Countrywide

2007 Strategic Plan & Forecast Summary

February, 2007

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EXECUTIVE SUMMARY

This Strategic Plan and Forecast Summary outlines the corporate and business segment strategies of Countrywide Financial Corporation ("Countrywide") and summarizes the infrastructure, risk management, governance, and other initiatives designed to support the achievement of Countrywide's Strategic Mission for 2007 through 2011.

2006 Accomplishments

Countrywide's continued dominance of mortgage banking, sound risk and fiscal management, and continued diversification efforts contributed to another strong year of performance. The list of accomplishments includes:

- Earnings-per-share (EPS) growth of 5%, to $4.30 from $4.11 in 2005
- Ending loan servicing portfolio growth of 17% to nearly $1.3 trillion
- Total mortgage loan fundings of $468 billion, a decline of only 6% from 2005; average industry origination volume is estimated to have declined by 17%
- Securities trading volume growth of 5% to $3.8 trillion, a new record
- Bank asset growth of 27% to $93 billion[1]; total CFC asset growth of 14% to $200 billion
- Average total loan production market share of 15.7% (internal estimate), an increase from 14.9% in 2005
- Pre-tax earnings for the Banking segment increased 28%, establishing a new earnings record at $1.4 billion

Countrywide's 2006 successes have come despite several challenges:

- 2006 real residential investment[2] declined more than 4.2%, after rising at nearly a 9% annual rate the prior three years
- Decline in non-prime margins due to the deterioration in credit spread for highly leveraged second lien borrowers
- Margin pressure driven by irrational pricing of some competitors
- Increasing credit risks
- A flat or inverted yield curve—the spread between the 2-Year and 10-Year Treasury reached 11 bps by year end
- Increased public scrutiny of non-traditional mortgage product offerings
- Increased competition through M&A activity by peers and new mortgage origination players, such as Wall Street firms and insurance carriers

For 2007, corporate and divisional strategic plans have been defined to support continued organizational success and evolution, reflecting both the rapidly changing environment and Countrywide's commitment to maximize long-term shareholder value.

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[1] Portions of production assets were reclassified to the Bank after the January 30th, 2007 preliminary earnings release
[2] Real residential investment consists of all private residential structures and of residential equipment that is owned by landlords and rented to tenants adjusted for inflation.

CFC 2011 Corporate Strategic Plan

Business Foundation

Organized as a holding company with several subsidiaries, Countrywide is engaged in mortgage lending and other finance-related businesses, including mortgage banking, banking, mortgage warehouse lending, securities dealing, and insurance underwriting, with a strong domestic and emerging international presence.

Historically, Countrywide has maximized its competitive advantage by leveraging the synergies of many of its subsidiaries. The symbiotic functions of origination and servicing, along with the bank portfolio and capital markets activities, have given the Company operational advantages that have been difficult for its competitors to match[3]. Countrywide remains one of the few companies that have successfully vertically captured all portions of the mortgage value chain, from origination to securitization to servicing.

Countrywide's executive management has laid out a series of ambitious operating targets to support the Company's business definition of being ***a diversified financial services firm primarily focused on real estate finance and related activities***. In this year's strategic plan, the Company's 5-year mission is to maximize long-term shareholder value, optimize its capital structure, continue as an industry leader in delivering customer value, dominate real estate finance, and achieve long-term earnings stability. More specifically, through 2011, Countrywide intends to achieve the following[4]:

- Minimum 15% return on equity (ROE)
- 15% earnings per share (EPS) compound annual growth rate (CAGR)
- #1 originator, servicer, and distributor of mortgages
- Industry leader in delivering customer value, as evidenced by:
    - Broadest product line
    - Superior customer service
    - Competitive pricing
    - Best-in-class technology

These mission metrics provide a high-level overview of the Company's strategic plan through 2011.

Key Areas of Focus

This year, the Executive Committee (EC), a core body of Countrywide's most senior executives, defined several key areas of near-term focus for the Company. The prominent theme, and the theme that will drive success in each of the Company's endeavors, is *velocity*. Velocity refers to the speed and efficiency with which business is conducted, allowing Countrywide to better react to a changing market while maintaining strong risk management controls.

The consolidating market provides an excellent opportunity for Countrywide to continue building market share profitably, through careful consideration of opportunistic tactical acquisitions and through organizational improvements. Among these improvements are initiatives to increase the Company's

[3] Morgan Stanley Research, May 11, 2006

[4] This estimate is based on Countrywide's five-year forecast, which makes a conservative assumption that there will not be a refi boom between now and 2011. Historically, refi booms tend to occur in cycles of roughly four to six years. A refi boom could materially affect this EPS estimate.

efficiency and productivity, to maintain leading-edge technology and deploy new technology efficiently, and to bring the broadest array of products to the market in a timely manner. As always, Countrywide will balance its growth with appropriate governance and controls.

