series C and Series D are entitled to receive cumulative cash dividends at a rate of 7.50%, 7.125%, 6.375% and 7.00% per annum of the $25.00 liquidation preference per share (equivalent to $1.875, $1.781, $1.594 and $1.750 per annum per share), respectively, and from and including August 15, 2024, August 15, 2024 and February 15, 2025, 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, Series B and 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 Series D are payable quarterly in arrears on or about the 15th day of each February, May, August and November.

The Series A and Series B will not be redeemable before August 15, 2024, the Series C will not be redeemable before February 15, 2025, and the Series D will not be redeemable before November 15, 2026, except under certain limited circumstances intended to preserve our qualification as a REIT for U.S. US federal income tax purposes and except or upon the occurrence of a Change of Control (as defined in the Certificate of Designations). On or after August 15, 2024, for the Series A and Series B, February 15, 2025 for the Series C and November 15, 2026 for the Series D, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series A, Series B, Series C and Series D in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest.

We may from time to time seek to repurchase our outstanding preferred stock, through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

Additionally, in connection with the phase out of LIBOR that occurred in 2023, we do not currently intend to amend our 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.

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, (the "ATM Shares"), 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, 2023 March 31, 2024 under the ATM Program.

On December 15, 2022, our In February 2024, Rithm Capital's board of directors approved renewed the Stock Repurchase Program stock repurchase program, authorizing the repurchase of up to $200.0 million of our its common stock and $100.0 million of our its preferred stock for the period from January 1, 2024 through December 31, 2023 December 31, 2024. The objective of the Stock Repurchase Program stock repurchase program is to seek flexibility to return capital when deemed accretive to shareholders. Repurchases may be made from time to time through open market purchases or privately negotiated transactions, pursuant to one or more plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 (the "Exchange Act") or by means of one or more tender offers, in each case, as permitted by securities laws and other legal requirements. During the nine three months ended September 30, 2023 March 31, 2024, we did not repurchase any shares of our common stock or our preferred stock.

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. Further, as of September 30, 2023, the Company did not establish a trading plan pursuant to Rule 10b5-1 under the Exchange Act.

The following table summarizes outstanding options as of September 30, 2023 March 31, 2024:

Held by Former Manager FIG LLC, our former manager	21,471,990 21,473,990
Issued to the independent directors	2,000 —
Total	21,473,990

As of September 30, 2023 March 31, 2024, our outstanding options had a weighted average exercise price of $13.26.

Common Dividends

We are organized and intend to conduct our operations to qualify as a REIT for U.S. US federal income tax purposes. We intend to make regular quarterly distributions to holders of our common stock. U.S. US federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to make regular quarterly distributions of our taxable income to holders of our common stock out of assets legally available for this purpose, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. US federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our secured financing agreements and other debt payable. If our cash available for distribution is less than our taxable income, we could be required to sell assets or raise capital to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

We make distributions based on a number of factors, including an estimate of taxable earnings per common share. Dividends distributed and taxable and GAAP earnings will typically differ due to items such as fair value adjustments, differences in premium amortization and discount accretion, other differences in method of accounting, non-deductible general and administrative expenses, taxable income arising from certain modifications of debt instruments and investments held in TRSs. Our quarterly dividend per share may be substantially different than our quarterly taxable earnings and GAAP earnings per share.

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.

The following table summarizes common dividends declared for the periods presented:

Common Dividends Declared for the Period Ended	Paid/Payable	Amount Per Share
March 31, 2023	April 2023	0.25
June 30, 2023	July 2023	0.25
September 30, 2023	October 2023	0.25
December 31, 2023	January 2024	0.25
March 31, 2024	April 2024	0.25

Cash Flows

The following table summarizes changes to our cash, cash equivalents and restricted cash for the periods presented:

