Countrywide

2006 Fixed Income Investor Forum

February 28, 2006
Forum Agenda

- Industry and CFC Overview – Angelo R. Mozilo, Chairman and CEO
- Financial Review - Eric P. Sieracki, Chief Financial Officer
- Mortgage Banking Overview – Eric P. Sieracki, Chief Financial Officer
- Banking – Jim Furash – President & CEO, Countrywide Bank
- Credit Risk Management – John McMurray, Chief Credit Officer
- Economic Outlook and Servicing Hedge – Jeff Speakes, Chief Economist
- Capital Management and Liquidity – Jennifer Sandefur, Treasurer
- Capital Markets – Grant Couch, Chief Operating Officer - CSC
2006 Fixed Income Investor Forum

Industry and CFC Overview

Angelo R. Mozilo
Chairman & CEO

February 28, 2006
Agenda

- Mortgage Market Review and Outlook
- Update On The GSEs
- Servicing Fee Reduction
- Building Business Diversity
- 2010 Goals
Growth in Mortgages Outstanding Remained Strong In 2005
More Normalized Growth Rates Likely Going Forward

(dollars in trillions)

Year Ended

10% 10-Year CAGR

- Mortgage Debt Outstanding
- Year over Year % Increase

(1) Source: Inside Mortgage Finance
(2) Source: Fannie Mae Economic & Mortgage Market Developments – January 18, 2006
Drivers Of Future Mortgage Demand

- Factors that will continue to drive housing demand:
  - Immigration
  - Expanded mortgage product reach
    - Government-sponsored affordable housing initiatives
    - Mortgage product innovation
  - Land use restrictions
  - Sophisticated supply management by home builders
Industry Mortgage Production - Purchase Market Remains Strong

(dollars in trillions)

Purchase Mortgage
10-Year CAGR = 11%

Source: MBA

- Purchase Volume
- Non-Purchase Volume
- Average Ten Year Treasury Yield
2006 Mortgage Volume Forecast

- Mortgage volumes to be in the $2.2 - $3.2\(^{(1)}\) trillion range:
  - Refinancing activity to slow, but not fall precipitously
  - Fixed-rate demand may increase (depending on shape of Treasury curve)
  - But, ARMs to remain popular (historically low interest rate environment)
  - Strong demand for HELOCs and reverse mortgages

\(^{(1)}\) Company estimates
Record Year for the Non-agency MBS Market

(dollars in millions)

MBS Issuance (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Agency</th>
<th>Non-Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$22%</td>
<td>$78%</td>
</tr>
<tr>
<td>2005</td>
<td>$56%</td>
<td>$44%</td>
</tr>
</tbody>
</table>

Non-Agency MBS Issuance (1)

54% 5-Year CAGR

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Prime</th>
<th>Subprime (2)</th>
<th>Alt A</th>
<th>Seconds</th>
<th>Other (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$136</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>$267</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>$414</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>$586</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>$864</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>$1,191</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) – Source: Inside MBS & ABS
(2) – Includes: Scratch & Dent, Re-MBS and other
Deep Private Label RMBS Demand Supported by Strong Performance

*Upgrades Outnumber Downgrades*

- Non-US investors becoming large buyers of US$ MBS
  - Increased holdings by 43% in 2005
  - Holdings account for 8% of $5 trillion mortgage securities market
  - Substantial demand from Asia
- Rating trends have been positive for several years
- S&P reported 17,674 RMBS credit classes outstanding at the beginning of 2005
  - 91% maintained their credit rating
  - 8% received upgrades; 1% were downgraded
- Moody’s revised its ratings on 457 transactions in 2005
  - 376 ratings (or 82%) were upgrades

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(1) Source: *Inside MBS & ABS*
(2) Source – Standard and Poor’s
(3) Source – Moody’s Investors Service
Update On The GSEs

- **Capitalization**
  - OFHEO reported both Fannie and Freddie exceeded their core capital and risk-based capital requirements as of September 30, 2005

- **Reform Legislation**
  - H.R. 1461 approved by the House in October 2005
  - S. 190 stalled in Senate as more pressing issues have taken priority
    - A vote on S. 190 likely in late 2006

*Comparison of the House and Senate Bills’ Major Provisions*

<table>
<thead>
<tr>
<th></th>
<th>H.R. 1461</th>
<th>S. 190</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Regulator</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Portfolio Size</td>
<td>Periodic regulatory review</td>
<td>Limits per new regulator’s criteria</td>
</tr>
<tr>
<td>New Programs</td>
<td>Regulatory approval</td>
<td>Regulatory approval</td>
</tr>
<tr>
<td>Affordable housing fund</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Capital Requirements</td>
<td>Subject to new regulatory guidelines</td>
<td>Subject to new regulatory guidelines</td>
</tr>
<tr>
<td>Conforming Loan Limits</td>
<td>Adjustments for high cost areas</td>
<td>No adjustment</td>
</tr>
</tbody>
</table>

- **Fannie Mae Restatement**
  - Fannie Mae will not provide restated results for 2001 – 2004 until Q2 2006
    - No timetable was given for subsequent periods

Source: Inside Mortgage Finance
Argument For the Reduction Of The Minimum Servicing Fee
Argument for Reduction of the Minimum Servicing Fee Requirement

Minimum servicing requirement and cost of servicing have fallen out of synch over the past 20 years

Historical Average Loan Balance, Servicing Cost and Minimum Servicing Fee in Dollars

Historical Difference Between Servicing Cost and Minimum Servicing Fee in Dollars

(1) Cost to service calculated for calendar year for 2003 and 2004. All previous years reflect fiscal year servicing costs.

Source: Countrywide Home Loans
Impact of Lower Required Minimum Servicing Fees

- Lowering minimum required servicing fees to 12.5 bps would:
  - Reduce MSR asset and provide capital relief
  - Decrease hedging costs
  - Improve accounting transparency as the MSR asset declines in significance
  - Lessens MSR-related earnings volatility (fair value accounting considerations aside)
  - Allow large servicers to benefit from scale efficiencies

- Rating agencies see change as a credit positive for originators
  - Little impact on quality of servicing or MBS liquidity
Benefits of Lower Required Minimum Servicing Fees are Broad-based

*Reduced servicing builds a solid foundation for sustainable industry growth*

- Better align fees with trends in servicing costs
- Position industry to accommodate housing growth
- Reduce consumer borrowing costs
- Enable servicers to deploy capital effectively
Evolution Of The Business Model - Consolidated Pre-tax Earnings

1995

$326 Million

96% 4%

2000

$586 Million

80% 20%

2005

$4.1 Billion

59% 15% 26%

Mortgage Banking

Other Businesses
(Capital Markets, Insurance & Global)

Banking

(1) Fiscal year ended February 29, 1996
(2) Fiscal year ended February 28, 2001
Diverse Production Channels:

- 16,000+ sales force
- Joint Ventures
  - Home builders & realtors
- Strategic Business Alliances
  - Relocation companies
- Underserved Markets
  - House America
- Opportunistic M&A

CFC Purchase Originations
(billions of dollars)

Year Ended

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2000</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$48</td>
<td>$86</td>
<td>$130</td>
<td>$176</td>
<td>$232</td>
</tr>
</tbody>
</table>
Evolution of the Business Model - Loan Servicing

Loan Servicing

- Continued growth is key to long-term balance of CFC’s business model
  - Hedge to cyclical mortgage origination activity – earnings stability
  - Customer relationship provides significant value that is not captured in GAAP valuations of MSRs
    - Portfolio retention and cross-sell activities
  - Escrow Balances provide stable, low-cost deposit funding

Servicing Portfolio and Revenue

(1) For the 10-month period ended December 31, 2001
(2) Includes Servicing fees, net of guarantee fees, miscellaneous fees and escrow balance income
Countrywide Bank Net Interest Income 2000 through 2005

Banking

- Leverage CHL infrastructure for asset generation and deposit gathering
- Optimize best execution
  - Spread income provides annuity-like earnings that increase as rates rise
  - Low cost strategy and depth of target market provide long-term viability to price leader model
  - Leverages servicing data to generate additional revenue opportunities

Interest Income Growth

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Interest Expense</th>
<th>Interest Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-01</td>
<td>$11</td>
<td>$17</td>
</tr>
<tr>
<td>Dec-02</td>
<td>$63</td>
<td>$68</td>
</tr>
<tr>
<td>Dec-03</td>
<td>$233</td>
<td>$504</td>
</tr>
<tr>
<td>Dec-04</td>
<td>$597</td>
<td>$1,301</td>
</tr>
<tr>
<td>Dec-05</td>
<td>$1,281</td>
<td>$1,939</td>
</tr>
</tbody>
</table>

(1) Bank acquired in May 2001 – For period May to December 31, 2001
(2) Before provision for loan losses
Evolution Of The Business Model - 2010 Goals
(See Disclaimer At End Of Presentation)

In 2005, CFC achieved...

- Production market share of 15.7% \(^{(1)}\)
- Servicing market share of 12.1% \(^{(1)}\)
- Bank assets of $73 billion

2010 goals include...

- Production market share to approach 30%
- Servicing market share to approach 20%
- Bank assets to approach $250 billion

Will not sacrifice profitability to reach 2010 goals

\(^{(1)}\) Market share source: Inside Mortgage Finance
Countrywide

2006 Fixed Income Investor Forum

Industry and CFC Overview

Angelo R. Mozilo
Chairman & CEO

February 28, 2006
Countrywide

2006 Fixed Income Investor Forum

Financial Review

Eric P. Sieracki
Executive MD & Chief Financial Officer

February 28, 2006
Financial Review Agenda

- 2005 Operational and Financial Highlights
- 2006 Guidance
2005 Operational and Financial Highlights
COUNTRYWIDE FINANCIAL CORPORATION

CFC's Major Subsidiaries (1)

Countrywide
Financial
Corporation
A3/A/A

- Bank Holding Company
- Regulator
  - Federal Reserve Board
- Assets - $175bn (2)
- Equity - $13bn

Countrywide Home Loans
A3/A/A

- Regulator
  - State Agencies
  - HUD
- Consumer Mortgage Lending Laws
- Mortgage Banking Segment (2)
  - Assets - $51bn
  - Equity - $6bn

Countrywide Financial
Holding Company, Inc.

- Regulator
  - OCC
- "Well Capitalized"
- Countrywide Bank
  - Assets - $73bn
  - Equity - $5.3bn

Effinity Financial Corp.

