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

Countrywide

2006 Fixed Income Investor Forum

Industry and CFC Overview

Angelo R. Mozilo
Chairman & CEO

February 28, 2006

Agenda

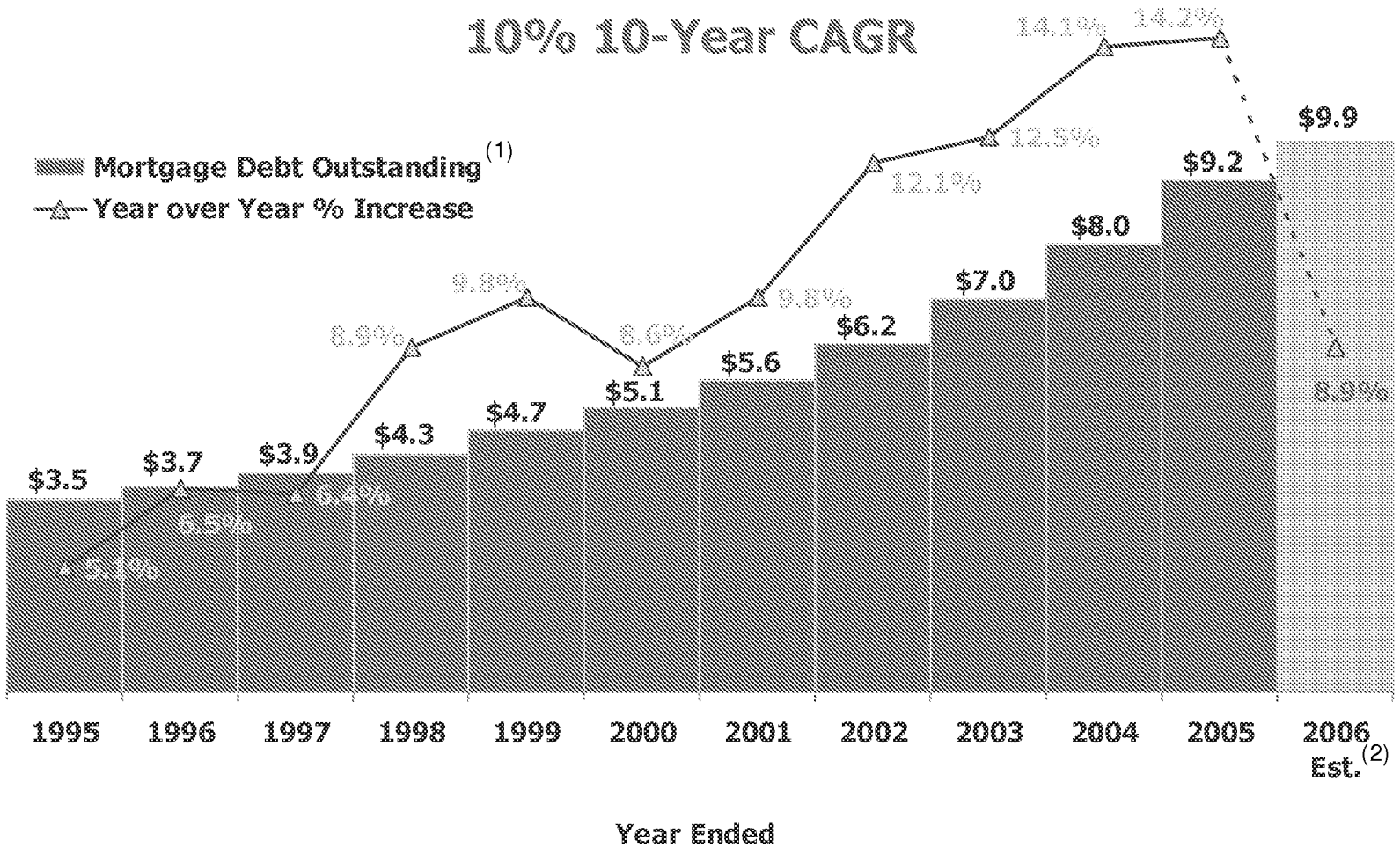
- Mortgage Market Review and Outlook
- Update On The GSEs
- Servicing Fee Reduction
- Building Business Diversity
- 2010 Goals

Mortgage Market Review and Outlook

Growth In Mortgages Outstanding Remained Strong In 2005

More Normalized Growth Rates Likely Going Forward

(dollars in trillions)



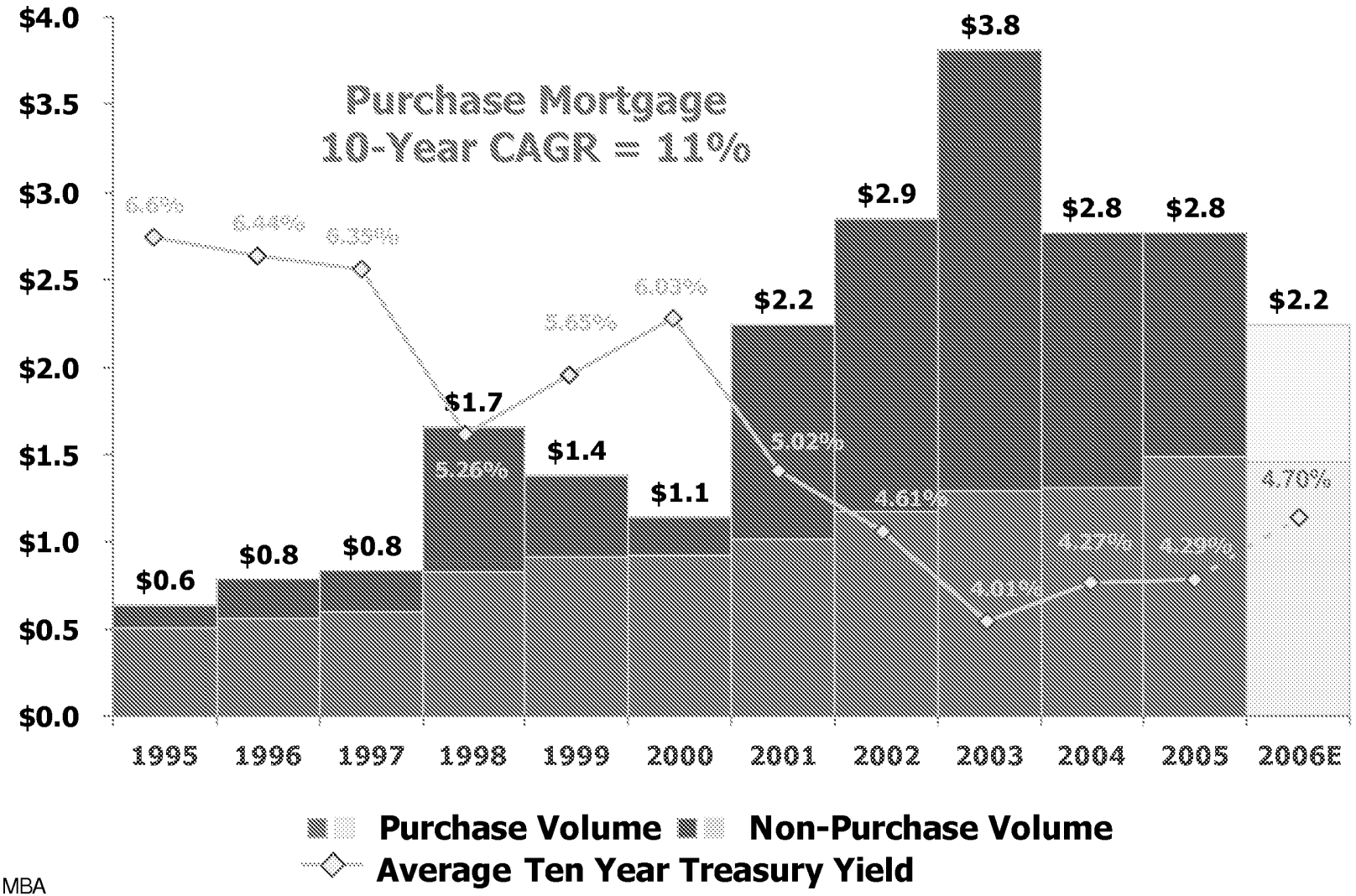
(1) Source: *Inside Mortgage Finance*
(2) Source: Fannie Mae *Economic & Mortgage Market Developments* – January 18, 2006

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)



Source: MBA

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

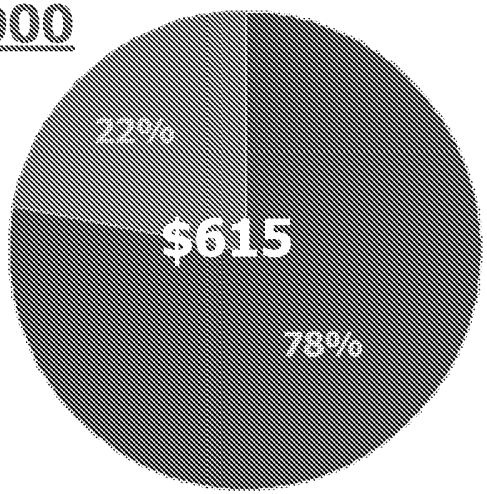
(1) Company estimates

Record Year for the Non-agency MBS Market

(dollars in millions)

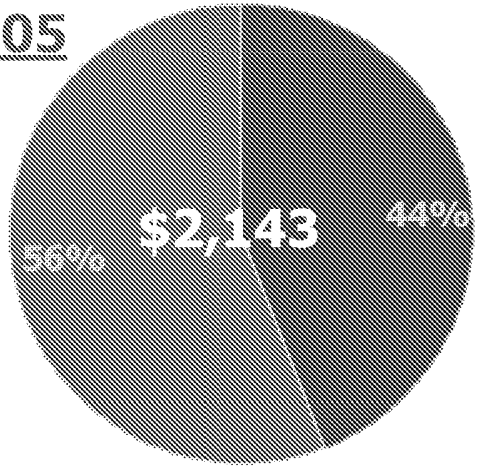
MBS Issuance (1)

2000

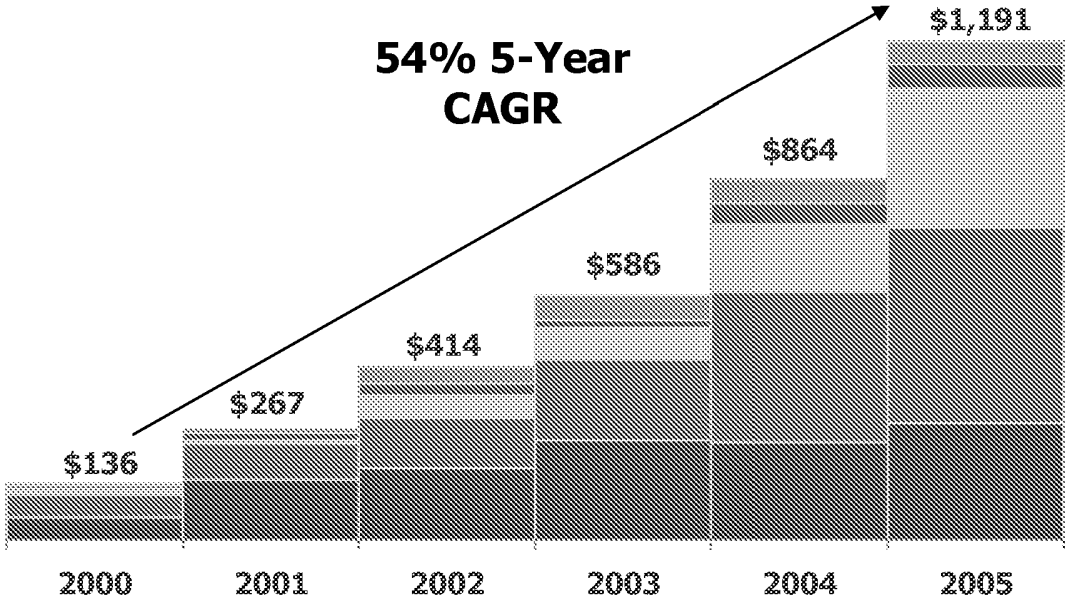


■ Agency
■ Non-Agency

2005



Non-Agency MBS Issuance (1)



■ Prime ■ Subprime ■ Alt A
■ Seconds ■ Other (2)

(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 (1)
  - 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 (2)
  - 91% maintained their credit rating
  - 8% received upgrades; 1% were downgraded
- Moody's revised its ratings on 457 transactions in 2005 (3)
  - 376 ratings (or 82%) were upgrades

(1) Source: *Inside MBS & ABS*
(2) Source – Standard and Poor's
(3) Source – Moody's Investors Service

GSE Update

Update On The GSEs

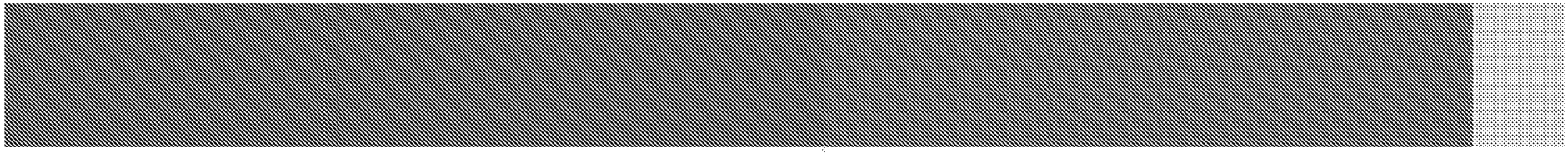
- **Capitalization**
  - OFHEO reported both Fannie and Freddie exceeded their core capital and risk-based capital requirements as of September 30, 2005
- **Reform Legislation**
  - H.R. 1461 approved by the House in October 2005
  - S. 190 stalled in Senate as more pressing issues have taken priority
    - A vote on S. 190 likely in late 2006

Comparison of the House and Senate Bills' Major Provisions

	H.R. 1461	S 190
New Regulator	Yes	Yes
Portfolio Size	Periodic regulatory review	Limits per new regulator's criteria
New Programs	Regulatory approval	Regulatory approval
Affordable housing fund	Yes	No
Capital Requirements	Subject to new regulatory guidelines	Subject to new regulatory guidelines
Conforming Loan Limits	Adjustments for high cost areas	No adjustment

- **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

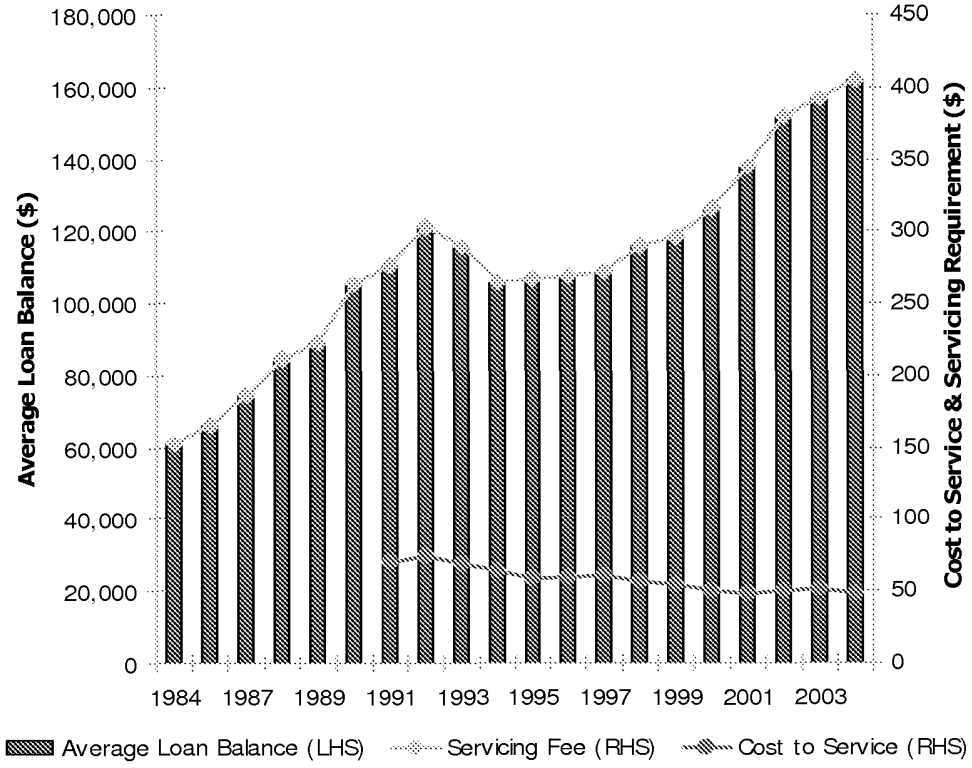


Argument For the Reduction Of The Minimum Servicing Fee

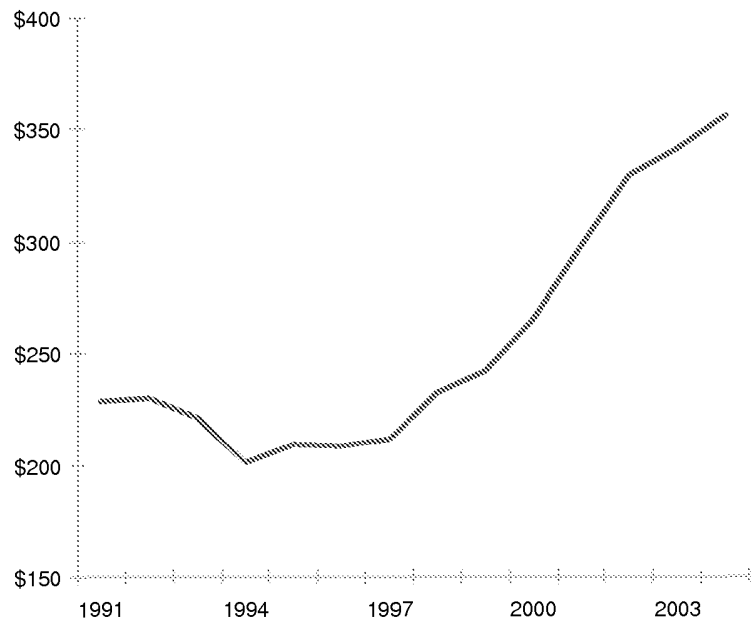
Argument for Reduction of the Minimum Servicing Fee Requirement

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



Source: Countrywide Home Loans

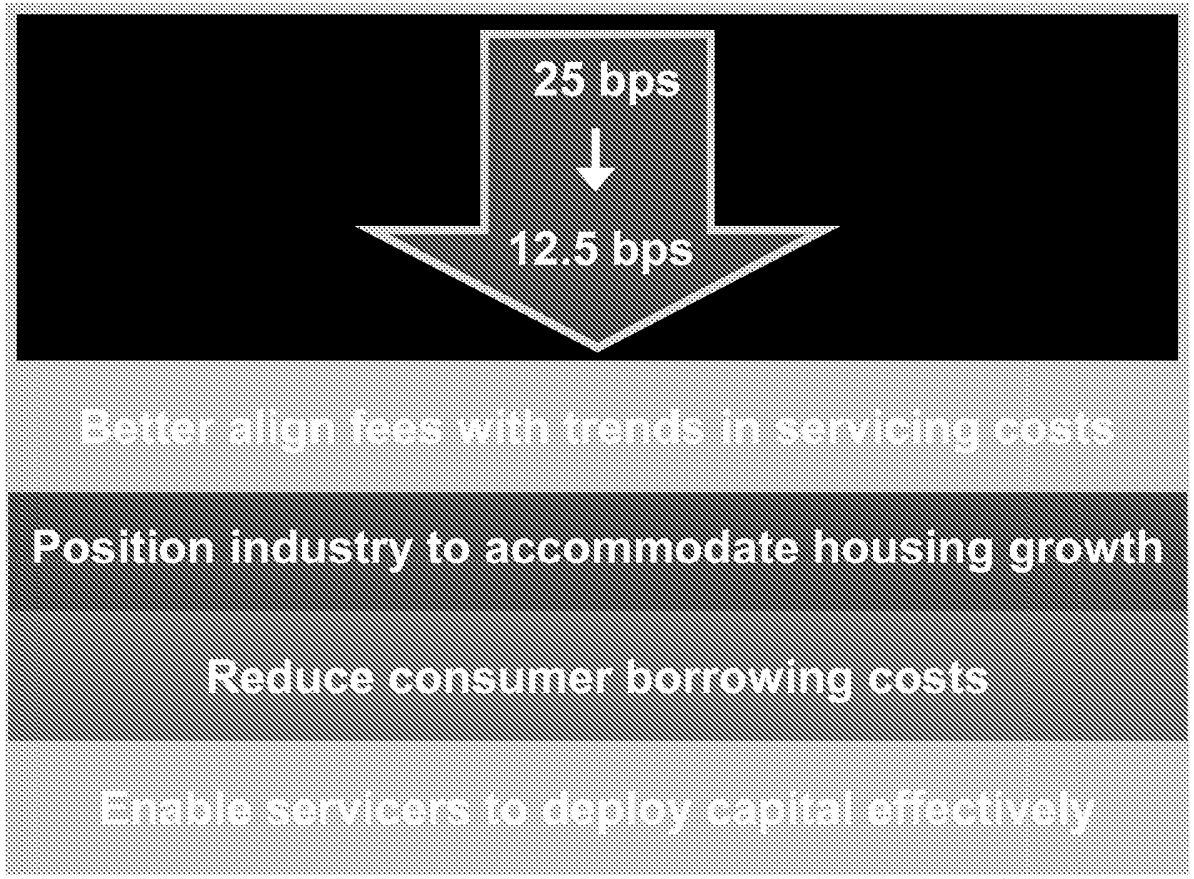
(1) Cost to service calculated for calendar year for 2003 and 2004. All previous years reflect fiscal year servicing costs

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

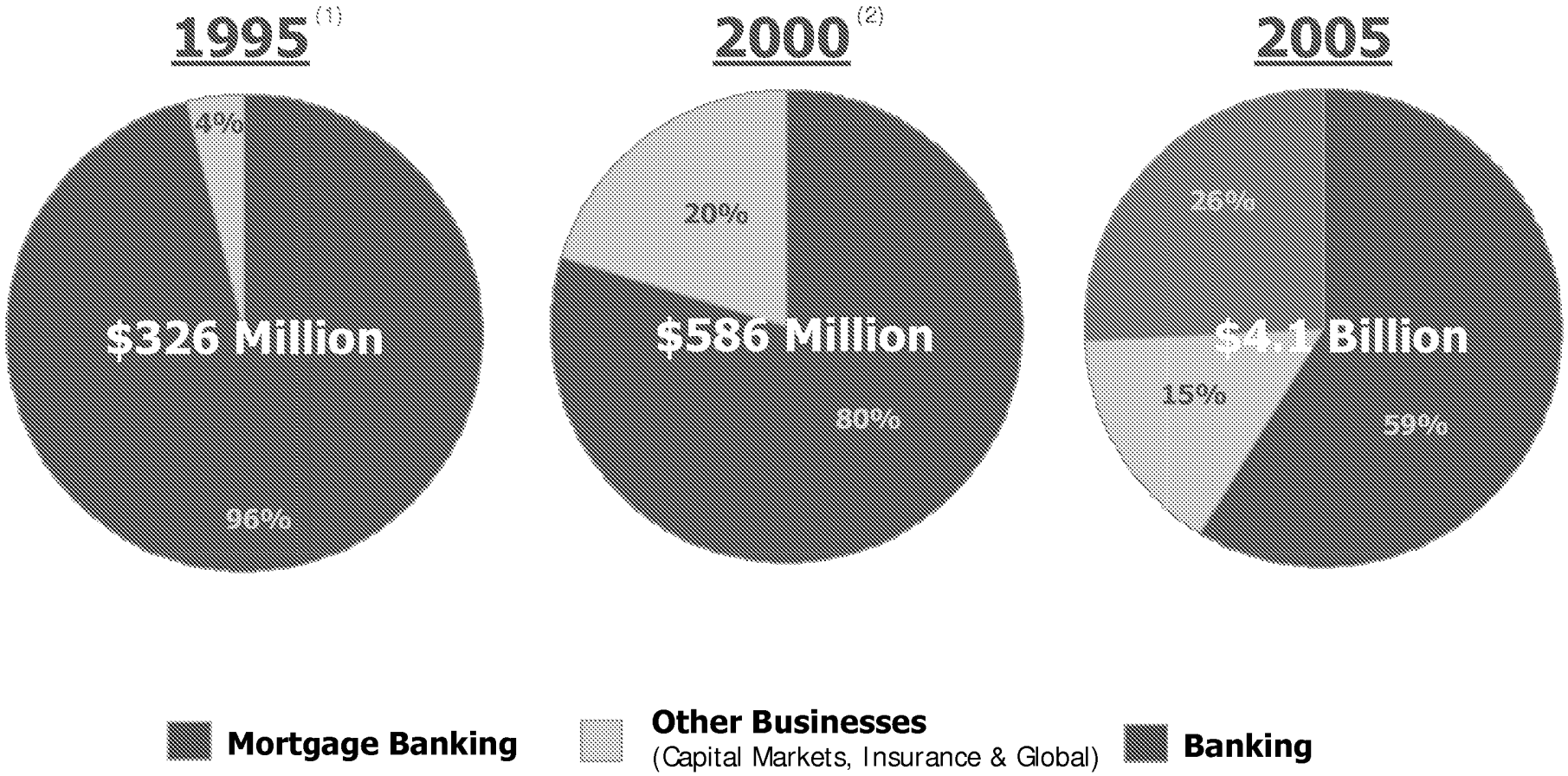
Reduced servicing builds a solid foundation for sustainable industry growth



Countrywide Looking Forward

- Building Business Diversity

Evolution Of The Business Model - Consolidated Pre-tax Earnings



(1) Fiscal year ended February 29, 1996
(2) Fiscal year ended February 28, 2001

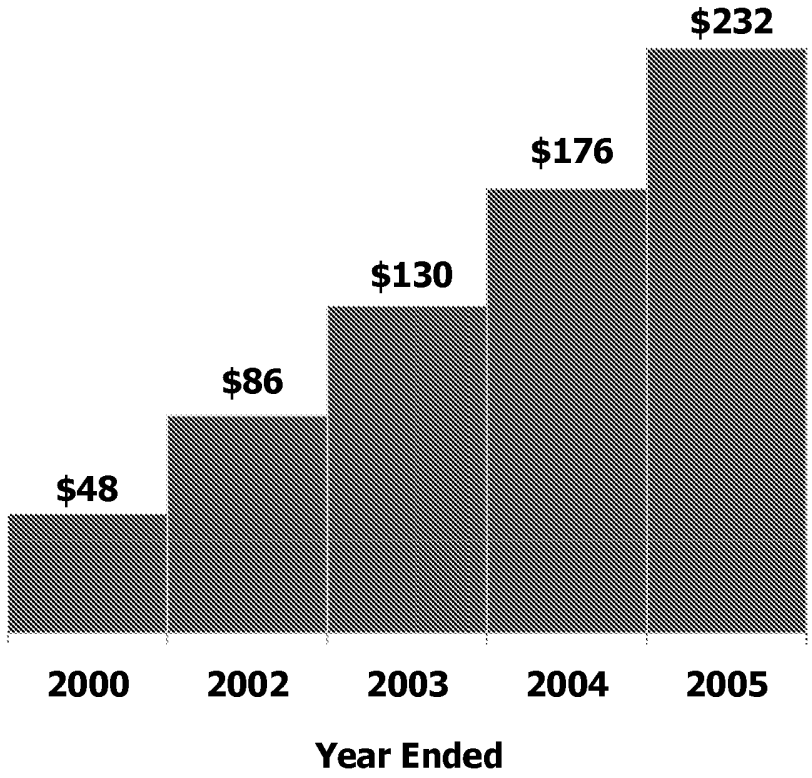
Strategic Focus On The Home Purchase Origination Market

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)

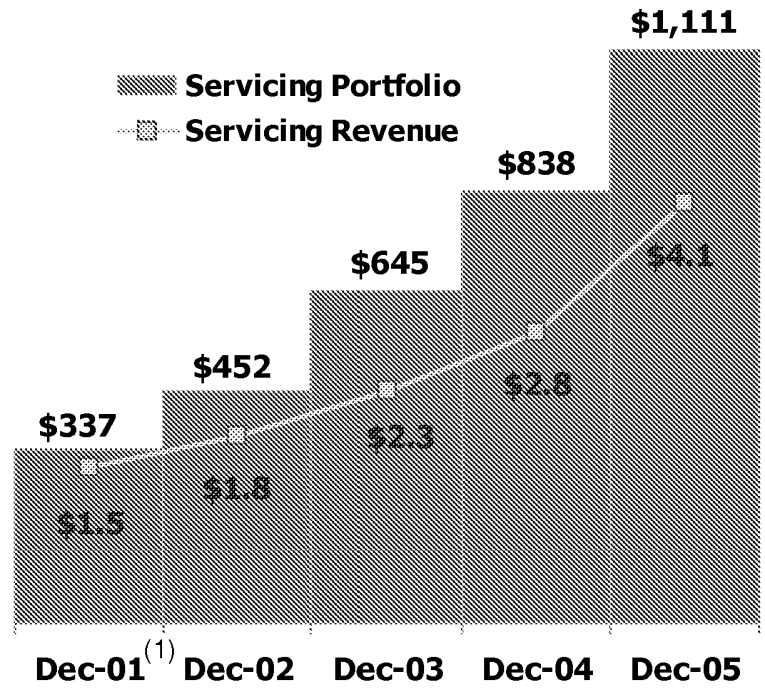


Evolution of the Business Model - Loan Servicing

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[2]