Nine Months Ended September 30,		
2023	2022	Change
Three Months Ended March 31,		

		Three Months Ended March 31,		
		Three Months Ended March 31,		
		2024		
		2024		
		2024	2023	Change
Beginning of period — cash, cash equivalents and restricted cash	Beginning of period — cash, cash equivalents and restricted cash	$1,617,634	$1,528,442	$ 89,192
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	1,667,487	6,732,161	(5,064,674)
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	(1,453,938)	(854,825)	(599,113)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(245,453)	(5,456,203)	5,210,750
Net increase (decrease) in cash, cash equivalents and restricted cash	Net increase (decrease) in cash, cash equivalents and restricted cash	(31,904)	421,133	(453,037)
Net increase (decrease) in cash, cash equivalents and restricted cash				
Net increase (decrease) in cash, cash equivalents and restricted cash				
End of period — cash, cash equivalents and restricted cash	End of period — cash, cash equivalents and restricted cash	$1,585,730	$1,949,575	$ (363,845)

End of period — cash, cash equivalents and restricted cash
End of period — cash, cash equivalents and restricted cash

Operating Activities

Net cash provided by (used in) operating activities were approximately $1.7 billion $(1.1) billion and $6.7 billion $1.2 billion for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Operating cash inflows for the nine three months ended September 30, 2023 March 31, 2024 primarily consisted consist of proceeds from sales and principal repayments of purchased residential mortgage loans, held-for-sale, HFS, servicing fees received, net interest income received and net recoveries of servicer advances receivable. Operating cash outflows primarily consisted consist of purchases residential mortgage loans, HFS, loan originations, compensation and benefits, general and administrative expenses and subservicing fees paid.

Investing Activities

Net cash provided by (used in) investing activities were approximately $(1.5) $(4.1) billion and $(0.9) $(0.6) billion for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Investing activities for the nine three months ended September 30, 2023 March 31, 2024 primarily consisted consist of cash paid for real estate and other securities, U.S. Treasury Bills, originations of mortgage loans receivable, the funding of servicer advance investments net of principal repayments from servicer advance investments, MSRs, real estate securities, loans, consumer loans, mortgage loans receivable and net settlement of derivatives and treasury short sales, as well as proceeds from the sale of real estate securities. related reverse repurchase agreements.

Financing Activities

Net cash provided by (used in) financing activities were approximately $(0.2) billion $5.1 billion and $(5.5) $(0.4) billion for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Financing activities for the nine three months ended September 30, 2023 March 31, 2024 primarily consisted consist of borrowings net of repayments under debt obligations, margin deposits net of returns capital distributions of noncontrolling interests in the equity of consolidated subsidiaries and payment of dividends.

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 $0.9 $1.0 billion. As of September 30, 2023 March 31, 2024, there was $10.8 billion $11.5 billion in total outstanding unpaid principal balance 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 March 31, 2024, our maximum exposure to loss of $810.0 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, 2023 March 31, 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, 2023 March 31, 2024 included all of the material contractual obligations referred to in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, 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 three months ended September 30, 2023 March 31, 2024:

- *Derivatives* – as described in Note 17 to our Consolidated Financial Statements, 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, consolidated financial statements, we borrowed additional amounts.

See Notes 16, 22 and 25 26 to our Consolidated Financial Statements consolidated financial statements included in this report for information regarding commitments and material contracts entered into subsequent to September 30, 2023 March 31, 2024, if any. As described in Note 22, 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 $185.7 million $168.4 million of unfunded and available revolving credit privileges as of September 30, 2023 March 31, 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 $616.6 $827.0 million and $5.1 $2.0 million, respectively, of additional advances on existing mortgage loans as of September 30, 2023 March 31, 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 funds 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 fixed-rate assets we hold at the time because higher required yields result in lower prices on existing fixed rate 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, mortgage servicing rights MSRs financing receivables, Excess MSRs and the rights to the basic 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 4 and 5 to our Consolidated Financial Statements. 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 basic 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 basic 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 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 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 very seasoned loans with credit-impaired borrowers who are paying fixed rates, 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.

		Estimated Change in Book Value (in millions) (A)			Estimated Change in Book Value (in millions) (A)	
		Estimated Change in Book Value (in millions) (A)				
Interest rate change (bps)	**Interest rate change (bps)**	**September 30, 2023**	**December 31, 2022**	**Interest rate change (bps)**	**March 31, 2024**	**December 31, 2023**
+50bps	+50bps	+116.9	+403.4	+50bps	+170.4	+339.3
+25bps	+25bps	+60.0	+203.3	+25bps	+86.8	+171.2
-25bps	-25bps	-60.0	-203.3	-25bps	-86.8	-171.2
-50bps	-50bps	-125.0	-411.5	-50bps	-178.5	-347.4

(A) Amounts shown are pre-tax.