Countrywide Capital Markets

- Regulator of subsidiaries
  - SEC/NASD
  - FSA
  - MOF
- Capital Markets Segment (2)
  - Assets - $44bn
  - Equity - $1bn

Balboa Insurance Group

- Regulator of subsidiaries
  - State Insurance Commissioner
- Rating
  - "A" AM Best
- Insurance Segment Assets (2)
  - Assets - $2bn
  - Equity - $0.4bn

(1) Functional description for illustrative purposes only; may not match legal description
(2) As of December 31, 2005 - For segment balance sheet detail please refer to slide 153 of this presentation
Operational Highlights - Full Year 2005 Review

(dollars in billions)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgage Banking</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td></td>
</tr>
<tr>
<td>Loan Fundings&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$ 435</td>
</tr>
<tr>
<td>Market Share&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>11.0%</td>
</tr>
<tr>
<td>Loan Pipeline</td>
<td>$ 33</td>
</tr>
<tr>
<td><strong>Servicing</strong></td>
<td></td>
</tr>
<tr>
<td>Loan Portfolio</td>
<td>$ 645</td>
</tr>
<tr>
<td>Market Share&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes production from Countrywide Bank and Capital Markets

<sup>(2)</sup> Market share source: Inside Mortgage Finance

Numbers may not be exact due to rounding
**Operational Highlights - Full Year 2005 Review**

(dollars in billions, except as noted)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended</th>
<th>% Δ '05 v. '04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Businesses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Countrywide Bank</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Bank Assets</td>
<td>$ 19</td>
<td>$ 41</td>
</tr>
<tr>
<td>Bank Loan Portfolio</td>
<td>$ 15</td>
<td>$ 34</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$ 9</td>
<td>$ 20</td>
</tr>
<tr>
<td><strong>Capital Markets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Trading Volume</td>
<td>$ 2,859</td>
<td>$ 3,127</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Premiums Earned ($ in millions)</td>
<td>$ 733</td>
<td>$ 783</td>
</tr>
<tr>
<td>Hurricane Loss Provisions ($ in millions)</td>
<td>$4</td>
<td>$68</td>
</tr>
</tbody>
</table>

Numbers may not be exact due to rounding
Financial Highlights - Full Year 2005 Review

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Earnings ($ in millions)</strong></td>
<td>$ 2,373</td>
<td>$ 2,198</td>
<td>$ 2,528</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Earnings Per Diluted Share</strong></td>
<td>$ 4.18</td>
<td>$ 3.63</td>
<td>$ 4.11</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Annualized Return on Average Equity</strong></td>
<td>36%</td>
<td>24%</td>
<td>22%</td>
<td>-8%</td>
</tr>
</tbody>
</table>

Numbers may not be exact due to rounding
Business Segment Pre-tax Earnings – 2000 to 2005 Comparison

(dollars in millions)

2000 Pre-tax Earnings\(^{(1)}\)
$586 Million in Earnings

- $74
- $467
- $43

2005 Pre-tax Earnings
$4.1 Billion in Earnings

- $3
- $184
- $452
- $2,435
- $1,074

(1) – 12 months ended February 28, 2001
Numbers may not be exact due to rounding
2006 Earnings Guidance (1)
(See Disclaimer at End of Presentation)

- CFC Consolidated Earnings
  - Diluted EPS of $3.80 to $4.80

- Market
  - Mortgage originations of $2.2 trillion to $3.2 trillion
  - 10-Year average Treasury rates of 4.0% to 5.0%

- CFC segments
  - Mortgage Banking
    - Pre-tax earnings of $1.85 billion to $2.55 billion
  - Other Business Segments (Banking, Capital Markets, Insurance, Global Operations)
    - Pre-tax earnings of $2.05 billion to $2.35 billion

---

(1) Risk factors include: level and direction of interest rates; volatility of interest rates [MSR net recovery (Impairment) might not be offset in same period by macro hedge]. Price competition (could affect level of production margins, market share or both). Other factors including, but not limited to those listed in CFC's SEC filings and the disclaimer at the end of this presentation.
2006 Earnings Guidance \(^{(1)}\)

*Production & Servicing Detail*

(See Disclaimer at End of Presentation)

- **Production**
  - Average market share of 18% to 18.5% \(^{(2)}\)
  - Funding volume of $400 billion to $600 billion \(^{(2)}\)
  - Pre-tax margin of 15 bps to 40 bps \(^{(3)}\)

- **Servicing**
  - Average servicing portfolio of $1.2 trillion to $1.3 trillion \(^{(4)}\)
  - Net pre-tax margin of 1 bps to 10 bps

---

\(^{(1)}\) Risk factors include: level and direction of interest rates; volatility of interest rates; MSR net recovery (impairment) might not be offset in same period by macro hedge; Price competition (could affect level of production margins, market share or both); Other factors including, but not limited to those listed in CFC's SEC filings and the disclaimer at the end of this presentation.

\(^{(2)}\) Includes production from the Mortgage Banking and Capital Markets segments and Countrywide Bank.

\(^{(3)}\) Excludes pre-tax earnings from Capital Markets and is based on total loans funded.

\(^{(4)}\) Total portfolio, including inventory, Bank portfolio and subservicing; average is computed as an average of the monthly average balances.
Countrywide

2006 Fixed Income Investor Forum

Financial Review

Eric P. Sieracki
Executive MD & Chief Financial Officer

February 28, 2006
Countrywide

2006 Fixed Income
Investor Forum

Mortgage Banking Review

Eric P. Sieracki
Executive MD & Chief Financial Officer

February 28, 2006
Mortgage Banking Review Agenda

- Operational Review
  - Production
  - Servicing

- Financial Review
  - MSR Valuation Metrics
  - Margin Analysis
  - Cash Economics of Production and Servicing

- Industry Topics
  - Fair Value Accounting for MSRs
  - New conforming loan limits
  - Nonprime CDS
Substantial Market Share Gains in 2005

2005 Top Originators

<table>
<thead>
<tr>
<th>Institution</th>
<th>$ Billions</th>
<th>Market Share</th>
<th>1-Yr. Share Point Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Countrywide</td>
<td>491</td>
<td>15.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>2 Wells Fargo</td>
<td>392</td>
<td>12.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>3 Washington Mutual</td>
<td>249</td>
<td>8.0%</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>4 Chase</td>
<td>183</td>
<td>5.9%</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>5 Bank of America</td>
<td>159</td>
<td>5.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>6 CitiMortgage</td>
<td>124</td>
<td>4.0%</td>
<td>0.4%</td>
</tr>
<tr>
<td>7 GMAC RHC</td>
<td>92</td>
<td>2.9%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>8 Ameriquest</td>
<td>80</td>
<td>2.6%</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>9 GMAC-RFC</td>
<td>64</td>
<td>2.1%</td>
<td>0.5%</td>
</tr>
<tr>
<td>10 Indy Mac</td>
<td>61</td>
<td>1.9%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Top 10 Total</strong></td>
<td><strong>1,895</strong></td>
<td><strong>61%</strong></td>
<td><strong>5.4%</strong></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td><strong>1,225</strong></td>
<td><strong>39%</strong></td>
<td><strong>(5.4%)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,120</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Inside Mortgage Finance

- **By loan type**
  - #1 Purchase lender
  - #1 Refinance lender

- **By mortgage product**
  - #1 ARM lender
  - #1 Conforming lender
  - #1 Jumbo lender
  - #1 Alt-A lender
  - #3 Subprime lender
  - #4 Home Equity lender

- **By channel**
  - #1 Correspondent
  - #1 Wholesale
  - #2 Retail
Organic Growth Has Empowered Production Market Share Growth

(dollars in billions)

CFC Residential Mortgage Loan Production & Market Share Growth

Year Ended
- Purchase
- Refinance
- Market Share

Market share source: Inside Mortgage Finance
Growth Driven By Salesforce & Branch Expansion

**CFC Production Sales Force**

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Ended</td>
<td>2,624</td>
<td>3,952</td>
<td>6,090</td>
<td>8,681</td>
<td>12,833</td>
<td>16,641</td>
</tr>
</tbody>
</table>

**CFC Retail Branch Network**

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Ended</td>
<td>412</td>
<td>423</td>
<td>480</td>
<td>563</td>
<td>737</td>
<td>857</td>
</tr>
</tbody>
</table>
Leader in Servicing - Well Positioned for a Rising Rate Environment

2005 Top Servicers

<table>
<thead>
<tr>
<th>Institution</th>
<th>$ Billions</th>
<th>Market Share</th>
<th>1-Yr. Share Point Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Countrywide</td>
<td>$1,111</td>
<td>12.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2  Wells Fargo</td>
<td>1,005</td>
<td>11.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>3  Washington Mutual</td>
<td>747</td>
<td>8.2%</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>4  Chase</td>
<td>604</td>
<td>6.6%</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>5  CitiMortgage</td>
<td>403</td>
<td>4.4%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>6  Bank of America</td>
<td>368</td>
<td>4.0%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>7  GMAC RHC</td>
<td>289</td>
<td>3.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>8  ABN AMRO</td>
<td>206</td>
<td>2.3%</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>9  National City</td>
<td>170</td>
<td>1.9%</td>
<td>(0.2%)</td>
</tr>
<tr>
<td>10 PHH Mortgage</td>
<td>155</td>
<td>1.7%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td><strong>Top 10 Total</strong></td>
<td><strong>5,058</strong></td>
<td><strong>55%</strong></td>
<td><strong>1.0%</strong></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td><strong>4,094</strong></td>
<td><strong>45%</strong></td>
<td><strong>(1.0%)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,152</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Inside Mortgage Finance
Servicing Portfolio Counterbalances Originations & Provides Lead Generation

(dollars in billions)

Servicing Portfolio & Market Share Growth

31% 5-Year CAGR

Year Ended

2000 2001 2002 2003 2004 2005

$285 $337 $452 $645 $838 $1,111

5.6% 6.0% 7.2% 9.2% 10.5% 12.1%

Market share source: Inside Mortgage Finance
Conservative MSR Valuation

MSR Capitalization Rate & Multiple

Year Ended

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>MSR Cap Rate</th>
<th>MSR Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000*</td>
<td>2.15%</td>
<td>5.8x</td>
</tr>
<tr>
<td>2001</td>
<td>1.94%</td>
<td>4.9x</td>
</tr>
<tr>
<td>2002</td>
<td>1.28%</td>
<td>3.4x</td>
</tr>
<tr>
<td>2003</td>
<td>1.18%</td>
<td>3.6x</td>
</tr>
<tr>
<td>2004</td>
<td>1.15%</td>
<td>3.4x</td>
</tr>
<tr>
<td>2005</td>
<td>1.29%</td>
<td>3.7x</td>
</tr>
</tbody>
</table>

* MSR cap rate and multiple as of November 30, 2000;
Multiple is the MSR cap rate divided by the weighted average servicing fee for the entire servicing portfolio.
## Value of MSR Asset Will Increase As Interest Rates Rise

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>Feb-01</th>
<th>Dec-01</th>
<th>Dec-02</th>
<th>Dec-03</th>
<th>Dec-04</th>
<th>Dec-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSR</td>
<td>$ 5,768</td>
<td>$ 6,116</td>
<td>$ 5,385</td>
<td>$ 6,864</td>
<td>$ 8,730</td>
<td>$12,611</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>1,702</td>
<td>1,733</td>
<td>1,885</td>
<td>2,190</td>
<td>2,723</td>
<td>4,175</td>
</tr>
<tr>
<td>Tax-Adjusted MSR</td>
<td>$ 4,066</td>
<td>$ 4,383</td>
<td>$ 3,500</td>
<td>$ 4,673</td>
<td>$ 6,007</td>
<td>$ 8,435</td>
</tr>
<tr>
<td>Shareholders Equity</td>
<td>$ 3,559</td>
<td>$ 4,088</td>
<td>$ 5,161</td>
<td>$ 8,085</td>
<td>$10,310</td>
<td>$12,816</td>
</tr>
<tr>
<td>Tax-Adjusted MSR to equity</td>
<td>1.14x</td>
<td>1.07x</td>
<td>0.68x</td>
<td>0.58x</td>
<td>0.58x</td>
<td>0.66x</td>
</tr>
<tr>
<td>Average 10-year Treasury Yield</td>
<td>5.80%</td>
<td>5.02%</td>
<td>4.61%</td>
<td>4.01%</td>
<td>4.27%</td>
<td>4.29%</td>
</tr>
</tbody>
</table>
The FASB issued an exposure draft to allow companies to elect accounting for MSRs on a fair value basis (FAS-156)