These initiatives require the commitment of a dedicated workforce, and so Countrywide is also focused on talent management—that is, how the Company attracts, rewards, and retains top talent.

Finally, Countrywide will foster a culture that embraces change to nimbly shift strategy in order to capitalize on important opportunities.

Priority Objectives

The key areas of focus discussed in the previous section are reflected in Countrywide's corporate Priority Objectives. These objectives define the broad outcomes the Company intends to accomplish over the next five years. Each of the following Priority Objectives is supported with a series of goals and initiatives at the corporate and divisional levels:

- **Profitable Growth and Optimal Capital Management**—Achieve CFC's growth objectives of maximizing shareholder value and achieving long-term earnings stability, while maintaining and allocating adequate capital based on underlying business risk
- **Customer Value Management**—Establish and maintain Countrywide as a leader in customer satisfaction, loyalty, and value among financial services companies, leveraging the Company's unique brand
- **Efficiency / Productivity**—Achieve and maintain operational leadership through best-in-class workflow and processes, superior execution, effective cost management, high productivity and continuous operational improvement
- **Risk Management**—Build and maintain the optimal risk management and compliance capabilities through continuous refinement of effective processes, tools, and reporting
- **Institutional Governance**—Establish and maintain world-class governance structures and practices to properly manage increasingly complex businesses, while ensuring growth and success
- **Talent Management**—Become the industry leader in attracting, developing, and retaining world-class talent (quality and depth) to achieve the Company's business objectives
- **Culture**—Build upon and leverage a common Countrywide corporate culture as a core competitive advantage

Key Initiative: Conversion to a Thrift Charter

Countrywide is in the process of converting its existing national bank charter to a federal savings bank charter. Currently, Countrywide is under the supervision of both the Federal Reserve Bank (FRB) and the Office of the Comptroller of Currency (OCC).

After the conversion, Countrywide will become a savings and loan holding company with the Bank as a federal savings bank. Both the holding company and the Bank will be under the supervision of the Office of Thrift Supervision (OTS). As a result, 2007 will see increasing integration of the mortgage and banking segments.

This decision was made after extensive strategic analysis and deliberations based on the Company's five-year strategic plan and business model. Countrywide management believes that there are several compelling reasons to transition to a thrift charter:

- The OTS is familiar with the mortgage lending business and mortgage products. As such, the thrift charter is more suited to CFC's mortgage-centric business model.
- Countrywide will develop a meaningful dialog with the OTS based on its mortgage-centric supervisory approach. The OTS is likely to be comfortable with CFC's five-year projected MSRs.
- CFC will benefit from the authority in the Home Owners Loan Act to preempt state laws that are inconsistent with federal laws relating to the operations of federal savings banks.
- The OTS bases Basel II mandatory status on thrift assets; holding company assets are not included. This permits CFC to undertake a more measured approach in building Basel II compliance. Basel II best practices will remain a target for CFC.
- The OTS has no statutory capital requirement for holding companies. However, the OTS expects the holding company to be operated in a safe and sound manner.
- The OTS is likely to have a more favorable view on the independence of CFC's appraisal process.
- Thrifts are given broader powers in real estate investment, allowing for real estate development activities to be considered.

The OTS conversion process began in late 2006, with the filing of the application to the OTS, and will be completed during 2007.

ENVIRONMENTAL SCAN

Review of 2006

Perhaps the most notable feature of economic performance in 2006 was the dramatic drop in residential housing investment. After rising at nearly a 9% annual rate the prior three years, in 2006, real residential investment[5] declined by more than by 4.2%. The drop in residential investment was accompanied by substantial declines in housing starts, new and existing home sales, the rate of home price appreciation, and purchase mortgage origination volume. However, strength in consumer spending and business investment filled the gap left by housing, and overall economic growth ended the year up 3.4%, compared to 3.2% in 2005.

Meanwhile, core inflation picked up slightly over the course of the year, from 2.0% to an August high of 2.4% for the core personal consumption expenditure (PCE) deflator. While anything over 2.0% is viewed as problematic by the Federal Reserve, at year-end, the core index appeared to be moderating. In July, the Fed halted its series of 17 straight quarters of 25-bps increases to the Fed Funds rate. The Fed believes that overall growth will slow to below trend and core inflation will continue to moderate. Longer-term yields increased approximately 90 basis points (bps) over the first half of the year, but then rallied back by 80 bps to end the year at 55 bps below the funds rate.

Economic Scenarios

The key to the economic outlook for 2007 is housing. Broadly speaking, there are three potential scenarios: Soft Landing, Hard Landing, and No Landing. While homebuilders have already experienced a hard landing, this is not the case for the overall economy.