Mortgage Basis Spread Risk

Mortgage basis measures the spread between the yield on current coupon mortgage-backed securities 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, and in the crisis of the last decade it was at a generational wide not seen before or since. credit.

The table below provides comparative estimated changes in our book value based on changes in mortgage basis.

	Estimated Change in Book Value (in millions) (A)	
Mortgage basis change (bps)	**September 30, 2023**	**December 31, 2022**
+20bps	-53.8	+0.9
+10bps	-26.8	+0.6
-10bps	+26.8	-0.6
-20bps	+53.0	-1.8

	Estimated Change in Book Value (in millions)(A)	
Mortgage basis change (bps)	**March 31, 2024**	**December 31, 2023**
+20bps	+25.3	+31.2
+10bps	+12.8	+15.7

-10bps	-12.8	-15.7
-20bps	-26.1	+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 basic 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 basic 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 basic 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.

Investment Specific Sensitivity Analyses

MSRs and MSR Financing Receivables

The following table summarizes the estimated change in fair value of our interests in the Agency MSRs, owned as of September 30, 2023 given several parallel shifts in the discount rate, prepayment rate and delinquency rate (dollars in thousands):

Fair value at September 30, 2023	$ 5,393,329			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 5,457,452	$ 5,427,756	$ 5,325,056	$ 5,223,856
Change in estimated fair value:				
Amount	$ 64,123	$ 34,427	$ (68,273)	$ (169,473)

Percentage	1.2 %	0.6 %	(1.3)%	(3.1)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 5,434,669	$ 5,413,228	$ 5,359,122	$ 5,324,904
Change in estimated fair value:				
Amount	$ 41,340	$ 19,899	$ (34,207)	$ (68,425)
Percentage	0.8 %	0.4 %	(0.6)%	(1.3)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 5,413,077	$ 5,402,298	$ 5,368,877	$ 5,343,176
Change in estimated fair value:				
Amount	$ 19,748	$ 8,969	$ (24,452)	$ (50,153)
Percentage	0.4 %	0.2 %	(0.5)%	(0.9)%

The following table summarizes the estimated change in fair value of our interests in the Non-Agency MSRs, including MSR financing receivables, owned as of September 30, 2023 given several parallel shifts in the discount rate, prepayment rate and delinquency rate (dollars in thousands):

Fair value at September 30, 2023	$ 704,873			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 778,897	$ 740,230	$ 672,595	$ 642,937
Change in estimated fair value:				
Amount	$ 74,024	$ 35,357	$ (32,278)	$ (61,936)
Percentage	10.5 %	5.0 %	(4.6)%	(8.8)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 745,908	$ 724,891	$ 685,894	$ 667,896
Change in estimated fair value:				
Amount	$ 41,035	$ 20,018	$ (18,979)	$ (36,977)
Percentage	5.8 %	2.8 %	(2.7)%	(5.2)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 741,176	$ 723,918	$ 684,383	$ 662,530
Change in estimated fair value:				
Amount	$ 36,303	$ 19,045	$ (20,490)	$ (42,343)
Percentage	5.2 %	2.7 %	(2.9)%	(6.0)%

The following table summarizes the estimated change in fair value of our interests in the Ginnie Mae MSRs, owned as of September 30, 2023 given several parallel shifts in the discount rate, prepayment rate and delinquency rate (dollars in thousands):

Fair value at September 30, 2023	$ 2,596,666			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,766,795	$ 2,682,743	$ 2,509,064	$ 2,420,359
Change in estimated fair value:				
Amount	$ 170,129	$ 86,077	$ (87,602)	$ (176,307)
Percentage	6.6 %	3.3 %	(3.4)%	(6.8)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,711,990	$ 2,652,927	$ 2,545,877	$ 2,496,008
Change in estimated fair value:				
Amount	$ 115,324	$ 56,261	$ (50,789)	$ (100,658)
Percentage	4.4 %	2.2 %	(2.0)%	(3.9)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,749,237	$ 2,680,406	$ 2,501,191	$ 2,395,577
Change in estimated fair value:				
Amount	$ 152,571	$ 83,740	$ (95,475)	$ (201,089)
Percentage	5.9 %	3.2 %	(3.7)%	(7.7)%

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.