- Issuance expected in March 2006
- One time voluntary election

If adopted by Countrywide, would be applied retroactively to January 1, 2006

- $110 million of MSR in excess of carrying value would be recognized
- Recognition through equity

Pro’s
- Amortization no longer applicable
- Simpler and less costly to hedge MSR asset
- Accounting would more accurately reflect underlying value

Con’s
- Potential for greater earnings volatility
- Reduces peer comparability

(1) As of December 31, 2005
Production & Servicing Pre-tax Earnings

Year Ended

- Net Production & Servicing
- Servicing Margin
- Production Margin

(1) For the fiscal year ended February 28, 2001
(2) For the ten months ended December 2001
Countrywide

2006 Fixed Income
Investor Forum

Mortgage Banking Review

Eric P. Sieracki
Executive MD & Chief Financial Officer

February 28, 2006
2006 Fixed Income Investor Forum

Mortgage Banking Review

Jim Furash
President, CEO Countrywide Bank

February 28, 2006
Countrywide Bank - Overview

- **Meaningful 2005 Operating Results**
  - $1B in pre-tax earnings and $73B in total assets
  - The Bank realized the 6th best efficiency ratio in the industry
- **The 4th fastest-growing deposit franchise in dollars**
  - Countrywide Bank Financial Centers break even in 6 months
  - Average annual deposit production of $100M per financial center vs. industry average of $5-7M (1)
  - 87 Financial Centers (FC) in 27 markets
- **Financial capacity to support CFC**
  - Enhances mortgage market dominance by allowing CFC to extract the full value available from investing in mortgages
  - Allows CHL to originate under federal preemption loans with prepayment penalties in 13 states
  - Strengthens funding and liquidity through additional sources and FDIC scale
  - Achieved ratings comparable to CFC from S&P, Fitch and Moody's
- **Operational capacity to scale**
  - Implemented state-of-the-art Deposit System and General Ledger
  - Implemented scorecards and automated underwriting, and built competency in portfolio management
  - Maintains an excellent regulatory relationship that allows us to pursue our growth plans
  - Adding management strength ahead of growth

Agenda

- Management Team
- Financial Performance
- Funding and Liquidity
- Portfolio Strategy
Countrywide Bank Management Team

*Broad Industry Experience Leading the Bank's Rapid Growth*

Carlos Garcia, EMD, Chairman Banking & Insurance

Jim Furash, President, CEO Countrywide Bank

---

### Financial & Risk Management

- **Mike Muir**, MD, Chief Financial Officer
  - Countrywide Home Loans

- **Cliff Rossi**, EVP, Chief Risk Officer
  - FHLMC, FNMA, OTS

- **Craig Haselow**, EVP, Treasurer & CIO
  - Great Western Bank, FSB

- **Garman Turner**, EVP, Chief Accounting Officer
  - FINOVA Capital Corporation
  - Glendale Federal Bank

- **Ray Hawkins**, EVP, Interest Rate Risk
  - Bank of America

- **Don White**, EVP, Portfolio Management
  - Chevy Chase Bank

- **Kaye Feller**, EVP, Credit Risk Management
  - Countrywide Home Loans

- **Susan Williams**, SVP, Liquidity Manager
  - Citigroup
  - Associates First Capital Corp

### Deposits & Lending

- **Tim Wenness**, MD, Chief Operating Officer
  - Wells Fargo Bank, NA

- **Pierre Habia**, EVP, Retail Banking
  - First Federal Bank of California
  - Wells Fargo Bank, NA

- **Bruce Steckel**, EVP, Commercial Banking
  - Union Bank of California

- **Dave Walker**, EVP, Lending
  - Countrywide Home Loans
  - Citibank, NA

- **Marito Domingo**, EVP, Finance & Strategy
  - Washington Mutual Bank

- **Mark Suter**, EVP, Diversified Lending
  - Monument Financial Group

- **Greg Jackson**, EVP, Construction Lending
  - Guaranty Bank

### Operations & Governance

- **Janet Matticcianni**, EVP, Chief Strategy Officer
  - Capital One, McKinsey & Co.

- **Richard Silva**, EVP, Chief Risk Oversight Officer
  - Bank of America

- **Dean Laslak**, MD, Operations Risk Management
  - Washington Mutual Bank

- **Holly Holland**, EVP, Document Custody
  - PriceWaterhouseCoopers

- **Paul Dietch**, EVP, Operations and Technology
  - KPMG
  - Bank of America

- **Alex Heu**, EVP, CIO
  - Bank of America

- **Dale Ruby**, EVP, Operations and Technology - New Business Initiatives
  - Washington Mutual
Agenda

- Management Team
- Financial Performance
- Funding and Liquidity
- Portfolio Strategy
## Continued Bank Balance Sheet Growth

### Countrywide Bank Balance Sheet (dollars in billions)

<table>
<thead>
<tr>
<th>Period Ended</th>
<th>Other Assets</th>
<th>Investments</th>
<th>Loans Held for Investment, Net</th>
<th>Deposits</th>
<th>Borrowings</th>
<th>Other Liabilities</th>
<th>Shareholders Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-04</td>
<td>$51.1</td>
<td>$65.4</td>
<td>$78% growth rate</td>
<td>$41.0</td>
<td>$71.0</td>
<td>$1.1</td>
<td>$1.1</td>
</tr>
<tr>
<td>Mar-05</td>
<td>$1.7</td>
<td>$7.7</td>
<td>$7.5</td>
<td>$5.6</td>
<td>$56.6</td>
<td>$64.4</td>
<td>$1.1</td>
</tr>
<tr>
<td>Jun-05</td>
<td>$42.4</td>
<td>$56.6</td>
<td>$61.7</td>
<td>$34.2</td>
<td>$30.6</td>
<td>$37.9</td>
<td>$6.1</td>
</tr>
<tr>
<td>Sep-05</td>
<td>$21.1</td>
<td>$30.2</td>
<td>$30.2</td>
<td>$25.7</td>
<td>$30.2</td>
<td>$27.3</td>
<td>$5.0</td>
</tr>
<tr>
<td>Dec-05</td>
<td>$17.3</td>
<td>$3.3</td>
<td>$3.3</td>
<td>$17.3</td>
<td>$27.6</td>
<td>$27.6</td>
<td>$5.3</td>
</tr>
</tbody>
</table>

*1 Bank only, excludes mortgage banking and warehouse lending.*
Growing Portfolio Earnings

Pre-tax Earnings (1)
(dollars in millions)

Year Ended

2001* 2002 2003 2004 2005

$0.5 $53 $229 $534 $1,017

(1) Excludes warehouse lending and allocated corporate expenses
* Countrywide Bank was purchased in May 2001
Countrywide Bank has a unique, scalable business model

- **Asset-generation synergies**
  - Utilize CHL's loan origination network to source mortgage loans

- **Funding synergies**
  - Use escrow deposits from servicing operation as key element of low cost funding strategy
  - Capitalize upon existing CHL retail mortgage bank locations to gather consumer deposits

- **Returns to the consolidated company**
  - Empowers company to stabilize earnings growth by optimizing loan execution
  - Facilitates growing stream of net interest income
  - Provides CFC with a broader product menu
The Bank's Business Model Continues to Produce Strong Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady-state Interest Margin</td>
<td>2.58%</td>
<td>2.53%</td>
<td>2.51%</td>
<td>2.55%</td>
<td>2.58%</td>
</tr>
<tr>
<td>Interest Rate Lag Effect</td>
<td>0.09%</td>
<td>0.14%</td>
<td>0.18%</td>
<td>0.28%</td>
<td>0.31%</td>
</tr>
<tr>
<td>Teaser Rate Effect</td>
<td>0.06%</td>
<td>0.12%</td>
<td>0.25%</td>
<td>0.27%</td>
<td>0.16%</td>
</tr>
<tr>
<td>Net Interest Margin (GAAP)</td>
<td>2.43%</td>
<td>2.27%</td>
<td>2.08%</td>
<td>2.00%</td>
<td>2.11%</td>
</tr>
<tr>
<td>Provision and Mortgage Insurance</td>
<td>0.13%</td>
<td>0.11%</td>
<td>0.18%</td>
<td>0.29%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Net Operating Expense</td>
<td>0.33%</td>
<td>0.30%</td>
<td>0.26%</td>
<td>0.23%</td>
<td>0.25%</td>
</tr>
<tr>
<td>ROA</td>
<td>1.12%</td>
<td>1.12%</td>
<td>0.99%</td>
<td>0.88%</td>
<td>1.10%</td>
</tr>
<tr>
<td>ROE</td>
<td>16.3%</td>
<td>16.3%</td>
<td>16.0%</td>
<td>14.5%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

1) Bank only, excludes warehouse lending  
2) Calculated as percentage of interest-earning assets
Benefits of the Bank to CFC

- **Strengthens Funding and Liquidity (Stability and Security)**
  - Additional Sources
    - FHLB Advances
    - Bank Notes
    - Fed Funds
  - FDIC Scale Advantage
- **Enhances Mortgage Market Dominance**
  - Funding Stability
  - Efficient Vehicle to Manage Credit Risk
- **Increases Shareholder Value**
  - Improves Earnings Mix
  - Increases Balance Sheet Scale
- **Provides Incremental Earnings**
  - COF Advantage
  - Improved Leverage
  - Synergistic Businesses
- **Improves Franchise Value**
  - Broadens Consumer Brand
  - Loyal and Profitable Deposit Franchise
  - Customer and Product Synergies
  - Federal Preemption Operating Efficiencies
  - Regulatory Oversight
- **Grows Tangible Balance Sheet**
  (reduces significance of MSR Asset)
Benefits of CFC to the Bank

- Origination Channels
  - Source of Assets
  - Financial Center Locations

- Servicing Portfolio
  - Escrow Deposits
  - Cross Sell Opportunities
  - Mortgage Performance Data

- Capital
  - Capital Assurance and Liquidity Maintenance Agreement

- Intellectual Capital
  - Systems
  - Ongoing effort to not “re-invent the wheel”
  - Oversight
Agenda

- Management Team
- Financial Performance
- Funding and Liquidity
- Portfolio Strategy
Liability Strategy

- Provide attractive all-in cost of funds
  - Develop low cost scalable deposit franchise
  - Leverage wholesale borrowing sources

- Focus on scalable sources
  - Requiring simple delivery and processing
  - Leveraging the C&I infrastructure
  - Brand to scale a highly efficient operating model

- Deposit Value Proposition
  - Retail (Senior Savings Market, Small Business Owners/ Principals)
    - Rates, Access, Customer Experience
  - Commercial (Mortgage Company and Title Industry Escrow Deposits)
    - Service, Relationship
  - Wholesale (FHLB, Money and Capital Markets)
    - Credit Strength, Asset Quality
The Bank continues to expand its Deposit Franchise

- Growing consumer deposits via
  - Geographic expansion
  - Product expansion
  - Distribution efficiencies
- Continuing to rollout a commercial product suite
- Growing escrow balances driven by CFC’s loan servicing portfolio

![Deposit Portfolio Diagram]

(1) Consumer deposits include retail MMID, retail CD and brokered CD
The Retail Deposit Franchise has ample room to grow and support CFC