Advocates of the Hard Landing scenario for the overall economy envision severe consumer spending cutbacks due to falling home prices. In this scenario, large inventories of unsold homes lead to major drops in home prices and construction activities. Drops in home prices deplete household net worth and induce efforts to rebuild savings, while declines in construction activity entail large-scale job losses. In the Hard Landing scenario, the economy falls into recession by the end of 2007.

The No Landing scenario assumes that the housing downturn cycle is near the end and that any remaining restraints on growth will be offset by greater consumer and capital expenditure spending. In this scenario, the economic slowdown is temporary, and growth will remain above 3.0% throughout 2007.

The Soft Landing scenario sees the housing downturn extending through much of 2007, as excess inventories are gradually decreased. The rate of home price appreciation stabilizes around zero, picking up only modestly over the next several years. Housing is a modest drag on overall growth. The slowdown in home price appreciation leads to increased savings and lower consumer spending. While there is no recession in this scenario, overall economic growth slows to below trend.

Countrywide has been an advocate of the Soft Landing scenario for more than a year and continues to support this outlook.

Arguments in Support of a Soft Landing

Several factors suggest that a soft landing is the most likely scenario. The Federal Reserve has successfully removed accommodation without causing great financial turbulence. (Although it can be argued that the

[5] Real residential investment consists of all private residential structures and of residential equipment that is owned by landlords and rented to tenants adjusted for inflation.

reason accommodation had to be removed was that the Fed was overly accommodative in 2003 and 2004). In Countrywide's view, Fed policy is currently modestly restrictive and is consistent with an environment where the rate of core inflation continues to recede. Real growth is running below trend and will continue to do so through most of 2007. The Fed is likely to remain on hold until core inflation moves back below the top of the Fed's target range of 2.0%. This is likely to occur by mid-2007 and will prompt the Fed to ease policy.

As usual, the bond market is ahead of the Fed. Interest rates will move lower next year, but most of the move will be at the short end of the yield curve.

On the housing front, sales of both new and existing homes are in the process of bottoming. However, inventory levels are elevated and will continue to be elevated through most of 2007. This means that construction activity will continue to slow and home price appreciation will decline.

Countrywide sees negligible home price appreciation in 2007, down from 5% in 2006 and 13% in 2005. This dramatic decline in home price appreciation will have important ramifications on household behavior. The rate of consumer spending will slow and the personal savings rate will increase. Lower consumer spending and weak housing will keep overall economic growth below trend throughout 2007.

By the end of 2007, the housing picture will be a lot brighter. Affordability bottomed in July of 2006 and will continue to move higher in 2007. Sales of both new and existing homes will begin to improve. Inventories of unsold homes will be worked down, and construction activity will start back up. While the appreciation rate will remain below the rate of income growth, home prices will begin to creep up.

Long-Term Outlook

While the housing market will likely experience a slowdown in the near-term, the long-term outlook continues to be bright. U.S. demographic trends suggest that more than one million new potential homebuyers per year will enter the market over the remainder of this decade. Multicultural markets (Hispanic, African-American, and Asian), immigration, and the aging of America will be the primary drivers for this market growth. Historically, the multicultural markets segment has been underserved; however, minority homeownership rates are expected to grow faster than that of Caucasians, and will represent 67% of household growth through 2010.

Immigrants represent one of the largest sources of growth among first-time homebuyers. Harvard University's Joint Center for Housing Study forecasted 28.2 million new households being created from 2000 to 2020, based on a net immigration scenario of 1.2 million persons per year. The huge demand for homeownership among first-time homebuyers will require an emphasis on new mortgage products that reduce down payment barriers—such as no-cash and low-cash down payment mortgages.

According to the U.S. Census Bureau, the proportion of aging Baby Boomers (citizens born between 1946 and 1964) is growing more rapidly than any other age group. This development should have a positive impact on the demand for second and third properties.

The demographic trends above bode well for the housing market to weather the current downturn and continue on a strong path in the future.

Competitive Landscape

The current operating environment for CFC is characterized by negative trends in consumer credit quality, excess capacity among mortgage originators, and an increasingly complex competitive landscape. In the near term these conditions have worked to reduce profitability for mortgage originators, and present increasing pressure on operators who lack the scale or financial resources to manage their business through this environment. Consolidation is inevitable, thus Countrywide expects increasing M&A activity as well as numerous marginal operators shutting down. These trends are expected to continue through 2007, and as a result, the market is expected to become increasingly concentrated among the competitors who have the capital, operating scale, and management sophistication required to succeed.

New mortgage banking competitors have emerged over the past few years. Notably, Wall Street firms are now entering the origination space through acquisitions of mortgage firms in an attempt to support their fixed income securities business. To date, these deals have focused on non-prime wholesale and conduit originators. In addition, nontraditional competitors in the Insurance sector are also now expanding into Countrywide's competitive space by acquiring bank charters and offering mortgage products in-house. In line with the industry trend of maximizing customer value, certain bank-supported mortgage players are also moving into products such as credit cards, savings, and investments.