(1) For the 10-month period ended December 31, 2001
(2) Includes Servicing fees, net of guarantee fees, miscellaneous fees and escrow balance income

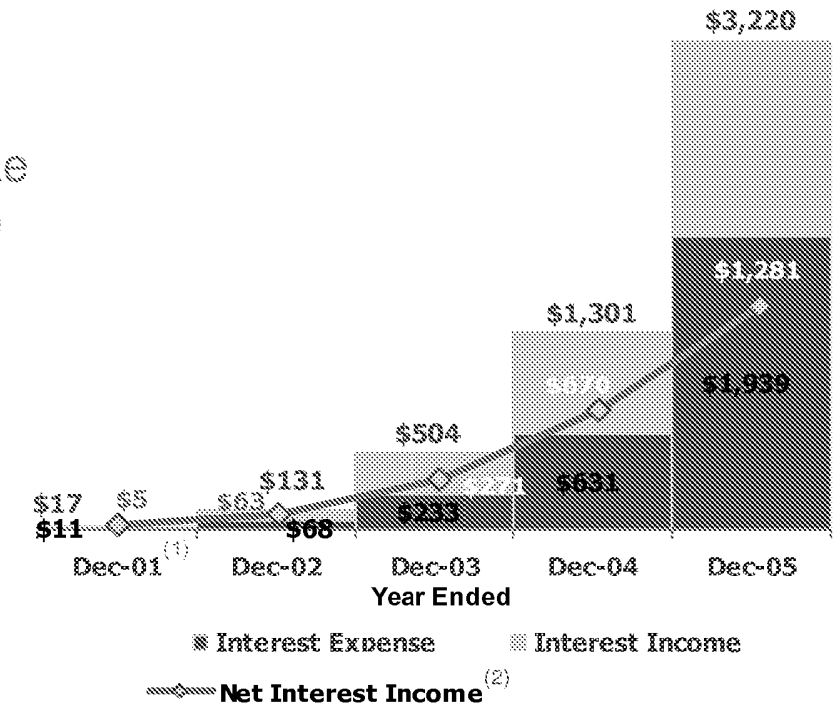
Countrywide Bank Net Interest Income 2000 through 2005

(dollars in millions)

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



(1) Bank acquired in May 2001 -- For period May to December 31, 2001
(2) Before provision for loan losses

2010 Goals

Evolution Of The Business Model - 2010 Goals

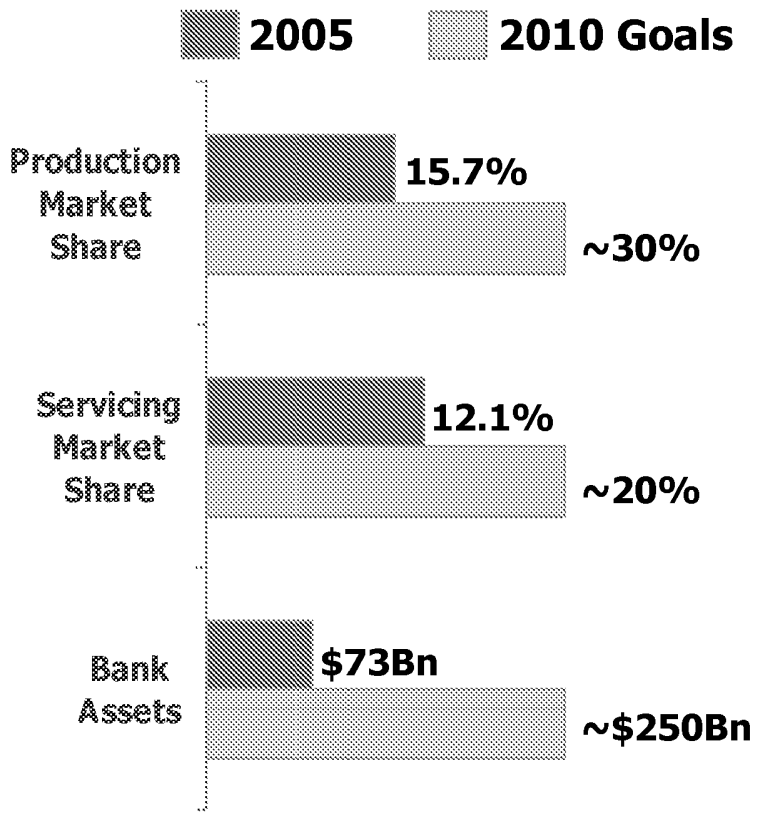
(See Disclaimer At End Of Presentation)

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*

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Industry and CFC Overview

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2006 Fixed Income Investor Forum

Financial Review

Eric P. Sieracki
Executive MD & Chief Financial Officer

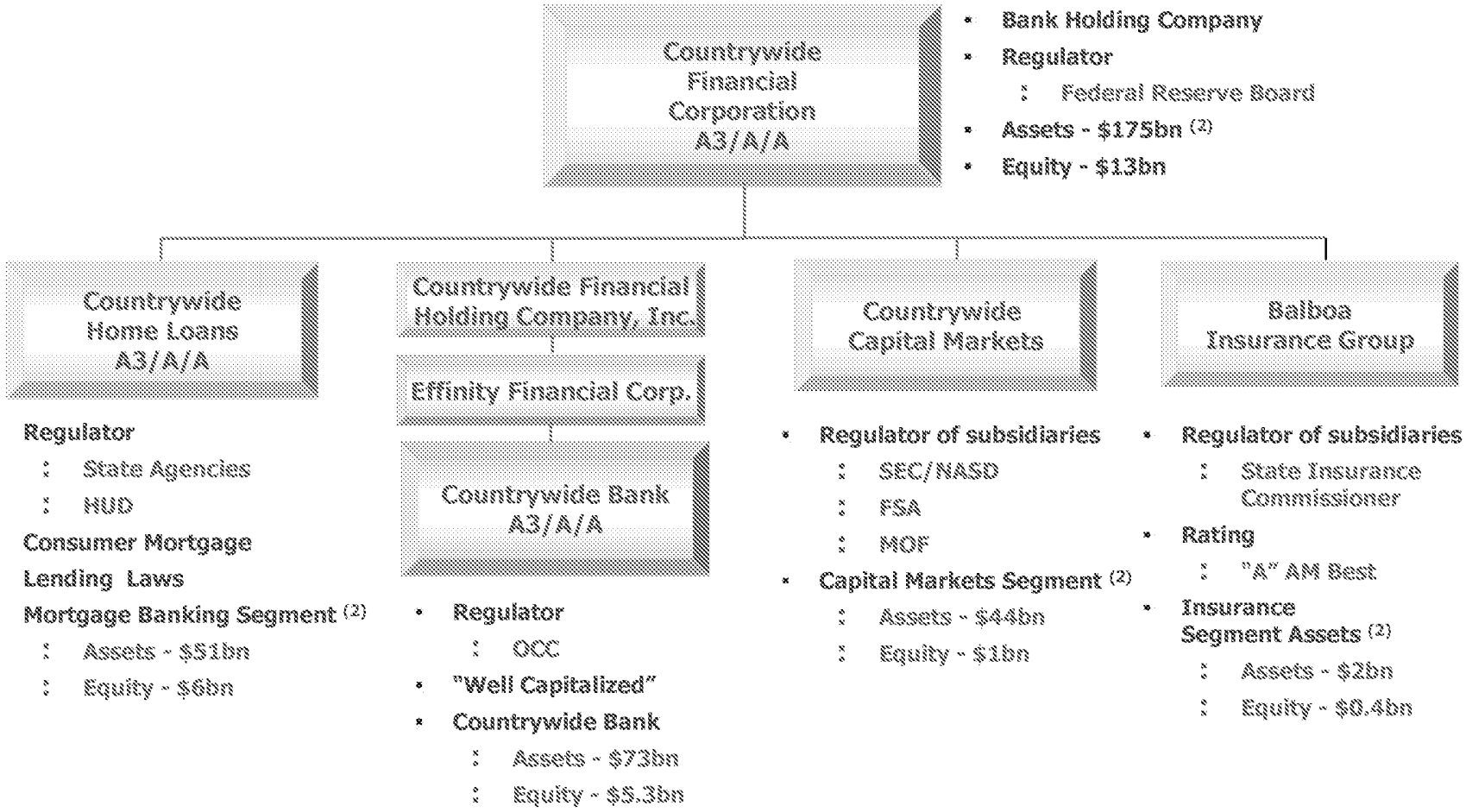
February 28, 2006

Financial Review Agenda

- 2005 Operational and Financial Highlights
- 2006 Guidance

2005 Operational and Financial Highlights

CFC's Major Subsidiaries (1)



(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)

	Year Ended			
	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	% Δ '05 v. '04
Mortgage Banking				
Production				
Loan Fundings [1]	$ 435	$ 363	$ 491	35%
Market Share [2]	11.0%	12.4%	15.7%	27%
Loan Pipeline	$ 33	$ 48	$ 60	25%
Servicing				
Loan Portfolio	$ 645	$ 838	$ 1,111	33%
Market Share [2]	9.2%	10.5%	12.1%	16%

[1] Includes production from Countrywide Bank and Capital Markets
[2] 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)

	Year Ended			
	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	% Δ '05 v. '04
Other Businesses				
Countrywide Bank				
Total Bank Assets	$ 19	$ 41	$ 73	78%
Bank Loan Portfolio	$ 15	$ 34	$ 64	88%
Total Deposits	$ 9	$ 20	$ 40	100%
Capital Markets				
Securities Trading Volume	$ 2,859	$ 3,127	$ 3,551	14%
Insurance				
Net Premiums Earned ($ in millions)	$ 733	$ 783	$ 954	22%
Hurricane Loss Provisions ($ in millions)	$4	$68	$85	26%

Numbers may not be exact due to rounding

Financial Highlights - Full Year 2005 Review

	Year Ended			
	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	% Δ '05 v. '04
Net Earnings ($ in millions)	$ 2,373	$ 2,198	$ 2,528	15%
Earnings Per Diluted Share	$ 4.18	$ 3.63	$ 4.11	13%
Annualized Return on Average Equity	36%	24%	22%	-8%

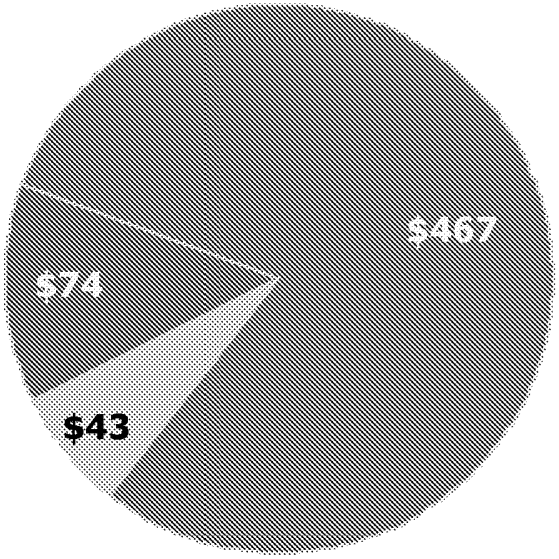
Numbers may not be exact due to rounding

Business Segment Pre-tax Earnings – 2000 to 2005 Comparison

(dollars in millions)

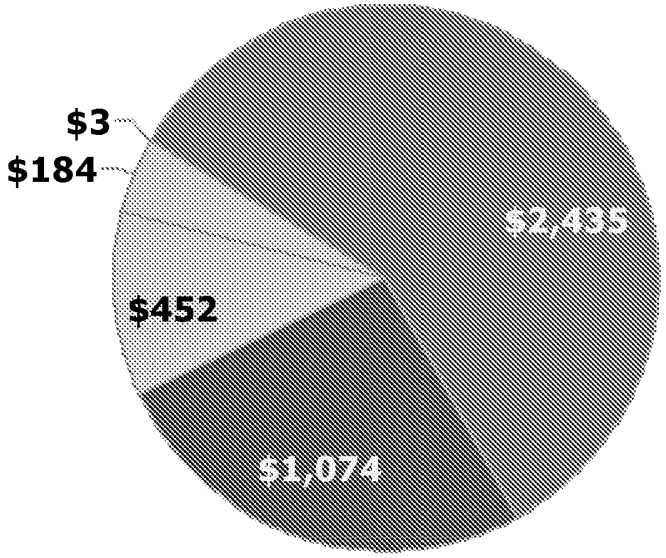
2000 Pre-tax Earnings (1)

$586 Million in Earnings



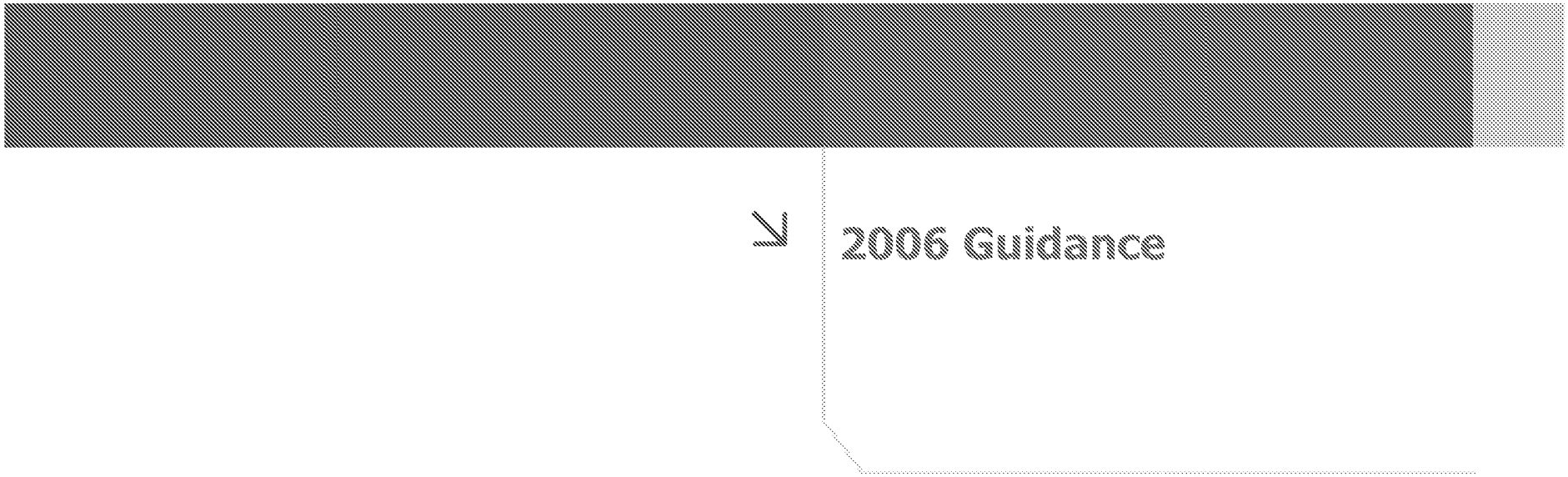
2005 Pre-tax Earnings

$4.1 Billion in Earnings



- Mortgage Banking
- Banking
- Capital Markets
- Insurance
- Global & Other

(1) – 12 months ended February 28, 2001
Numbers may not be exact due to rounding



2006 Guidance

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

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Executive MD & Chief Financial Officer

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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

Operational Review

Substantial Market Share Gains in 2005

2005 Top Originators

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

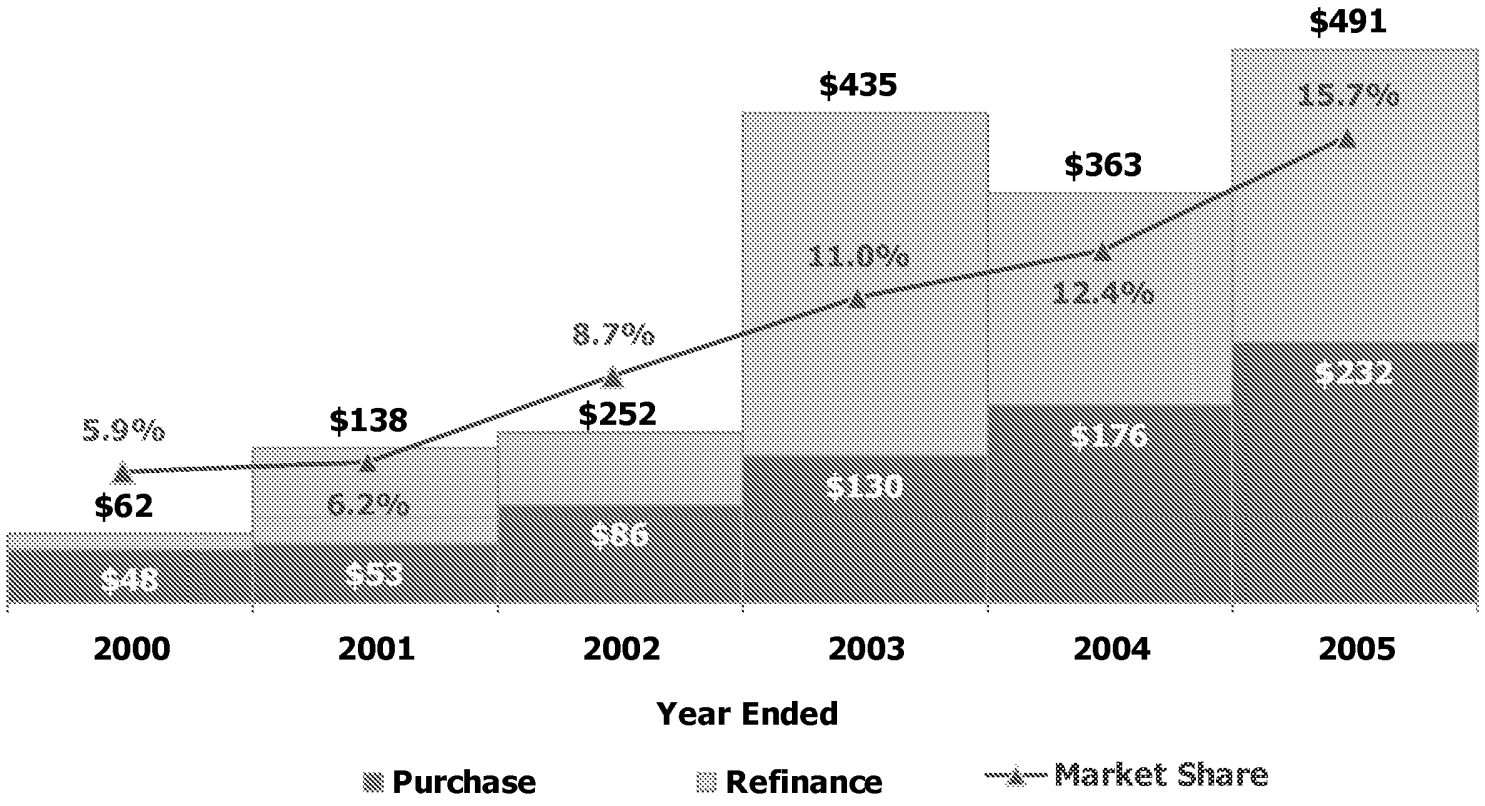
- By loan type
  - # 1 Purchase lender
  - # 1 Refinance lender
- By mortgage product
  - # 1 ARM lender
  - # 1 Conforming lender
  - # 1 Jumbo lender
  - # 1 Alt-A lender
  - # 3 Subprime lender
  - # 4 Home Equity lender
- By channel
  - # 1 Correspondent
  - # 1 Wholesale
  - # 2 Retail

Source: *Inside Mortgage Finance*

Organic Growth Has Empowered Production Market Share Growth

(dollars in billions)

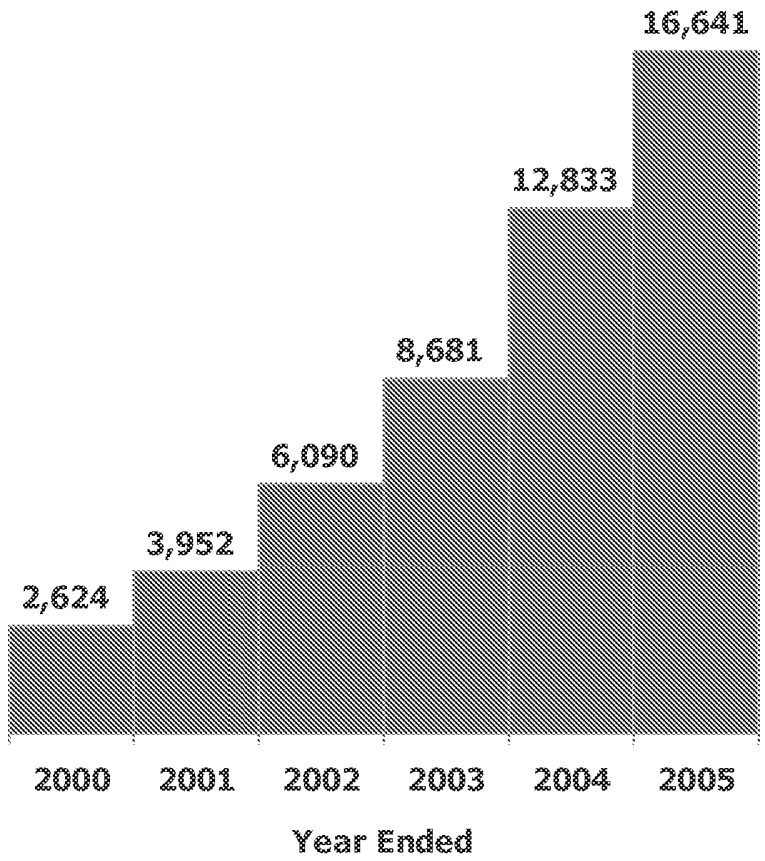
CFC Residential Mortgage Loan Production & Market Share Growth



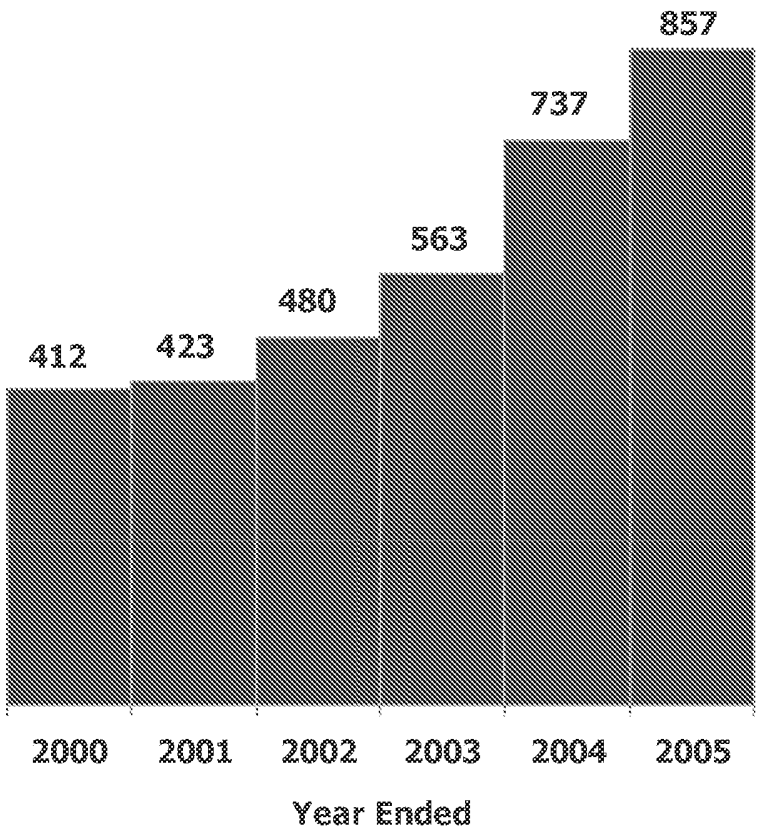
Market share source: *Inside Mortgage Finance*

Growth Driven By Salesforce & Branch Expansion

CFC Production Sales Force



CFC Retail Branch Network



Leader in Servicing - Well Positioned for a Rising Rate Environment

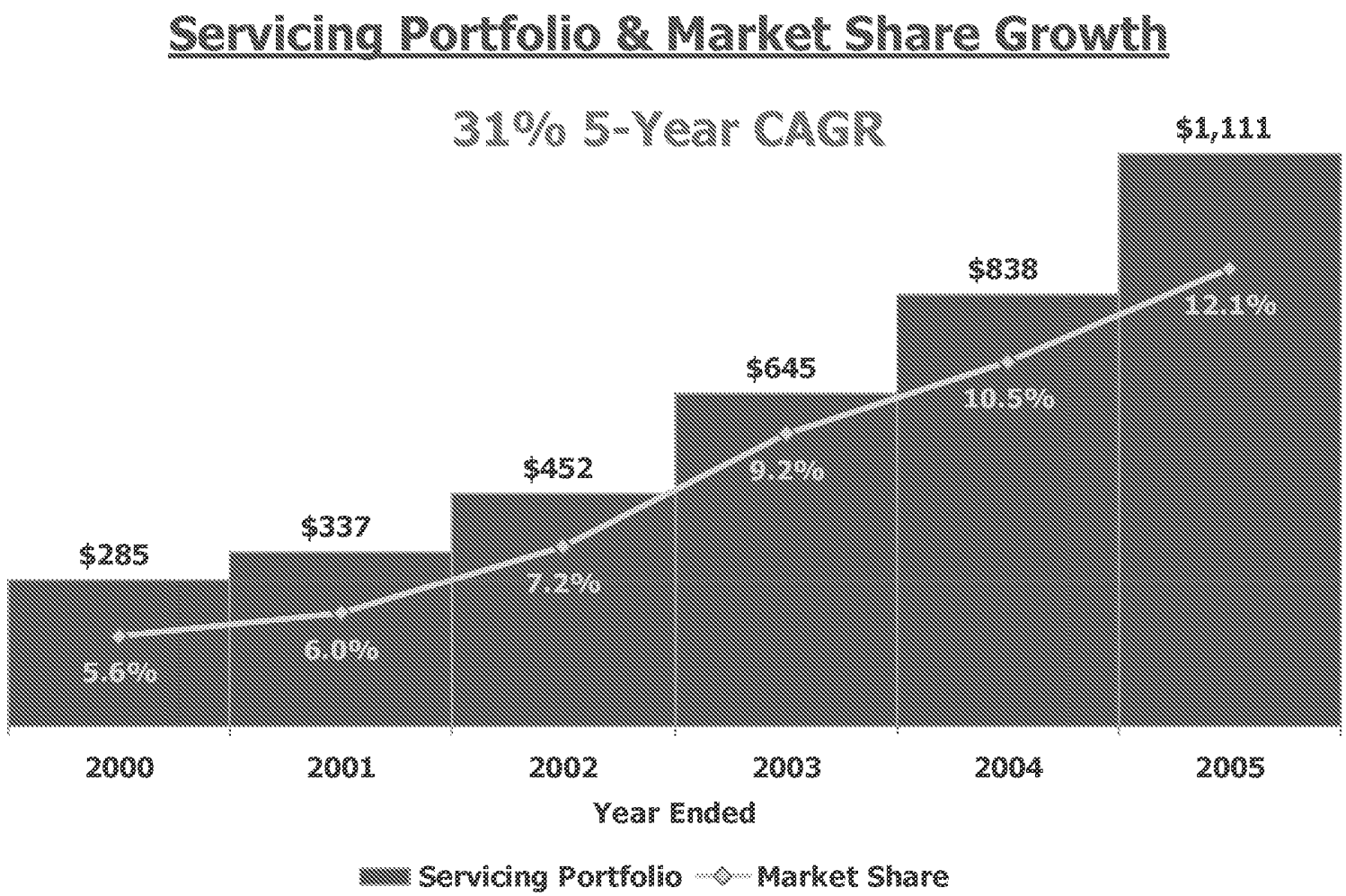
2005 Top Servicers

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

Source: *Inside Mortgage Finance*

Servicing Portfolio Counterbalances Originations & Provides Lead Generation

(dollars in billions)

