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NEWS RELEASE

New Residential Announces Acquisition of MSRs, Estimated Preliminary Financial Results and Increase in 1Q17 Dividend

2017-01-30

New Residential Investment Corp. (NYSE:NRZ; "New Residential" or the "Company") today announced (i) an agreement to acquire approximately $97 billion unpaid principal balance ("UPB") of mortgage servicing rights ("MSRs"), (ii) estimated preliminary results for the fourth quarter and full year ended December 31, 2016 and (iii) an increase in its dividend for the first quarter of 2017. Each of these items is described in more detail below.

Agreement to Acquire Approximately $97 Billion UPB of MSRs

On January 27, 2017, New Residential, through its wholly-owned subsidiary New Residential Mortgage LLC ("NRM"), entered into an agreement to purchase approximately $97 billion UPB of seasoned Agency MSRs and related servicer advances from CitiMortgage, Inc. ("Citi") for a purchase price of approximately $950 million and $32 million, respectively. The acquisition of the MSRs is expected to close in the first quarter of 2017, subject to government-sponsored enterprise ("GSE") and regulatory approvals and other customary closing conditions. Citi will continue to subservice the portfolio on behalf of NRM, pending receipt of GSE and regulatory approvals to transfer servicing to Nationstar Mortgage LLC.

Estimated Preliminary Financial Results

The Company's estimated preliminary results of operations for the fourth quarter and full year ended December 31, 2016 are set forth below.

	Q4 2016	Year Ended December 31, 2016
GAAP Net Income per Diluted Share	$0.87 to $0.91	$2.09 to $2.13
Core Earnings per Diluted Share*	$0.59 to $0.63	$2.12 to $2.16

*Core earnings is a non-GAAP measure. A reconciliation of estimated preliminary core earnings to GAAP Net Income is set forth below.

For the fourth quarter of 2016, the Company expects GAAP Net Income to be in the range of $0.87 to $0.91 per diluted share and core earnings to be in the range of $0.59 to $0.63 per diluted share. For the full year 2016, the Company expects GAAP Net Income to be in the range of $2.09 to $2.13 per diluted share and core earnings to be in the range of $2.12 to $2.16 per diluted share.

Increase in First Quarter Dividend to $0.48 per Common Share

In addition, New Residential's board of directors declared a quarterly dividend of $0.48 per common share for the first quarter of 2017, up from $0.46 per common share in the fourth quarter of 2016. The dividend is payable on April 28, 2017 to shareholders of record on March 27, 2017.

"2016 was an outstanding year for New Residential and we achieved impressive results across our core business segments," said Michael Nierenberg, Chairman and Chief Executive Officer of New Residential. "Our recent announcements demonstrate our focus in executing our key strategic initiatives and our ability to identify attractive investments. In particular, during the year, we consistently expanded our portfolio of servicing assets in order to strategically position the Company for a variety of market environments. The dividend increase this quarter reflects our longstanding commitment to grow earnings and optimize returns for our shareholders. We continue to see strength in our business's cash flow generation, and we remain confident that our investment portfolio is poised to continue to perform in 2017."

Notable Events for the Quarter Ended December 31, 2016

- MSRs
    - During the quarter, New Residential acquired MSRs and related servicer advances with respect to Agency residential mortgage loans with a total UPB of approximately $82.1 billion for an aggregate purchase price of approximately $572.5 million and $68.2 million, respectively.

    - In October 2016, NRZ acquired $32.3 billion UPB of Agency MSRs and related servicer advances from Ditech Financial LLC (“Ditech”), a subsidiary of Walter Investment Management Corp., for a purchase price of approximately $212.7 million and $27.4 million, respectively.
    - In December 2016, NRZ also acquired $4.8 billion UPB of Agency MSRs and related servicer advances from Ditech for a purchase price of approximately $26.4 million and $3.9 million, respectively.
    - In December 2016, NRZ acquired $32.5 billion UPB of Agency MSRs and related servicer advances from Walter Capital Opportunity, LP for a purchase price of approximately $244.3 million and $34.8 million, respectively.
    - In December 2016, NRZ acquired $12.5 billion UPB of Agency MSRs and related servicer advances from FirstKey Mortgage, LLC for a purchase price of approximately $89.1 million and $2.1 million, respectively.
- In December 2016, New Residential agreed to acquire approximately $72.0 billion UPB of Agency and private-label MSRs and related servicer advances from PHH Mortgage Corporation for a purchase price of approximately $612.0 million and $300.0 million, respectively. The purchase is expected to close in the second quarter of 2017 and is subject to (i) PHH shareholder approval, (ii) GSE and other regulatory approvals and (iii) other customary closing conditions.
- In October 2016, New Residential entered into a $345.0 million corporate loan secured by Non-Agency Excess MSRs. The loan bears interest equal to 5.68% per annum and matures in July 2021.