Countrywide remains well positioned relative to its competition. The Company possesses a broad product set comparable to many of its more diversified banking counterparts, while retaining a commitment to, and focus on, real estate finance. Further, tightening margins and deteriorating credit are putting increasing pressure on smaller mortgage operators, many of whom are likely to be consolidated or eliminated during this business cycle. New market entrants are challenged to compete with established players like Countrywide, and for the most part, new entrants are not expected to become significant over the long haul. By focusing on real estate finance as the core growth engine, and by providing diversified financial services as synergistic complements to the core business, Countrywide has established a unique business model that would be difficult for competitors to replicate.

Further, management believes that the most relevant way to measure and manage performance and growth in the industry is to view performance from business cycle to business cycle rather than year over year. Given this approach, Countrywide is optimistic about the prospects to continue generating growth and superior returns through the current cycle and in future cycles. Countrywide's success in real estate finance combined with growth in its synergistic diversified financial services businesses positions the company for continued success and continued growth in shareholder value from cycle to cycle.

COUNTRYWIDE FORECAST

CFC periodically develops a 5-year forecast of its financial statements that represents a point-in-time financial estimate of senior management's long term strategic plan, within a specific set of environmental assumptions.

Assumptions

To provide greater transparency into the forecasting process, Countrywide has provided the following list of assumptions and choices embedded in this year's forecast. These assumptions are generally intended to reflect a conservative estimate of future scenarios.

1. The development of the mortgage originations market forecast assumes a static interest rate environment that holds the shape of the yield curve constant and freezes sundry secondary market spreads to treasury at current levels. Although it is a very real possibility that there will be a refinance boom in the next five years (driven by a bond market rally and/or a significant compression of mortgage spreads to treasury), this model assumes, conservatively, that there will not be one.
2. The mortgage market model assumes a significant decline in pay-option originations through 2007, given both the regulatory environment as well as consumer opinion of these products. A favorable change in this environment, coupled with further product innovation and consumer acceptance, could significantly delay (or even eliminate) this decline, which would result in higher overall market share growth for CFC.
3. The model assumes that revenue on pay-option ARMs will decline significantly through 2007. Favorable primary market conditions and product innovations could postpone (or even eliminate) this decline.
4. The mortgage market model assumes a gradual decline in the size of the correspondent channel. The pace of decline of this channel could be accelerated by higher levels of consolidation in the mortgage industry
5. The forecast model assumes continuation of CFC's current legal entity structure through the period of the forecast.
6. The forecast assumes a specific pace of growth for CFC's loan inventory position that is financed by the bank's liabilities. Incremental increases in bank-financed inventory could favorably impact forecast results.
7. The forecast assumes that all CFC's non-HELOC mortgage banking fundings are available for sale in the secondary markets. For CFC-originated HELOC, the forecast assumes that beginning in 2008 the bank will fund all HELOCs into its held-for-investment (HFI) whole loan portfolio. All other fundings in the Bank's HFI portfolio are assumed to occur via whole loan acquisitions from third parties or incrementally via Countrywide's correspondent channel. CFC senior management may choose to make additional CFC's mortgage banking fundings available for the bank to portfolio on an HFI basis, as warranted by market conditions.
8. The forecast assumes that in 2007 all secondary market sales of CFC fundings will occur at CHL. This further assumes that bank-funded inventory that is held for sale (HFS) would get sold back to CHL prior to sale/securitization in the secondary markets. The forecast further

assumes that for 2008 and all later years, the Bank will fund 80% of CFC production and will sell/securitize all such production directly into the secondary markets. Therefore, all retained interests related to sales/securitizations are assumed to be held on the balance sheet of the entity that sells into the secondary market. Accordingly, the balances of retained interests and MSRs in the Bank legal entity build over time. All such Mortgage Banking activity within the Bank legal entity is reflected within the Mortgage Banking Sector in the forecast.

9. The forecast model computes production expenses based on planned growth in retail and wholesale branches. Any change in growth strategies would have a material impact on production expenses.

10. Future investment in MSRs assumes 27 bps of excess servicing for conforming fixed loans through 2007, before reverting back to early 2006 levels. This assumption is based on the fact that there are limited alternate opportunities for investment in bank assets in 2007, and returns on excess servicing are deemed to be more attractive at this point in time but are expected to revert to lower levels by 2008. Any change in execution strategy in the secondary markets could have a material impact on the growth in MSR assets on the balance sheet. Furthermore, secondary market conditions may result in higher levels of whole loan sales of nonprime and HELOC loans and could materially impact CFC's future investment opportunities in retained interests.

11. Option value decay (theta) of CFC's retained interest hedge is assumed to be at 250 bps of the retained interest asset carry value. Any change in hedging strategy could have a material impact on hedge costs in the forecast.