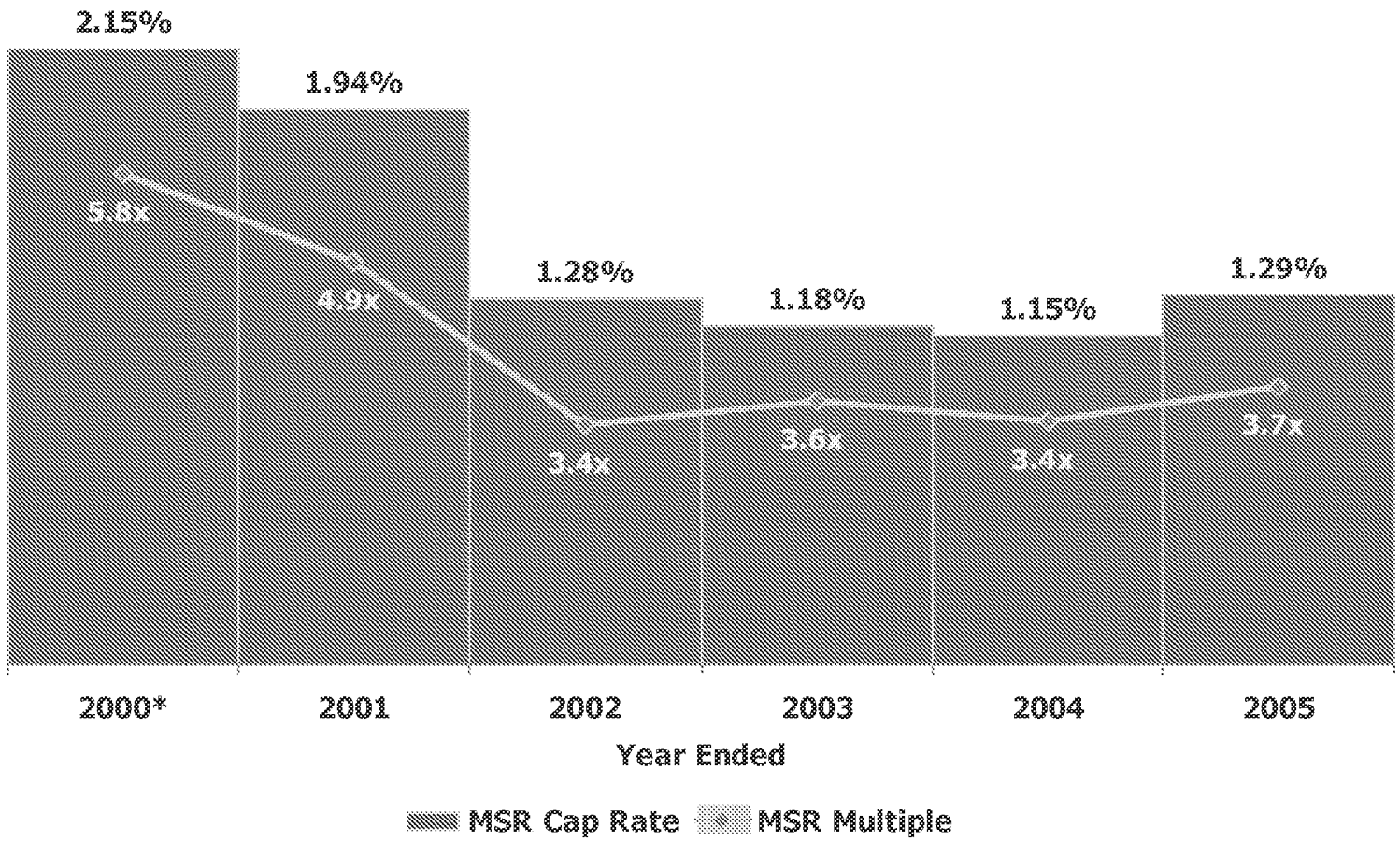


Market share source: *Inside Mortgage Finance*

Financial Review

Conservative MSR Valuation

MSR Capitalization Rate & Multiple



* 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)

	Year Ended					
	Feb-01	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
MSR	$ 5,768	$ 6,116	$ 5,385	$ 6,864	$ 8,730	$12,611
Deferred Taxes	1,702	1,733	1,885	2,190	2,723	4,175
Tax-Adjusted MSR	$ 4,066	$ 4,383	$ 3,500	$ 4,673	$ 6,007	$ 8,435
Shareholders Equity	$ 3,559	$ 4,088	$ 5,161	$ 8,085	$10,310	$12,816
Tax-Adjusted MSR to equity	1.14x	1.07x	0.68x	0.58x	0.58x	0.66x
Average 10-year Treasury Yield	5.80%	5.02%	4.61%	4.01%	4.27%	4.29%

Industry Topics - Fair Value Accounting For Mortgage Servicing Rights

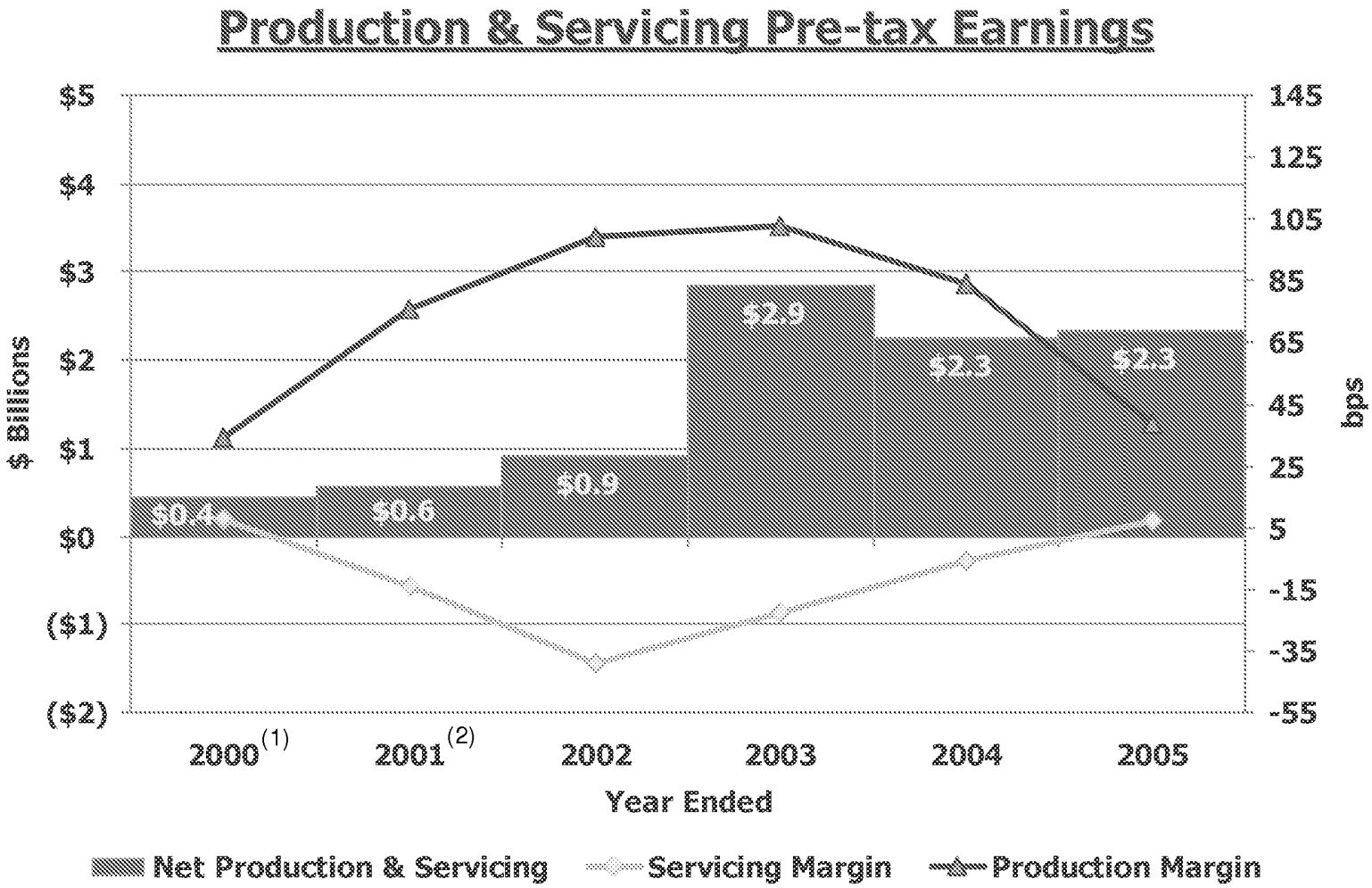
- The FASB issued an exposure draft to allow companies to elect accounting for MSRs on a fair value basis (FAS-156)
  - Issuance expected in March 2006
  - One time voluntary election
- If adopted by Countrywide, would be applied retroactively to January 1, 2006
  - $110 million of MSR in excess of carrying value would be recognized[1]
  - 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

Macro-Hedge Margin Analysis

Counterbalanced Earnings Streams Provide Solid Performance

(dollars in billions)



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

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Mortgage Banking Review

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Executive MD & Chief Financial Officer

February 28, 2006

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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

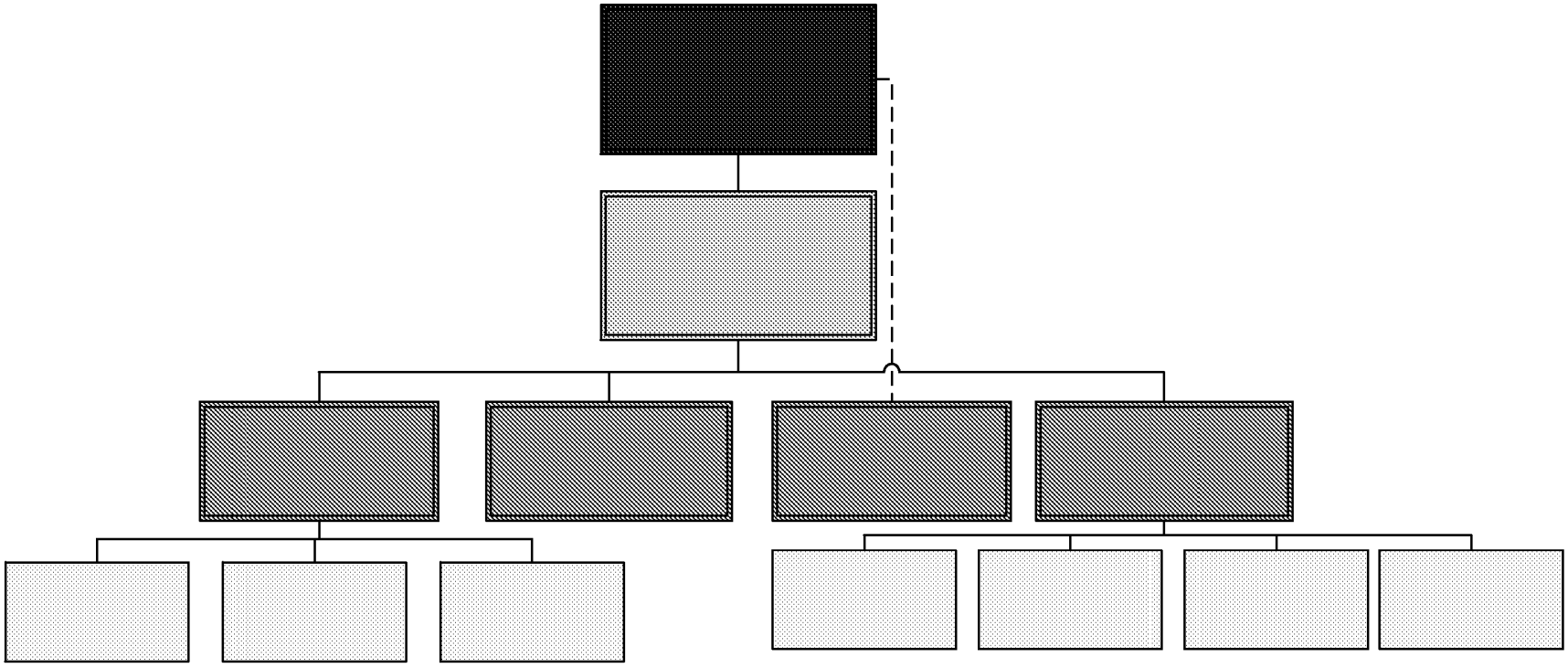
[1] Council on Financial Competition, "State of the Branch", 2004

Agenda

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

Countrywide Bank Organizational Structure

Leadership Team



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 Naselow, EVP, Treasurer & CIO
Great Western Bank, FSB

Carman 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 Wennes, MD, Chief Operating Officer
Wells Fargo Bank, NA

Pierre Habis, 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 Matricciani, EVP, Chief Strategy Officer
Capital One, McKinsey & Co.

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

Dean Lesiak, MD, Operations Risk Management
Washington Mutual Bank

Holly Holland, EVP, Document Custody
PriceWaterhouseCoopers

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

Alex Hsu, EVP, CIO
Bank of America

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

Agenda

- Management Team
- Financial Performance
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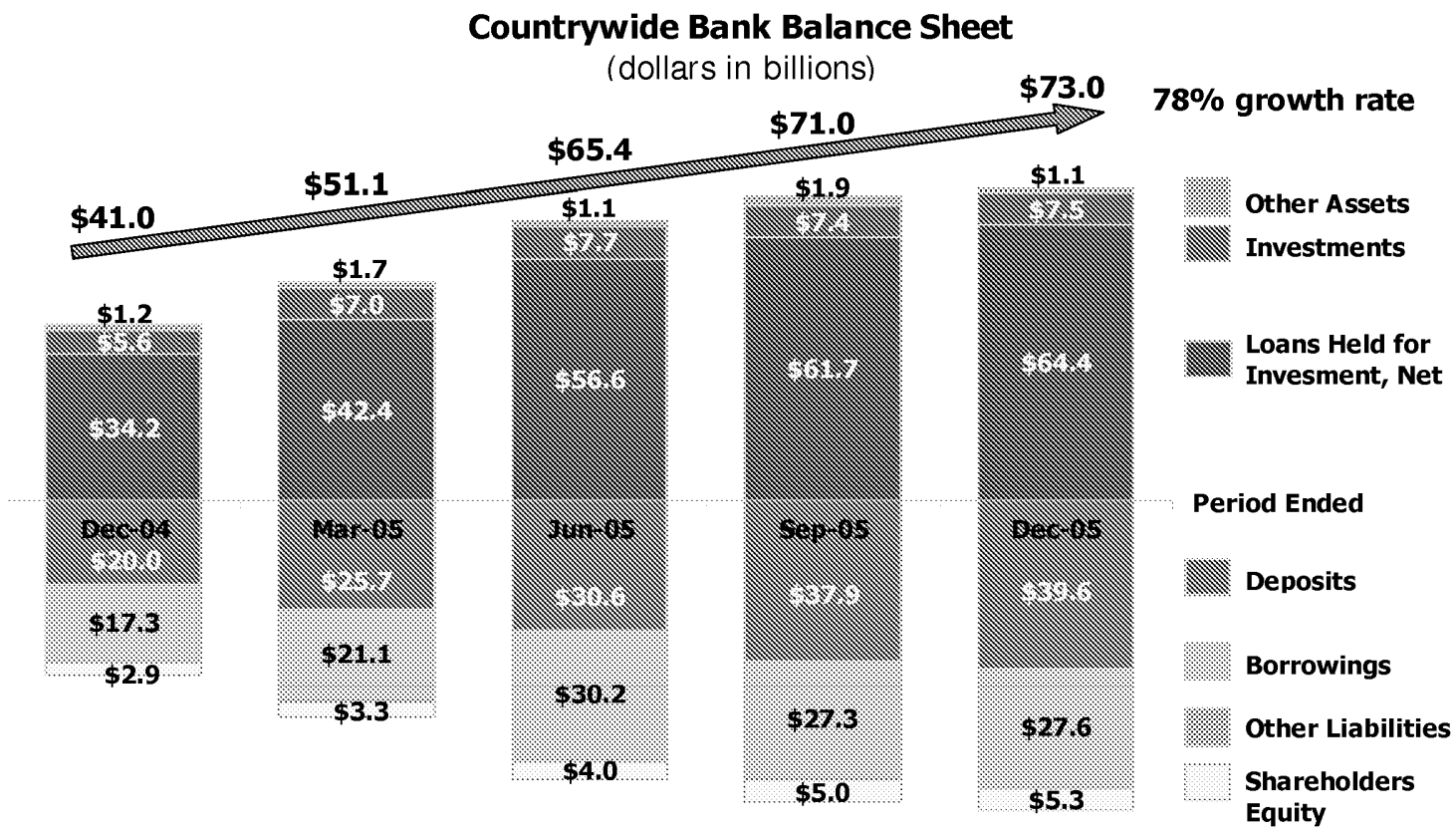
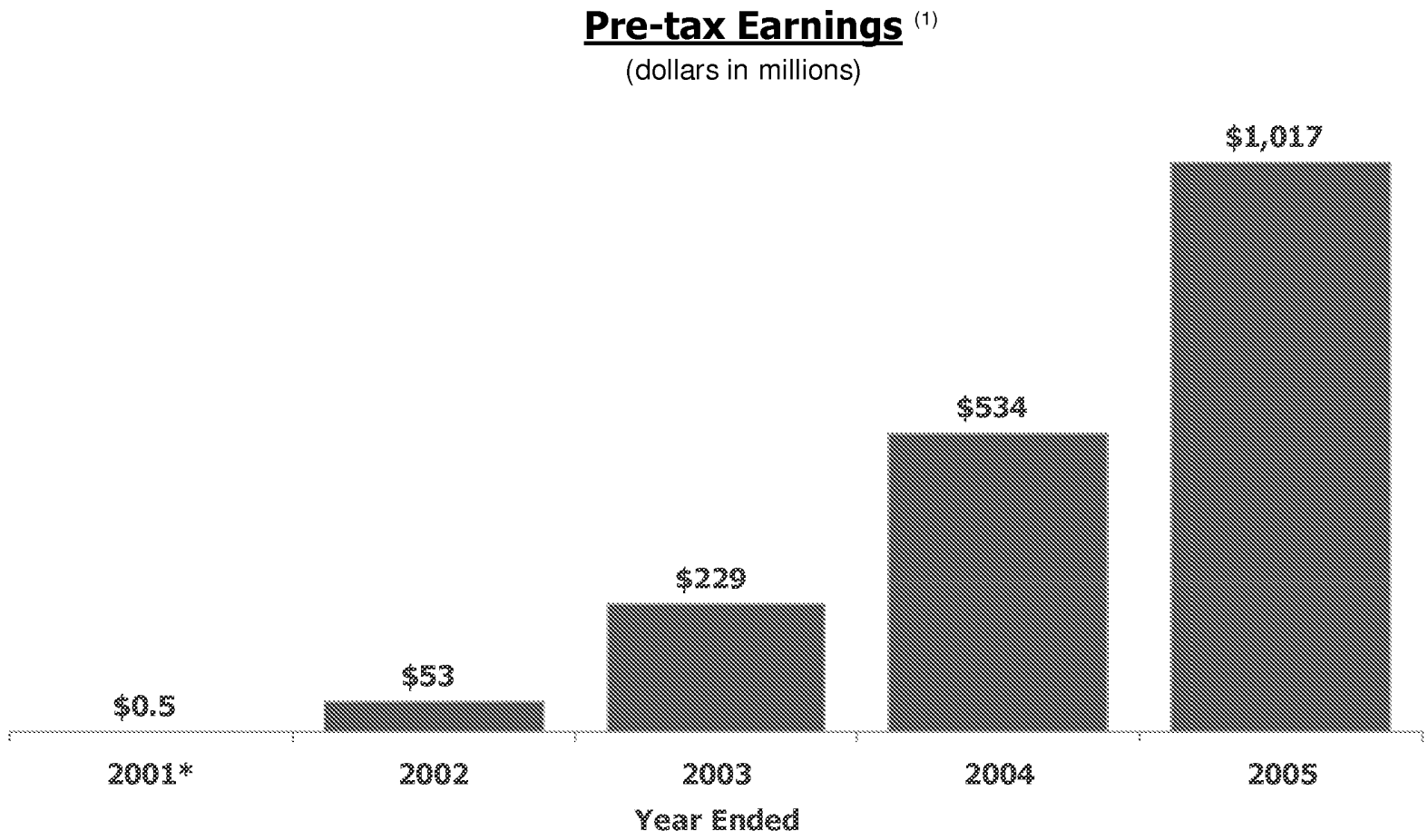
- Portfolio Strategy

Continued Bank [1] Balance Sheet Growth



[1] Bank only, excludes mortgage banking and warehouse lending

Growing Portfolio Earnings



(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[1] Business Model Continues to Produce Strong Performance

	Quarter Ended				
	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005	Dec. 31, 2005
Steady-state Interest Margin	2.58%	2.53%	2.51%	2.55%	2.58%
Interest Rate Lag Effect	0.09%	0.14%	0.18%	0.28%	0.31%
Teaser Rate Effect	0.06%	0.12%	0.25%	0.27%	0.16%
Net Interest Margin (GAAP) [2]	2.43%	2.27%	2.08%	2.00%	2.11%
Provision and Mortgage Insurance	0.13%	0.11%	0.18%	0.29%	0.10%
Net Operating Expense	0.33%	0.30%	0.26%	0.23%	0.25%
ROA	1.12%	1.12%	0.99%	0.88%	1.10%
ROE	16.3%	16.3%	16.0%	14.5%	15.6%

[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

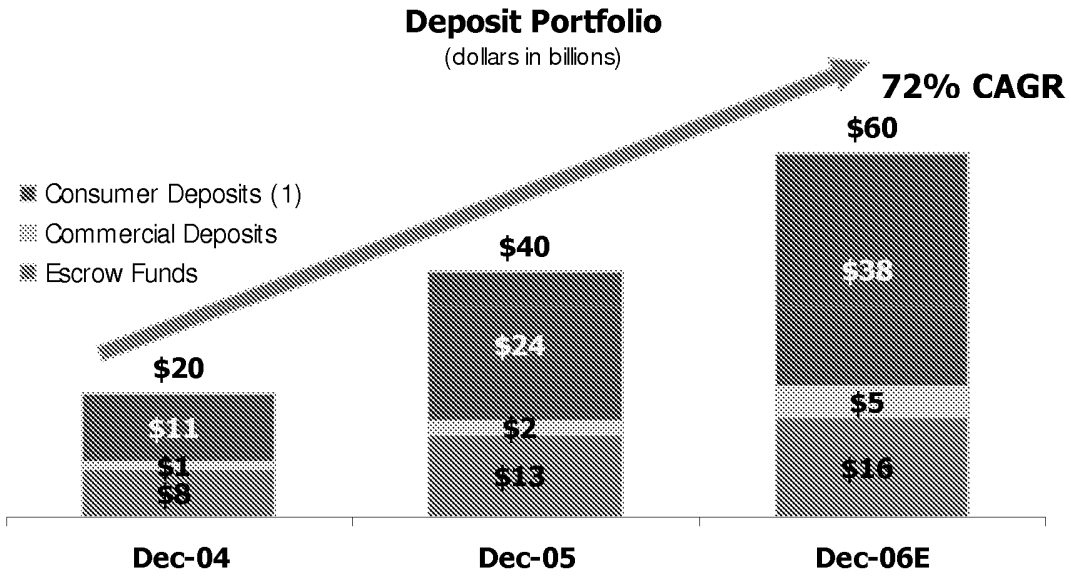
- Management Team
- Financial Performance
- Funding and Liquidity
- Portfolio Strategy

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 CHL 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**

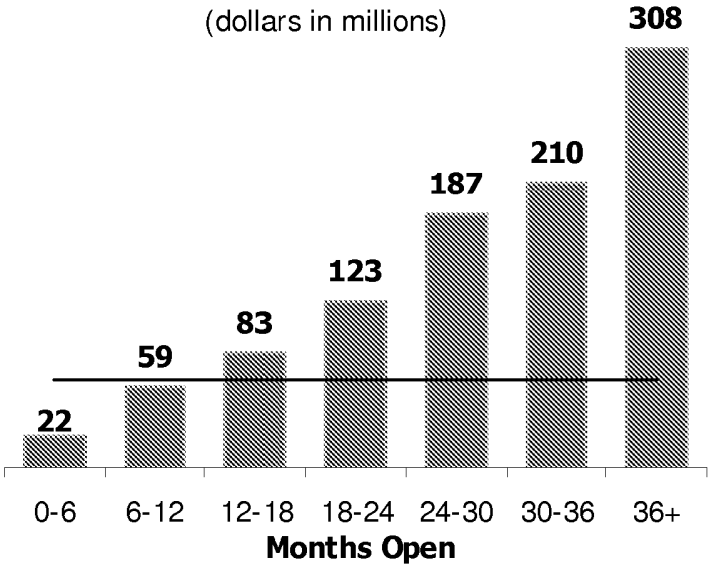


(1) - Consumer deposits include retail MMDA, retail CD and brokered CD

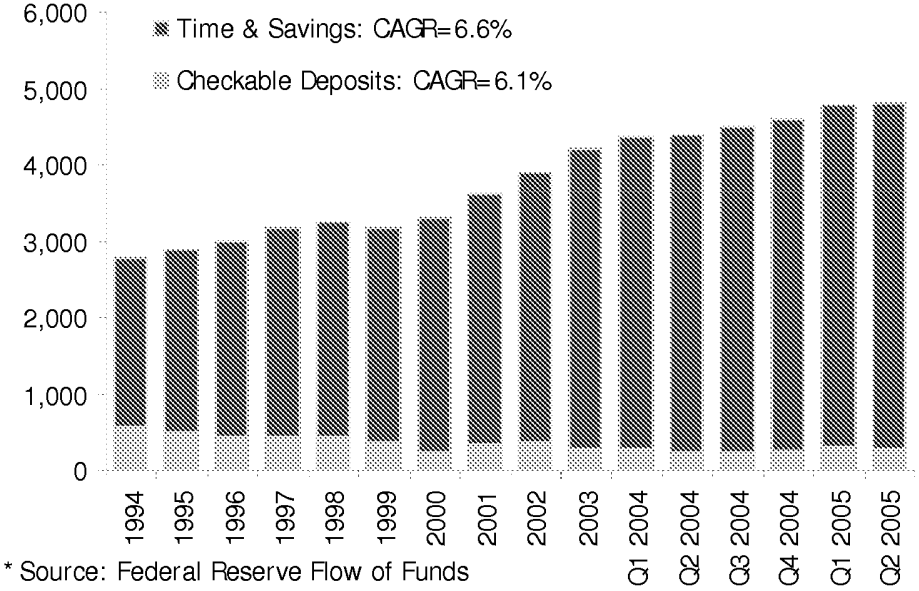
The Retail Deposit Franchise has ample room to grow and support CFC

- 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 CMD branch growth in new markets, resulting in increased efficiency for CFC

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



Industry Deposit Balances
(dollars in billions)



* 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

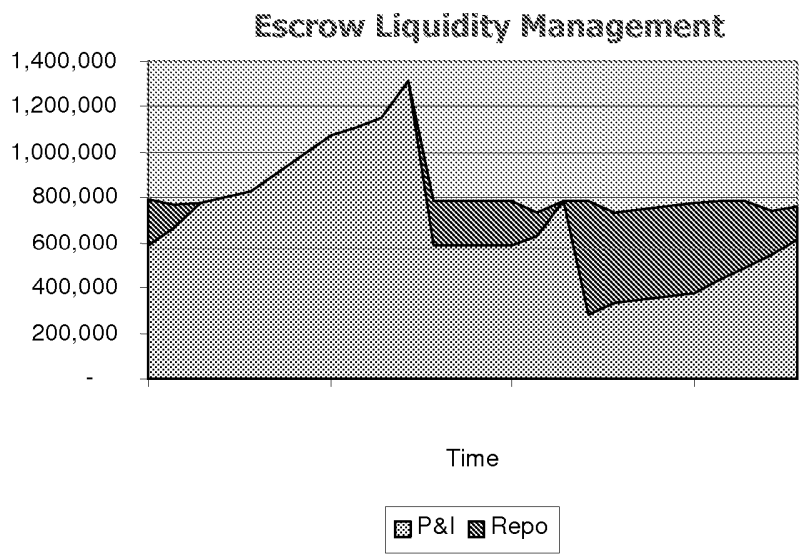
- The Bank is developing back office processing infrastructure to provide expanded products and services to Title and Escrow companies, CHL, and other industries in order to attract low-cost operating deposits
  - Cash Management
  - Positive Pay
  - Remote Cashiers Check

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

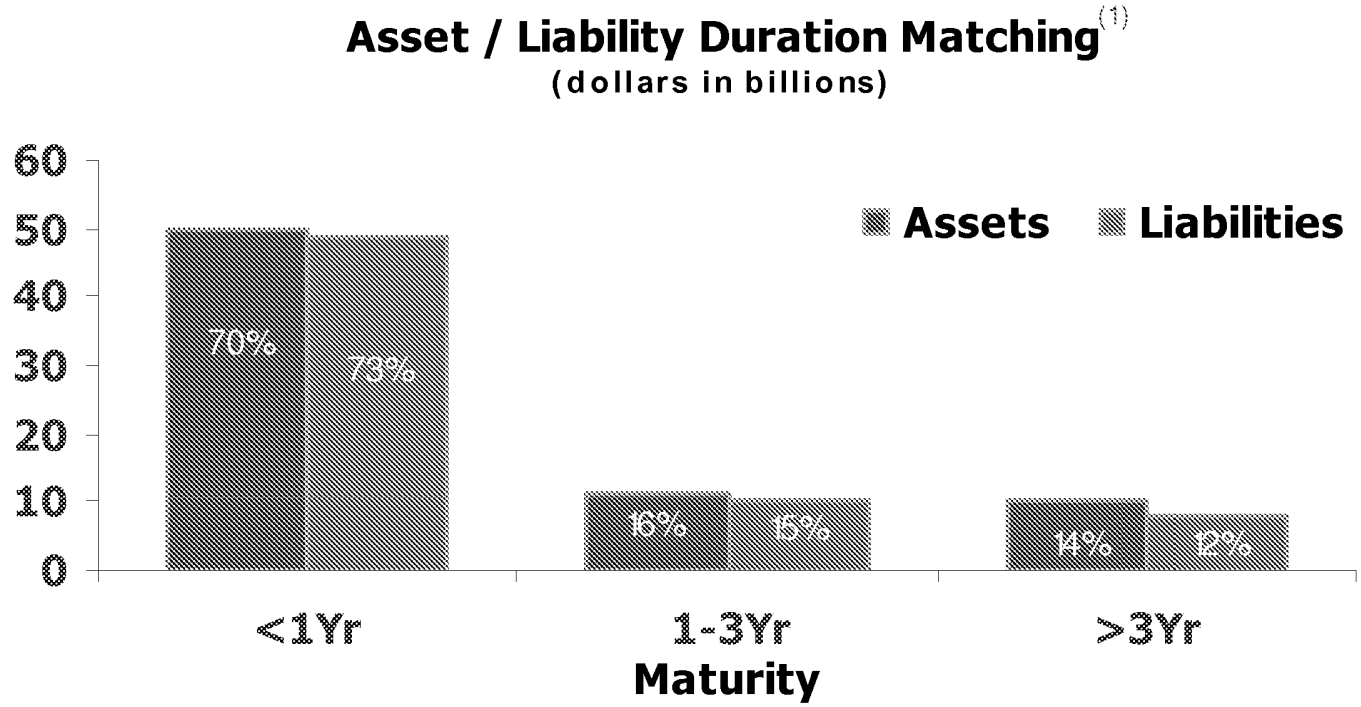
Repos used to smooth out escrow balance volatility