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 effective.

Changes in Internal Control Over Financial Reporting

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.

For information on certain legal proceedings related to the Sculptor Acquisition, see Note 25 to our Consolidated Financial Statements.

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.

As previously disclosed, in connection with the acquisition of Sculptor, on September 11, 2023, stockholder Gilles Beauchemin filed a purported class action against Sculptor and each of Sculptor's directors in the Court of Chancery of the State of Delaware, captioned Gilles Beauchemin v. Engel, et al., C.A. No. 2023-0921-SG (the "Beauchemin Action"). The Beauchemin Action alleged, among other things, that Sculptor's board of directors (the "Sculptor Board") and the special committee of the Sculptor Board (the "Special Committee") violated their fiduciary duties and sought, among other things, to enjoin the transaction with Rithm Capital. Plaintiff also filed a Motion for Preliminary Injunction. Rithm Capital was not party to the filed complaint.

On October 17, 2023, Sculptor stockholders Daniel S. Och, Harold A. Kelly, Jr., Richard Lyon, James O'Connor and Zoltan Varga (collectively, the "Specified Stockholders") filed a putative class action complaint on behalf of themselves and all other similarly situated stockholders of Sculptor against each of Sculptor's directors, Sculptor and certain of its subsidiaries, and Rithm Capital and certain of its subsidiaries, in the Court of Chancery of the State of Delaware, captioned Och, et al. v. Engel, et al., C.A. No. 2023-1043-SG (the "Former EMD Group Action"). The complaint in the Former EMD Group Action alleged, among other things, that the Sculptor Board and the Special Committee violated their fiduciary duties and sought, among other things, to enjoin the transaction with Rithm Capital.

On October 23, 2023, the court entered an order consolidating the Former EMD Group Action and the Beauchemin Action as In re Sculptor Capital Management, Inc. Stockholder Litigation, Consol. C.A. No. 2023-0921-SG (the "Sculptor Stockholder Action").

On October 26, 2023, Rithm Capital and Sculptor entered into Amendment No. 2 to the Agreement and Plan of Merger (the "Merger Agreement"), amending, among other things, the price per share of Class A common stock of Sculptor, which was increased to $12.70. In connection with the amendment, Rithm Capital entered into a Transaction Support Agreement (the "Transaction Support Agreement") with each of the Specified Stockholders and the other signatories party thereto. Under the terms of the Transaction Support Agreement, each Specified Stockholder agreed, among other things, to vote all shares held by such Specified Stockholder in favor of the adoption of the Merger Agreement and the approval of the acquisition of Sculptor, and to dismiss with prejudice the claims raised in the Former EMD Group Action complaint, solely with respect to the Specified Stockholders. A stipulated order dismissing these claims was submitted to the Court of Chancery for approval. The Specified Stockholders also agreed to withdraw any demands under Section 220 of the Delaware General Corporation Law.

On October 29, 2023, plaintiff Beauchemin filed a consolidated amended complaint adding additional claims and defendants to the matter. On November 14, 2023, the parties reached an agreement in principle to settle all claims in the Sculptor Stockholder Action for, among other things, a total payment of $6.5 million to eligible Sculptor common stockholders. On January 22, 2024, the parties executed and filed the Stipulation and Agreement of Settlement, Compromise and Release in connection with the settlement. A final hearing for the settlement is scheduled for May 20, 2024.

ITEM 1A. RISK FACTORS

The risk factors For the three months ended March 31, 2024, there were no material changes to the Risk Factors disclosed under Part I, Item 1A. "Risk Factors" of in our Annual Report on Form 10-K for the year ended December 31, 2022 should be considered together with the information included in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, and should not be limited to those referenced herein or therein. The following risks and uncertainties related to the Sculptor Acquisition supplement the risk factors found under Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Risks Related to the Sculptor Acquisition

The Sculptor Acquisition is subject to conditions, some or all of which may not be satisfied, or completed on a timely basis, if at all. Failure to complete the Sculptor Acquisition could have material adverse effects on us.