- Servicer Advances

    - During the quarter, the Company refinanced $1.4 billion of floating rate debt with $500 million of three-year and $400 million of five-year fixed rate notes issued in October 2016, and $500 million of three-year fixed rate notes issued in November 2016.
    - In December 2016, the Company refinanced $800 million of fixed rate term notes with a weighted average maturity of 2.5 years and weighted average cost of funds of 3.58% with $400 million of four-year and $400 million of five-year fixed rate notes with a weighted average cost of funds of 3.48% per annum.

- Other Activity

    - Consumer Loan Refinancing - In October 2016, New Residential completed a $1.7 billion refinancing of the SpringCastle consumer-loan backed securitization, reducing the blended cost of funds from 4.5% to 3.6%.
    - Call Rights - During the quarter, New Residential called 14 seasoned Non-Agency RMBS deals with an

aggregate UPB of approximately $416.9 million and securitized approximately $274.2 million UPB of performing loans acquired as part of the Company's call rights strategy.

NON-GAAP MEASURES AND RECONCILIATION TO GAAP NET INCOME

New Residential has four primary variables that impact its operating performance: (i) the current yield earned on the Company's investments, (ii) the interest expense under the debt incurred to finance the Company's investments, (iii) the Company's operating expenses and taxes and (iv) the Company's realized and unrealized gains or losses, including any impairment, on the Company's investments. "Core earnings" is a non-GAAP measure of the Company's operating performance, excluding the fourth variable above and adjusts the earnings from the consumer loan investment to a level yield basis. Core earnings is used by management to evaluate the Company's performance without taking into account: (i) realized and unrealized gains and losses, which although they represent a part of the Company's recurring operations, are subject to significant variability and are generally limited to a potential indicator of future economic performance; (ii) incentive compensation paid to the Company's manager; (iii) non-capitalized transaction-related expenses; and (iv) deferred taxes, which are not representative of current operations.

While incentive compensation paid to the Company's manager may be a material operating expense, the Company excludes it from core earnings because (i) from time to time, a component of the computation of this expense will relate to items (such as gains or losses) that are excluded from core earnings, and (ii) it is impractical to determine the portion of the expense related to core earnings and non-core earnings, and the type of earnings (loss) that created an excess (deficit) above or below, as applicable, the incentive compensation threshold. To illustrate why it is impractical to determine the portion of incentive compensation expense that should be allocated to core earnings, the Company notes that, as an example, in a given period, it may have core earnings in excess of the incentive compensation threshold but incur losses (which are excluded from core earnings) that reduce total earnings below the incentive compensation threshold. In such case, the Company would either need to (a) allocate zero incentive compensation expense to core earnings, even though core earnings exceeded the incentive compensation threshold, or (b) assign a "pro forma" amount of incentive compensation expense to core earnings, even though no incentive compensation was actually incurred. The Company believes that neither of these allocation methodologies achieves a logical result. Accordingly, the exclusion of incentive compensation facilitates comparability between periods and avoids the distortion to the Company's non-GAAP operating measure that would result from the inclusion of incentive compensation that relates to non-core earnings.

With regard to non-capitalized transaction-related expenses, management does not view these costs as part of the Company's core operations, as they are considered by management to be similar to realized losses incurred at acquisition. Non-capitalized transaction-related expenses are generally legal and valuation service costs, as well as other professional service fees, incurred when the Company acquires certain investments, as well as

costs associated with the acquisition and integration of acquired businesses.