(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



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

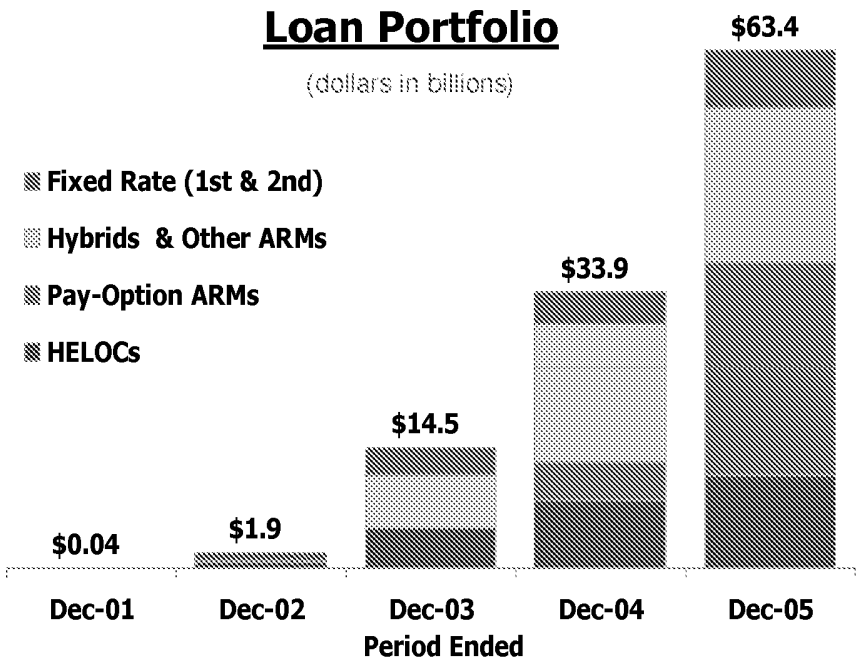
(1) Bank only, excludes warehouse lending

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



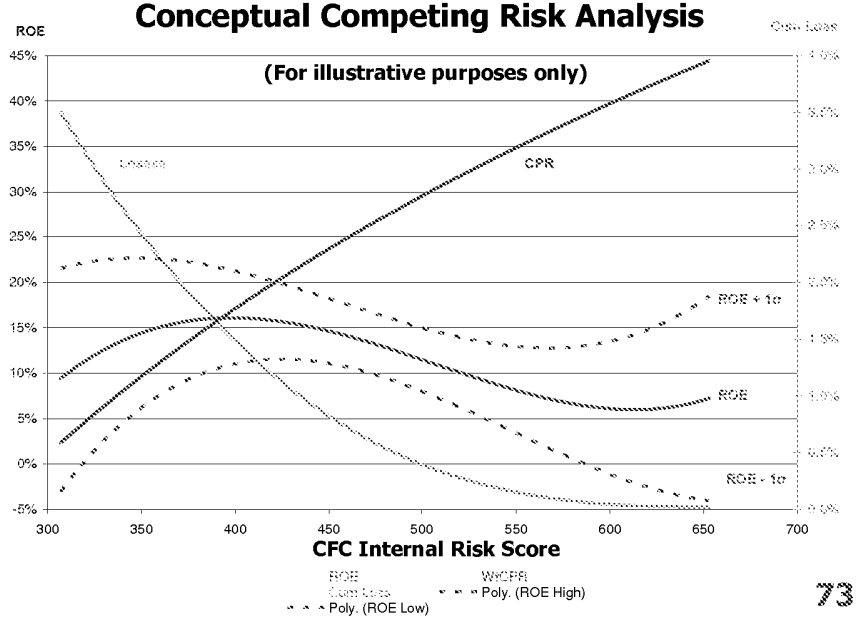
	Period Ended Dec. 31, 2005			
	Balance	Original CLTV	FICO	60+ Delinq.
HELOCs	$ 11.3	77%	717	0.61%
Pay-Option	$ 26.1	78%	720	0.22%
Hybrids & Other ARMs	$ 19.0	80%	735	0.51%
Fixed Rate (1st & 2nd)	$ 7.0	79%	725	0.37%
Total Loan Portfolio	$ 63.4	78%	725	0.39%

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

Conceptual Competing Risk Analysis



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 [1] Credit Reserves

(dollars in millions)

	Three Months Ended or at Period End				
	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005	Dec. 31, 2005
Countrywide Bank					
Reserve	$ 49	$ 55	$ 74	$ 107	$ 113
Total Bank loan portfolio, UPB [2]	$ 33,855	$ 41,899	$ 55,815	$ 60,851	$ 63,444
Reserve [3]	0.14%	0.13%	0.13%	0.18%	0.18%
Non-performing loans [3]	0.06%	0.08%	0.07%	0.11%	0.24%
Loan loss provision [4]	0.10%	0.07%	0.17%	0.29%	0.10%
Net charge-offs [4]	0.002%	0.007%	0.007%	0.015%	0.019%

(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 [1]

(dollars in millions)	At Period End				
	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005	Dec. 31, 2005
Bank pay-option portfolio:					
Period end balance [2]	$ 4,699	$ 8,692	$15,706	$21,909	$26,101
Loans with negative amortization:					
Principal	$ 33	$ 772	$ 3,050	$ 7,894	$13,964
Accumulated negative amortization	$ 0	$ 1	$ 6	$ 25	$ 75
Original CLTV	75%	75%	77%	78%	78%
Original LTV	73%	73%	74%	74%	75%
FICO	730	726	721	720	720
Delinquencies [3]	0.08%	0.05%	0.05%	0.08%	0.22%

(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	Further Opportunity

• Developed a world-class deposit franchise (a liquidity source with a low cost of funds)	• Capture full value of CFC's mortgage origination operating capabilities by:
	  ◦ Expanding investments into desired portfolio products
	  ◦ Funding additional CFC's mortgage banking activities

• Helped CFC become the 11th largest U.S. Bank Holding Company	• Scale Bank balance sheet sufficiently to increase corporate strength and flexibility through:
	  ◦ Reduced exposure to MSR volatility risk
	  ◦ Increased liquidity

• Made a significant contribution to CFC's efforts to diversify its sources of revenues	• Scale and diversify the Bank further • Increase price to book and P/E due to higher quality spread earnings
• The business model generates return on capital comparable to top banking institutions	• Lower cost of funds, increase fee income, lower tax rate, produce higher returns

Countrywide

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

Loan-Level Measures	Primary Credit Enhancements	Key Credit Risks
- Credit policy	- Mortgage insurance	- Rep & warrant
- Underwriting	- GSE non-recourse sales	- Whole loans
- Quality control	- Private non-recourse sales	- Residuals
- Surveillance	- Bond insurance	- Reinsurance
- Loss mitigation	- Risk-based pricing	- Advances
- Diversification		

Retained Credit Risk

Net Credit Risk Positions at December 31, 2005

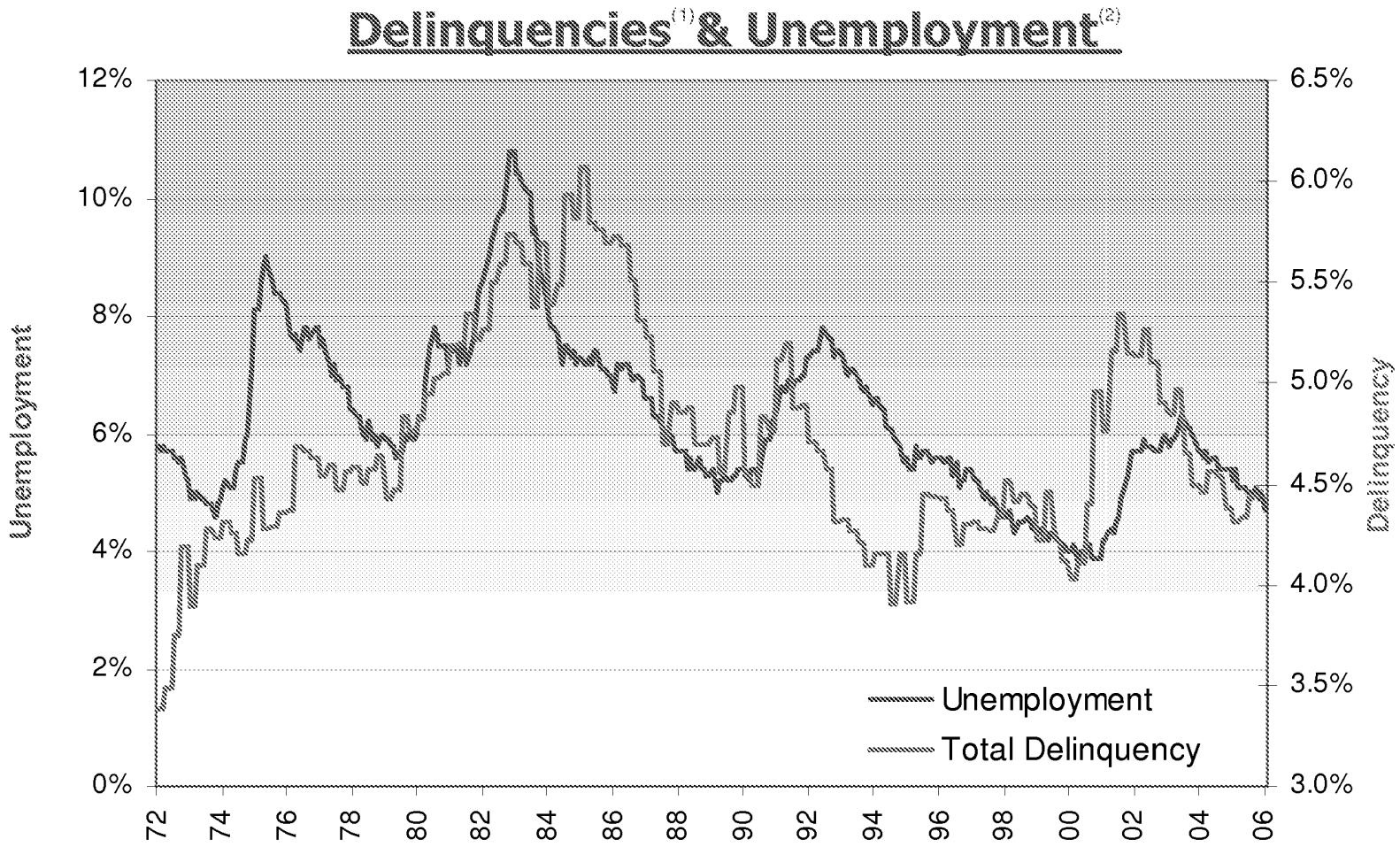
(dollars in thousands)

Owned & Sold Portfolios Reconciliation

	Portfolio	UPB	Reserves / Residual Losses						
			HFS/HFI/ WHL	R&W	Balboa Re	Residual Losses	Servicing Advances	All	
Owned Portfolio	HFS - CHL	$ 35,543,728			$ 309		$ 6,029	$ 6,338	0.02%
	Held For Investment	745,680	85,475	-	140	-	1,941	87,556	44.41%
	Countrywide Bank	62,081,387	103,416		2,077		84	105,577	0.17%
	CAMCO	573,621	5,630	-	12	-	15	5,656	1.91%
	HFS - Countrywide Capital Markets	8,260,659						-	0.00%
Subtotal		$ 107,325,056	$ 194,520	$ -	$ 2,538	$ -	$ 8,070	$ 205,127	0.19%
Sold Portfolio	AGENCY	499,311,563	-	88,831	99,310	-	10,226	198,367	0.07%
	FHLB	5,916,274			1,202		47	1,249	0.02%
	Govt (FHA / VA)	46,827,338	-	5,618	-	-	25,000	30,618	0.13%
	Govt - CAMCO Reperforming	2,901,493					15,747	15,747	0.54%
	MBS	64,052,321		28,790	4,616		664	35,069	0.05%
	ALT A	80,998,592			5,406	51,827	693	57,926	0.07%
	ABS - Nonprime	59,869,245		49,498	17	518,564	16	568,090	0.95%
	Home Equity	32,422,249	-	10,078	0	519,390	60	529,529	2.41%
	Whole Loans	106,175,175			4,958		1,206	6,164	0.01%
	Other	77,372,531		9,383	2,422		2,999	14,805	0.02%
	Subserviced	27,917,746							0.00%
Subtotal		$ 1,003,764,528	$ -	$ 193,194	$ 117,331	$ 1,089,781	$ 56,658	$ 1,457,564	0.15%
Total Servicing Portfolio		$ 1,111,089,584	$ 194,520	$ 193,194	$ 120,469	$ 1,089,781	$ 64,728	$ 1,662,692	0.15%

Loan Level Measures

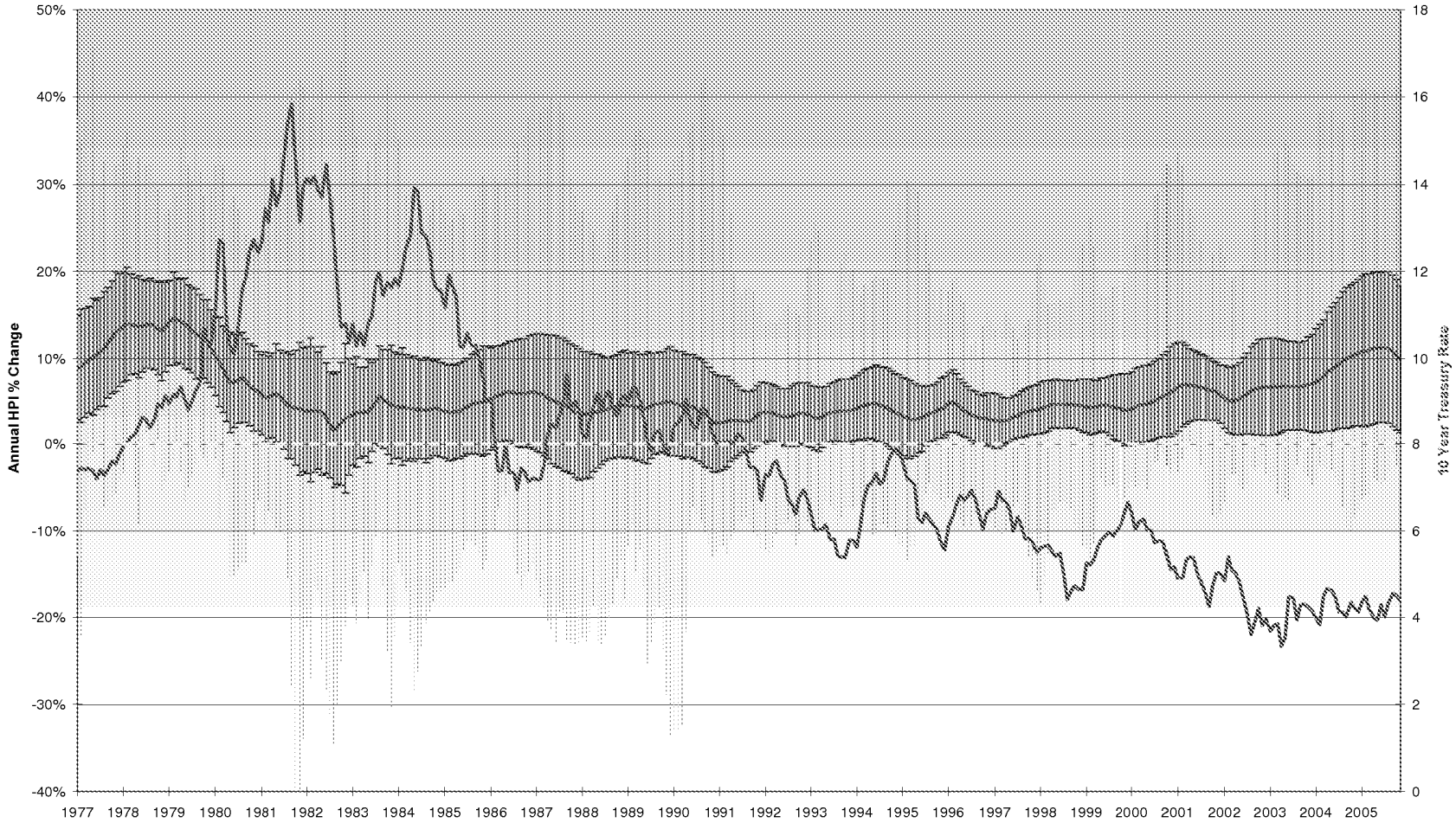
Delinquencies and Unemployment Are Correlated



(1) Delinquency Source: MBA
(2) Unemployment Source: Bureau of Labor Statistics

Home Price Appreciation Trend

Home Price Appreciation[1]



(1) Source – MRAC HPI

Credit Risk Management

- Retained Credit Risk

Retained Credit Risk

Residual Exposure Is Limited

(dollars in millions)

	Quarter Ended						
	Dec-02	Dec-03	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05
Residuals							
Home Equity	$ 437	$ 321	$ 809	$ 864	$ 670	$ 867	$ 926
Nonprime	71	371	426	471	663	550	547
Other non-conforming	-	-	32	23	22	15	21
Total	$ 508	$ 692	$ 1,267	$ 1,359	$ 1,356	$ 1,432	$ 1,494
Residual Exposure							
As % of total assets	0.9%	0.7%	1.0%	1.0%	0.9%	0.8%	0.9%
As % of shareholders' [1]	6.2%	5.2%	7.1%	7.4%	7.0%	7.1%	7.4%
Nonprime Residuals as % of shareholders' equity [1]	0.9%	2.8%	2.4%	2.6%	3.4%	2.7%	2.7%

[1] Tax affected

Credit Risk

Underlying Credit Attributes In CHL Nonprime Lending

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

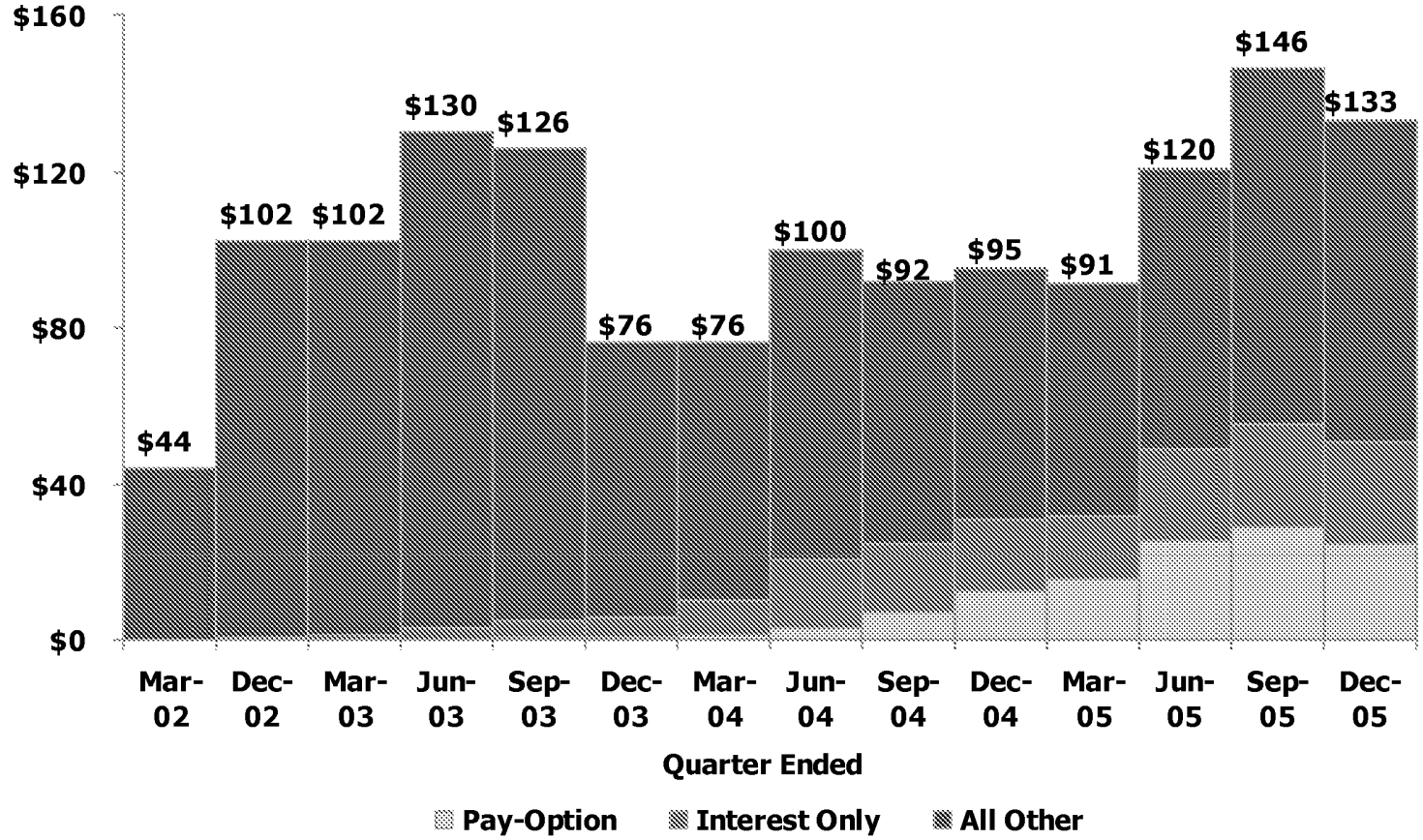
(1) Includes CMD, WLD, CLD and FSL combined

Countrywide Loan Originations

Pay-Option & Interest-Only a Growing Percentage of Total Originations

(dollars in billions)

CFC Residential Mortgage Loan Production

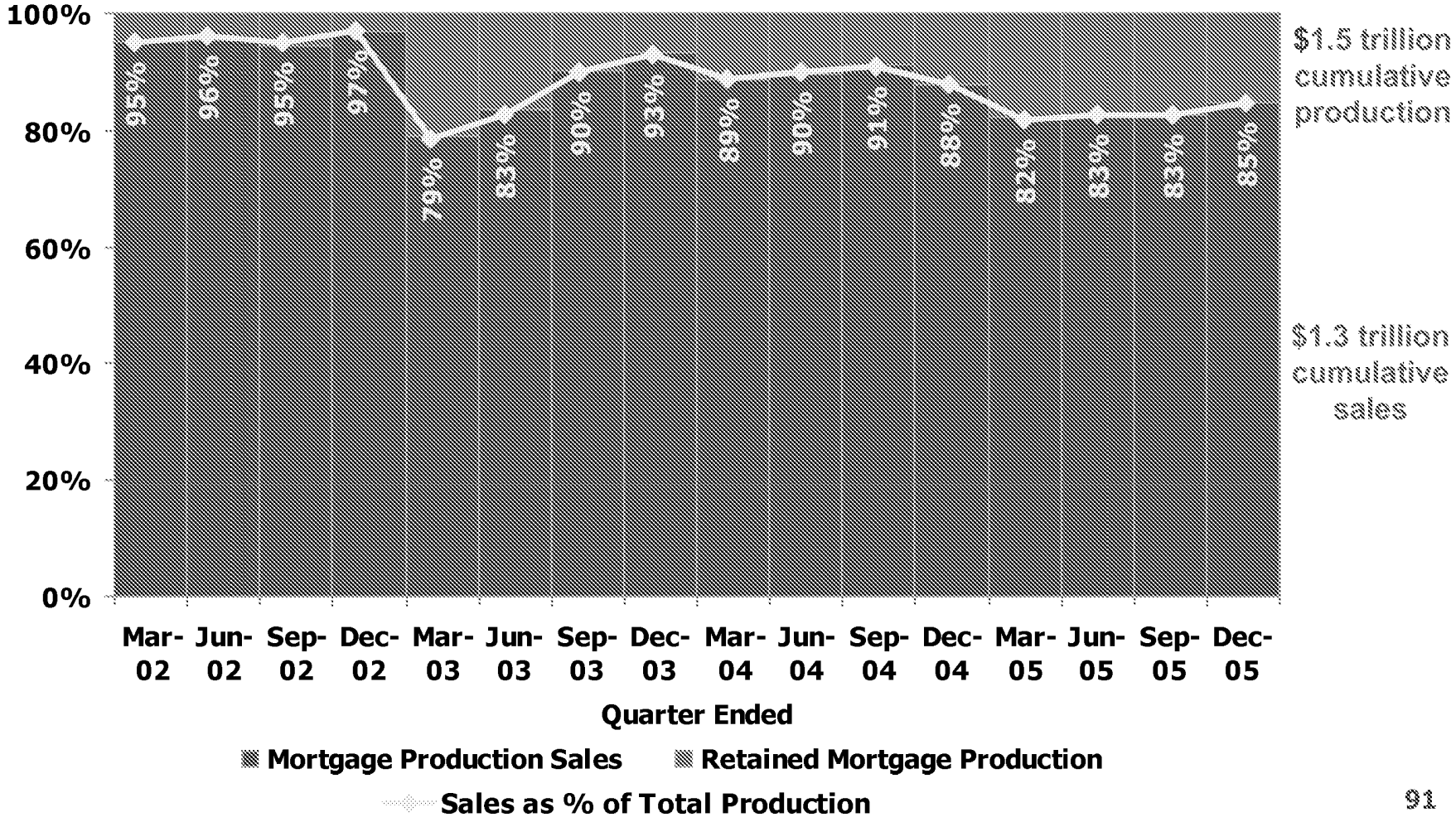


Managing Mortgage Credit Risk

Risk Transfer Through Loan Sales

(dollars in billions)

CFC Residential Mortgage Loan Production & Sales



Product Risk Management

Countrywide Bank Retains Only Very High Quality Loans

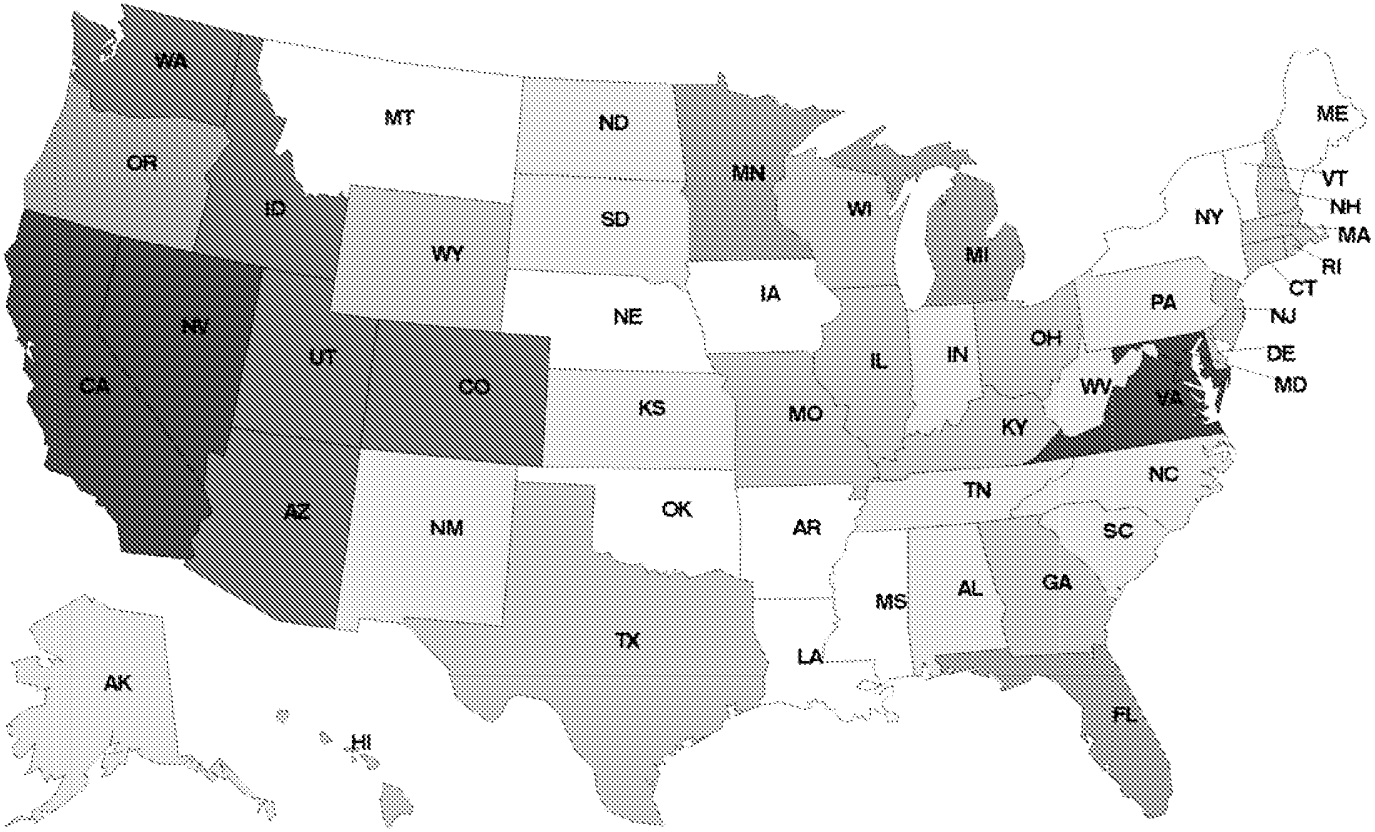
(dollars in millions)