On July 23, 2023, we entered into the Merger Agreement (and, entered into the First Amendment and the Second Amendment on October 12, 2023 and October 26, 2023, respectively) to acquire Sculptor. We cannot assure you that the Sculptor Acquisition will be consummated on the terms or in the timeframe described herein, if at all.

Consummation of the Sculptor Acquisition is subject to certain customary conditions, including (i) approval of the Sculptor Acquisition by the requisite vote of Sculptor’s stockholders (the “Company Stockholder Approval”), (ii) the absence of a Company Material Adverse Effect (as defined in the Merger Agreement) on Sculptor, (iii) the accuracy of each party’s representations and warranties (subject to customary materiality qualifiers) and (iv) each party’s compliance with its covenants and agreements contained in the Merger Agreement in all material respects.

There can be no assurance that the conditions to closing of the Sculptor Acquisition will be satisfied or waived or that other events will not intervene, delay or result in the failure to close the Sculptor Acquisition. Certain of these conditions are not within our control, and we cannot predict when, or if these conditions will be satisfied. Under the terms of the Merger Agreement, the Sculptor Acquisition may be terminated by either party (i) if the closing has not occurred on or before July 23, 2024; (ii) if a court or other governmental entity has issued a final and non-appealable order prohibiting the closing; (iii) if Sculptor fails to obtain the Company Stockholder Approval; or (iv) upon a material uncured breach by the other party that would result in a failure of the conditions to the closing to be satisfied.

In addition, government regulators may impose conditions, terms, obligations or restrictions in connection with their approval of or consent to the Sculptor Acquisition, and such conditions, terms, obligations or restrictions may delay completion of the Sculptor Acquisition, require us to take actions that materially alter our existing business or the proposed combined business, including divestitures or similar transactions, or impose additional material costs on, or materially limit the revenues of, the combined company following the completion of the Sculptor Acquisition. Regulators may impose such conditions, terms, obligations or restrictions, and, if imposed, such conditions, terms, obligations or restrictions may delay or prevent completion of the Sculptor Acquisition, and may have a material adverse effect on our existing business or the proposed combined business.

If the Sculptor Acquisition is not completed, our ongoing business may be materially adversely affected and, without realizing any of the benefits of having completed the Sculptor Acquisition, we would be subject to a number of risks, including the following:

- the market price of our common stock could decline;
- time and resources committed by our management to matters relating to the Sculptor Acquisition could otherwise have been devoted to pursuing other beneficial opportunities;
- we may experience negative reactions from the financial markets or from our customers, employees, suppliers and regulators; and
- we will be required to pay the costs relating to the Sculptor Acquisition, such as legal, accounting and financial advisory fees, whether or not the Sculptor Acquisition is completed.

The materialization of any of these risks could materially and adversely impact our ongoing business. Similarly, delays in the completion of the Sculptor Acquisition could, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with uncertainty about completion of the Sculptor Acquisition.

After the Sculptor Acquisition, we may be unable to successfully integrate the businesses and realize the anticipated benefits of the Sculptor Acquisition.

The success of the Sculptor Acquisition will depend, in part, on our ability to successfully integrate Sculptor, which currently operates as an independent public company, with our business and realize the anticipated benefits, including synergies, cost savings, innovation and operational efficiencies, from the combination. If we are unable to achieve these objectives within the anticipated timeframe, or at all, the anticipated benefits may not be realized fully, or at all, or may take longer to realize than expected and the value of our common stock may be harmed. Sculptor’s business is subject to certain of the same risks as our businesses, as well as additional risks relating to the asset management business, including competitive pressures relating to fund performance, ability to attract and retain fund investors, additional regulation of asset managers and other risks related to the management of funds. If the Sculptor Acquisition is completed, our exposure to the risks involved in such businesses will be increased.