- Presence in only 27 markets and 10% of Countrywide retail mortgage offices
- Targeting the largest and fastest growing segment of the deposit market – CDs and Savings deposits
- The deposit level of our typical FC surpasses that of a mature, traditional industry average bank branch in just over one year, and exceeds $300 million within four years
- Future FC expansion will help drive QMD branch growth in new markets, resulting in increased efficiency for CFC

Average Balances of FC locations over Time
(dollars in millions)

<table>
<thead>
<tr>
<th>Months Open</th>
<th>0-6</th>
<th>6-12</th>
<th>12-18</th>
<th>18-24</th>
<th>24-30</th>
<th>30-36</th>
<th>36+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22</td>
<td>59</td>
<td>83</td>
<td>123</td>
<td>187</td>
<td>210</td>
<td>308</td>
</tr>
</tbody>
</table>

Industry Deposit Balances
(dollars in billions)

- Time & Savings: CAGR=6.6%
- Checkable Deposits: CAGR=6.1%

* Source: Federal Reserve Flow of Funds
Commercial Deposits

- Focused on large, scalable market opportunities where the Bank has a competitive advantage

- The Bank currently holds 1031 balances from Title and Escrow companies, which are stable and will continue to grow as this business matures
  - Title Industry Deposit Market: $70 billion
  - Cost: Sub-LIBOR

- The Bank is developing back office processing infrastructure to provide expanded products and services to Title and Escrow companies, CHL, and other industries in order to attract low-cost operating deposits
  - Cash Management
  - Positive Pay
  - Remote Cashiers Check
Liability Plan – FHLB Advances and Borrowings

- The Bank is a member of the FHLB-Atlanta and is authorized to borrow up to 50% of total assets from the FHLB
- As of Dec 31, approximately 50% of advances are fixed rate
- Future Capital Markets borrowings will include FHLB Advances and Repos
- Capital markets borrowings, in the form of repurchase agreements and Fed Funds, are used in part to smooth intra-month volatility associated with escrow balances

Repos used to smooth out escrow balance volatility
(Balances are illustrative only)
Interest Rate Risk

Gap analysis shows assets and liabilities to be also well matched in the +/-100bps scenarios, indicator of the Bank's ability to perform well in a wide range of interest rate environments.

Asset / Liability Duration Matching
(dollars in billions)

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1Yr</td>
<td>70%</td>
<td>73%</td>
</tr>
<tr>
<td>1-3Yr</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>&gt;3Yr</td>
<td>14%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Data as of 12/31/05. Percentages of total assets/liabilities

(1) Bank only, excludes warehouse lending
Agenda

- Management Team
- Financial Performance
- Funding and Liquidity
- Portfolio Strategy
Expanding high quality, short-duration portfolio of assets

- Bank assets are dominated by mortgage loans originated through CHL.
- Mortgage assets enjoy deep, liquid secondary markets.
- Credit risk of residential mortgages is low relative to other asset classes.
- Bank focus is on areas of core competencies

**Loan Portfolio**
(dollars in billions)

- Fixed Rate (1st & 2nd) $14.5
- Hybrids & Other ARMs $33.9
- Pay-Option ARMs $19.0
- HELOCs $11.3
- Total Loan Portfolio $63.4

<table>
<thead>
<tr>
<th></th>
<th>Period Ended Dec. 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance</td>
</tr>
<tr>
<td>HELOCs</td>
<td>$11.3</td>
</tr>
<tr>
<td>Pay-Option</td>
<td>$26.1</td>
</tr>
<tr>
<td>Hybrids &amp; Other ARMs</td>
<td>$19.0</td>
</tr>
<tr>
<td>Fixed Rate (1st &amp; 2nd)</td>
<td>$7.0</td>
</tr>
<tr>
<td>Total Loan Portfolio</td>
<td>$63.4</td>
</tr>
</tbody>
</table>

Loan portfolio is based on the unpaid principal balance, excluding deferred costs, loan loss reserves and loans held for sale.
Credit Risk Management is a core competency

- The Bank has developed a critical portfolio capability – a competing risk loan level mortgage cash flow simulation model with the following features:
  - Ability to mark-to-model the entire Bank and CFC Held for Sale portfolio under hundreds of economic scenarios for determining expected and unexpected loss
  - Joint assessment of credit and interest rate risk to provide a more accurate portrayal of risk interactions than independent credit and prepayment models
  - Model captures multiple states of delinquency for an individual loan or pool which for portfolio management is essential to understanding the time profile of default and prepayment and their effect on value

- Portfolio management applications:
  - Periodic mark-to-model (interest rate, credit VaR integrated)
  - Risk-based pricing
  - Probabilistic reserve calculations
  - Pricing credit enhancements
  - Economic capital, RAROC and EVA modeling
  - Probabilistic loss/delinquency forecasting
Portfolio Management

- **Surveillance and Reporting**
  - Regular, detailed standardized reporting performed to understand and dissect portfolio and funding performance trends
  - Continuous improvement of delinquency and loss forecasting capabilities
  - Employing a state-of-the-art portfolio valuation engine that simulates the movement of home prices and interest rates and their effect of prepayment, loss, and mortgage value

- **Quarterly FICO Rescoring and CLTV Mark-to-Market Analysis**
  - Updated FICOs and CLTVs provide insight on the health of the underlying portfolio and can be used for such activities as risk-based account management
  - Latest FICO results for Q3’05 indicate portfolio FICOs\(^{(1)}\) improved by 2 points and CLTVs declined by 11 points as compared to their values at origination

---

\(^{(1)}\) Loans older than 6 months. FICO scores for Loans less than 6 months old remain relatively constant.
Scoring and Underwriting Enhancements

- **Application Scorecard Development**
  - Deployment of 2 new statistically-based scorecards into CLUEs
    - 1st lien scorecard achieved significant improvement in predictiveness over existing model
    - Empirically-based 2nd lien scorecard replaces existing rules-based approach
  - Improved predictiveness allows Bank to support CFC production initiatives without undermining credit quality

- **Guideline Alignment and Consolidation**
  - Close collaboration with CFC to simplify and clarify underwriting guidelines and exception process
  - Risk-return quantification coupled with underwriting expertise allowed CFC and the Bank to enhanced guidelines consistent with target risk-adjusted returns
Bank Credit Reserves
(dollars in millions)

<table>
<thead>
<tr>
<th>Countrywide Bank</th>
<th>Three Months Ended or at Period End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve</td>
<td>$ 49</td>
</tr>
<tr>
<td>Total Bank loan portfolio, UPB</td>
<td>$ 33,855</td>
</tr>
<tr>
<td>Reserve</td>
<td>0.14%</td>
</tr>
<tr>
<td>Non-performing loans</td>
<td>0.06%</td>
</tr>
<tr>
<td>Loan loss provision</td>
<td>0.10%</td>
</tr>
<tr>
<td>Net charge-offs</td>
<td>0.002%</td>
</tr>
</tbody>
</table>

(1) Bank only, excludes warehouse lending
(2) UPB excluding deferral and loan loss reserves
(3) As a percentage of total portfolio
(4) As a percentage of average portfolio, annualized
## Bank Pay-Option Loan Portfolio

(dollars in millions)

<table>
<thead>
<tr>
<th>Bank pay-option portfolio:</th>
<th>At Period End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans with negative amortization:</td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>$33</td>
</tr>
<tr>
<td>Accumulated negative amortization</td>
<td>$0</td>
</tr>
<tr>
<td>Original CLTV</td>
<td>75%</td>
</tr>
<tr>
<td>Original LTV</td>
<td>73%</td>
</tr>
<tr>
<td>FICO</td>
<td>730</td>
</tr>
<tr>
<td>Delinquencies (3)</td>
<td>0.08%</td>
</tr>
</tbody>
</table>

(1) Bank only, excludes warehouse lending and mortgage banking activities
(2) UPB excluding deferral and loan loss reserves
(3) Delinquencies are 60 days and more
Conclusion

Result to Date

- Developed a world-class deposit franchise (a liquidity source with a low cost of funds)
- Helped CFC become the 11th largest U.S. Bank Holding Company
- Made a significant contribution to CFC’s efforts to diversify its sources of revenues
- The business model generates return on capital comparable to top banking institutions

Further Opportunity

- Capture full value of CFC’s mortgage origination operating capabilities by:
  - Expanding investments into desired portfolio products
  - Funding additional CFC’s mortgage banking activities
- Scale Bank balance sheet sufficiently to increase corporate strength and flexibility through:
  - Reduced exposure to MSR volatility risk
  - Increased liquidity
- Scale and diversify the Bank further
  - Increase price to book and P/E due to higher quality spread earnings
- Lower cost of funds, increase fee income, lower tax rate, produce higher returns
2006 Fixed Income Investor Forum

Mortgage Banking Review
Jim Furash
President, CEO Countrywide Bank

February 28, 2006
Countrywide

2006 Fixed Income Investor Forum

Credit Risk Management

John McMurray
Senior MD & Chief Credit Officer

February 28, 2006
Agenda

- Credit Risk Management
- Retained Credit Risk
  - Residuals
  - Countrywide Bank
- Servicing Portfolio Geographic Concentration
Credit Risk Management

Philosophy

- CFC is exposed to credit risk through our lending, trading, capital markets and investment activities
- Manage credit risk through
  - Loan-level measures
  - Credit enhancements
- Most credit risk is sold or transferred to third parties
  - Retain credit risk when all-in returns are attractive
- Residual Interests
  - General objective is to minimize retained credit risk
Credit Enhancement Overview

Loans ➔ Credit Enhancement ➔ Net Credit Risk Position

<table>
<thead>
<tr>
<th>Loan-Level Measures</th>
<th>Primary Credit Enhancements</th>
<th>Key Credit Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Credit policy</td>
<td>- Mortgage insurance</td>
<td>- Rep &amp; warrant</td>
</tr>
<tr>
<td>- Underwriting</td>
<td>- GSE non-recourse sales</td>
<td>- Whole loans</td>
</tr>
<tr>
<td>- Quality control</td>
<td>- Private non-recourse sales</td>
<td>- Residuals</td>
</tr>
<tr>
<td>- Surveillance</td>
<td>- Bond insurance</td>
<td>- Reinsurance</td>
</tr>
<tr>
<td>- Loss mitigation</td>
<td>- Risk-based pricing</td>
<td>- Advances</td>
</tr>
<tr>
<td>- Diversification</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Retained Credit Risk

Net Credit Risk Positions at December 31, 2005

(dollars in thousands)