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

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

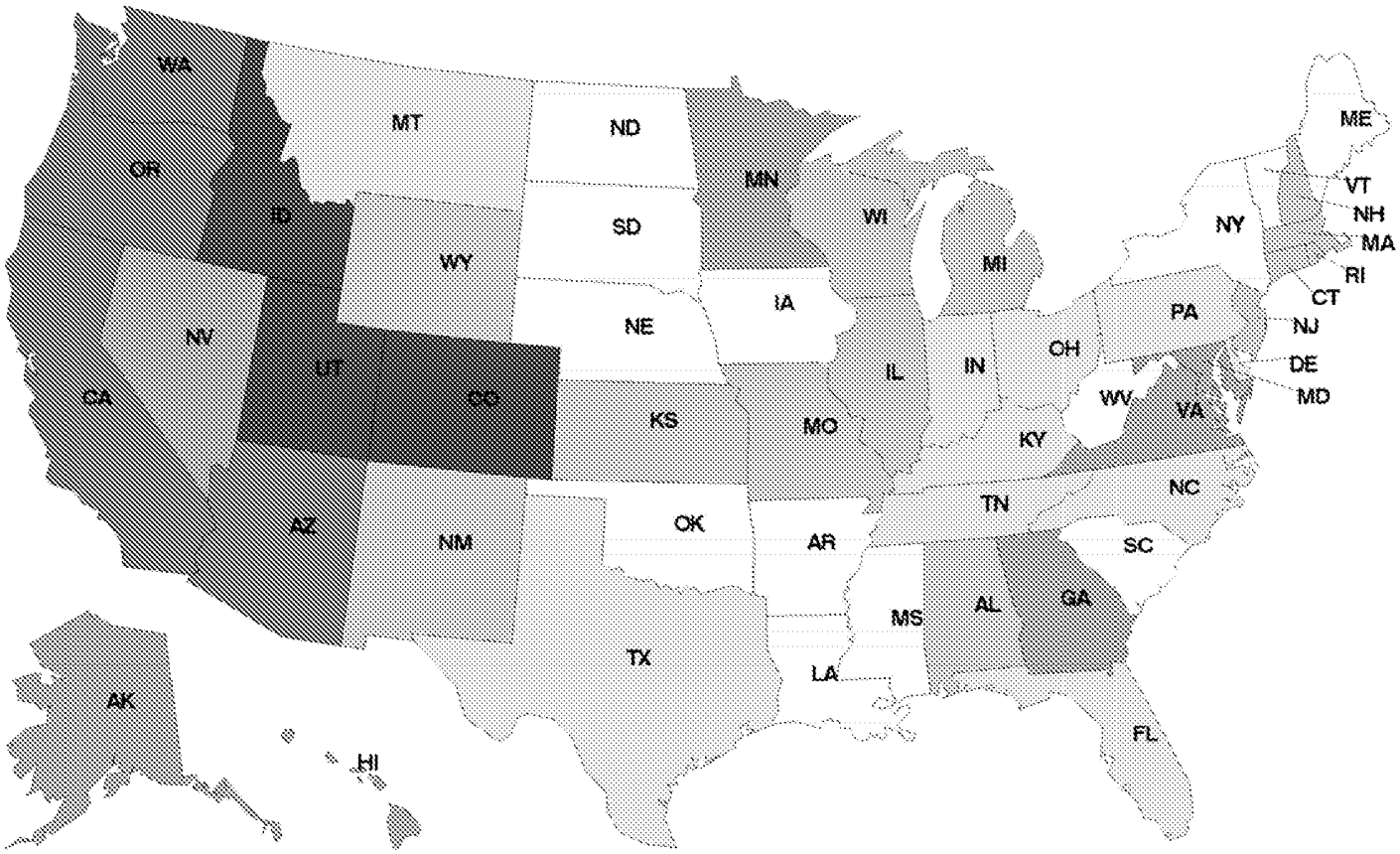


<2.5bps	2.5-4.9bps	5-9bps	10-14bps	15-24bps	25bps-45bps

(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



<20bps	20-24bps	25-34bps	35-49bps	50-69bps	70bps-85bps

(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

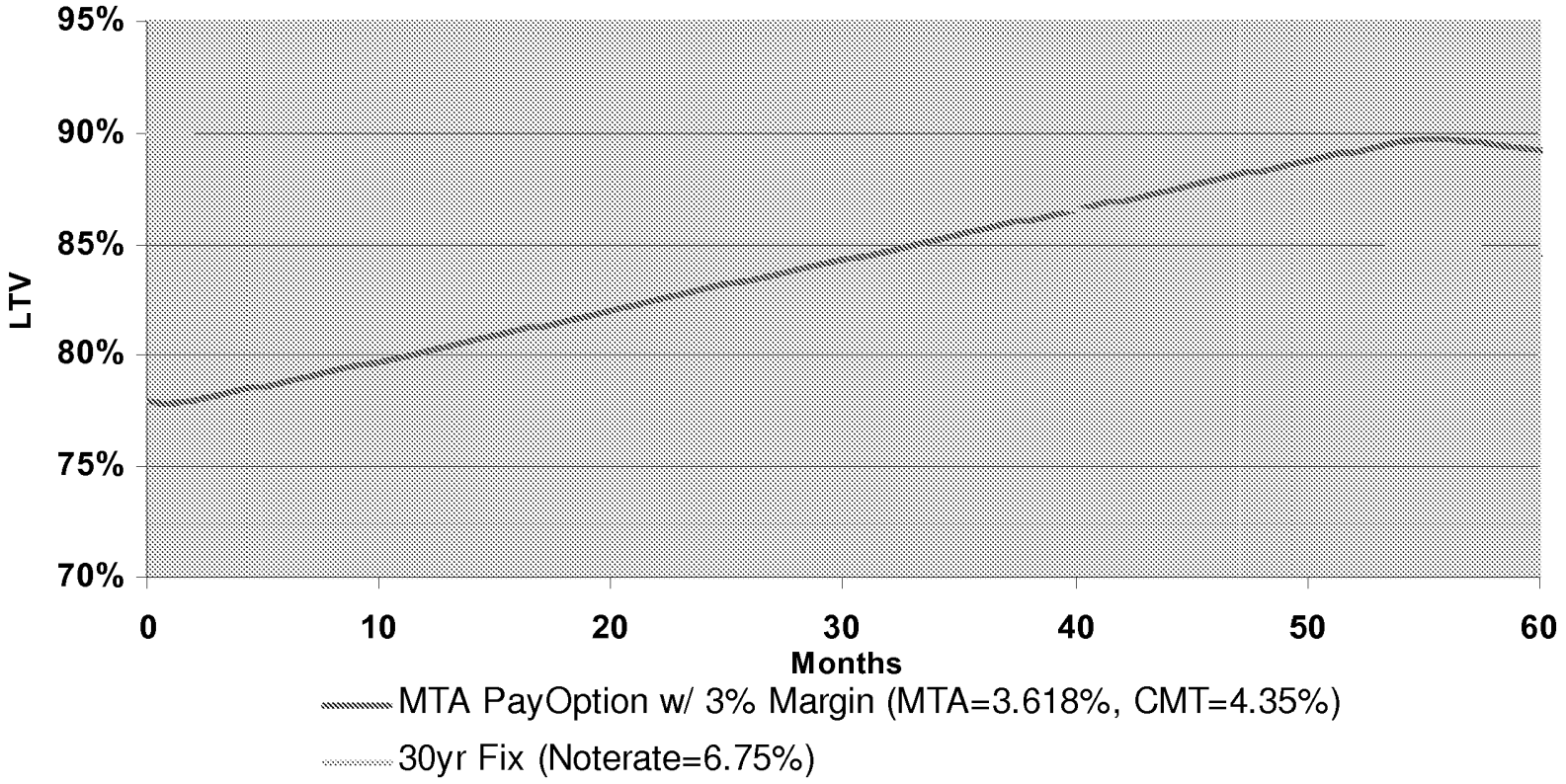
(dollars in millions)

	At Period End				
	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005	Dec. 31, 2005
Bank pay-option portfolio:					
Period end balance [2]	$ 4,699	$ 8,692	$15,706	$21,909	$26,101
Loans with negative amortization:					
Principal	$ 33	$ 772	$ 3,050	$ 7,894	$13,964
Accumulated negative amortization	$ 0	$ 1	$ 6	$ 25	$ 75
Original CLTV	75%	75%	77%	78%	78%
Original LTV	73%	73%	74%	74%	75%
FICO	730	726	721	720	720
Delinquencies [3]	0.08%	0.05%	0.05%	0.08%	0.22%

(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

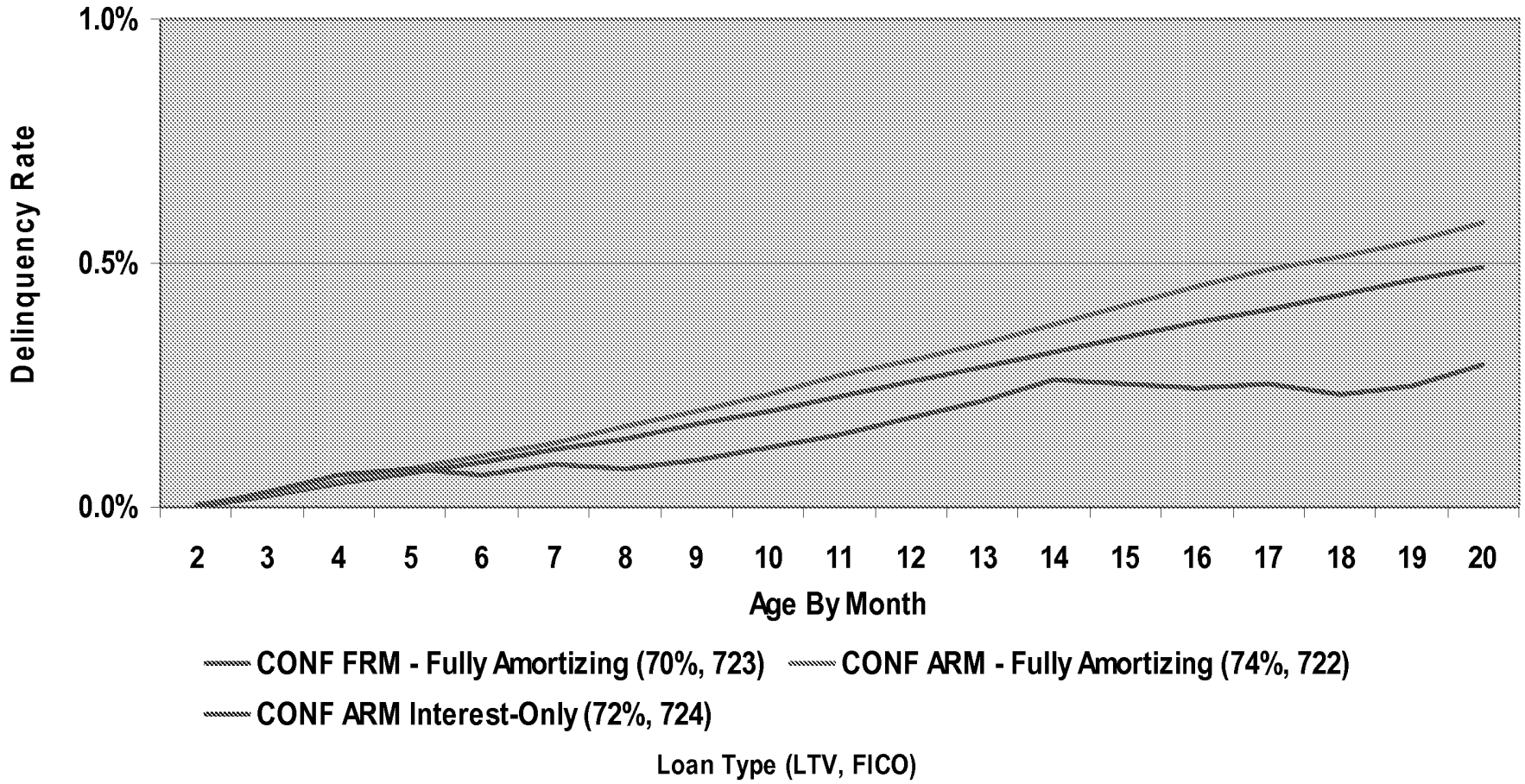
Product Focus

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



Product Focus

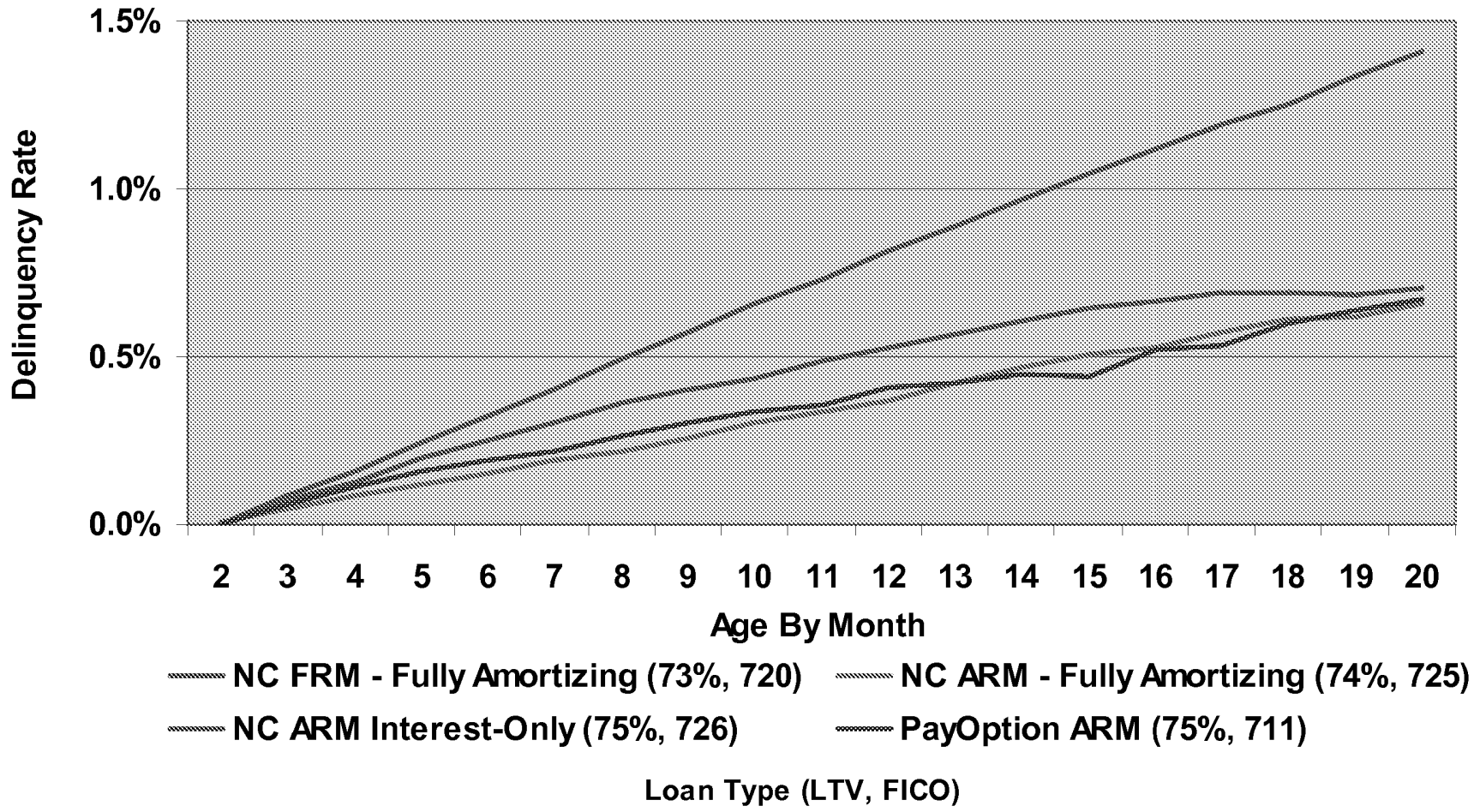
Conforming Delinquency By Loan Type



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

Product Focus

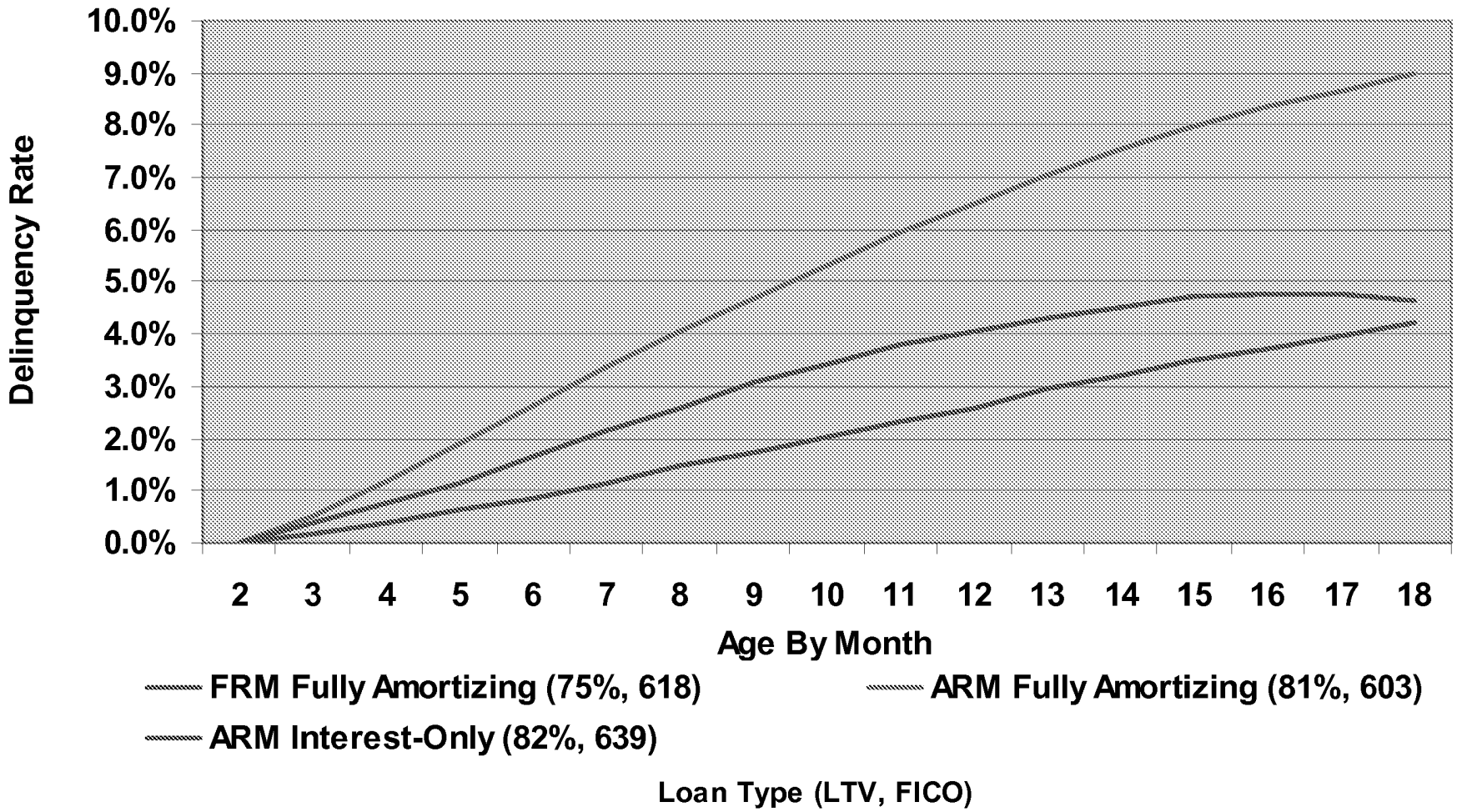
Nonconforming Delinquency By Loan Type



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

Product Focus

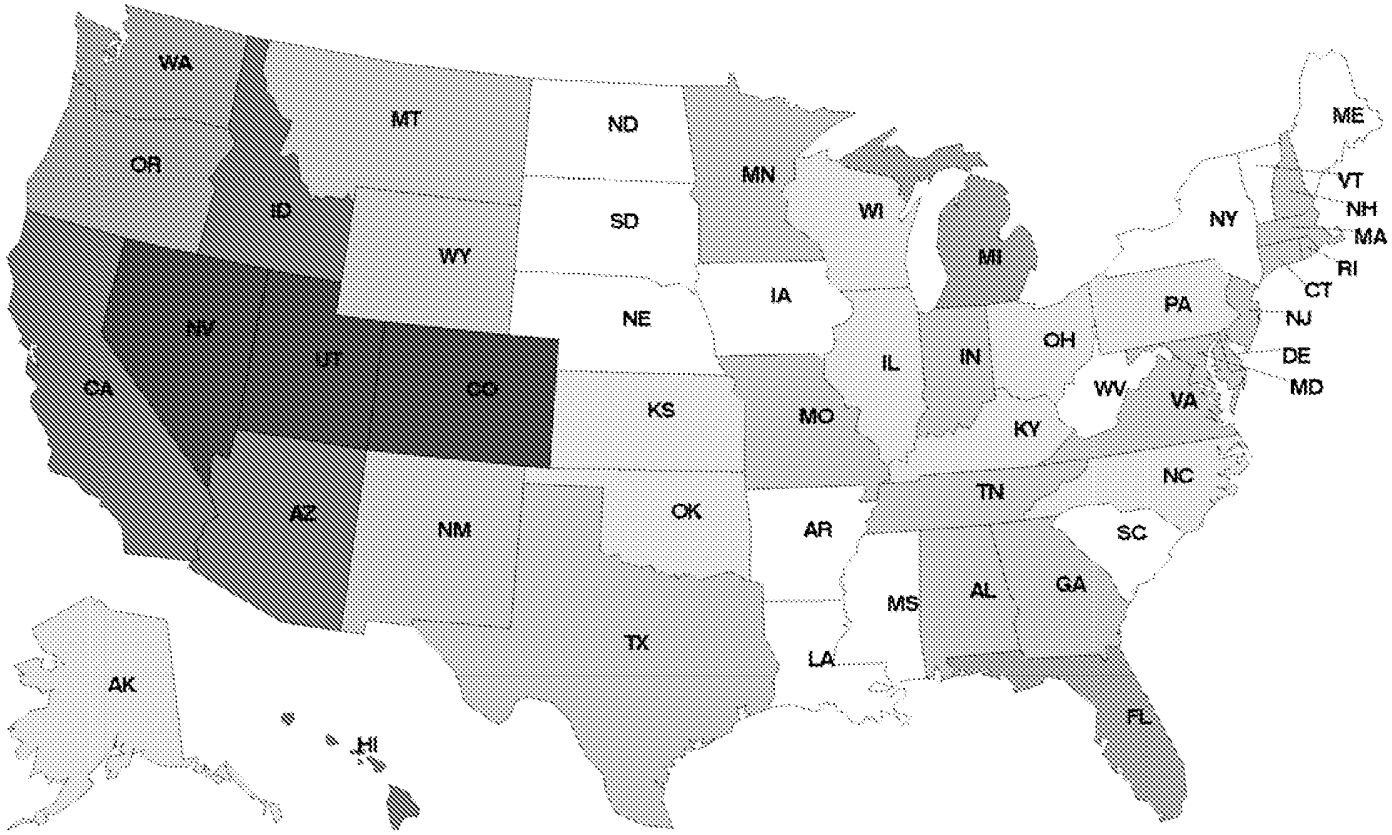
Non-Prime Delinquency By Loan Type



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

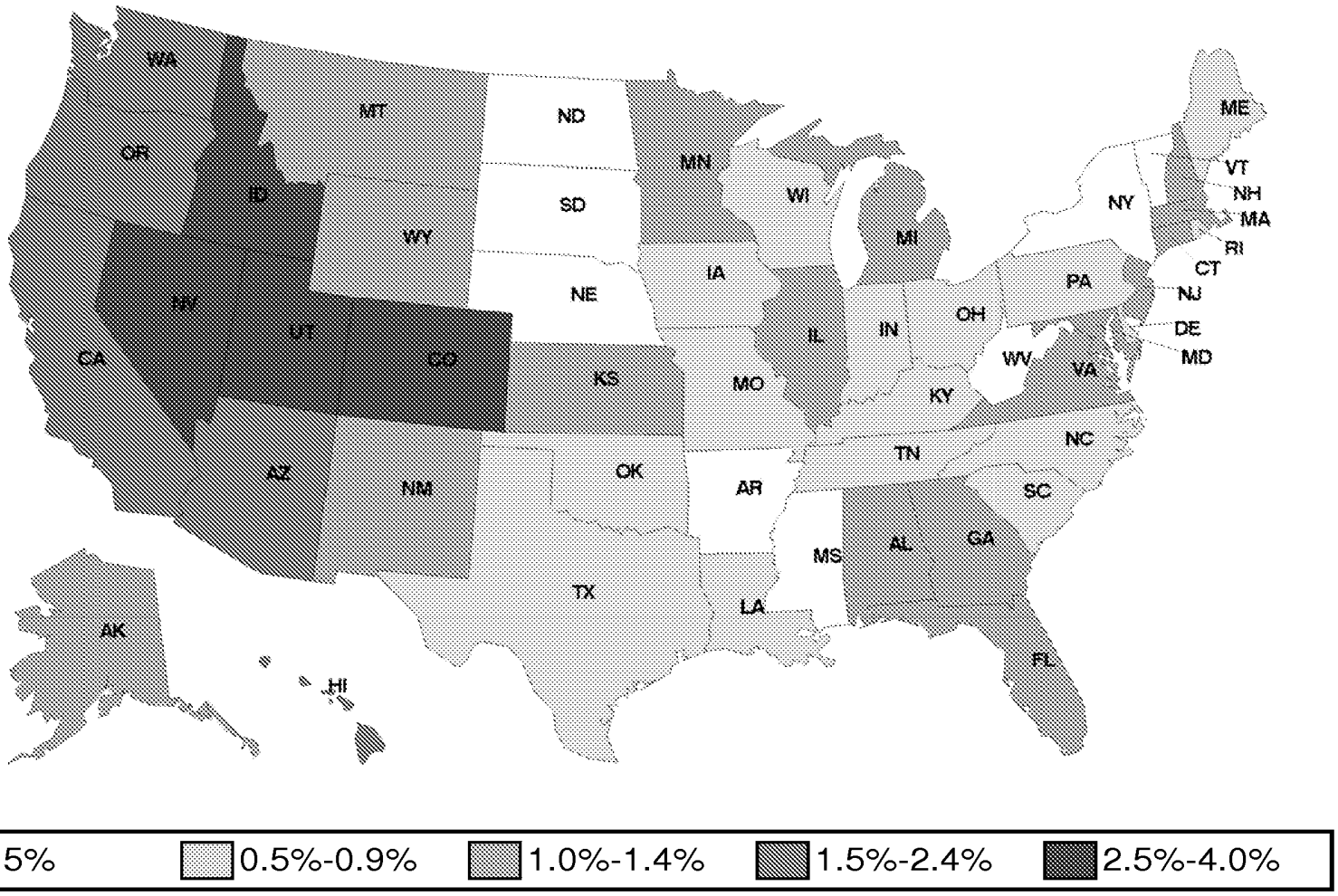


<3.0%	3.0%-3.9%	4.0%-4.9%	5.0%-7.9%	8.0%-8.9%	9.0%-13.0%

(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 (1) – Countrywide Servicing Portfolio 2nd 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)