The Sculptor Acquisition and the integration of Sculptor into our business may result in material challenges, including, without limitation:

- the diversion of management’s attention from our ongoing business as a result of the devotion of time and resources to the Sculptor Acquisition;
- addressing possible differences in business backgrounds, corporate cultures and management philosophies;
- maintaining employee morale and attracting, motivating and retaining management personnel and other key employees;
- the possibility of faulty assumptions underlying expectations regarding the Sculptor Acquisition;
- retaining existing business relationships, including Sculptor’s current fund investors, and attracting new business relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- unanticipated issues and costs in integrating information technology, communications and other systems;
- unanticipated changes in federal or state laws or regulations; and
- unforeseen liabilities, expenses or delays associated with the SculptorAcquisition.

Many of these factors will be outside of our control and any one of them could result in delays, increased costs, failures in achieving anticipated benefits, decreases in the amount of expected revenues and diversion of management’s time and energy, which could materially affect our financial position, results of operations and cash flows.

Stockholder or other litigation could result in the payment of damages and/or may materially and adversely affect our business, financial condition results of operations and liquidity.

Transactions such as the Sculptor Acquisition often give rise to securities class action and derivative lawsuits and other legal proceedings by stockholders or other third parties. For example, litigation was filed in the Delaware Court of Chancery seeking, amongst other things, to enjoin the transaction with Rithm Capital until the Consortium has been permitted to bid on Sculptor without any restrictions from its standstill and a court order (i) reducing the termination fee in connection with the Sculptor Acquisition, (ii) prohibiting Rithm Capital from voting newly acquired shares in a stockholder vote on the Transactions and (iii) declaring that the Majority of Unaffiliated Vote Condition, as defined in the Merger Agreement, be reinserted into the Merger Agreement with Rithm Capital should the transaction proceed. This litigation is proceeding under the caption *In re Sculptor Capital Management, Inc. Stockholders Litigation, Consol. C.A. No. 2023-0921-SG.* Even if such legal proceedings are without merit, the defense or settlement of any lawsuit or claim that remains unresolved regarding the Sculptor Acquisition may materially and adversely affect our business, financial condition, results of operations and liquidity. Further, such litigation or settlement of any lawsuit or claim could be costly and could divert management's time and attention from the operation of the business. If a plaintiff were successful in obtaining an injunction prohibiting completion of the Sculptor Acquisition, such

injunction may delay or prevent completion of the Sculptor Acquisition, which may adversely affect our business, financial condition, results of operations and liquidity. Finally, even if such proceedings are unsuccessful in obtaining and injunction, additional litigation could be filed after the completion of the Sculptor Acquisition.

We may not have discovered undisclosed liabilities of Sculptor during our due diligence process.

In the course of the due diligence review of Sculptor that we conducted prior to the execution of the Merger Agreement, we may not have discovered, or may have been unable to quantify, undisclosed liabilities or other issues of Sculptor and its subsidiaries, and we do not have rights of indemnification against Sculptor for any such liabilities. Examples of such undisclosed liabilities or other issues may include, but are not limited to, unpaid taxes, pending or threatened litigation or regulatory matters. Any such undisclosed liabilities could have an adverse effect on our business, results of operations, financial condition and cash flows following the completion of the Sculptor Acquisition.

Our and Sculptor's business relationships may be subject to disruption due to uncertainty associated with the Sculptor Acquisition, which could have an adverse effect on the Company and business and operations of the combined company.

Parties with which we and/or Sculptor do business may experience uncertainty associated with the proposed acquisition, including with respect to current or future business relationships with us, Sculptor or the combined Company following the completion of the Sculptor Acquisition. Our and Sculptor's relationships may be subject to disruption as customers, current and prospective fund investors, suppliers and other persons with whom we and/or Sculptor have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us or Sculptor, as applicable.

Such risks could have an adverse effect on the results of operations, cash flows and financial position of us or the combined company following the completion of the Sculptor Acquisition, including an adverse effect on our ability to realize the expected synergies and other benefits of the transaction. The risk, and adverse effect, of any disruption could be exacerbated by a delay in the completion of or failure to complete the transaction.

Uncertainties associated with the Sculptor Acquisition may cause a loss of management personnel and other key employees, and we may have difficulty attracting and motivating management personnel and other key employees, which could adversely affect our future business and operations.