Owned & Sold Portfolios Reconciliation

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>UPB</th>
<th>HFS/HFL/WHL</th>
<th>R&amp;W</th>
<th>Calloa Re</th>
<th>Residual Losses</th>
<th>Servicing Advances</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>HFS - CHL</td>
<td>$35,543,726</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held For Investment</td>
<td>745,680</td>
<td>85,475</td>
<td></td>
<td>140</td>
<td></td>
<td></td>
<td>1,941</td>
</tr>
<tr>
<td>Countrywide Bank</td>
<td>62,081,387</td>
<td>102,418</td>
<td></td>
<td>2,077</td>
<td></td>
<td>84</td>
<td>106,577</td>
</tr>
<tr>
<td>CAMCO</td>
<td>573,621</td>
<td>5,630</td>
<td></td>
<td>12</td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>HFS - Countrywide Capital Markets</td>
<td>8,260,659</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$107,326,056</td>
<td>$194,520</td>
<td></td>
<td>$2,538</td>
<td></td>
<td>$8,070</td>
<td>$205,127</td>
</tr>
<tr>
<td>AGENCY</td>
<td>499,311,563</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FHLB</td>
<td>5,316,274</td>
<td></td>
<td></td>
<td>1,202</td>
<td></td>
<td>47</td>
<td>1,249</td>
</tr>
<tr>
<td>Govt (FHA / VA)</td>
<td>46,827,238</td>
<td></td>
<td></td>
<td>6,518</td>
<td></td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Govt - CAMCO Reperforming</td>
<td>2,901,493</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBS</td>
<td>64,952,321</td>
<td></td>
<td></td>
<td>29,790</td>
<td>4,516</td>
<td>664</td>
<td>25,069</td>
</tr>
<tr>
<td>ALT A</td>
<td>80,998,592</td>
<td></td>
<td></td>
<td>5,406</td>
<td>51,827</td>
<td>893</td>
<td>57,926</td>
</tr>
<tr>
<td>ABS - Nonprime</td>
<td>59,669,245</td>
<td></td>
<td></td>
<td>43,493</td>
<td>17</td>
<td>16</td>
<td>508,990</td>
</tr>
<tr>
<td>Home Equity</td>
<td>32,422,249</td>
<td></td>
<td></td>
<td>10,076</td>
<td>0</td>
<td>60</td>
<td>529,529</td>
</tr>
<tr>
<td>Whole Loans</td>
<td>105,175,175</td>
<td></td>
<td></td>
<td>4,899</td>
<td>519,980</td>
<td>61</td>
<td>529,529</td>
</tr>
<tr>
<td>Other</td>
<td>77,372,531</td>
<td></td>
<td></td>
<td>3,383</td>
<td>2,422</td>
<td>2,999</td>
<td>14,805</td>
</tr>
<tr>
<td>Subserviced</td>
<td>27,917,746</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,063,784,528</td>
<td>$193,194</td>
<td></td>
<td>$117,331</td>
<td></td>
<td>$56,658</td>
<td>$1,457,564</td>
</tr>
<tr>
<td><strong>Total Servicing Portfolio</strong></td>
<td>$1,111,089,584</td>
<td>$194,520</td>
<td></td>
<td>$120,469</td>
<td></td>
<td>$64,728</td>
<td>$1,662,632</td>
</tr>
</tbody>
</table>

84
Loan Level Measures
Delinquencies and Unemployment Are Correlated

Delinquencies (1) & Unemployment (2)

(1) Delinquency Source: MBA
(2) Unemployment Source: Bureau of Labor Statistics
Home Price Appreciation Trend

Home Price Appreciation

(1) Source - MRAC HPI
Credit Risk Management

- Retained Credit Risk
Retained Credit Risk

Residual Exposure Is Limited
(dollars in millions)

<table>
<thead>
<tr>
<th>Residuals</th>
<th>Dec-02</th>
<th>Dec-03</th>
<th>Dec-04</th>
<th>Mar-05</th>
<th>Jun-05</th>
<th>Sep-05</th>
<th>Dec-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Equity</td>
<td>$437</td>
<td>$321</td>
<td>$809</td>
<td>$864</td>
<td>$670</td>
<td>$867</td>
<td>$926</td>
</tr>
<tr>
<td>Nonprime</td>
<td>71</td>
<td>371</td>
<td>426</td>
<td>471</td>
<td>663</td>
<td>550</td>
<td>547</td>
</tr>
<tr>
<td>Other non-conforming</td>
<td></td>
<td></td>
<td>32</td>
<td>23</td>
<td>22</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$508</td>
<td>$692</td>
<td>$1,267</td>
<td>$1,359</td>
<td>$1,356</td>
<td>$1,432</td>
<td>$1,494</td>
</tr>
</tbody>
</table>

Residual Exposure

As % of total assets

<table>
<thead>
<tr>
<th></th>
<th>Dec-02</th>
<th>Dec-03</th>
<th>Dec-04</th>
<th>Mar-05</th>
<th>Jun-05</th>
<th>Sep-05</th>
<th>Dec-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>As % of shareholders' (1)</td>
<td>0.9%</td>
<td>0.7%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Nonprime Residuals as % of shareholders' equity (1)</td>
<td>6.2%</td>
<td>5.2%</td>
<td>7.1%</td>
<td>7.4%</td>
<td>7.0%</td>
<td>7.1%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

(1) Tax affected
Credit Risk
Underlying Credit Attributes In CHL Nonprime Lending

<table>
<thead>
<tr>
<th>Countrywide Nonprime Production&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>4Q04</th>
<th>1Q05</th>
<th>2Q05</th>
<th>3Q05</th>
<th>4Q05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Loan Amount</td>
<td>$186.2</td>
<td>$186.7</td>
<td>$188.3</td>
<td>$197.4</td>
<td>$196.1</td>
</tr>
<tr>
<td>Weighted Average FICO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average</td>
<td>613</td>
<td>613</td>
<td>615</td>
<td>619</td>
<td>615</td>
</tr>
<tr>
<td>Percent =&gt; 620</td>
<td>44%</td>
<td>44%</td>
<td>45%</td>
<td>48%</td>
<td>46%</td>
</tr>
<tr>
<td>Percent &lt; 520</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Weighted Average CLTV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average</td>
<td>84%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>83%</td>
</tr>
<tr>
<td>Production By Risk Grade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premier Plus / Premier</td>
<td>81%</td>
<td>82%</td>
<td>82%</td>
<td>82%</td>
<td>80%</td>
</tr>
<tr>
<td>A-</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>B</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>C</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>D</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Top States</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>33%</td>
<td>31%</td>
<td>30%</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>FL</td>
<td>7%</td>
<td>9%</td>
<td>16%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>TX</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes CMD, WLD, CLD and FSL combined
Countrywide Loan Originations
Pay-Option & Interest-Only a Growing Percentage of Total Originations
(dollars in billions)

CFC Residential Mortgage Loan Production
Managing Mortgage Credit Risk
Risk Transfer Through Loan Sales

(dollars in billions)

CFC Residential Mortgage Loan Production & Sales

Quarter Ended

- Mortgage Production Sales
- Retained Mortgage Production

Sales as % of Total Production

$1.5 trillion
cumulative production

$1.3 trillion
cumulative sales
COUNTRYWIDE FINANCIAL CORPORATION

Product Risk Management
Countrywide Bank Retains Only Very High Quality Loans

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-04</th>
<th>Mar-05</th>
<th>Jun-05</th>
<th>Sep-05</th>
<th>Dec-05</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Loan Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>33,855</td>
<td>41,899</td>
<td>55,815</td>
<td>60,851</td>
<td>63,444</td>
</tr>
<tr>
<td>Original CLTV</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>79%</td>
<td>78%</td>
</tr>
<tr>
<td>FICO</td>
<td>732</td>
<td>731</td>
<td>727</td>
<td>727</td>
<td>725</td>
</tr>
<tr>
<td>60+ day delinquencies</td>
<td>0.12%</td>
<td>0.13%</td>
<td>0.14%</td>
<td>0.20%</td>
<td>0.39%</td>
</tr>
<tr>
<td><strong>Pay-Option</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>4,699</td>
<td>8,692</td>
<td>15,706</td>
<td>21,909</td>
<td>26,101</td>
</tr>
<tr>
<td>Original CLTV</td>
<td>75%</td>
<td>75%</td>
<td>77%</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>FICO</td>
<td>730</td>
<td>726</td>
<td>721</td>
<td>720</td>
<td>720</td>
</tr>
<tr>
<td>60+ day delinquencies</td>
<td>0.08%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.08%</td>
<td>0.22%</td>
</tr>
<tr>
<td><strong>Interest-Only</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>10,527</td>
<td>12,123</td>
<td>14,380</td>
<td>14,134</td>
<td>13,544</td>
</tr>
<tr>
<td>Original CLTV</td>
<td>80%</td>
<td>80%</td>
<td>81%</td>
<td>81%</td>
<td>81%</td>
</tr>
<tr>
<td>FICO</td>
<td>736</td>
<td>736</td>
<td>735</td>
<td>735</td>
<td>735</td>
</tr>
<tr>
<td>60+ day delinquencies</td>
<td>0.08%</td>
<td>0.13%</td>
<td>0.17%</td>
<td>0.25%</td>
<td>0.28%</td>
</tr>
<tr>
<td><strong>HELOCs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>8,273</td>
<td>9,860</td>
<td>13,605</td>
<td>12,558</td>
<td>11,318</td>
</tr>
<tr>
<td>Original CLTV</td>
<td>82%</td>
<td>83%</td>
<td>81%</td>
<td>78%</td>
<td>77%</td>
</tr>
<tr>
<td>FICO</td>
<td>729</td>
<td>728</td>
<td>726</td>
<td>725</td>
<td>717</td>
</tr>
<tr>
<td>60+ day delinquencies</td>
<td>0.16%</td>
<td>0.17%</td>
<td>0.15%</td>
<td>0.34%</td>
<td>0.61%</td>
</tr>
</tbody>
</table>

Loan balances based on the unpaid principal balance (UPB), excluding deferred costs, loan loss reserves and loans held for sale.
Credit Risk Management

Countrywide Bank Portfolio Concentration (1) – 1st Lien

(1) - Concentration ratio calculated by using the number of loans in the Countrywide Bank portfolio in a given state divided by the number of housing units in a given state (Source – Census Bureau statistical abstract)
Credit Risk Management

Countrywide Bank Portfolio Concentration(1) – 2nd Lien

(1) - Concentration ratio calculated by using the number of loans in the Countrywide Bank portfolio in a given state divided by the number of housing units in a given state (Source – Census Bureau statistical abstract)
Bank Pay-Option Loan Portfolio (1)

*Strong Characteristics & Performance*

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank pay-option portfolio:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period end balance (2)</td>
<td>$ 4,699</td>
<td>$ 8,692</td>
<td>$15,706</td>
<td>$21,909</td>
<td>$26,101</td>
</tr>
<tr>
<td>Loans with negative amortization:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>$ 33</td>
<td>$ 772</td>
<td>$ 3,050</td>
<td>$ 7,894</td>
<td>$13,964</td>
</tr>
<tr>
<td>Accumulated negative amortization</td>
<td>$ 0</td>
<td>$ 1</td>
<td>$ 6</td>
<td>$ 25</td>
<td>$ 75</td>
</tr>
<tr>
<td>Original CLTV</td>
<td>75%</td>
<td>75%</td>
<td>77%</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>Original LTV</td>
<td>73%</td>
<td>73%</td>
<td>74%</td>
<td>74%</td>
<td>75%</td>
</tr>
<tr>
<td>FICO</td>
<td>730</td>
<td>726</td>
<td>721</td>
<td>720</td>
<td>720</td>
</tr>
<tr>
<td>Delinquencies (3)</td>
<td>0.08%</td>
<td>0.05%</td>
<td>0.05%</td>
<td>0.08%</td>
<td>0.22%</td>
</tr>
</tbody>
</table>

(1) Bank only, excludes warehouse lending and mortgage banking activities
(2) UPB excluding deferral and loan loss reserves
(3) Delinquencies are 60 days and more
Product Focus

Comparison First 5 Years:
90% LTV 30yr Fixed vs. 78% LTV PayOption (minimum payment)

- MTA PayOption w/ 3% Margin (MTA=3.618%, CMT=4.35%)
- 30yr Fix (Noterate=6.75%)
Conforming Delinquency By Loan Type