Countrywide

2006 Fixed Income Investor Forum

Credit Risk Management

John McMurray
Senior MD & Chief Credit Officer

February 28, 2006

Countrywide

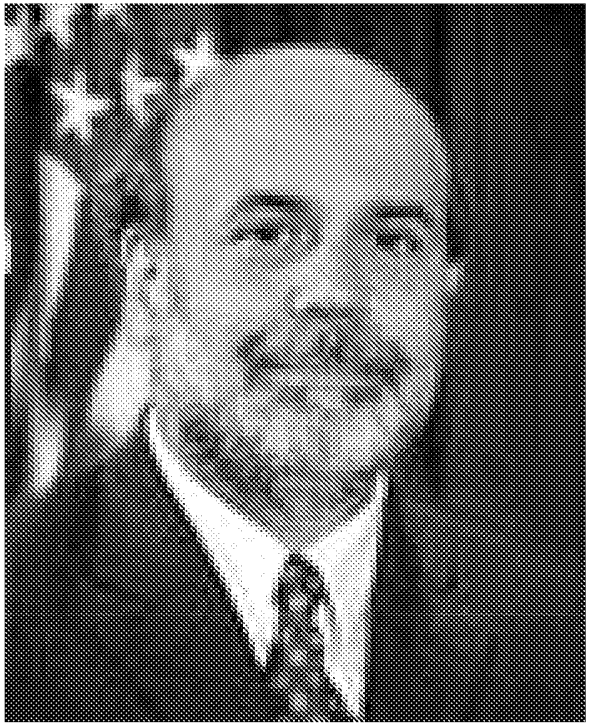
2006 Fixed Income Investor Forum

Economic Overview

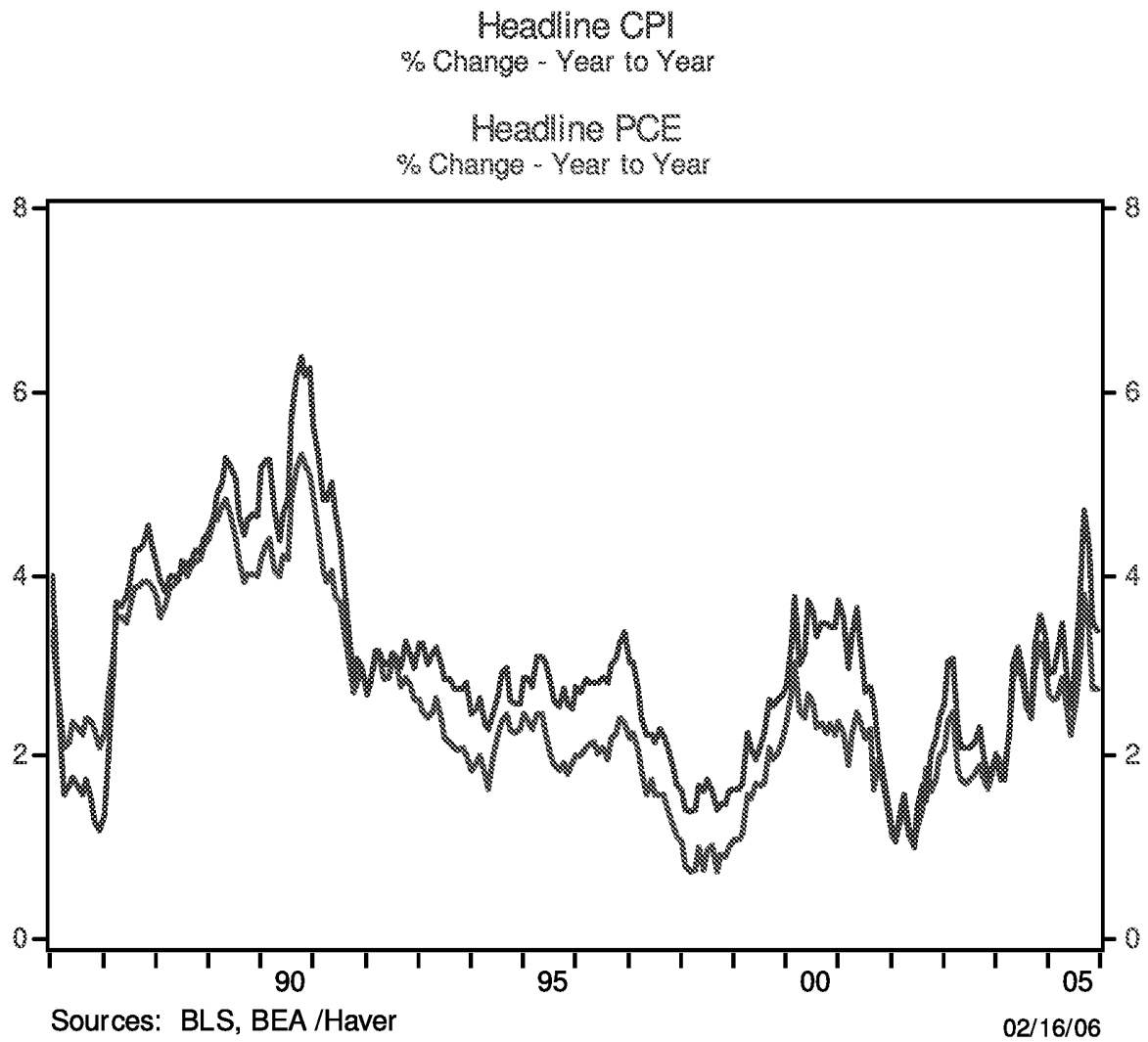
Jeff Speakes
SMD & Chief Economist

February 28th, 2006

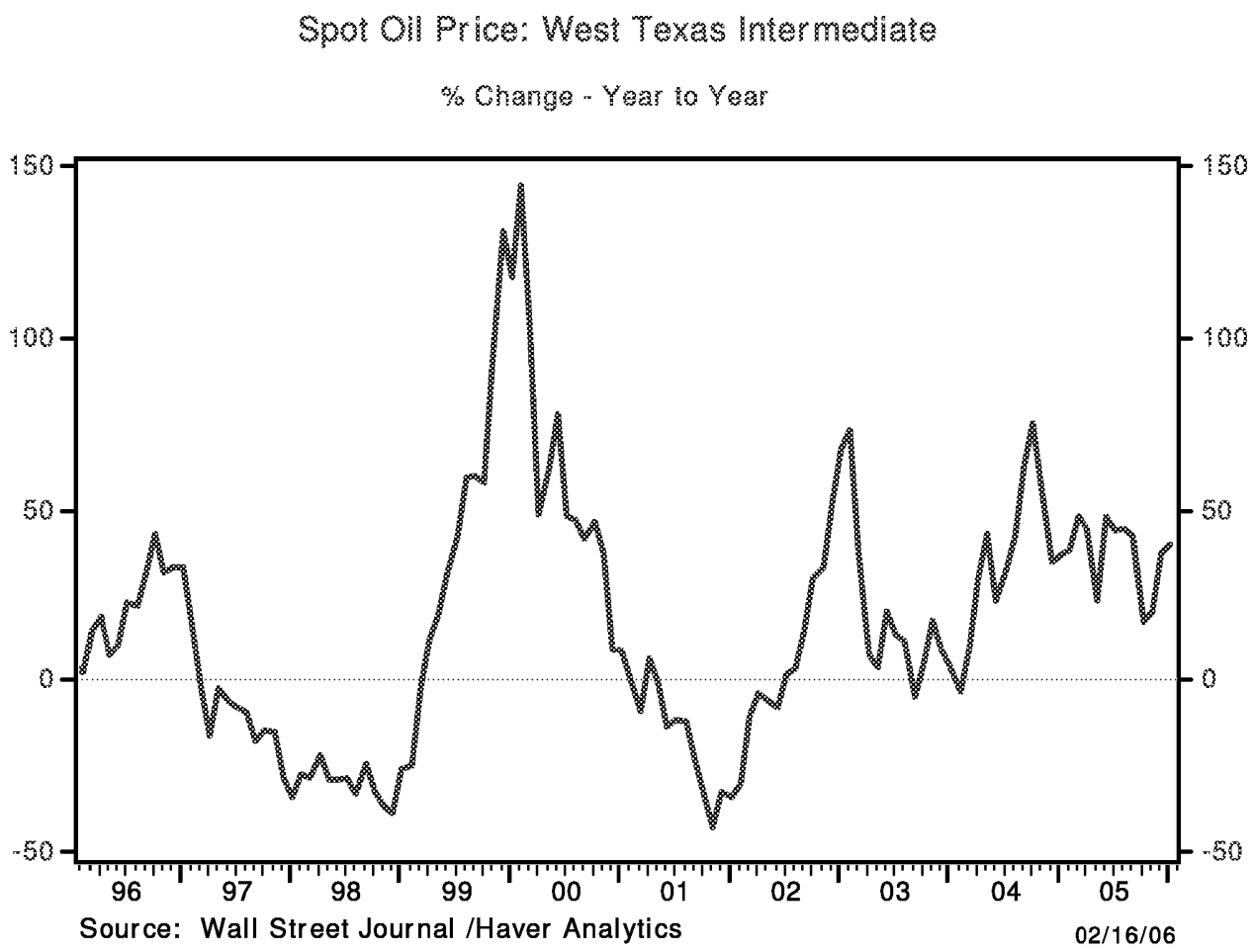
Hawk or Dove?



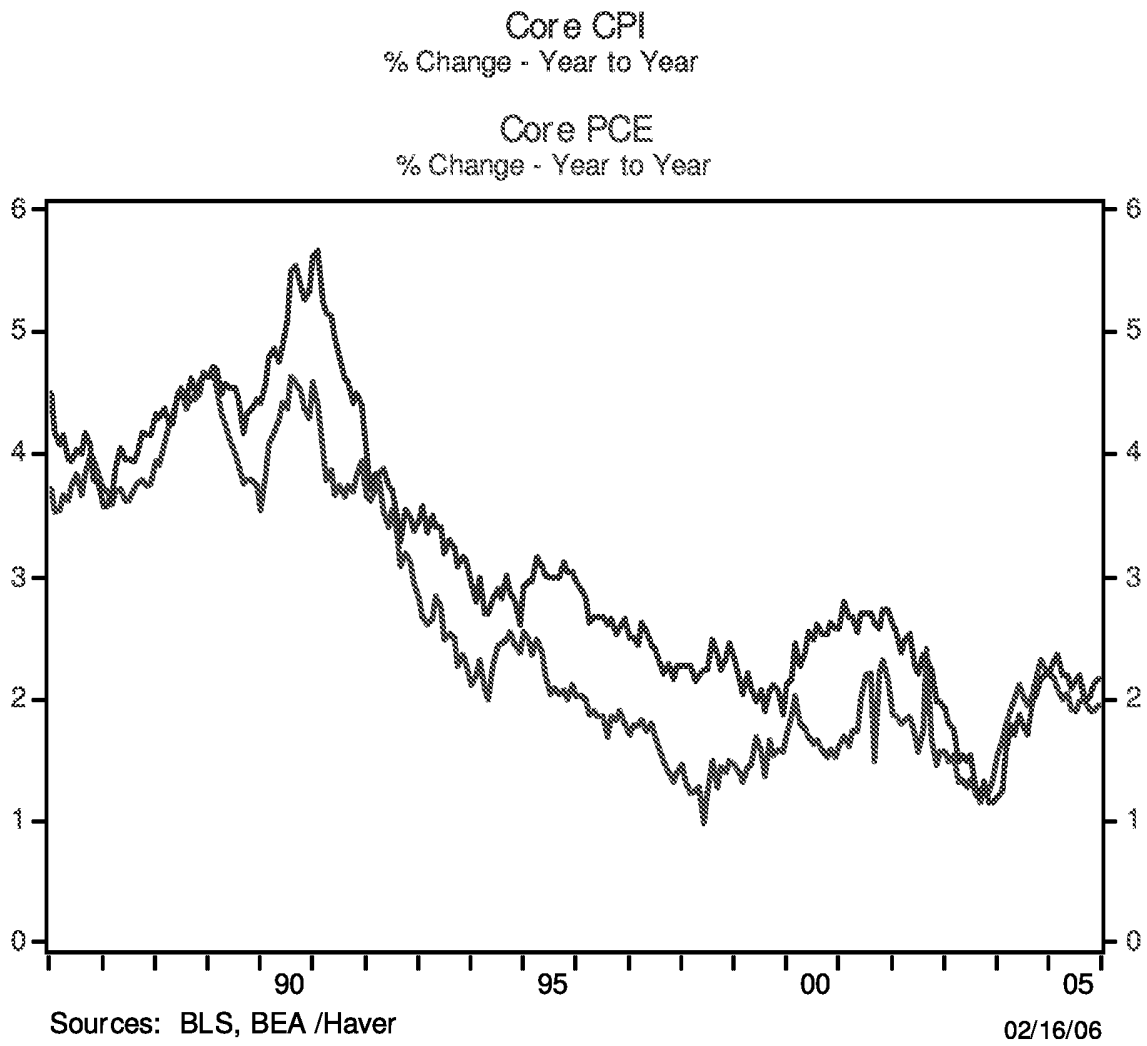
Headline inflation has moved up



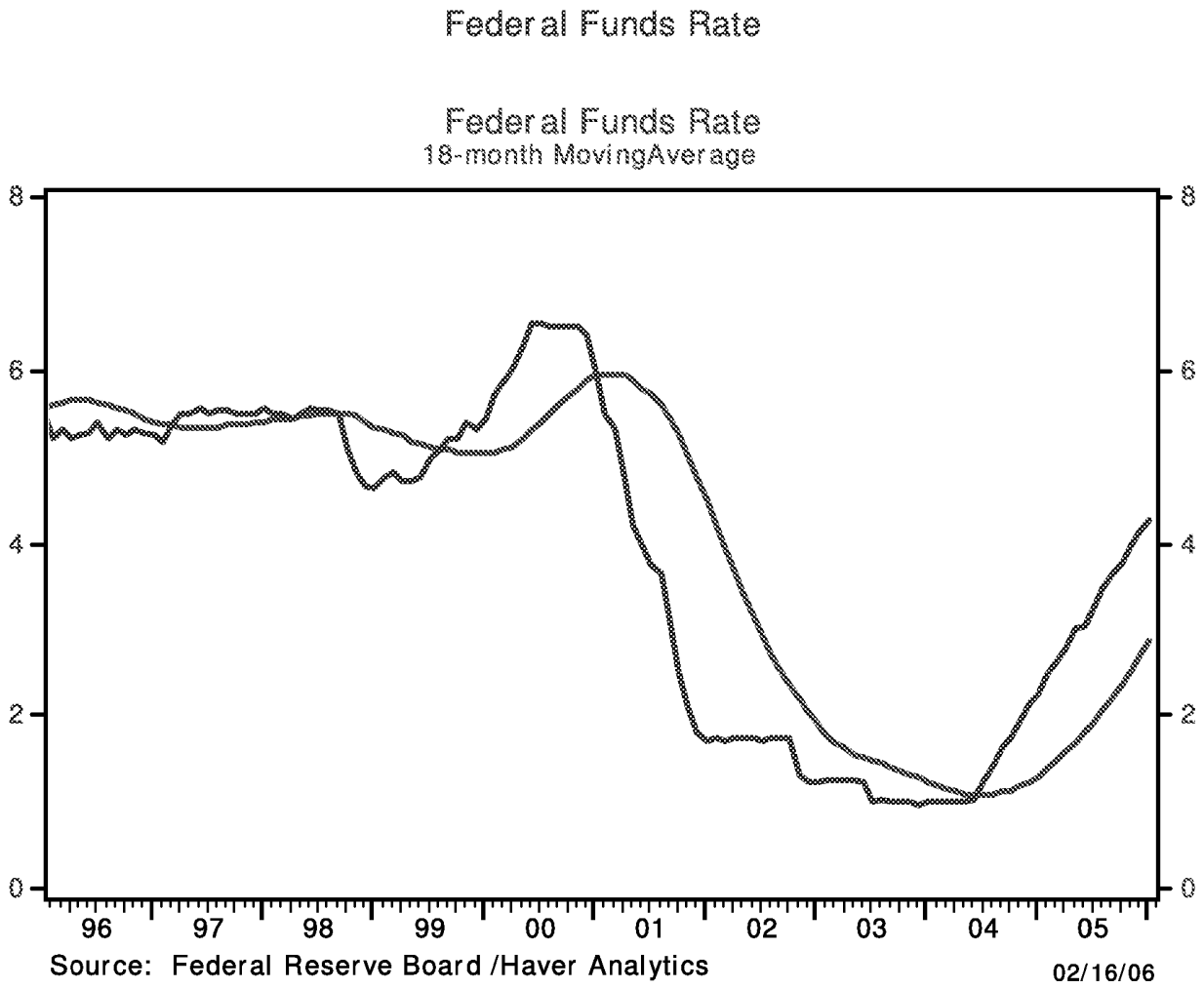
Thanks largely to oil price inflation



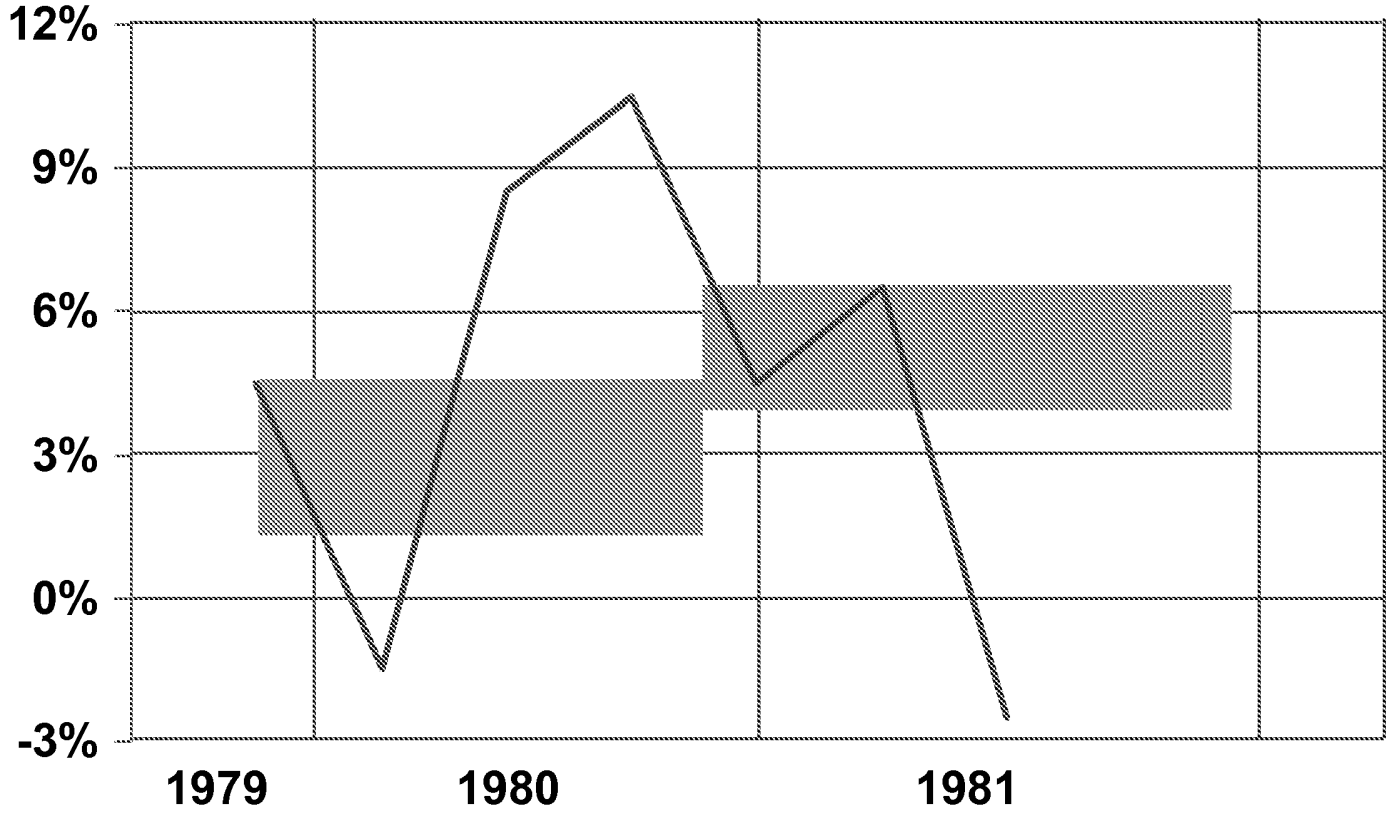
But, core inflation is decelerating



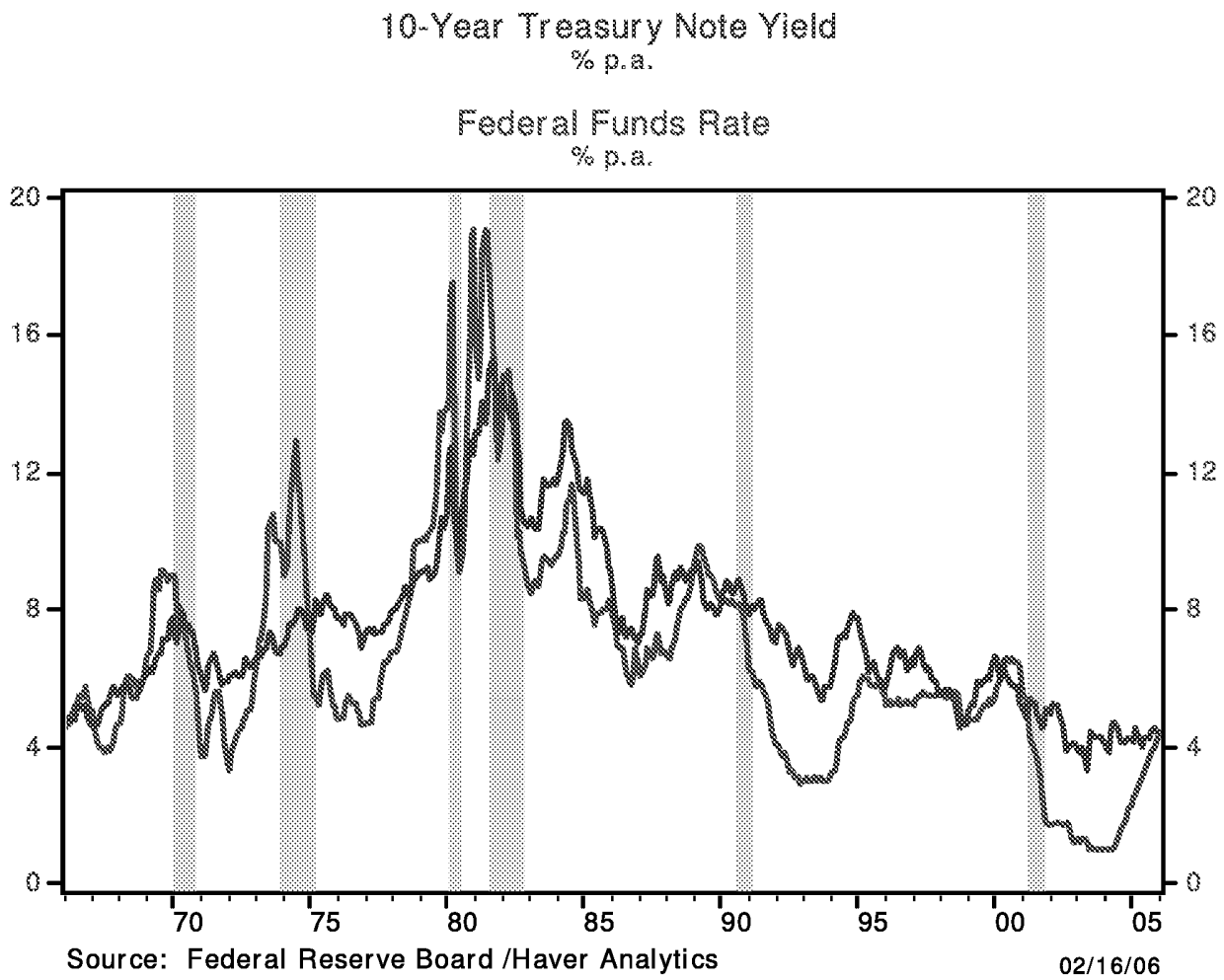
The lagging funds rate is still stimulative



Federal Reserve Money Targets

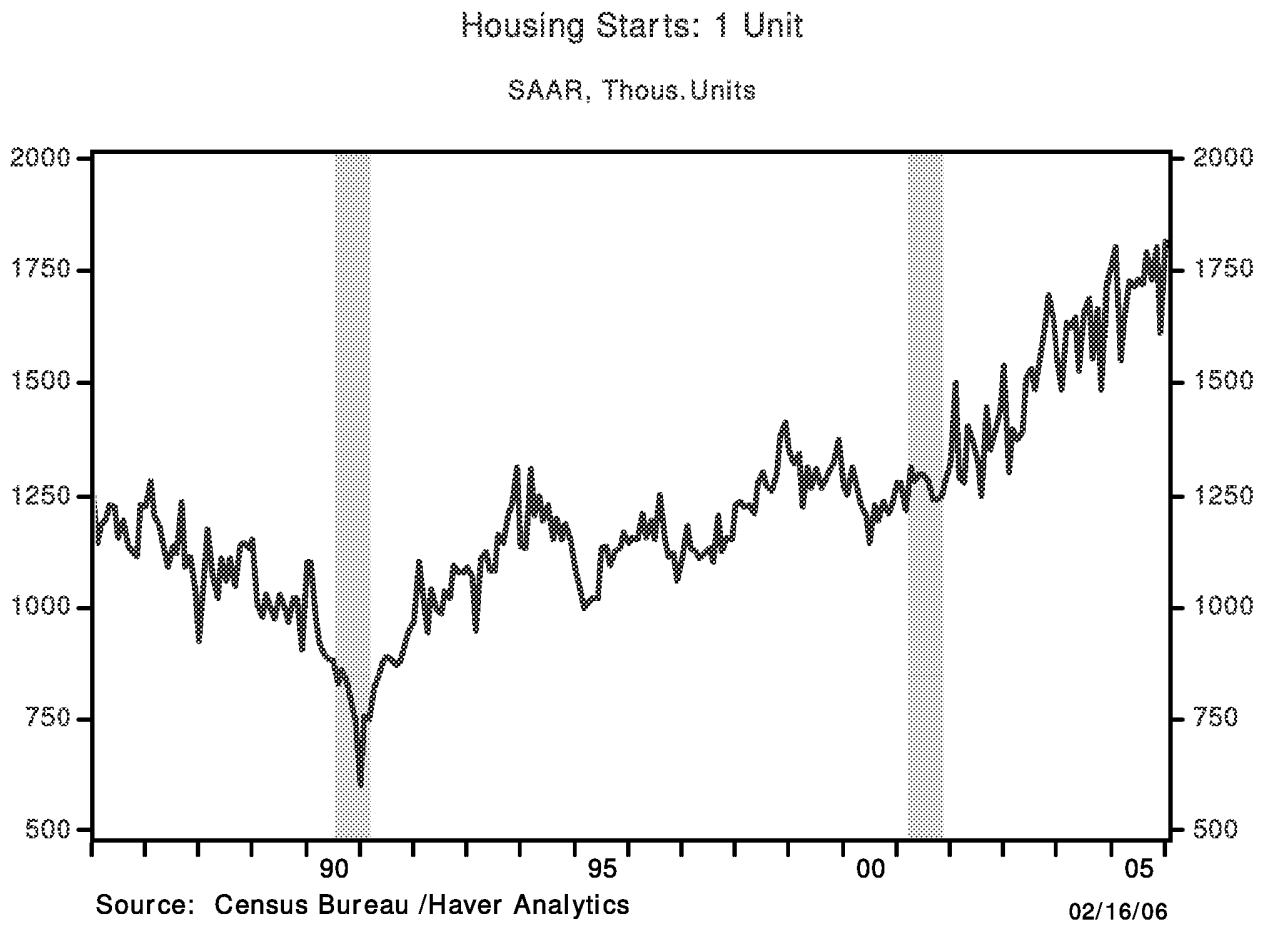


Each major inversion has preceded an economic downturn

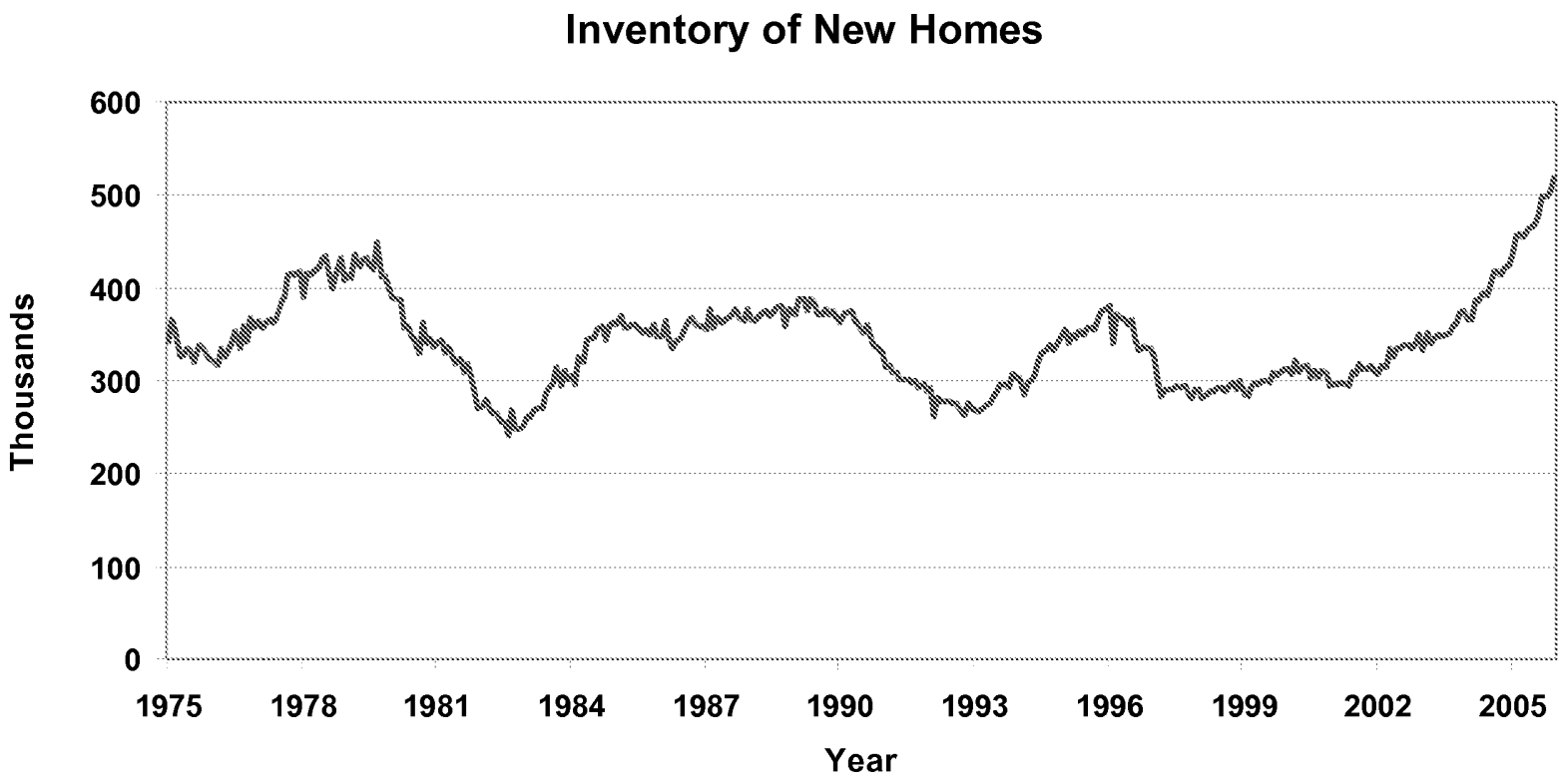


Back to the '50s

What happened to the housing cycle?