We and Sculptor are dependent on the experience and industry knowledge of our management personnel and other key employees to execute our business plans. Our success after the completion of the Sculptor Acquisition will depend in part upon our ability to attract, motivate and retain key management personnel and other key employees of our Company and Sculptor. Prior to completion of the Sculptor Acquisition, current and prospective employees of the combined company may experience uncertainty about their roles within our Company following the completion of the Sculptor Acquisition, which may have an adverse effect on our ability to attract, motivate or retain management personnel and other key employees. Additionally, although we have agreed to establish a retention program and long-term incentive program for certain Sculptor employees, there can be no guarantee that such programs will be successful in retaining such employees, including key employees. No assurance can be given that we will be able to attract, motivate or retain management personnel and other key employees to the same extent after the completion of the Sculptor Acquisition.

In specified circumstances, Sculptor could terminate the Merger Agreement to accept an alternative proposal.

Sculptor may in certain circumstances terminate the Merger Agreement to, among other reasons, enter into an agreement providing for a superior proposal. In such event, Sculptor would be obligated to pay us a termination fee equal to $22,426,831. Such termination would deny us and our stockholders any benefits from the Sculptor Acquisition and could materially and negatively impact our share price.

We will incur substantial transaction fees and costs in connection with the Sculptor Acquisition.

We expect to incur a significant amount of non-recurring expenses in connection with the Sculptor Acquisition. Additional unanticipated costs may be incurred in the course of the integration of our businesses and the business of Sculptor. Many of the expenses that may be incurred are, by their nature, difficult to estimate. We cannot be certain that the elimination of duplicative costs or the realization of other efficiencies related to the integration of the two businesses will offset the transaction and integration costs in the near term, or at all. Additionally, the expenses in connection with the Sculptor Acquisition are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

Our ability to utilize Sculptor's tax attributes will be significantly limited.

Although Sculptor currently has significant tax attributes, including significant net operating losses, our use of those attributes following the closing of the Sculptor Acquisition will be subject to significant limitations as a result of the fact that the Sculptor Acquisition will cause Sculptor to undergo an "ownership change" for purposes of Section 382 of the Code. Specifically, the Code limits the ability of a company that undergoes an "ownership change" to utilize its net operating loss and net capital loss carryforwards and certain built-in losses to offset taxable income earned in years after the ownership change. Section 382 imposes an annual limitation on the use of such attributes, which, in the case of Sculptor's attributes, would permit us to use only a small portion of Sculptor's tax attributes each year.

As a result of the Section 382 limitation or potentially other limitations or changes in circumstances, our use of Sculptor's tax attributes will be significantly delayed, and we may not be able to use all of those attributes, thereby limiting the cash tax benefit of those attributes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

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
	Comp
2.1 4.1	Agreement and Plan of Merger, Indenture, dated as of July 23, 2023 March 19, 2024, by and among between Rithm Capital Corp., Sculptor Capital Management, Inc., Sculptor Capital LP, Sculptor Capital Advisors LP, Sculptor Capital Advisors II LP, Calder Sub, Inc., Calder Sub I, LP, Calder Sub II, LP, and Calder Sub III, LP U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 2.1 4.1 to the Company's Current Report on Form 8-K, filed July 24, 2023 on March 19, 2024)
2.2 4.2	Amendment No. 1 to Agreement and Plan Form of Merger, dated as of October 12, 2023, by and among Rithm Capital Corp., Calder Sub, Inc., Calder Sub I, LP, Calder Sub II, LP, and Calder Sub III, LP, Sculptor Capital Management, Inc., Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP (incorporated 's 8.000% senior unsecured notes due 2029 (included in Exhibit 4.1 hereto) (incorporated by reference to Exhibit 2.1 4.2 to the Company's Current Report on Form 8-K, filed October 12, 2023) on March 19, 2024)
2.3	Amendment No. 2 to Agreement and Plan of Merger, dated as of October 26, 2023, by and among Rithm Capital Corp., Calder Sub, Inc., Calder Sub I, LP, Calder Sub II, LP, and Calder Sub III, LP, Sculptor Capital Management, Inc., Sculptor Capital LP, Sculptor Capital Advisors LP and Sculptor Capital Advisors II LP (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed October 27, 2023)
10.1†	Transaction Support Agreement, dated Rithm Capital Management LLC Long Term Incentive Plan, adopted as of October 26, 2023, by and among Rithm Capital Corp., Daniel S. Och, Harold Kelly, Jr., Richard Lyon, James O'Connor, Zoltan Varga and the other stockholders named therein February 23, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 27, 2023 on February 27, 2024)
10.2+	First Amendment to Employment Agreement, dated as of March 15, 2024, by and between Rithm Capital Corp. and Michael Nierenberg
31.1*	Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	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
32.2**	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, 2023 March 31, 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 10) 101)