- CONF FRM - Fully Amortizing (70%, 723)
- CONF ARM - Fully Amortizing (74%, 722)
- CONF ARM Interest-Only (72%, 724)

Loan Type (LTV, FICO)

90-day ever MBA delinquency as a percentage of original principal balance for vintages >= 2003 (Data as of Dec-05)
Product Focus

Nonconforming Delinquency By Loan Type

Delinquency Rate

Age By Month

- NC FRM - Fully Amortizing (73%, 720)
- NC ARM - Fully Amortizing (74%, 725)
- NC ARM Interest-Only (75%, 726)
- PayOption ARM (75%, 711)

Loan Type (LTV, FICO)

90-day ever MBA delinquency as a percentage of original principal balance for vintages >= 2003 (Data as of Dec-05)
Non-Prime Delinquency By Loan Type

Delinquency Rate

Age By Month

FRM Fully Amortizing (75%, 618)  ARM Fully Amortizing (81%, 603)
ARM Interest-Only (82%, 639)

Loan Type (LTV, FICO)

90-day ever MBA delinquency as a percentage of original principal balance for vintages >= 2003 (Data as of Dec-05)
Credit Risk Management

*Portfolio Concentration (1) - Countrywide Servicing Portfolio 1st Lien*

1. Concentration ratio calculated by using the number of loans in the Countrywide Servicing portfolio in a given state divided by the number of housing units in a given state (Source - Census Bureau statistical abstract)
Credit Risk Management

Portfolio Concentration (a) – Countrywide Servicing Portfolio 2nd Lien

(a) - Concentration ratio calculated by using the number of loans in the Countrywide Servicing portfolio in a given state divided by the number of housing units in a given state (Source – Census Bureau statistical abstract)
Countrywide

2006 Fixed Income Investor Forum

Credit Risk Management

John McMurray
Senior MD & Chief Credit Officer

February 28, 2006
2006 Fixed Income Investor Forum
Economic Overview
Jeff Speakes
SMD & Chief Economist

February 28th, 2006
Hawk or Dove?
Headline inflation has moved up

Headline CPI
% Change - Year to Year

Headline PCE
% Change - Year to Year

Sources: BLS, BEA /Haver
02/16/06
Thanks largely to oil price inflation

Spot Oil Price: West Texas Intermediate

% Change - Year to Year

Source: Wall Street Journal /Haver Analytics

02/16/06
But, core inflation is decelerating
The lagging funds rate is still stimulative

Federal Funds Rate

Source: Federal Reserve Board / Haver Analytics
Federal Reserve Money Targets

-3% 0% 3% 6% 9% 12%
1979 1980 1981
Each major inversion has preceded an economic downturn
Back to the '50s

10-Year Treasury Note Yield at Constant Maturity

% p.a.

Source: Federal Reserve Board / Haver Analytics
What happened to the housing cycle?

Housing Starts: 1 Unit
SAAR, Thous. Units

Source: Census Bureau/Haver Analytics
02/16/06
The Inventory of new homes is rising

Inventory of New Homes

Source – Census Bureau and CFC Economics
Purchase applications are declining

MBA Purchase Applications
SA, Mar-16-90=100

Source: Mortgage Bankers Association / Haver Analytics
02/16/06
Affordability: approaching a 15 year low
Housing price appreciation has been far ahead of income growth
Growth in mortgage debt outstanding

<table>
<thead>
<tr>
<th></th>
<th>Actual 1993-2003</th>
<th>Ten Year Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Housing Alliance Forecast*</td>
<td>CFC Forecast</td>
</tr>
<tr>
<td>Household Growth</td>
<td>1.3%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Ownership Growth</td>
<td>0.6%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Price Appreciation</td>
<td>5.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>LTV Growth</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Single-family mortgage</td>
<td><strong>8.6%</strong></td>
<td><strong>8.25%</strong></td>
</tr>
<tr>
<td>debt growth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The Housing Alliance is a consortium of Fannie Mae, NAR, Freddie Mac, NAHB, and the Independent Community Bankers of America*
Summary

- Slower but still solid real growth
- Contained inflation
- Fed pauses by mid-year
- Fed bias towards ease by year-end
- Slowdown in housing
- Home price appreciation in low single digits
- Mortgage originations down about 20%
Countrywide CAN

2006 Fixed Income Investor Forum
Economic Overview
Jeff Speakes
SMD & Chief Economist

February 28th, 2006
Agenda

- MSR Valuation
- Servicing Hedge
MSR Valuation

Methodology

- Contractual Cash Flows
- Proprietary Prepayment Model
- OAS Methodology
- Calibration to Indicators of Market Value
Calibration – The OAS Matrix

- Each quarter the model is calibrated to indicators of market value
- These indicators include
  - Bulk Trades
  - Third Party Valuations
    - CSC valuation
    - Third party broker valuation
    - BlackRock Trust IO based valuation
  - Surveys of Peer Group Valuations
    - PWC quarterly survey
    - OCC survey
- Table of implied OAS is obtained using CFC model applied to each indicator of market value
- Weights applied to determine if change in overall OAS is required
## MSR Valuation

**MSR Profile**

(dollars in millions)

<table>
<thead>
<tr>
<th>As of December 31, 2005</th>
<th>Change in Interest Rate (in basis points)</th>
<th>Change in Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-100</td>
<td>-50</td>
</tr>
<tr>
<td>MSR and other retained interests</td>
<td>$ (2,812)</td>
<td>$ (1,302)</td>
</tr>
</tbody>
</table>
Note: Values shown are for illustrative purposes only and do not represent actual values.
Servicing Hedge
Servicing Hedge Objectives

- Take into account production economics
- Supplement Macro Hedge in protecting the value of MSRs
- Minimize earnings volatility
- Manage hedge cost
Establishing the Risk Tolerance Profile

- An acceptable risk tolerance profile:
  - Seeks to balance the Company’s tolerance for volatility in quarterly and annual earnings results against the cost of hedging

### NET RALLY LOSS

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

#### Most Conservative Hedging Philosophy
- Lower base earnings
- Higher hedge cost
- Lower earnings volatility

#### Less Conservative Hedging Philosophy
- Higher base earnings
- Lower hedge cost
- Higher earnings volatility
Servicing Hedge Process

- ALCO reviews and sets ongoing parameters for hedging process
- Hedge Subcommittee (subcommittee of ALCO) meets *daily*
- Estimates MSR value across shocks in interest rates and other risk factors (rate volatility, spreads, yield curve shape)
- Establishes and maintains hedge position which provides desired degree of coverage while constraining the cost of the hedge
Servicing Hedge

*Instruments & Strategy*

- **Instruments**
  - Interest rate swaps and swaptions
  - Treasury futures and options
  - Eurodollar futures and options
  - Forward rate agreements and basis swaps on constant maturity mortgage index (CMM)

- **Strategy**
  - Degree of coverage
  - Symmetric vs. optional coverage
  - Risk factor sensitivities: basis, curve, volatility
## MSR Valuation

### MSR Profile

(dollars in millions)

### As of December 31, 2005

<table>
<thead>
<tr>
<th>Change in Interest Rate (in basis points)</th>
<th>Change in Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-100</td>
</tr>
<tr>
<td>MSR and other retained interests</td>
<td>$ 2,812</td>
</tr>
<tr>
<td>Impact of Servicing Hedge:</td>
<td></td>
</tr>
<tr>
<td>Swap-based</td>
<td>2,626</td>
</tr>
<tr>
<td>Mortgage-based</td>
<td>261</td>
</tr>
<tr>
<td>MSR and other retained interests, net</td>
<td>$ 75</td>
</tr>
</tbody>
</table>
Servicing Hedge

*Performance Metrics*

- Compliance with Board-approved limits
  - Scenario returns
  - Value at Risk
- Actual hedge gain/loss compared to predicted gain/loss
- Actual hedge gain/loss compared to MSR impairment/recovery
Servicing Hedge Inversely Correlated with Impairment

(dollars in millions)
Issues

- Minimum servicing fee
- Fair value accounting
Countrywide

2006 Fixed Income Investor Forum
MSR & Servicing Hedge
Jeff Speakes
SMD & Chief Economist

February 28th, 2006
Countrywide

2006 Fixed Income Investor Forum
Liquidity & Capital Management
Jennifer Sandefur
SMD & Treasurer

February 28th, 2006
Agenda

- Ratings and Capital Management
- Liquidity Management Overview
- Summary
# Strong and Stable Credit Ratings

<table>
<thead>
<tr>
<th></th>
<th>Countrywide Financial</th>
<th>Countrywide Bank</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short-Term</td>
<td>Long-Term</td>
<td>Short-Term</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>A-1</td>
<td>A</td>
<td>A-1</td>
</tr>
<tr>
<td>Moody's</td>
<td>P-2</td>
<td>A3</td>
<td>P-2</td>
</tr>
<tr>
<td>Fitch</td>
<td>F-1</td>
<td>A</td>
<td>F-1</td>
</tr>
</tbody>
</table>
Shareholders Equity and Capital

(dollars in billions)

Shareholders Equity

<p>|</p>
<table>
<thead>
<tr>
<th>CY01</th>
<th>CY02</th>
<th>CY03</th>
<th>CY04</th>
<th>CY05</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.1</td>
<td>$5.2</td>
<td>$8.1</td>
<td>$10.3</td>
<td>$12.8</td>
</tr>
</tbody>
</table>

Period Ended

Regulatory Capital

Countrywide Financial

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min. Req. (1)</td>
</tr>
<tr>
<td>Tier 1 Leverage Capital</td>
<td>5.0%</td>
</tr>
<tr>
<td>Risk-Based Capital</td>
<td></td>
</tr>
<tr>
<td>Tier 1</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Countrywide Bank

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min. Req. (1)</td>
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</tr>
<tr>
<td>Risk-Based Capital</td>
<td></td>
</tr>
<tr>
<td>Tier 1</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

(1) Minimum required to qualify as “well capitalized”
Liquidity Management Framework

- Maintain adequate sources of liquidity to fund normal and opportunistic operations
- Ensure highly reliable sources of liquidity exist to fund operations during a market disruption
- Finance assets in a manner consistent with their liquidity profile
- Conservatively manage debt maturities and syndications to mitigate refinancing risk
- Maintain optimal financing program diversification and globalization
Loan Funding Composition Drives the Evolution of Liquidity Sources (1)

Loan Production Composition

<table>
<thead>
<tr>
<th>Year</th>
<th>Agency</th>
<th>Jumbo</th>
<th>Alt-A</th>
<th>Non-prime</th>
<th>Home Equity</th>
<th>Pay Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>4%</td>
<td>5%</td>
<td>67%</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>19%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
<td>36%</td>
<td></td>
</tr>
</tbody>
</table>

$252 billion

$491 billion

Short-term Liquidity Sources

(1) Liquidity positions for mortgage banking operation, and do not include Capital Markets or Countrywide Bank.
(2) Includes new 1-year MTN issuance, Agency Repo, Uncommitted Repo, and MBS Repo.
Liquidity Risk Management

- Ensure that sufficient liquidity exists to finance the Company during an adverse liquidity environment
- Scenario-based contingent liquidity framework
  - One to twelve month time horizon
  - Systemic, mortgage market-specific, and Countrywide-specific events
- Evaluate the impact of each scenario on each key business unit, major asset class, and financing source
  - Separately evaluate mortgage bank, bank, securities company, and consolidated entity
  - Securitization remains an option for prime first lien collateral, but becomes more challenging in the ABS market
  - Less reliable wholesale financing sources (e.g., whole loan repo) disappear, but committed liquidity remains
Short-Term Liquidity Cushion
at December 31, 2005