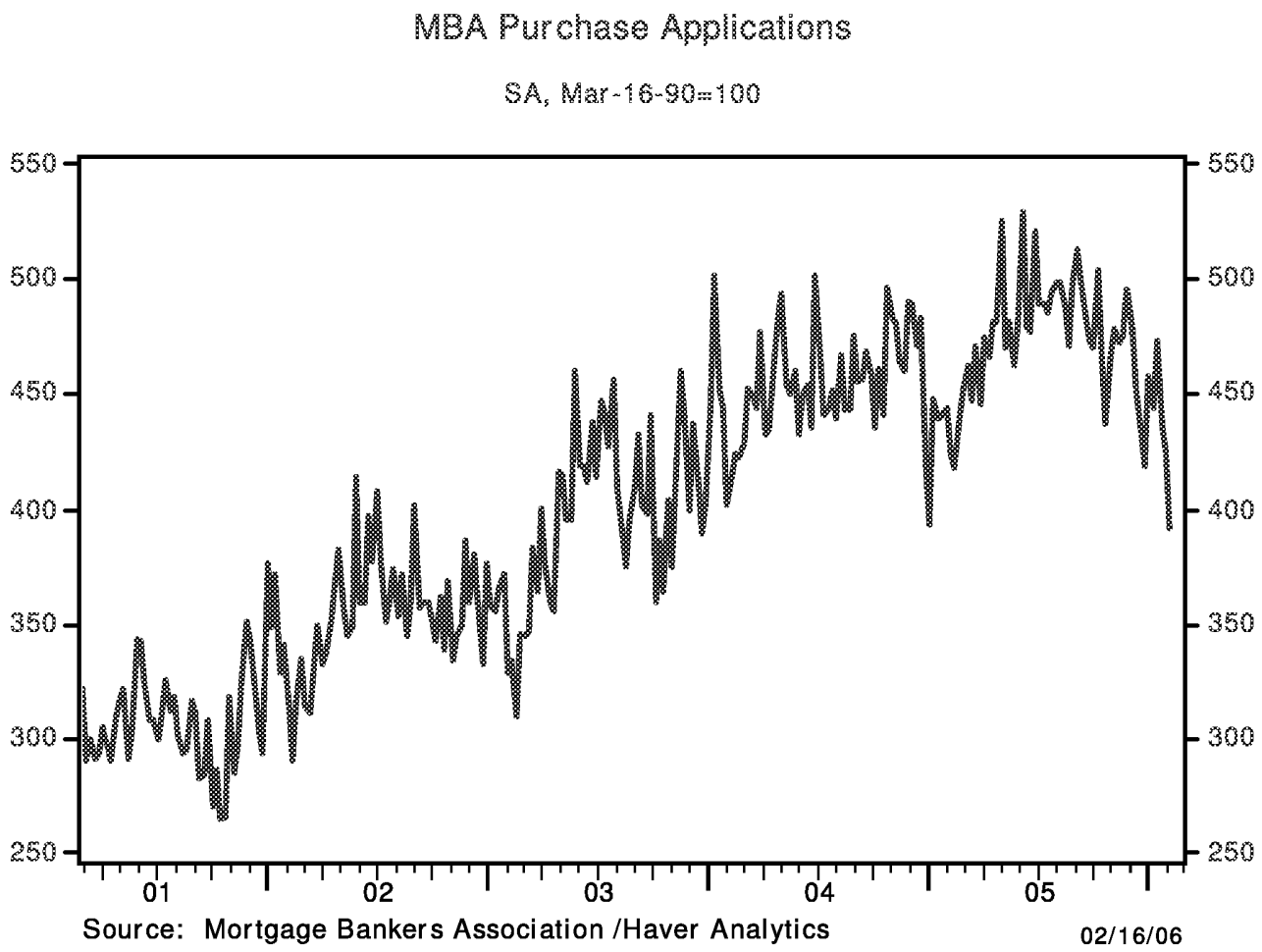


The Inventory of new homes is rising

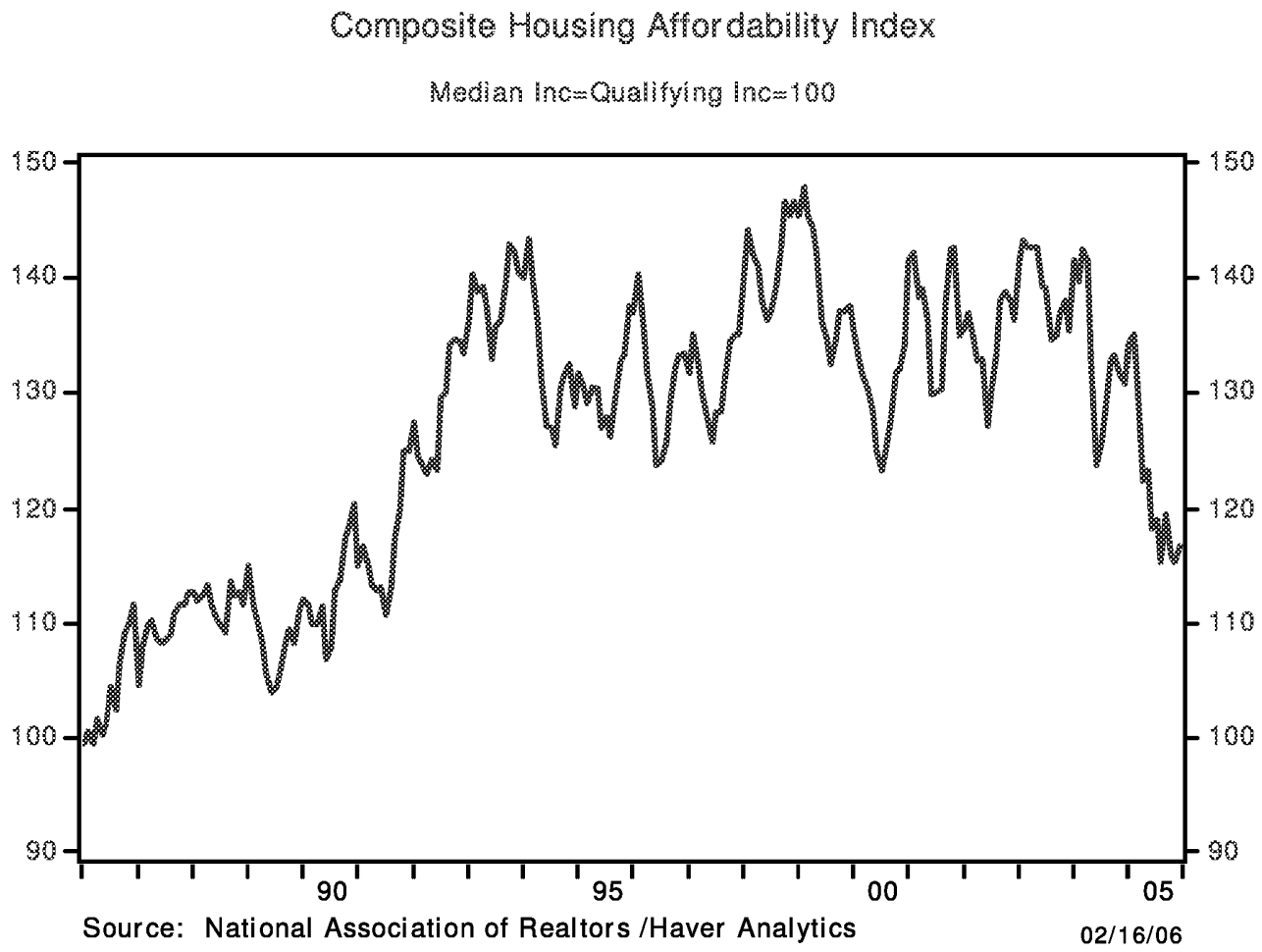


Source – Census Bureau and CFC Economics

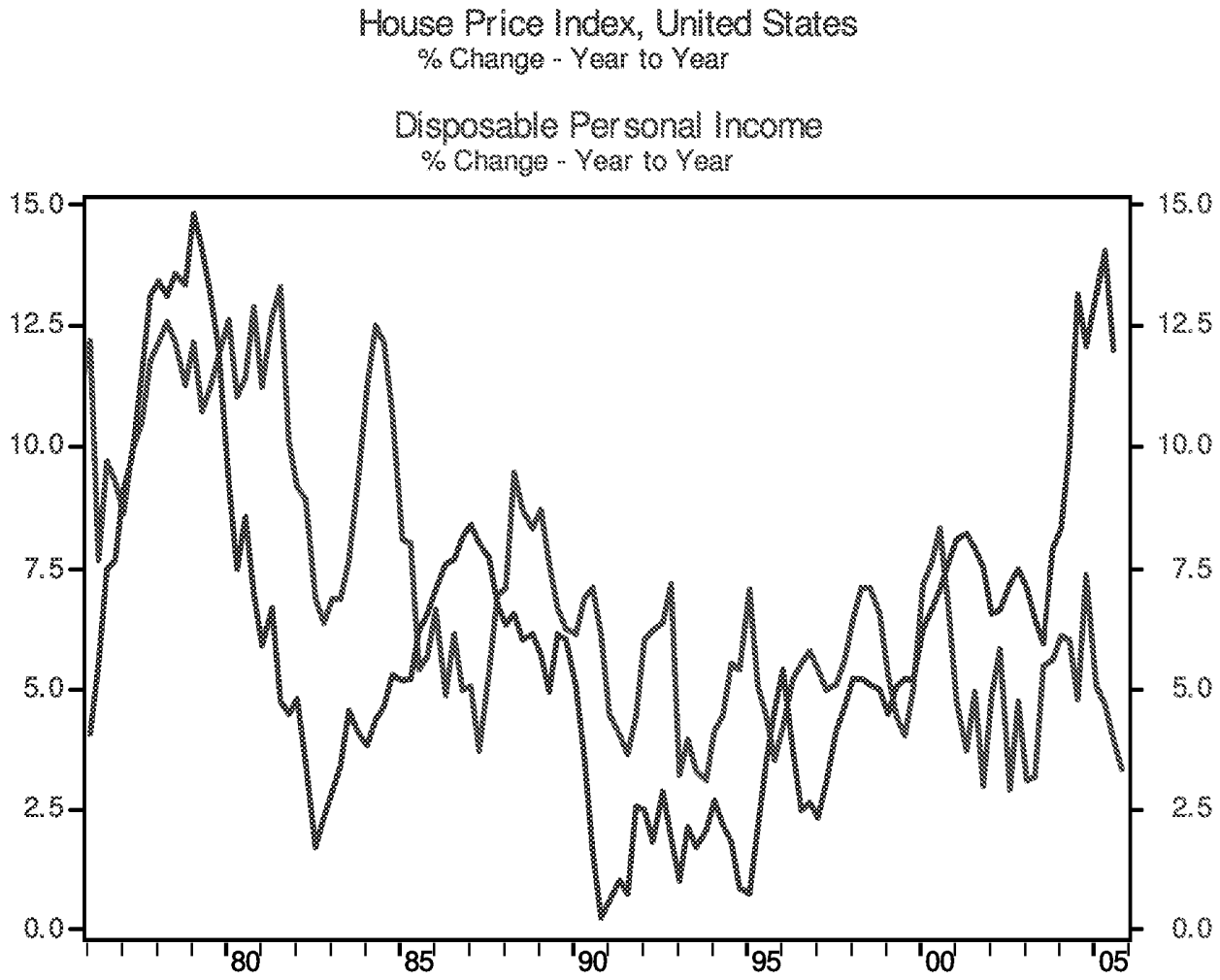
Purchase applications are declining



Affordability: approaching a 15 year low



Housing price appreciation has been far ahead of income growth



Sources: OFHEO, BEA /Haver

02/16/06

Growth in mortgage debt outstanding

	Actual	Ten Year Growth Rates	
	1993-2003	Housing Alliance Forecast*	CFC Forecast
Household Growth	1.3%	1.25%	1.4%
Ownership Growth	0.6%	0.5%	0.6%
Price Appreciation	5.3%	5.0%	4.0%
LTV Growth	1.5%	1.5%	2.0%
Single-family mortgage debt growth	**8.6%**	**8.25%**	**8.00%**

*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

2006 Fixed Income Investor Forum

Economic Overview

Jeff Speakes
SMD & Chief Economist

February 28th, 2006

Countrywide

2006 Fixed Income Investor Forum

MSR & Servicing Hedge

Jeff Speakes
SMD & Chief Economist

February 28th, 2006

Agenda

- MSR Valuation
- Servicing Hedge

MSR Valuation

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

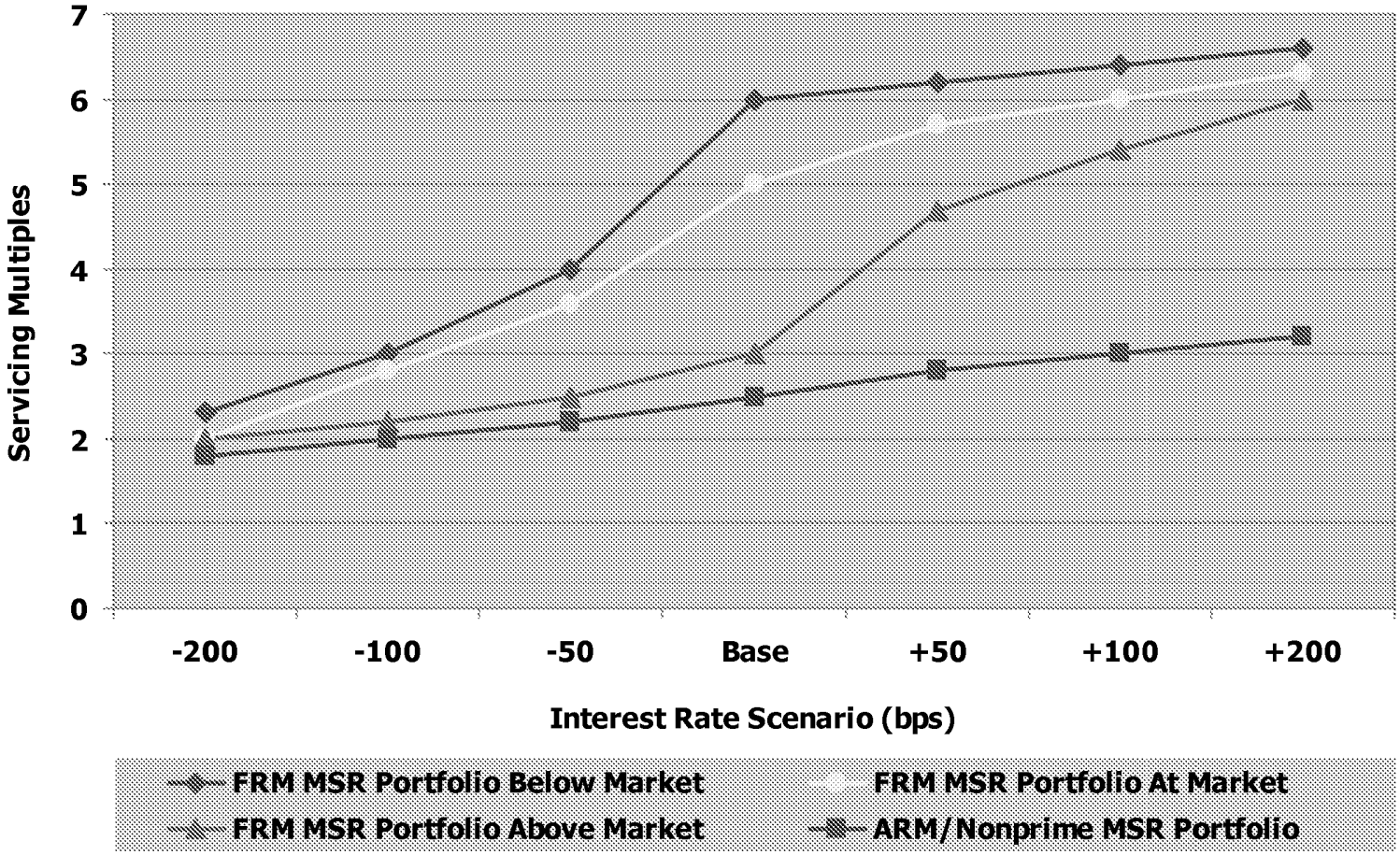
(dollars in millions)

As of December 31, 2005

Change in Interest Rate (in basis points)	Change in Fair Value -100	-50	+50	+100
MSR and other retained interests	$ (2,812)	$ (1,302)	$ 1,009	$ 1,714

MSR Value Scenarios

MSR Positions Unhedged



Note: Values shown are for illustrative purposes only and do not represent actual values

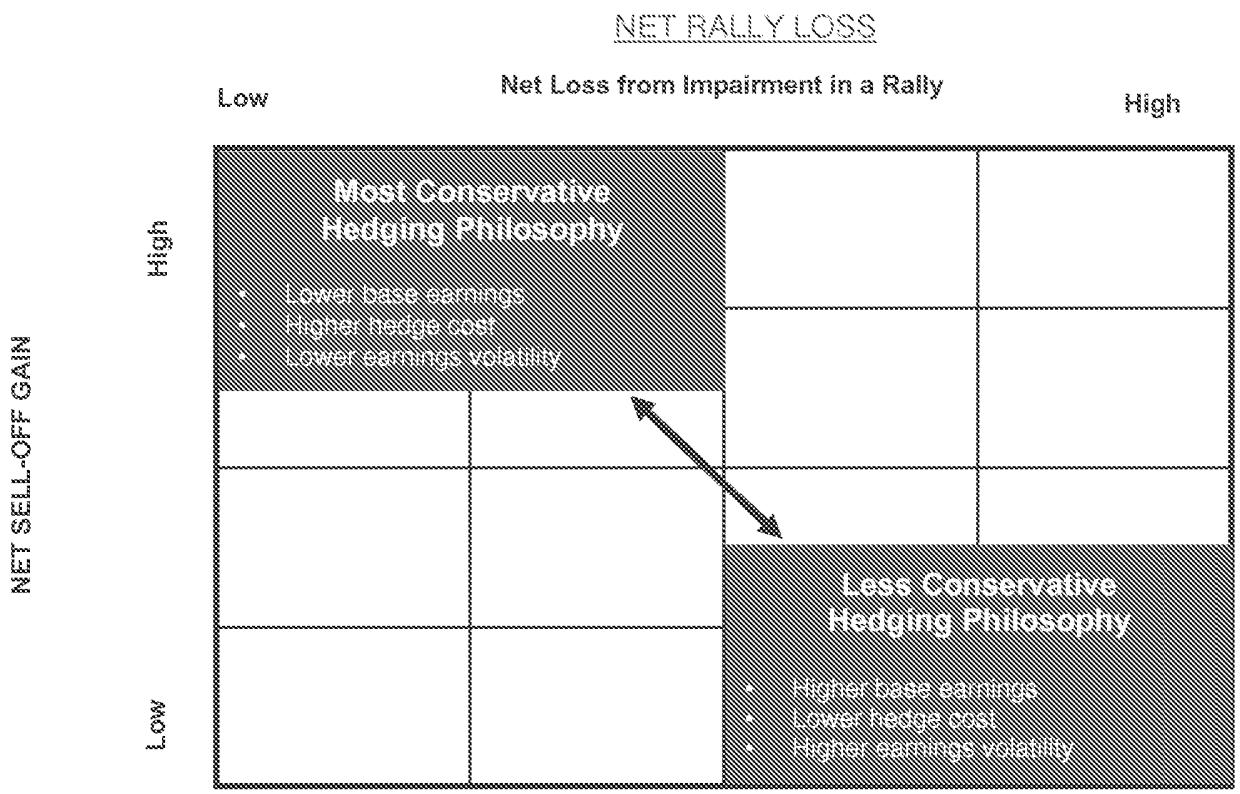
Servicing Hedge

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



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

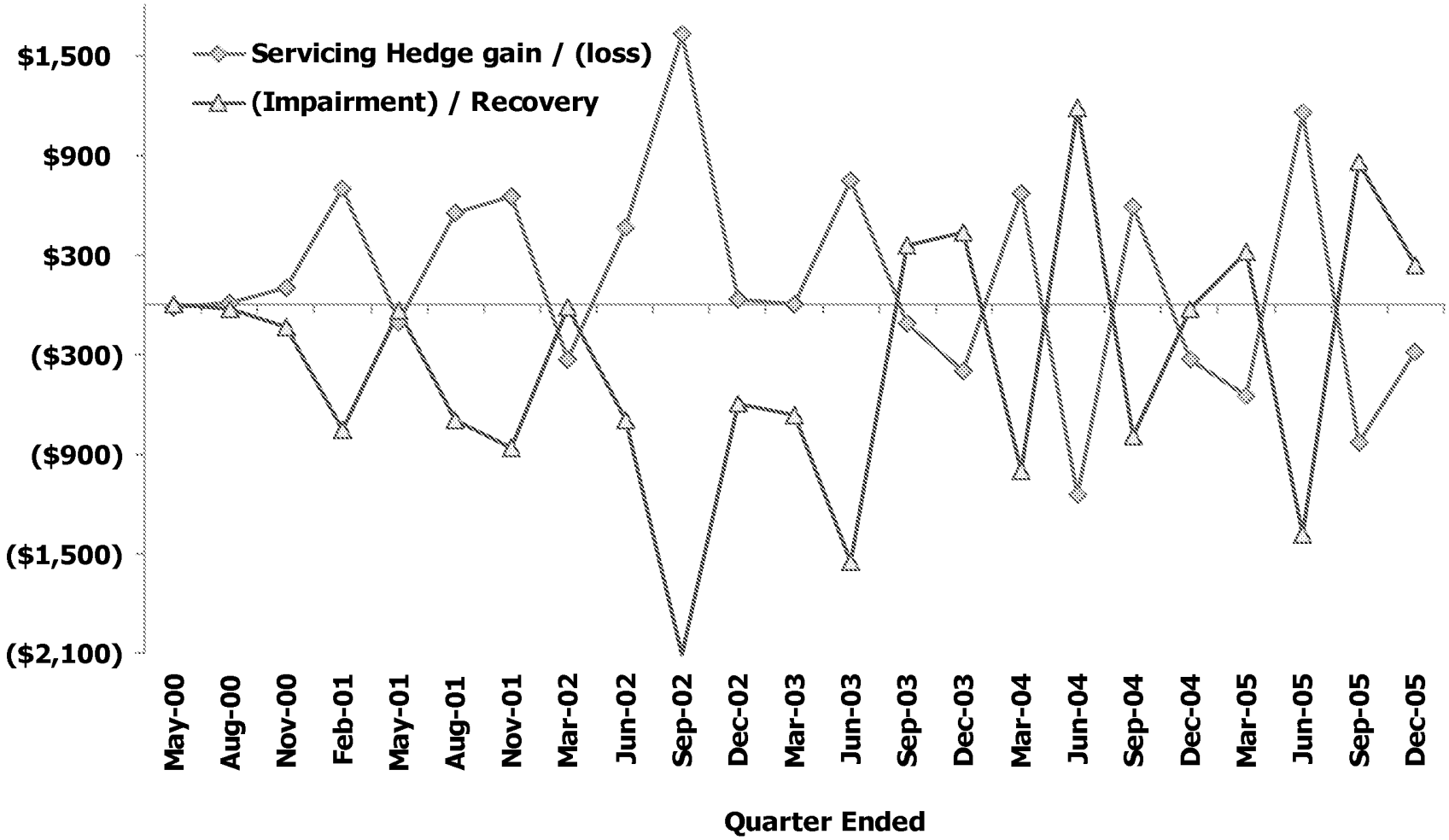
Change in Interest Rate (in basis points)	Change in Fair Value -100	-50	+50	+100
MSR and other retained interests	$ (2,812)	$ (1,302)	$ 1,009	$ 1,714
Impact of Servicing Hedge:				
Swap-based	2,626	991	(429)	(598)
Mortgage-based	261	130	(130)	(260)
MSR and other retained interests, net	**$ 75**	**$ (181)**	**$ 450**	**$ 856**

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

Ratings and Capital Management

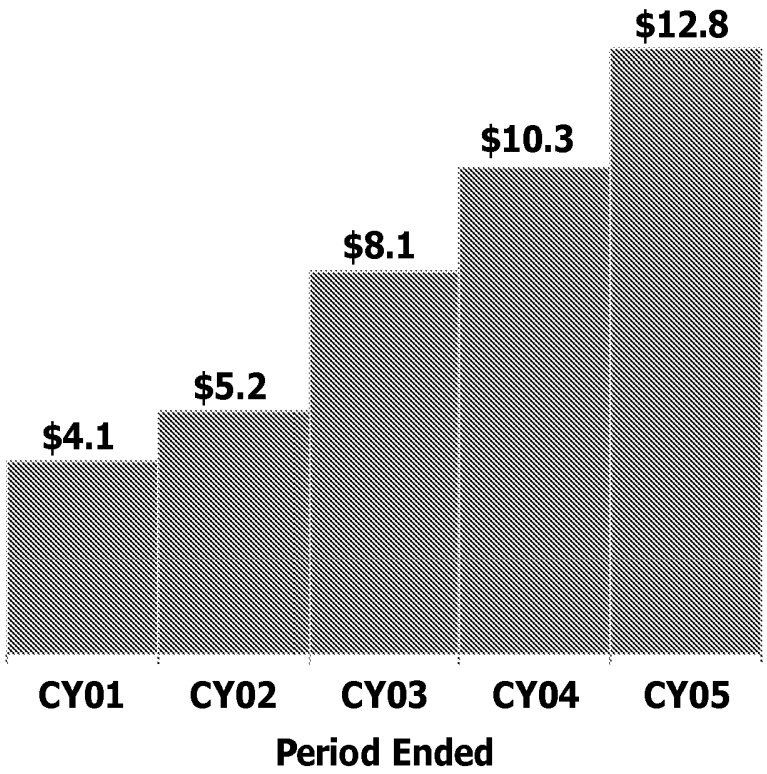
Strong and Stable Credit Ratings

	Countrywide Financial		Countrywide Bank		
	Short-Term	Long-Term	Short-Term	Long-Term	Outlook
S&P	A-1	A	A-1	A	Stable
Moody's	P-2	A3	P-2	A3	Stable
Fitch	F-1	A	F-1	A	Stable

Shareholders Equity and Capital

(dollars in billions)

Shareholders Equity



Regulatory Capital

Countrywide Financial

		Dec. 31, 2005	
	Min. Req. [1]	Ratio	Amt. (mm)
Tier 1 Leverage Capital	5.0%	6.3%	$12,564
Risk-Based Capital			
Tier 1	6.0%	10.7%	$12,564
Total	10.0%	11.7%	$13,760

Countrywide Bank

		Dec. 31, 2005	
	Min. Req. [1]	Ratio	Amt. (mm)
Tier 1 Leverage Capital	5.0%	7.3%	$5,344
Risk-Based Capital			
Tier 1	6.0%	12.2%	$5,344
Total	10.0%	12.5%	$5,457

(1) Minimum required to qualify as "well capitalized"