In the fourth quarter of 2014, the Company modified its definition of core earnings to include accretion on held-for-sale loans as if they continued to be held-for-investment. Although the Company intends to sell such loans, there is no guarantee that such loans will be sold or that they will be sold within any expected timeframe. During the period prior to sale, the Company continues to receive cash flows from such loans and believe that it is appropriate to record a yield thereon. This modification had no impact on core earnings in 2014 or any prior period. In the second quarter of 2015, the Company modified its definition of core earnings to exclude all deferred taxes, rather than just deferred taxes related to unrealized gains or losses, because the Company believes deferred taxes are not representative of current operations. This modification was applied prospectively due to only immaterial impacts in prior periods. In the fourth quarter of 2015, the Company modified its definition of core earnings to limit accreted interest income on RMBS where the Company receives par upon the exercise of associated call rights based on the estimated value of the underlying collateral, net of related costs including advances. The Company made the modification in order to be able to accrete to the lower of par or the net value of the underlying collateral, in instances where the net value of the underlying collateral is lower than par. The Company believes this amount represents the amount of accretion it would have expected to earn on such bonds had the call rights not been exercised. This modification had no impact on core earnings in prior periods.

Management believes that the adjustments to compute “core earnings” specified above allow investors and analysts to readily identify and track the operating performance of the assets that form the core of the Company’s activity, assist in comparing the core operating results between periods, and enable investors to evaluate the Company’s current core performance using the same measure that management uses to operate the business. Management also utilizes core earnings as a measure in its decision-making process relating to improvements to the underlying fundamental operations of the Company’s investments, as well as the allocation of resources between those investments, and management also relies on core earnings as an indicator of the results of such decisions. Core earnings excludes certain recurring items, such as gains and losses (including impairment as well as derivative activities) and non-capitalized transaction-related expenses, because they are not considered by management to be part of the Company’s core operations for the reasons described herein. As such, core earnings is not intended to reflect all of the Company’s activity and should be considered as only one of the factors used by management in assessing the Company’s performance, along with GAAP net income which is inclusive of all of the Company’s activities.

The primary differences between core earnings and the measure the Company uses to calculate incentive compensation relate to (i) realized gains and losses (including impairments), (ii) non-capitalized transaction-related expenses and (iii) deferred taxes (other than those related to unrealized gains and losses). Each are excluded from core earnings and included in the Company’s incentive compensation measure (either immediately

or through amortization). In addition, the Company's incentive compensation measure does not include accretion on held-for-sale loans and the timing of recognition of income from consumer loans is different. Unlike core earnings, the Company's incentive compensation measure is intended to reflect all realized results of operations. The Gain on Remeasurement of Consumer Loans Investment was treated as an unrealized gain for the purposes of calculating incentive compensation and was therefore excluded from such calculation.

Core earnings does not represent and should not be considered as a substitute for, or superior to, net income or as a substitute for, or superior to, cash flow from operating activities, each as determined in accordance with U.S. GAAP, and our calculation of this measure may not be comparable to similarly entitled measures reported by other companies. Set forth below is a reconciliation of core earnings to the most directly comparable GAAP financial measure (in thousands):