(dollars in billions)

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Collateral</th>
<th>Committed</th>
<th>Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countrywide CP</td>
<td>Unsecured, 100% Bank supported back-up</td>
<td>Yes</td>
<td>$9.2</td>
</tr>
<tr>
<td>Gestation Conduit</td>
<td>Prime 1st Lien Mortgages</td>
<td>Yes</td>
<td>$6.0</td>
</tr>
<tr>
<td>Park Monaco</td>
<td>Prime, Nonprime, Govt., HELOCs</td>
<td>Yes</td>
<td>$10.1</td>
</tr>
<tr>
<td>Total Bank Supported Short-term Sources</td>
<td>$25.3</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Park Granada</td>
<td>Prime 1st Lien Mortgages</td>
<td>No</td>
<td>$20.6</td>
</tr>
<tr>
<td>Park Sienna</td>
<td>Nonprime 1st Lien Mortgages</td>
<td>No</td>
<td>$10.1</td>
</tr>
<tr>
<td>Uncommitted Repos</td>
<td>Prime, Nonprime, 1st &amp; 2nd Liens, HELOCs</td>
<td>No</td>
<td>$10.0</td>
</tr>
<tr>
<td>Agency Repo</td>
<td>Agency Collateral</td>
<td>No</td>
<td>$4.0</td>
</tr>
<tr>
<td>MBS Repo</td>
<td>Mortgage Backed Securities</td>
<td>No</td>
<td>$5.0</td>
</tr>
<tr>
<td>Tri-Party Repo</td>
<td>MBS &amp; ABS Securities</td>
<td>No</td>
<td>$14.7</td>
</tr>
<tr>
<td>Uncommitted Short-Term Sources</td>
<td>$64.4</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>Total Short-Term Sources of Liquidity</td>
<td>$89.7</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>New One Year Medium Term Note Issuance</td>
<td>$2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Short-term Debt Outstanding at 12-31-05 (1)</td>
<td>($28.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt maturing within six months</td>
<td>($4.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-Term Liquidity Cushion at 12-31-05</td>
<td>$59.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Includes $12.4 Bn of ABCP, $6.3 Bn of Unsecured CP, $3.6 Bn Secured, revolving LCO, $1.8 Bn of Whole Loan Repo and $1.6 Bn of Tri-party
# Short-term Liquidity

## Asset Financing Matrix

<table>
<thead>
<tr>
<th>Mortgage Collateral Type</th>
<th>Unsecured CP</th>
<th>Park Granada ABCP</th>
<th>Park Silo ABCP</th>
<th>Park Monaco</th>
<th>Agency Multi-seller</th>
<th>Conduit (Gestation)</th>
<th>Agency Repo</th>
<th>Whole Loan Repo</th>
<th>MBS Repo</th>
<th>Tri-Party Repo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conforming</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conventional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jumbo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alt-A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HELOC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Rate Seconds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonprime</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Highly reliable bank supported liquidity
- Reliable best execution financing
- Opportunistic alternative liquidity sources
2005 Long-Term Debt Profile
(dollars in billions)

2005 MTN Issuance by Tenor
(For the 12 months ended December 31, 2005)

$9.6 Billion Issued

- 1 Yr Issuance: $0.13
- 1.5 Yr Issuance: $0.18
- 2 Yr Issuance: $1.35
- 3 Yr Issuance: $1.50
- 5 Yr Issuance: $1.27
- Retail Issuance: $5.19

2005 MTN Issuance by Shelf
(For the 12 months ended December 31, 2005)

- U.S. Global: $0.17
- European: $0.70
- Australian: $0.90
- Retail: $7.85
Globalization Of The Investor Base

(dollars in billions)

CHL MTN ISSUANCE
(By Distribution Channel)

<table>
<thead>
<tr>
<th>Year</th>
<th>U. S. Institutional</th>
<th>U. S. Retail</th>
<th>Non-U. S. Institutional</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$2.35</td>
<td>0.14</td>
<td>0.46</td>
<td>$3</td>
</tr>
<tr>
<td>2001</td>
<td>$7.14</td>
<td>0.15</td>
<td>0.23</td>
<td>$8</td>
</tr>
<tr>
<td>2002</td>
<td>$5.82</td>
<td>0.15</td>
<td>0.82</td>
<td>$7</td>
</tr>
<tr>
<td>2003</td>
<td>$4.19</td>
<td>0.55</td>
<td>0.68</td>
<td>$5</td>
</tr>
<tr>
<td>2004</td>
<td>$11.09</td>
<td>0.51</td>
<td>2.52</td>
<td>$14</td>
</tr>
<tr>
<td>2005</td>
<td>$7.85</td>
<td>0.17</td>
<td>1.61</td>
<td>$10</td>
</tr>
</tbody>
</table>

Total
- Non-U. S. Institutional
- U. S. Institutional
- U. S. Retail

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$2.9</td>
</tr>
<tr>
<td>2001</td>
<td>$7.5</td>
</tr>
<tr>
<td>2002</td>
<td>$6.8</td>
</tr>
<tr>
<td>2003</td>
<td>$5.4</td>
</tr>
<tr>
<td>2004</td>
<td>$14.1</td>
</tr>
<tr>
<td>2005</td>
<td>$9.6</td>
</tr>
</tbody>
</table>
Medium Term Notes Outstanding

(dollars in billions)

$25.9 Billion Outstanding

Year Ended

2006: $10.54
2007: $5.63
2008: $3.98
2009: $2.65
2010: $1.53
2011: $1.35
2012+: $0.31
Strategic Funding Objectives

- 2006 funding plans
  - Issue $10 - $13 billion of unsecured term debt
  - Reduce unsecured CP issued capacity to $11 billion from $9 billion
  - Diversify sources of unsecured debt
    - Bank-level debt issuance
    - High equity-content capital securities
    - Geographic presence
Funding Market Stratification

- Regular Issuance Markets
  - Majority of annual issuance
  - Frequent issuer
  - Price flat to through US$ levels
  - US$, Euro and Sterling

- Strategic Issuance Markets
  - 0% -10% of annual issuance per market
  - Regular issuer (once or twice per year)
  - May price 1 – 2 bps behind US$ levels
  - A$, C$ and Yen

- Opportunistic Markets
  - Entirely price sensitive
  - S$, Won
## Segment Balance Sheet
### at December 31, 2005

### Business Segment Balance Sheet

<table>
<thead>
<tr>
<th>Assets:</th>
<th>Production Sector</th>
<th>Servicing Sector</th>
<th>Other Retained Interests</th>
<th>Banking</th>
<th>Capital Markets</th>
<th>Insurance</th>
<th>Global</th>
<th>Other</th>
<th>CFC Consol.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage ban inventory</td>
<td>$27,044</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$9,775</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$36,813</td>
</tr>
<tr>
<td>Loans held for investment</td>
<td>-</td>
<td>1,687</td>
<td></td>
<td>68,209</td>
<td>185</td>
<td></td>
<td>-</td>
<td>-</td>
<td>70,071</td>
</tr>
<tr>
<td>Trading securities</td>
<td>255</td>
<td>-</td>
<td></td>
<td>-</td>
<td>10,728</td>
<td></td>
<td>-</td>
<td>-</td>
<td>10,983</td>
</tr>
<tr>
<td>Reverse repurchase agreements &amp; securities borrow</td>
<td>710</td>
<td>-</td>
<td></td>
<td>40</td>
<td>22,567</td>
<td></td>
<td>-</td>
<td>-</td>
<td>23,317</td>
</tr>
<tr>
<td>Investments in other financial instruments</td>
<td>536</td>
<td>341</td>
<td>2,117</td>
<td>6,251</td>
<td>1,791</td>
<td></td>
<td>-</td>
<td>6</td>
<td>11,456</td>
</tr>
<tr>
<td>Mortgage servicing rights</td>
<td>12,665</td>
<td>-</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>12,611</td>
</tr>
<tr>
<td>Other</td>
<td>2,724</td>
<td>2,623</td>
<td></td>
<td>2,414</td>
<td>940</td>
<td>717</td>
<td>213</td>
<td>137</td>
<td>9,828</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$31,076</td>
<td>$17,981</td>
<td>$2,117 $79,920</td>
<td>$44,205</td>
<td>$2,416</td>
<td>$213 $145</td>
<td>$175,095</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>Production Sector</th>
<th>Servicing Sector</th>
<th>Other Retained Interests</th>
<th>Banking</th>
<th>Capital Markets</th>
<th>Insurance</th>
<th>Global</th>
<th>Other</th>
<th>CFC Consol.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>$18,818</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$18,616</td>
</tr>
<tr>
<td>Secured revolving line of credit</td>
<td>2,865</td>
<td>-</td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>2,865</td>
</tr>
<tr>
<td>PLIB advances</td>
<td>-</td>
<td>26,360</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>26,360</td>
</tr>
<tr>
<td>Medium-term notes</td>
<td>16,142</td>
<td>9,546</td>
<td>236</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>25,970</td>
</tr>
<tr>
<td>Subordinated and other unsecured borrowings</td>
<td>1,230</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>1,230</td>
</tr>
<tr>
<td>Convertible debt</td>
<td>-</td>
<td>13</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>Junior subordinated debt</td>
<td>-</td>
<td>1,065</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>1,065</td>
</tr>
<tr>
<td>Asset-backed secured financing</td>
<td>-</td>
<td>-</td>
<td></td>
<td>23</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Other notes payable</td>
<td>8</td>
<td>5</td>
<td></td>
<td>-</td>
<td>6</td>
<td>17</td>
<td>36</td>
<td>-</td>
<td>36</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>1,653</td>
<td>-</td>
<td></td>
<td>1,280</td>
<td>31,316</td>
<td></td>
<td>-</td>
<td>-</td>
<td>34,163</td>
</tr>
<tr>
<td>Drafts payable</td>
<td>37</td>
<td>-</td>
<td></td>
<td>42</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Deposit liabilities</td>
<td>-</td>
<td>39,499</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>39,499</td>
</tr>
<tr>
<td>Intercompany liabilities</td>
<td>(12,729)</td>
<td>-</td>
<td></td>
<td>3,281</td>
<td>8,270</td>
<td>814</td>
<td>155</td>
<td>228</td>
<td>-</td>
</tr>
<tr>
<td>Inventory sold short</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>2,255</td>
<td></td>
<td>-</td>
<td>-</td>
<td>2,255</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>-</td>
<td>3,408</td>
<td></td>
<td>156</td>
<td>86</td>
<td>198</td>
<td>6</td>
<td>(1)</td>
<td>3,546</td>
</tr>
<tr>
<td>Other</td>
<td>1,726</td>
<td>1,586</td>
<td>82</td>
<td>962</td>
<td>1,154</td>
<td>1,606</td>
<td>56</td>
<td>(94)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>26,521</td>
<td>15,816</td>
<td>351</td>
<td>71,263</td>
<td>43,357</td>
<td>2,016</td>
<td>206</td>
<td>136</td>
<td>162,269</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Production Sector</th>
<th>Servicing Sector</th>
<th>Other Retained Interests</th>
<th>Banking</th>
<th>Capital Markets</th>
<th>Insurance</th>
<th>Global</th>
<th>Other</th>
<th>CFC Consol.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>$31,076</td>
<td>$17,981</td>
<td>$2,117 $79,920</td>
<td>$44,205</td>
<td>$2,416</td>
<td>$213 $145</td>
<td>$175,095</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Leverage Ratio