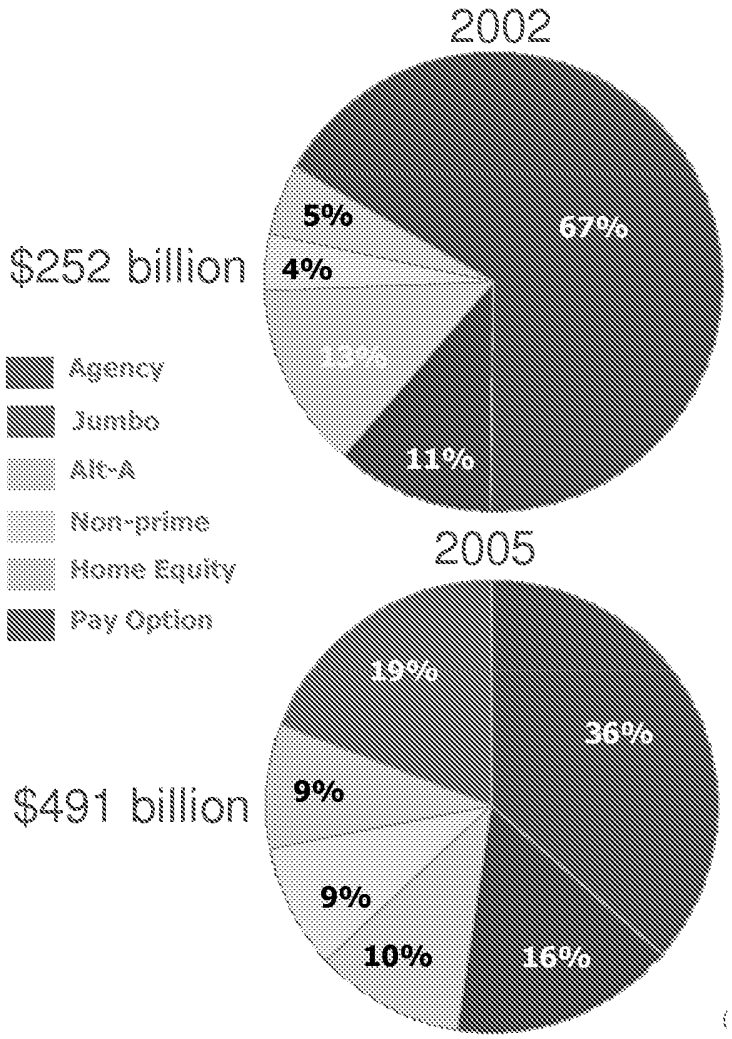
Liquidity Management Overview

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

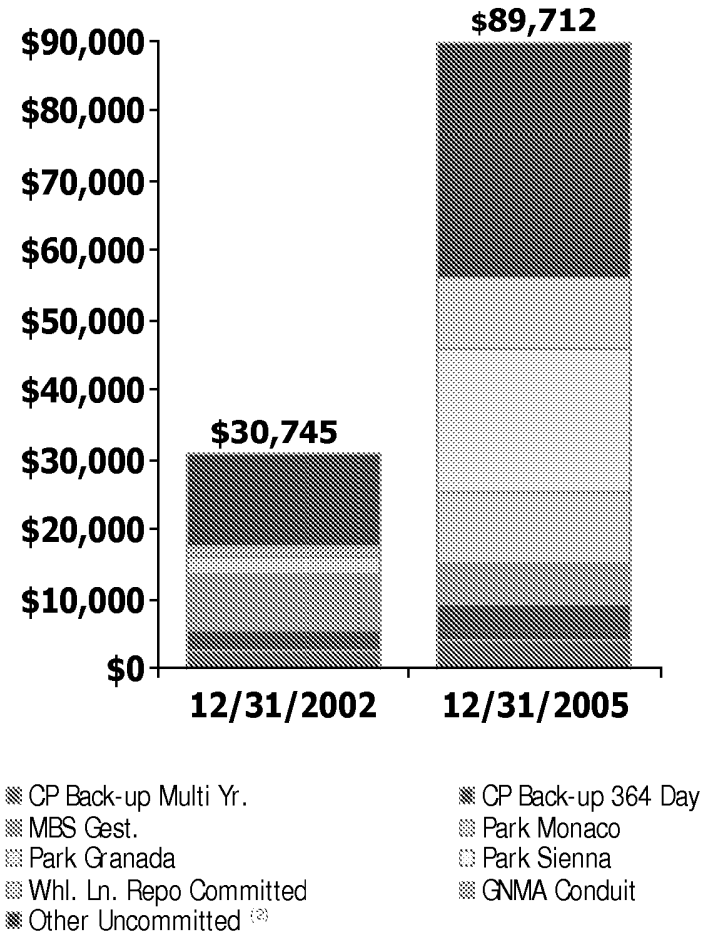
Loan Funding Composition Drives the Evolution of Liquidity Sources (1)

Loan Production Composition



Short-term Liquidity Sources

(dollars in millions)



(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)

Facility Name	Collateral	Committed	Facility	
Countrywide CP	Unsecured, 100% Bank supported back-up	Yes	$9.2	10%
Gestation Conduit	Prime 1st Lien Mortgages	Yes	$6.0	7%
Park Monaco	Prime, Nonprime, Govt., HELOCs	Yes	$10.1	11%
	Total Bank Supported Short-term Sources		$25.3	28%
Park Granada	Prime 1st Lien Mortgages	No	$20.6	23%
Park Sienna	Nonprime 1st Lien Mortgages	No	$10.1	11%
Uncommitted Repos	Prime, Nonprime, 1st & 2nd Liens, HELOCs	No	$10.0	11%
Agency Repo	Agency Collateral	No	$4.0	4%
MBS Repo	Mortgage Backed Securities	No	$5.0	6%
Tri-Party Repo	MBS & ABS Securities	No	$14.7	16%
	Uncommitted Short-Term Sources		$64.4	72%
	Total Short-Term Sources of Liquidity		$89.7	100%
	New One Year Medium Term Note Issuance		$2.5	
	Total Short-term Debt Outstanding at 12-31-05 (1)		($28.4)	
	Debt maturing within six months		($4.5)	
	Short-Term Liquidity Cushion at 12-31-05		$59.3	

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

Short-term Liquidity
Asset Financing Matrix

Mortgage Collateral Type	Short-term Liquidity Sources								
	Unsecured CP	Park Granada ABCP	Park Sienna ABCP	Park Monaco	Agency Multi-seller Conduit (Gestation)	Agency Repo	Whole Loan Repo	MBS Repo	Tri-Party Repo
Conforming									
Conventional									
Jumbo									
Government									
Alt-A									
HELOC									
Fixed Rate Seconds									
Nonprime									

- Highly reliable bank supported liquidity
- Reliable best execution financing
- Opportunistic alternative liquidity sources

2005 Long-Term Debt Profile

(dollars in billions)

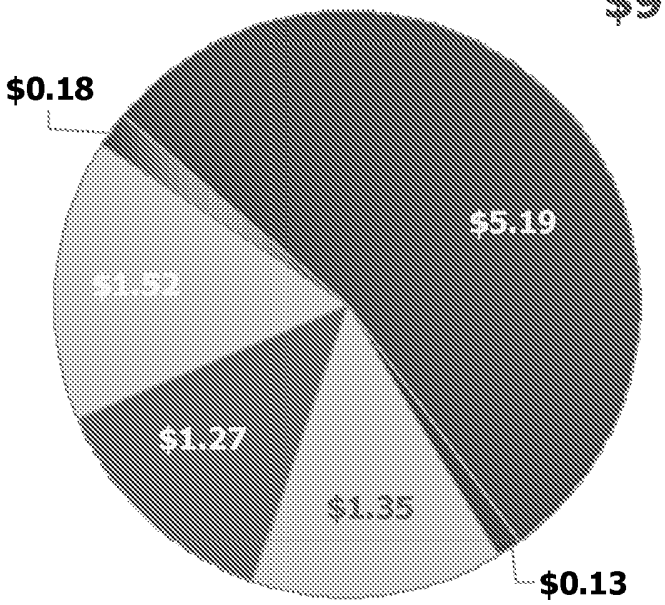
2005 MTN Issuance by Tenor

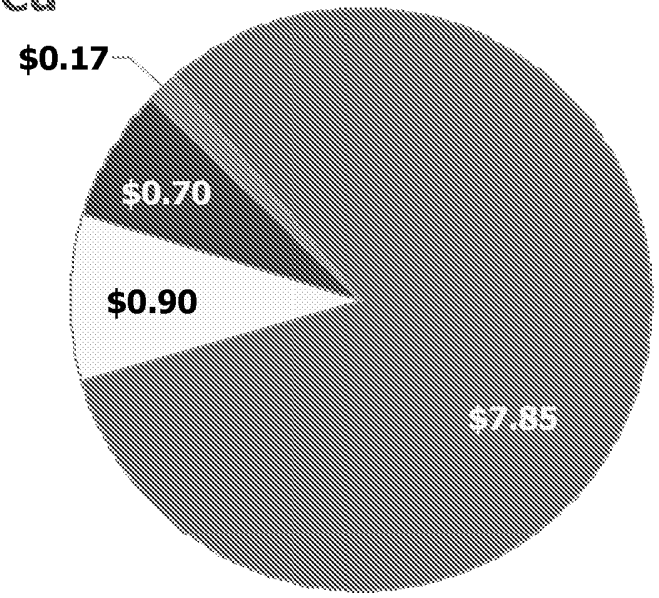
(For the 12 months ended December 31, 2005)

2005 MTN Issuance by Shelf

(For the 12 months ended December 31, 2005)

$9.6 Billion Issued





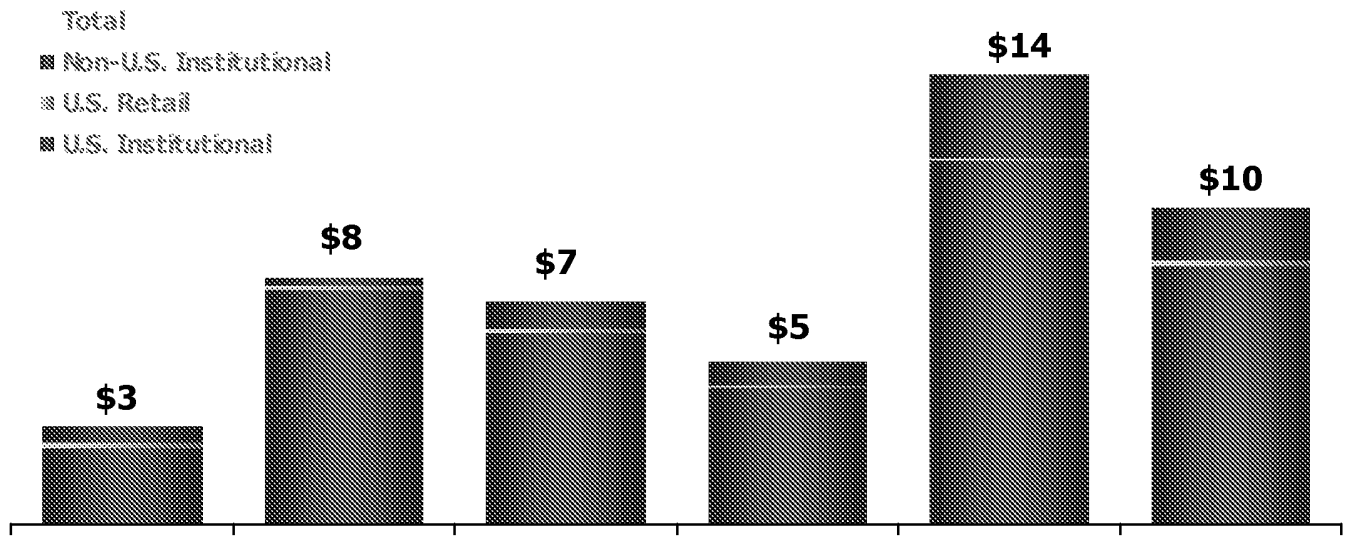
- 1 Yr Issuance
- 1.5 Yr Issuance
- 2 Yr Issuance
- 3 Yr Issuance
- 5 Yr Issuance
- Retail Issuance

- U.S. Global
- European
- Australian
- Retail

Globalization Of The Investor Base

(dollars in billions)

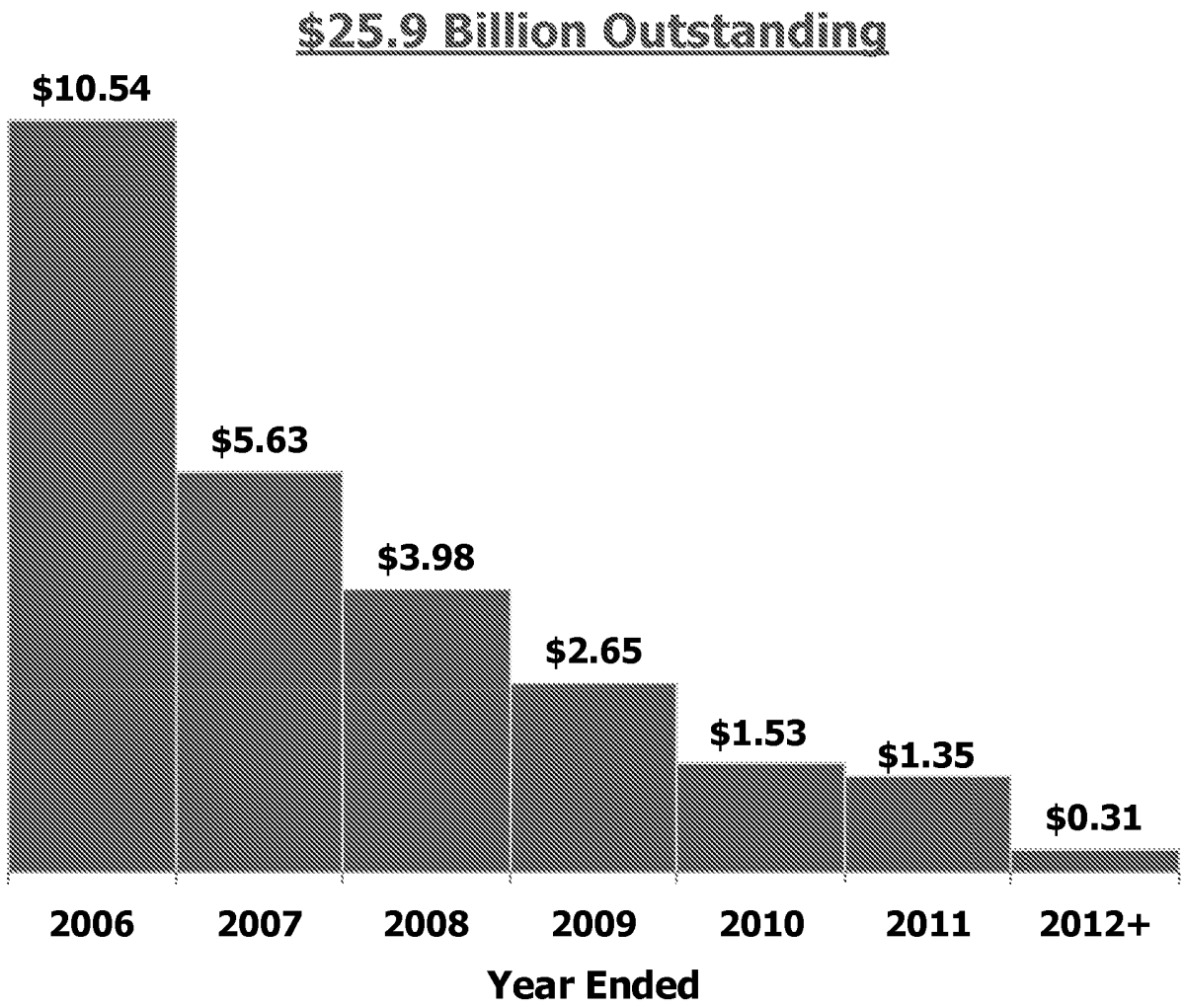
CHL MTN ISSUANCE
(By Distribution Channel)



	2000	2001	2002	2003	2004	2005
U. S. Institutional	$ 2.35	$ 7.14	$ 5.82	$ 4.19	$ 11.09	$ 7.85
U. S. Retail	0.14	0.15	0.15	0.55	0.51	0.17
Non-U. S. Institutional	0.46	0.23	0.82	0.68	2.52	1.61
Total	**$ 2.9**	**$ 7.5**	**$ 6.8**	**$ 5.4**	**$ 14.1**	**$ 9.6**

Medium Term Notes Outstanding

(dollars in billions)



Strategic Funding Objectives

- 2006 funding plans
  - Issue $10 - $13 billion of unsecured term debt
  - Increase unsecured CP issuance 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 * as of December 31, 2005 (dollars in millions)	Production Sector	Servicing Sector	Other Retained Interests	Banking	Capital Markets	Insurance	Global	Other	CFC Consol.
Assets:									
Mortgage loan inventory	$ 27,044	$ -	$ -	$ -	$ 9,775	$ -	$ -	$ -	$ 36,819
Loans held for investment	-	1,667	-	68,209	195	-	-	-	70,071
Trading securities	-	255	-	-	10,728	-	-	-	10,983
Reverse repurchase agreements & securities borrov	710		-	40	22,567	-	-	-	23,317
Investments in other financial instruments	538	841	2,117	6,251	-	1,701	-	8	11,456
Mortgage servicing rights		12,605	-	6	-	-	-	-	12,611
Other	2,784	2,623	-	2,414	840	717	213	137	9,828
Total Assets	$ 31,076	$ 17,991	$ 2,117	$ 76,920	$ 44,205	$ 2,418	$ 213	$ 145	$ 175,085
Liabilities:									
Commercial paper	$ 18,616	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,616
Secured revolving line of credit	2,865	-	-	-	-	-	-	-	2,865
FHLB advances	-	-	-	26,350	-	-	-	-	26,350
Medium-term notes	16,142	9,540	288	-	-	-	-	-	25,970
Subordinated and other unsecured borrowings	1,230	-	-	-	-	-	-	-	1,230
Convertible debt	-	13	-	-	-	-	-	-	13
Junior subordinated debt (1)	-	1,085	-	-	-	-	-	-	1,085
Asset-backed secured financing	-	-	-	-	23	-	-	-	23
Other notes payable	8	5	-	-	-	-	6	17	36
Repurchase agreements	1,563	-	-	1,280	31,310	-	-	-	34,153
Drafts payable	37	-	-	42	-	-	-	-	79
Deposit liabilities	-	-	-	39,489	-	-	-	-	39,489
Intercompany liabilities	(12,726)	-	-	3,281	8,270	814	135	226	-
Inventory sold short	-	-	-	-	2,285	-	-	-	2,285
Income taxes payable	-	3,408	-	159	85	199	6	(11)	3,846
Other	1,786	1,565	63	692	1,154	1,005	58	(94)	6,229
Total liabilities	29,521	15,616	351	71,293	43,127	2,018	205	138	162,269
Shareholders' equity	1,555	2,375	1,766	5,627	1,078	400	8	7	12,816
Total liabilities and shareholders' equity	$ 31,076	$ 17,991	$ 2,117	$ 76,920	$ 44,205	$ 2,418	$ 213	$ 145	$ 175,085
Leverage Ratio (1)	19.0	4.2	0.2	12.7	40.0	5.0	25.6	19.7	11.6
Leverage Ratio Servicing and other R. I. (1)		2.8							

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

* Unaudited

Summary

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

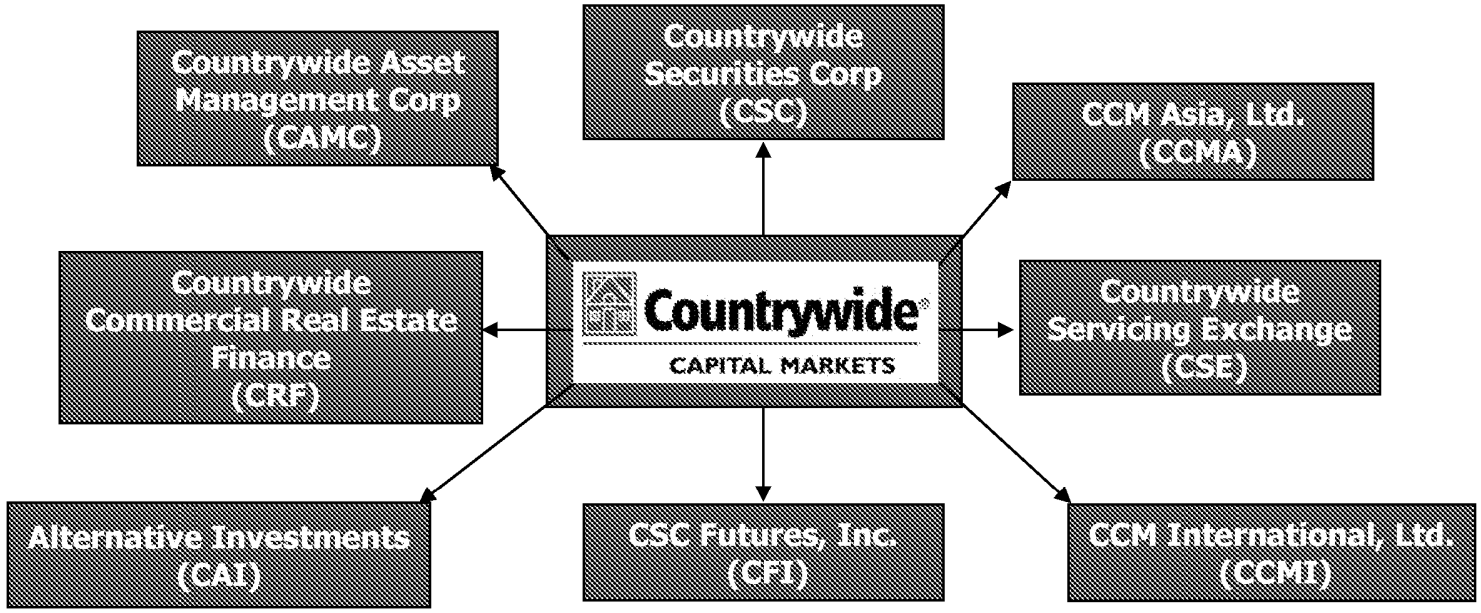
- Business Review
  - Core Entities
  - New Business Initiatives
- Financial Performance
- Primary Risk Management
  - Market Risk
  - Liquidity Risk
  - Counterparty Credit Risk
- Question and Answer

Overview

- Business Review

Countrywide Capital Markets – 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 CAI 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

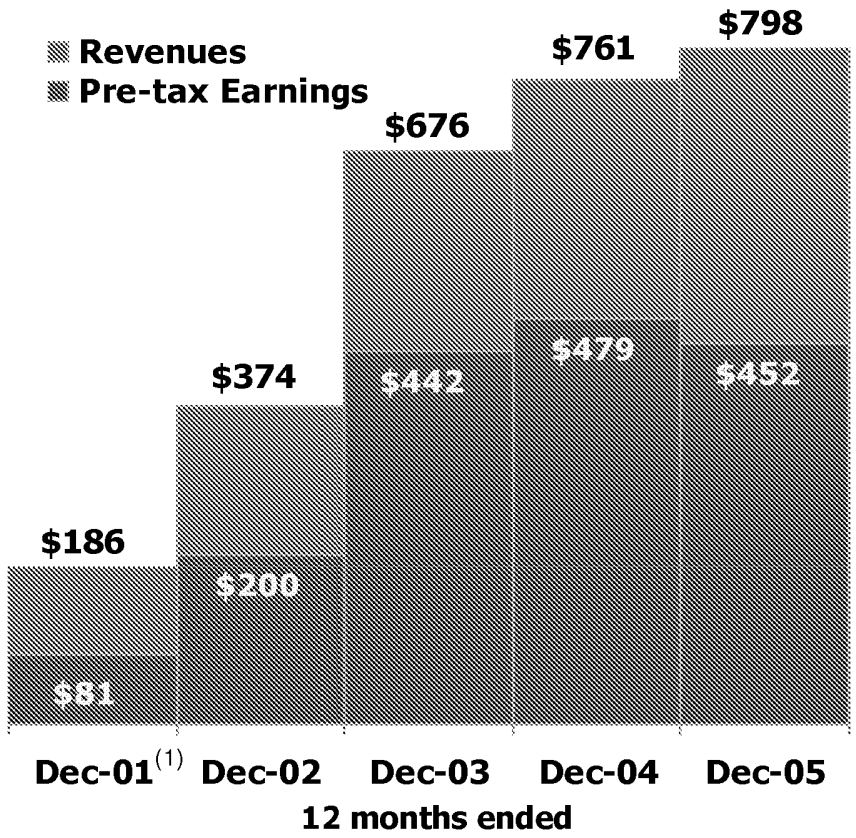
- Financial Performance

Capital Markets

Consistent Revenue Growth With Greater Diversity

(dollars in millions)

Revenues vs. PTE



Revenue Mix

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

Countrywide Capital Markets

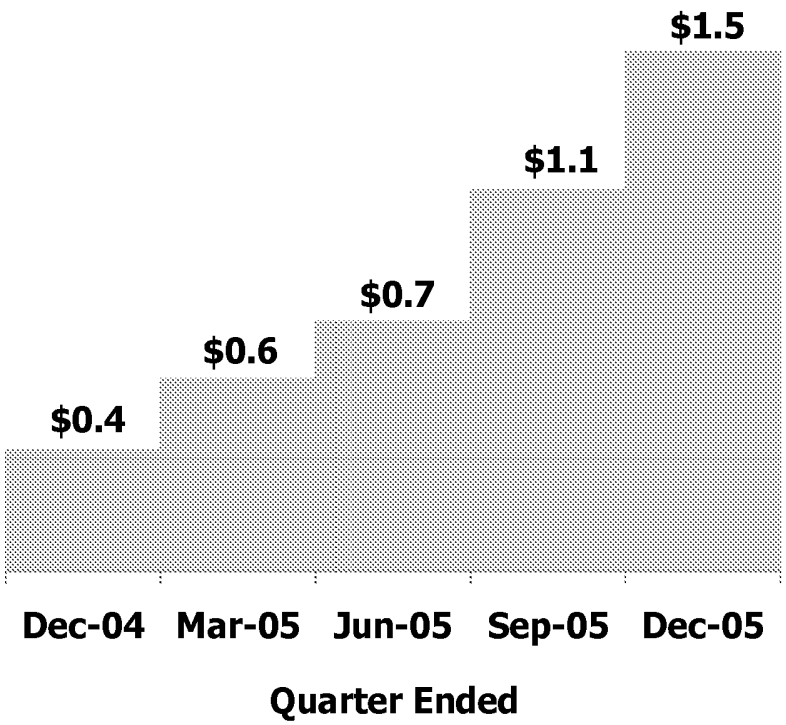
2005 Securities Trading Volume

Countrywide Capital Markets

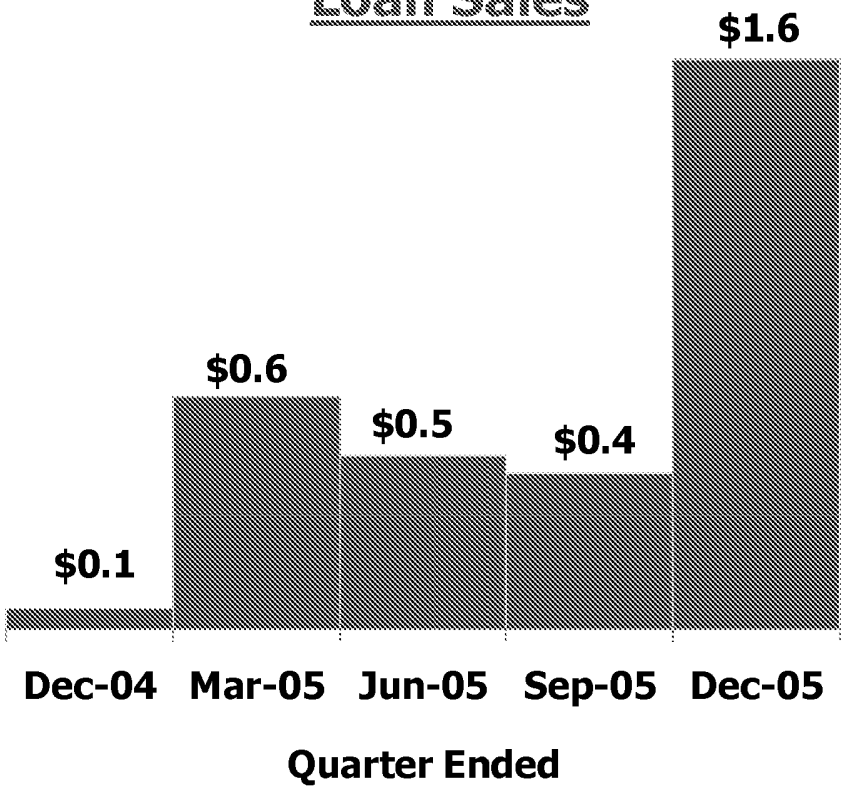
Commercial Mortgage Loan Pipeline

(dollars in billions)

Commercial Real Estate Loan Originations



Commercial Real Estate Loan Sales

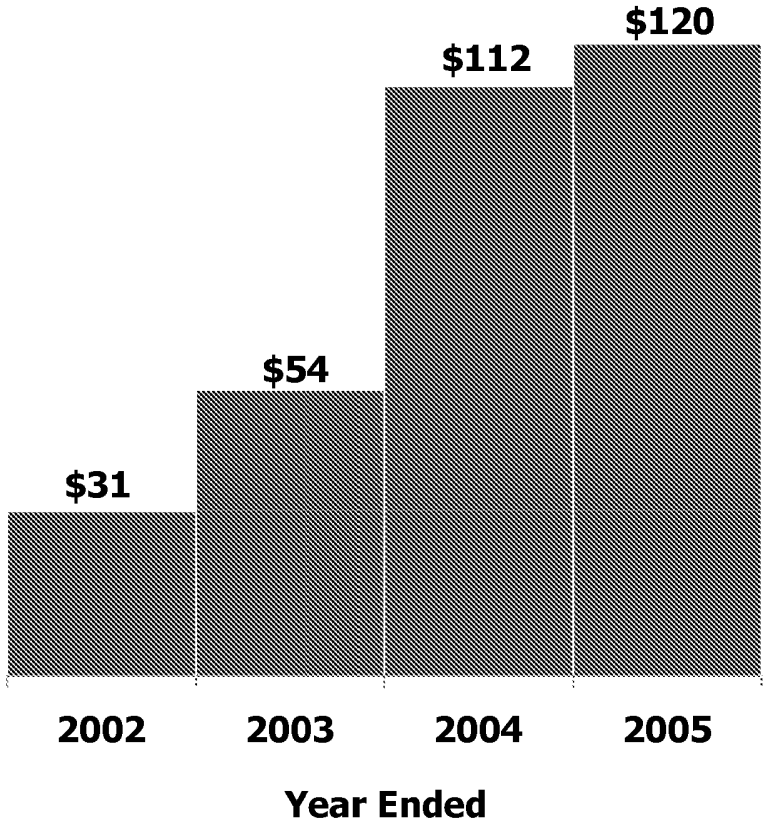


Countrywide Capital Markets
2005 Underwriting Volume

(dollars in billions)

- **2005 industry underwriting rankings** (1)
  - 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

Underwriting Volume



(1) Source: Inside MBS & ABS

Primary Risk Management

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

Q&A

Countrywide

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.

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February 28, 2006