	Three Months Ended December 31,	Three Months Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2016 Low	2016 High	2016 Low	2016 High
Net income attributable to common stockholders	$ 219,694	$ 229,746	$ 498,990	$ 509,042
Impairment	38,297	38,297	87,980	87,980
Other Income adjustments:				
Other Income				
Change in fair value of investments in excess mortgage servicing rights	(17,100)	(17,100)	7,297	7,297
Change in fair value of investments in excess mortgage servicing rights, equity method investees	(7,918)	(7,918)	(16,526)	(16,526)
Change in fair value of investments in servicer advances	12,097	12,097	7,769	7,769
Gain on consumer loans investment	-	-	(9,943)	(9,943)
Gain on remeasurement of consumer loans investment	-	-	(71,250)	(71,250)
(Gain) loss on settlement of investments, net	11,114	11,114	55,404	55,404
Unrealized gain on derivative instruments	(20,882)	(20,882)	(12,378)	(12,378)
Unrealized (gain) loss on other ABS	2,096	2,096	2,322	2,322
Gain on transfer of loans to REO	(3,696)	(3,696)	(18,356)	(18,356)
Gain on Excess MSR recapture agreements	(614)	(614)	(2,802)	(2,802)
Other (income) loss	1,809	1,809	6,842	6,842
Total Other Income Adjustments	(23,094)	(23,094)	(51,621)	(51,621)
Other Income and Impairment attributable to non-controlling interests	(16,333)	(16,333)	(26,303)	(26,303)
Change in fair value of investments in mortgage servicing rights	(104,144)	(104,144)	(104,144)	(104,144)
Non-capitalized transaction related expenses	1,472	1,472	9,493	9,493
Incentive compensation to affiliate	28,997	28,997	42,197	42,197
Deferred taxes	21,650	21,650	34,648	34,648
Interest income on residential mortgage loans, held-for-sale	5,706	5,706	18,356	18,356
Limit on RMBS discount accretion related to called deals	(23,990)	(23,990)	(30,233)	(30,233)
Adjust consumer loans to level yield	(5,071)	(5,071)	7,470	7,470
Core earnings of equity method investees:				
Excess mortgage servicing rights	5,975	5,975	18,206	18,206
Core Earnings	$ 149,159	$ 159,211	$505,039	$515,091
Net Income Per Share of Common Stock, Diluted	$ 0.87	$ 0.91	$ 2.09	$ 2.13
Core Earnings Per Share of Common Stock, Diluted	$ 0.59	$ 0.63	$ 2.12	$ 2.16
Weighted Average Number of Shares of Common Stock Outstanding, Diluted	251,299,730	251,299,730	238,486,772	238,486,772

Reconciliation of estimated preliminary net income to core earnings was calculated across the low and high net income ranges based on the

Company's preliminary estimates of the expected base case differences between net income and core earnings. Similar to the estimated preliminary operating results noted above, our final reconciliation upon completion of our closing procedures may vary from the preliminary estimates.

CAUTIONARY NOTE REGARDING ESTIMATED PRELIMINARY RESULTS

The Company has provided ranges, rather than specific amounts, for the estimated preliminary operating results described above primarily because the Company's closing procedures for the quarter and year ended December 31, 2016 are not yet complete and, as a result, final results upon completion of the closing procedures may vary from the preliminary estimates. These estimates, which are the responsibility of the Company's management, were prepared by management in connection with the preparation of the Company's financial statements and are based upon a number of assumptions. Additional items that may require adjustments to the preliminary financial information may be identified and could result in material changes to the Company's estimated preliminary results.

Estimates of results are inherently uncertain, and the Company undertakes no obligation to update this information. See the sections entitled "Cautionary Statements Regarding Forward Looking Statements," "Risk Factors" and Management's Discussion of Financial Condition and Results of Operations" in the Company's annual and quarterly reports filed with the Securities and Exchange Commission ("SEC"), which are available on the Company's website (**www.newresi.com**) for factors that could impact our actual results of operations. Ernst & Young LLP has not audited, reviewed, compiled or performed any procedures with respect to this preliminary financial information. Accordingly, Ernst & Young LLP does not express an opinion or provide any form of assurance with respect thereto.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain items in this press release, including without limitation statements as to (i) the Company's expectations for closing transactions with Citi and PHH Mortgage Corporation, described above, (ii) the Company's expectations for paying dividends, (iii) the Company's expectations for its cash flow generation and portfolio performance and (iv) management's range of estimated preliminary results of the Company's core earnings and GAAP Net Income for the quarter and full year ended December 31, 2016 constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts. They represent management's current expectations regarding future events and are subject to a number of trends and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those described in the forward-looking statements. Accordingly, you should not place undue reliance on any forward-looking statements contained herein. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the sections entitled "Cautionary Statements Regarding Forward Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition

and Results of Operations" in the Company's annual and quarterly reports filed with the SEC, which are available on the Company's website (**www.newresi.com**). New risks and uncertainties emerge from time to time, and it is not possible for New Residential to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Forward-looking statements contained herein speak only as of the date of this press release, and New Residential expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in New Residential's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

ABOUT NEW RESIDENTIAL

New Residential focuses on opportunistically investing in, and actively managing, investments related to residential real estate. The Company primarily targets investments in mortgage servicing related assets and other related opportunistic investments. New Residential is organized and conducts its operations to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The Company is managed by an affiliate of Fortress Investment Group LLC (NYSE:FIG), a global investment management firm.

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