12. The forecast assumes a normal rise in delinquency levels due to seasoning and seasonality. This rise is manifested in increased credit enhancements on the bank's HFI portfolio, higher loan loss provisions at the bank and at CHL, and higher repurchase and warranty reserve assumptions on new loan sale transactions. Any further deterioration in the credit environment could result in impairment of retained interests, increased repurchase and warranty reserve requirements, higher provisions for losses on the bank HFI portfolio, higher credit enhancement costs, and higher servicing costs.

13. Capital adequacy assumptions are based on regulatory capital standards, Fitch rating agency guidelines, Moody's guidelines, Countrywide's estimate of S&P rating agency requirements, Basel II, and internally determined economic capital requirements. Fitch guidelines are deemed to be the most restrictive standard for capital and therefore were used to forecast conservative capital requirements to support the 5-year forecast.

14. The model assumes that excess capital (over and above minimum contingency capital requirements) will be deployed in investment opportunities at a conservative 11% ROE. Senior management may instead choose to use the excess capital to buy back and retire outstanding common equity or invest in business opportunities with return profiles that are different from forecast assumptions. These choices may result in materially different forecast results.

15. Senior management may opportunistically optimize CFC's liability structure, resulting in materially different liability costs from those embedded in the forecast.

16. Although this forecast contemplates incremental investment of HELOCs in the Bank HFI portfolio, the sale/securitization of loans from Bank legal entity, and sale of Bank-originated

reverse mortgages, it is considered preliminary subject to a pending tax analysis. CFC would implement this plan as shown pending favorable resolution of tax implications.

17. Numbers may not total exactly due to rounding.

Five-Year Forecast

CFC's five-year forecast is shown below:

Figure 1: Five-Year Earnings Forecast

	Actual 2006	Forecast 2007	Forecast 2008	Forecast 2009	Forecast 2010	Forecast 2011	5-Year CAGR
10-Year Treasury Rate (Average)	4.78%	4.69%	4.68%	4.68%	4.68%	4.68%	0%
Mortgage Market ($ Trillion)	$ 2.9	$ 2.6	$ 2.7	$ 2.8	$ 2.9	$ 2.9	0%
Pre-tax Earnings by Segment ($ Million)							
Mortgage Banking							
Production	$ 1,312	$ 1,107	$ 1,024	$ 1,469	$ 1,899	$ 2,471	13%
Servicing	$ 661	$ 801	$ 950	$ 922	$ 851	$ 747	2%
Landsafe	$ 91	$ 94	$ 99	$ 107	$ 114	$ 123	6%
Total Mortgage Banking	$ 2,064	$ 2,002	$ 2,073	$ 2,498	$ 2,865	$ 3,342	10%
% of Total CFC Earnings	*48%*	*47%*	*42%*	*40%*	*37%*	*36%*	
Banking	$ 1,383	$ 1,314	$ 1,444	$ 1,931	$ 2,409	$ 2,818	15%
Insurance	$ 320	286	391	429	474	525	10%
Capital Markets	$ 554	546	662	746	877	1,037	13%
Global	$ 29	8	61	84	118	140	37%
Other (including redeployed excess capital)	$ (11)	102	270	511	902	1,428	NA
CFC Consolidated Pre-tax Earnings	$ 4,338	$ 4,258	$ 4,902	$ 6,201	$ 7,645	$ 9,289	16%
Total ROE	19.7%	16.8%	16.5%	17.7%	18.5%	19.0%	-1%
EPS	$ 4.30	$ 4.30	$ 4.86	$ 5.96	$ 7.17	$ 8.50	15%
Wtd Avg Diluted Shares O/S (in millions)	622	608	619	638	654	671	2%

Note: 2006 figures include information updated after the January 30, 2007 preliminary earnings release

Source: CFC Financial Planning

The key components of the five-year earnings forecast include the following:

- Earnings per share (EPS) grows to $8.50 in 2011, representing a 15% CAGR.
- Pre-tax earnings grow to $9.3 billion, a 16% CAGR, with Mortgage Banking earnings projected to constitute approximately 36% of total earnings.
- Mortgage banking earnings growth is mostly generated through the growth of Production. As market conditions permit, the company will look to enhance the stability of earnings streams by adding banking spread income in lieu of gain on loan sales. This spread income acts as an annuity spreading out the profitability of underwriting the mortgage over an extended period of time, rather than in the current period as a gain on sale.
- 2011 production margins increase to 42 bps compared with 33 bps in 2006, driven by changes in product mix.

- Banking earnings grow at a 15% CAGR, a result of the Company's portfolio strategy, and entrance into new business lines, including builder finance, commercial real estate finance, and reverse mortgages.
- Insurance grows at a 10% CAGR as a result of ongoing product diversification, and more effective marketing into Countrywide's loan servicing portfolio and at point of sale.
- Earnings from the deployment of capital that exceeds minimum Fitch capital requirements have been estimated at a net return of 11%.
- Global earnings grow at a 37% CAGR based on plans for mid-2007 to start a European lending division, which will originate, securitize and sell loans.