+ Indicates a management contract or compensatory plan or arrangement arrangement.

† Portions of this exhibit have been omitted.

* Exhibit filed herewith.

** Exhibit furnished herewith.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

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 1, 2023 May 2, 2024

By: /s/ Nicola Santoro, Jr.
Nicola Santoro, Jr.
Chief Financial Officer and Treasurer
(Principal Financial Officer)

November 1, 2023 May 2, 2024

EXHIBIT 10.2

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement ("**Agreement**") by and between Rithm Capital Corp. (f/k/a/ New Residential Investment Corp.) (the "**Company**") and Michael Nierenberg (the "**Executive**").

WHEREAS, the Employment Agreement generally established the terms and conditions of the Executive's annual cash compensation and the Executive's annual awards of long-term incentive compensation, subject in either case to the discretion of the Compensation Committee of the Board to increase the amounts payable as base salary, annual target bonus and annual long-term incentives thereunder; and

WHEREAS, the Company and the Executive have agreed that, in consideration for the Compensation Committee agreeing to provide the Executive a higher opportunity with respect to his annual long-term incentive compensation, (i) the minimum amounts payable as base salary and annual target bonus shall be decreased, (ii) the minimum amount of long-term incentives required to be provided in the form of time-vesting awards shall be decreased, and (iii) the minimum amount of long-term incentives required to be provided in the form of performance vesting amounts shall be increased, commencing with the Executive's services in calendar year 2024.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1 Section 3(a) of the Employment Agreement is amended to replace "Effective as of January 1, 2023" with "Effective as of April 1, 2024" and to substitute the figure "$1,000,000" for the figure "$1,250,000".

2 Section 3(b) of the Employment Agreement is amended to substitute the figure "$4,000,000" for the figure "$5,000,000".

3 Section 3(c)(i) of the Employment Agreement is amended to substitute the figure "$3,000,000" for the figure "$4,375,000".

4 Section 3(c)(ii) of the Employment Agreement is amended to substitute the figure "$9,000,000" for the figure "$4,375,000" and to add the words "(or greater percentage as the Compensation Committee shall specify from time to time)" immediately following the percentage "150%".

5 Except as otherwise specified in the foregoing sections of this First Amendment, the terms of the Employment Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, a duly authorized officer of the Company and the Executive have caused this First Amendment to be executed as of the date(s) indicated below.

RITHM CAPITAL CORP.

/s/ Nicola Santoro, Jr.
By: Nicola Santoro, Jr.
Its: Chief Financial Officer

Dated: March 15, 2024

EXECUTIVE

/s/ Michael Nierenberg
Michael Nierenberg

Dated: March 15, 2024

EXHIBIT 31.1

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 1, 2023 May 2, 2024

/s/ Michael Nierenberg
Michael Nierenberg
Chief Executive Officer

EXHIBIT 31.2

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 1, 2023 May 2, 2024	/s/ Nicola Santoro, Jr.
	Nicola Santoro, Jr.
	Chief Financial Officer

EXHIBIT 32.1

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, 2023 March 31, 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 1, 2023 May 2, 2024

/s/ Michael Nierenberg

Michael Nierenberg

Chief Executive Officer

EXHIBIT 32.2

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, 2023 March 31, 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 1, 2023 May 2, 2024

/s/ Nicola Santoro, Jr.

Nicola Santoro, Jr.

Chief Financial Officer