- **Leverage Ratio**
  - Production Sector: 19.0
  - Servicing and other Pt. 1: 2.6

(1) Junior subordinated debts are classified as liabilities under GAAP. However, in computation of the leverage ratio, these securities are treated as equity.
COUNTRYWIDE FINANCIAL CORPORATION

Summary

Strong Liquidity Framework

- CFC balance sheet primarily comprised of high-quality, highly liquid assets
- Substantial liquidity cushion exists to fund current operations and future growth
- Adequate funding diversity maintained at all times
  - Highly reliable and best execution financing
- Asset funded in accordance to their with their liquidity profile
  - Majority of less-liquid assets funded with long-term capital
- Continuing to expand investor base and build liquidity for future growth
Countrywide

2006 Fixed Income Investor Forum
Liquidity & Capital Management
Jennifer Sandefur
SMD & Treasurer

February 28th, 2006
Countrywide

2006 Fixed Income Investor Forum
Capital Markets
Grant Couch
SMD & Chief Operating Officer, CSC

February 28th, 2006
Countrywide Capital Markets Agenda

- Business Review
  - Core Entities
  - New Business Initiatives

- Financial Performance

- Primary Risk Management
  - Market Risk
  - Liquidity Risk
  - Counterparty Credit Risk

- Question and Answer
Overview

- Business Review
CCM is a consolidated organization comprised of 8 entities, each strategically focused on a particular market segment or line of business.
Countrywide Capital Markets - Core Entities

- Countrywide Securities Corporation (CSC)
  - NASD-registered broker-dealer
  - Recognized by the Federal Reserve as a primary dealer in 2004
  - Sales, trading, structuring and underwriting of fixed-income products.
  - Regulated by the SEC and NASD

- Countrywide Asset Management Corporation (CAMC)
  - Acquisition, management and disposition of distressed residential mortgage assets

- Countrywide Servicing Exchange (CSE)
  - Broker of MSRs and provides valuation and advisory services
    - Achieved $16.4 million in revenues for 2005
    - Rising rates, industry consolidation should drive revenues in 2006
    - Brokered $102.3 billion in 2005
Countrywide Capital Markets – Core Entities

- Countrywide Commercial Real Estate Finance (CRF)
  - Commercial mortgage lending and structured finance operation
  - Provides mortgage origination and CMBS issuance, sales and trading
    - $3.9 billion total commercial real estate loan originations in 2005
    - $3.2 billion of collateral contributed to 7 CMBS securitizations in 2005
    - $67 million 2005 revenues
    - Significant earnings potential for this line of business
  - Expansion goals include:
    - Establish origination offices in Fort Lauderdale, Atlanta and Dallas; expand capacity in Los Angeles and New York
    - Establish the Advantage Loan Program focused on the origination and securitization of commercial mortgage loans with original principal balances from $500,000 to $5 million.
Countrywide Capital Markets – New Business Initiatives

- **Alternative Investments (CAI)**
  - Asset manager of alternative structured products
  - Private equity fund management
    - **Countrywide Sunfish Management LLC (CSM)**
      - Jointly managing the Sunfish Fund with C-BASS
      - Established to invest in CHL sub prime residuals
      - Total fund assets of $200 million invested (1)
      - Provides management fee income stream
  - Collateralized debt obligation asset management
    - **CDO Asset Manager** will promote and manage the assets underlying a CDO security
      - Earns management fee income for managing the CDO transaction’s assets
      - Provides underwriting fee income to CSC for its participation in CDO transaction issuance

(1) At December 31, 2005
Countrywide Capital Markets – New Business Initiatives

- CCM International, Ltd. (CCMI) and Countrywide Capital Markets Asia, Ltd. (CCMA)
  - Offer USD$ fixed income securities for sale to European and Asian customers
  - CCMA approved by the Financial Services Agency of Japan (FSA) to be a broker-dealer and licensed to conduct securities business in April 2005
  - Looking to open a Hong Kong branch in 2006
  - Assisting in marketing CMI Equity
  - Increasing staff and scope of business

- CSC Futures, Inc. (CFI)
  - Introducing broker that transacts in futures and option contracts in an agent capacity only
    - Authorized to operate as an Introducing Broker by the National Futures Association (NFA) in April 2005
    - Broadens the suite of products and services offered through the government dealer line of business
Overview

• Financial Performance
COUNTRYWIDE FINANCIAL CORPORATION

Capital Markets
Consistent Revenue Growth With Greater Diversity

(dollars in millions)

Revenues vs. PTE

- Revenues
- Pre-tax Earnings

<table>
<thead>
<tr>
<th>Dec-01 (1)</th>
<th>Dec-02</th>
<th>Dec-03</th>
<th>Dec-04</th>
<th>Dec-05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$374</td>
<td>$442</td>
<td>$479</td>
</tr>
<tr>
<td></td>
<td>$81</td>
<td>$200</td>
<td>$676</td>
<td>$761</td>
</tr>
</tbody>
</table>

Revenue Mix

10 Mos. 2001 (1)

- Conduit 41%
- Underwriting 37%
- Securities Trading 21%
- Commercial Real Estate 2%
- Brokering 4%
- Other 4%

12 Mos. 2005

- Conduit 38%
- Underwriting 12%
- Securities Trading 8%
- Commercial Real Estate 14%
- Brokering 4%
- Other 4%

(1) Ten-month period ended December 31, 2001
Numbers may not sum exactly due to rounding

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Countrywide Capital Markets
2005 Securities Trading Volume

Securities Trading Volume
(dollars in billions)

Year Ended

- US Treasuries
- MBS
- ABS
- Other

2000: $649
2001: $1,367
2002: $1,993
2003: $2,859
2004: $3,127
2005: $3,551
Countrywide Capital Markets

Commercial Mortgage Loan Pipeline

(dollars in billions)

Commercial Real Estate
Loan Originations

Dec-04  Mar-05  Jun-05  Sep-05  Dec-05
$0.4  $0.6  $0.7  $1.1  $1.5
Quarter Ended

Commercial Real Estate
Loan Sales

Dec-04  Mar-05  Jun-05  Sep-05  Dec-05
$0.1  $0.6  $0.5  $0.4  $1.6
Quarter Ended
2005 industry underwriting rankings

- 1st in HEL ABS
- 4th in Non-agency MBS
- 4th in Alt-A MBS
- 5th in Subprime MBS
- 5th in Non-agency prime/Alt A MBS

(1) Source: Inside MBS & ABS
Market Risk Management

- Risk limits determined by Risk Committee
  - Product level position limits
    - Value-at-Risk (VaR)
    - Gross position
    - Interest rate exposure
  - Monitored and reported daily by Risk Manager

- Risk Mitigation
  - Neutral hedging philosophy
  - Daily Value-at-Risk calculation and monitoring on all trading assets
  - Daily stress scenarios run on trading position
  - Aging policy leads to increased turnover
  - Regulatory oversight by Federal Reserve, NASD, and SEC
Liquidity Risk Management

- Liquidity policies at CCM level
  - Normal Environment operations will be ensured by testing the Cash Capital and Liquidity ratios
  - Contingent Environment operations will be ensured by testing the Cash Capital Ratio with stress scenarios and CSC will maintain sufficient available contingent Long Term Capital (equity and sub debt) to finance its illiquid assets in a contingent environment.
  - CSC will maintain sufficient sources of liquidity to fund in normal and opportunistic environments.
- Limits on counterparty concentration for funding
  - Liquidity metrics monitored and reported daily
  - Liquidity risk committee of CCM reports to corporate ALCO monthly
Counterparty Credit Risk Management

- Daily monitoring of counterparty exposure against pre-defined limits
- Formal Credit Committee with monthly meetings
- Credit risk limits approved by Credit Committee at counterparty level
- Automated system to track risk exposure with real time view capability for trading and sales (CIS). Trade blocking for accounts on restriction
Counterparty Credit Risk Management (cont’d)

- Monthly, quarterly or annual financial review of all counterparties
  - Frequency depends upon risk grade and exposure of the counterparty

- Separate CRF credit committee.
  - Includes representatives from CCM Management, CSC & CFC Credit, and CRF

- No meaningful losses despite evolving credit landscape

- Expanding counterparty credit department’s review capabilities
  - Hedge Funds
  - REITS
Countrywide

2006 Fixed Income Investor Forum

Capital Markets

Grant Couch
SMD & Chief Operating Officer, CSC

February 28th, 2006
Countrywide

2006 Fixed Income Investor Forum

Summary and Q&A

Eric P. Sieracki
Executive MD & Chief Financial Officer

February 28, 2006
Summary

- Balanced business model strategically designed to perform across a variety of interest rate environments
  - Macro-hedge provides strong results
  - Growing contributions from Banking, Capital Markets and Insurance strengthen our market leading position

- Focused production strategies in place to drive future market share growth
  - Branch and sales force expansion
  - Joint ventures and opportunistic M&A

- Servicing portfolio of $1.1 Trillion is well positioned for a rising rate environment

- Countrywide Bank’s ability to leverage CHL’s existing infrastructure further diversifies the company’s revenue mix and enhances liquidity
Summary (continued)

- Operating performance across all businesses remains strong
- Liquidity and alternate liquidity have strengthened as markets have evolved and matured
- Our prime-quality mortgage portfolio continues to perform well, with low delinquencies and charge-offs that are in-line with expected seasoning
- Disciplined capital management at both the business level and on a consolidated basis
Countrywide C"AN

2006 Fixed Income Investor Forum

Summary and Q&A

Eric P. Sieracki
Executive MD & Chief Financial Officer

February 28, 2006
Disclaimer

Many factors could ultimately affect the financial impact of Hurricane Katrina on Countrywide, including, but not limited to, new information that may become available as the affected areas become accessible; the short-term and long-term impact on the economies of the affected communities; the conduct of borrowers in the affected areas; the actions of various third parties, including government agencies and government-sponsored entities that support housing, insurance companies, lenders and mortgage insurance companies; the apportionment of liability among insurers; the availability of catastrophic reinsurance proceeds; factors impacting property values in the affected areas, including any environmental factors such as the presence of toxic chemicals; subsequent storm activity; and other factors.

This Presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding management’s beliefs, estimates, projections, and assumptions with respect to, among other things, the Company’s future operations, business plans and strategies, as well as industry and market conditions, all of which are subject to change. Actual results and operations for any future period may vary materially from those projected herein and from past results discussed herein. Factors which could cause actual results to differ materially from historical results or those anticipated include, but are not limited to: competitive and general economic conditions in each of our business segments; changes in general business, economic, market and political conditions in the United States and abroad from those expected; loss of investment grade rating that may result in an increase in the cost of debt or loss of access to corporate debt markets; reduction in government support of homeownership; the level and volatility of interest rates; changes in interest rate paths; changes in generally accepted accounting principles or in the legal, regulatory and legislative environments in the markets in which the Company operates; the ability of management to effectively implement the Company’s strategies; and other risks noted in documents filed by the Company with the Securities and Exchange Commission from time to time. Words like “believe,” “expect,” “anticipate,” “promise,” “plan,” and other expressions or words of similar meanings, as well as future or conditional verbs such as “will,” “would,” “should,” “could,” or “may” are generally intended to identify forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements.
Countrywide

2006 Fixed Income Investor Forum

February 28, 2006