The growth of total assets is primarily attributable to the growth of servicing related assets, third party whole loan acquisitions, as well as the Bank investing in new business lines, and the redeployment of excess capital. The MSR (mortgage servicing rights) balance is expected to reach $27 billion by 2011.

Bank deposits will be the primary funding vehicle, complemented by Federal Home Loan Bank advances, for the Bank's asset growth. The growth in total equity is primarily attributable to retained earnings. Capital will be tightly managed to accommodate Countrywide's MSR investment. Regulatory capital ratios and credit rating agency capital requirements reflect more than adequate capital to support planned asset growth.

Figure 2: CFC Consolidated Balance Sheet Forecast

($ Million)	Actual 2006	Forecast 2007	Forecast 2008	Forecast 2009	Forecast 2010	Forecast 2011	5-Year CAGR
Assets							
Production	$ 24,995	$ 15,775	$ 12,643	$ 13,362	$ 14,673	$ 15,619	-9%
Servicing & Residuals							
MSR	16,172	19,956	21,626	23,514	25,317	27,090	11%
Residuals	1,327	1,505	1,313	1,465	1,327	1,389	1%
Other	4,838	5,388	5,951	6,331	7,131	7,860	10%
Total Servicing & Residuals	22,337	26,849	28,890	31,310	33,775	36,339	10%
Banking							
Countrywide Bank	92,792	100,499	123,325	140,061	155,412	164,473	12%
CWL	3,778	3,149	3,392	3,443	3,825	3,616	-1%
Total Banking	96,570	103,648	126,717	143,504	159,236	168,089	12%
Insurance	2,910	2,998	3,090	3,190	3,295	3,408	3%
Capital Markets	49,663	51,551	53,511	55,548	57,664	59,861	4%
Other	3,471	4,788	6,001	7,940	10,593	14,136	32%
Total Assets	**$ 199,946**	**$ 205,608**	**$ 230,853**	**$ 254,853**	**$ 279,236**	**$ 297,453**	**8%**
Liabilities							
Short-term Liabilities (incl repos)	$ 54,955	$ 53,935	$ 57,467	$ 59,356	$ 61,611	$ 62,540	3%
FHLB Adv/ST Debt	28,150	32,140	35,035	41,143	46,740	50,651	12%
Bank Deposits	52,268	59,204	73,729	87,675	101,276	110,446	16%
Medium-term Notes/Convertible	26,175	23,670	14,670	12,609	11,339	10,053	-17%
Deferred Income Taxes	4,936	6,052	6,527	7,062	7,574	8,078	10%
Other Liabilities	19,145	13,825	23,684	23,719	23,196	23,255	4%
Total Liabilities	185,628	188,827	211,112	231,566	251,736	265,022	7%
Total Equity	14,318	16,782	19,742	23,288	27,500	32,430	18%
Total Liabilities & Equity	**$ 199,946**	**$ 205,608**	**$ 230,853**	**$ 254,853**	**$ 279,236**	**$ 297,453**	**8%**
Servicing Port Ending Bal.	$ 1,298	$ 1,449	$ 1,575	$ 1,749	$ 1,946	$ 2,174	11%
Tier 1 Leverage Ratio	6.9%	7.9%	8.2%	8.7%	9.4%	10.4%	8%
Tier 1 Capital Ratio	11.6%	12.8%	12.9%	13.4%	14.2%	15.6%	6%
Total Risk-Based Cap. Ratio	13.0%	14.0%	13.6%	14.1%	14.8%	16.1%	4%
Annual Dividend per Share	$ 0.60	$ 0.64	$ 0.71	$ 0.80	$ 0.89	$ 1.00	11%

Notes: Capital Ratios as of 1/25/07. Forecast completed prior to availability of the final capital ratios.
Portions of Production's assets were reclassified to Countrywide Bank after the 01/30/07 preliminary earnings release
Source: Financial Planning, Countrywide Accounting

Countrywide's headcount is expected to grow by 15% during 2007, as shown below:

Figure 3: 2007 CFC Headcount Forecast

	Actual 2006	Forecast 2007	Var %
Production			
Sales	16,662	19,207	15%
Processing	11,695	12,428	6%
Admin	3,249	3,963	22%
Total Production Divisions	31,606	35,598	13%
Landsafe	1,681	1,816	8%
Total Production Segment	33,287	37,414	12%
Servicing	6,980	7,592	9%
Banking (incl. CWL)	1,997	2,279	14%
Insurance	1,980	2,236	13%
Capital Markets	886	863	-3%
Global	2,784	4,920	77%
Central Office	6,741	7,782	15%
Total	**54,655**	**63,086**	**15%**

Source: CFC Financial Planning
Note: CWL (Countrywide Warehouse Lending)

Headcount growth during 2007 will be primarily directed to further expansion of Countrywide's mortgage distribution capabilities, as well as banking and our presence in India (shown under Global), and will be supported through comprehensive human capital management and development efforts, discussed later in this document.

MORTGAGE BANKING SEGMENT

Segment Overview

The Mortgage Banking segment includes loan production, loan servicing, and loan closing operations. Loan production comprises four divisions within Countrywide Home Loans (CHL):

- **Consumer Markets Division (CMD)**—Originates home loans directly to prime consumers through a nationwide network of branch offices, distribution partnerships, call centers, and the Internet with a primary focus on purchase activities.
- **Full Spectrum Lending (FSL)**—Originates home loans directly to prime and nonprime consumers through a nationwide network of branches, call centers, and the Internet with a focus on debt consolidation and refinance activities.
- **Wholesale Lending Division (WLD)**—Originates home loans to consumers through a network of independent mortgage brokers.
- **Correspondent Lending Division (CLD)**—Purchases closed mortgage loans from mortgage bankers, commercial banks, and other financial institutions; CLD is organized under the Institutional Mortgage Services Group (IMSG).

Loan Administration ("Loan Admin") is responsible for servicing owned loans or loans for which Countrywide owns the Mortgage Servicing Rights (MSRs). Loan Admin also services loans from other financial institutions through subservicing agreements. Countrywide's servicing operations consist of collecting and remitting payments, customer service, holding custodial funds, counseling delinquent mortgage customers, supervising foreclosures and property dispositions, and general administration of the loans.

The LandSafe companies offer a broad line of loan closing services, including appraisal, credit, and flood. Countrywide has successfully integrated these previously outsourced services, which has resulted in an increase in overall service and quality levels. In late 2006, Countrywide received approval for the divestiture of its Southern California title assets to Stewart Title. Following the anticipated completion of the transaction in Q1 2007, LandSafe will continue to offer title services nationwide through partnership agreements.

Historical pre-tax earnings for the Mortgage Banking segment, by sector, are shown below:

Figure 4: Historical Mortgage Banking Pre-Tax Earnings Summary

($ Million)	2004	2005	2006	CAGR ('04 - '06)
Loan Production	$ 2,684	$ 1,659	$ 1,312	-30%
Loan Servicing	(434)	670	661	N/A
Loan Closing Services	85	105	91	4%
Total Mortgage Banking	**$ 2,336**	**$ 2,435**	**$ 2,064**	**-6%**

Source: CFC Financial Planning

In 2006, loan production earnings declined 21% from 2005, as a result of increased interest expense partially offset by increased operating earnings resulting from the larger servicing portfolio. The increase in interest expense was driven primarily by the overall increase in servicing assets combined with an increase in interest rates which drove up financing costs.

Business Environment

Factors expected to have an important impact on the Mortgage Banking segment in 2007 include a decline in mortgage market size, continued industry consolidation and competition, questions surrounding the continued availability of nonconforming products, changes in market demographics, credit concerns, and regulatory concerns.

Mortgage Market

For 2007, Countrywide's Environmental Scan Committee, which includes Countrywide's Chief Economist, determined a series of likely interest rate environments to model the mortgage market. These interest rate ranges reflect the most likely scenarios for 2007 based on the 10-Year Treasury yield and the anticipated movement of mortgage rates.

Countrywide expects 2007 mortgage origination volumes to be roughly $2.64 trillion, which is below the estimated $2.90 trillion reached in 2006. This reflects the mortgage market's transition away from the heightened refinance activity realized in recent years. Of the $2.64 trillion, $1.4 trillion is expected to be in purchasing activities, while $1.2 trillion is in refinancing.

Industry Consolidation and Competition

The mortgage industry is experiencing considerable pricing pressures as many originators struggle to complete the transition from a refinance to a purchase environment. Additionally, some industry participants may be driven out of the market by other forces, such as the inability to offer competitive product suites, or insufficient or ineffectual risk management and underwriting controls. Generally, larger lenders are better able to evolve product development and enhancement capabilities than their smaller counterparts. Since a number of smaller competitors came into the mortgage business during the latest refinance boom, it is expected that many of these new entrants will either fail or be acquired. In 2006, a number of established firms announced acquisitions, of both larger, more established players (e.g., Wachovia's purchase of Golden West) as well as of smaller, new competitors (Morgan Stanley's purchase of Saxon Capital). With several companies announcing their intentions to divest mortgage lending operations, the pace of consolidation is expected to continue in 2007.

Industry competitive dynamics have changed in part due to the strategies of larger players and new entrants. For example, many large banking institutions are able to make sacrifices in their mortgage pricing as a means of attracting new customers for their other banking products. In this way, mortgages may be used as a loss leader while other products in their suite subsidize the low margins realized in mortgage production. This product portfolio approach to retaining long-term relationships with customers has led to very aggressive mortgage pricing in the industry. In addition, as evidenced by recent acquisitions and hiring practices, Wall Street firms are now also entering the mortgage origination space as a means of supporting their fixed income securities business. While causing some disruption, particularly in the wholesale and correspondent channels, most anticipate that their growth will be targeted (e.g., Alt A and nonprime products) and limited in scale.

Finally, the shrinking mortgage market size and the rate environment may also change the composition of the industry as competitors exit or change their role. For 2007, Countrywide aims to increase its market share by leveraging its business model, scale, and quality of operations, as well as through targeted acquisitions and/or hiring of experienced resources.

Nonconforming Products

With the pace of change and competition in the mortgage market increasing, product offerings continue to evolve to address consumers' needs. In many cases, meeting the needs of the borrower translates into loan programs that fall outside the guidelines established by the government sponsored entities (GSEs) and therefore require alternative execution in the secondary market. In addition, more attribute- and risk-based pricing strategies are emerging in the primary market, and lenders are gaining competitive advantage through their ability to rapidly price products and credit scenarios. While appropriately managing risk, the secondary markets have adjusted their guidelines, enabling easier approval processes of nonconforming products. Non-conforming products now make up more than half of annual originations. Conforming loans fell from 58.4% of Countrywide products in 2000 to 34% by 2006.

Regulation

Countrywide actively monitors the dynamic regulatory environment and is an active participant in shaping the legislation related to the housing and finance industries. Countrywide's wide-reaching and proactive regulatory and compliance management programs mitigate the risks associated with both the ongoing and newly emphasized regulatory issues in the industry. The Company has embedded compliance measures within the loan production sales and processing work flow to ensure that its programs are institutionalized at both the corporate and divisional levels. While many regulations have been in place for several years, there has been recent emphasis in the areas of nontraditional mortgage products, disclosures, and privacy issues. These topics are particularly relevant to Countrywide's mortgage banking divisions and have the potential to alter the industry as a whole.

Despite decreasing barriers to homeownership for many consumers, some non-conforming products such as negative amortization adjustable rate mortgages have received increased attention from consumer advocacy organizations and regulators. In September 2006, the federal financial regulatory agencies issued guidance to lenders to address the risks associated with the growing use of nontraditional mortgage products. The guidance recommends several measures to manage the risk for the borrower as well as the financial institution including underwriting guidelines and portfolio management. With the appropriate risk management and governance policies in place, Countrywide remains confident in the Company's ability to prudently underwrite and service these loans and will continue to strive for product innovation in this area.

Additionally, efforts to reform the existing Real Estate Settlement Procedures Act (RESPA) by the U.S. Department of Housing and Urban Development (HUD) have been ongoing for more than a decade. Proposed changes to the statute, aimed at further increasing transparency and disclosure to consumers, were introduced in 2002, but were eventually withdrawn in response to public concerns. HUD has indicated that another RESPA reform proposal may be released in the near future. However, pending changes, the industry continues to be governed by RESPA as it stands after a 1996 revision, and Countrywide is actively involved with monitoring and influencing RESPA reform, as well as evaluating the potential operational impact.

Privacy concerns and the protection of nonpublic personal information also remain at the forefront of public debate. High profile security breaches and consumer concerns about identity theft and data sharing will likely keep policy makers focused on legislation in this area. While Congress remains gridlocked on many identity theft issues, nearly half of all states have already enacted laws regulating identify theft and notification of consumers in the event of a data security breach. Congress continues to work toward establishing a national standard that will preempt local policies. In addition, financial services firms are also bound by the Safeguards Rule (under the Gramm-Leach-Bliley Act) requiring financial institutions under jurisdiction of the Federal Trade Commission (FTC) to proactively secure customer records and information. Countrywide actively monitors its practices related to consumer information and uses proprietary software tools, such as Fraud Detector, within the loan processing workflow, to aid in the detection of identity fraud. Efforts such as those of the Enterprise Data Security department keep Countrywide's customer data safe, ensure compliance, and position the company as an advocate in this area.

Five-Year Forecast

Key mortgage banking assumptions of the five-year forecast include:

- The forecast assumes significant declines in the PayOption ARM market share across all channels inline with the expected decline in the overall PayOption ARM originations market
- Increase in the Hybrid ARM originations volume is expected to offset the decline in the PayOption ARM originations market
- Servicing Fee revenue forecasts assumed that the excess servicing held on the balance sheet on loans sold in the rest of the periods are at Q4-2006 levels

Key mortgage banking components of the 2007 forecast include:

- Residential production volume (excluding banking operations purchases and commercial real estate lending), at $473 billion, increases 4% from 2006
- Production margins decrease by 24%
- Servicing margins increase by 10%
- Average total market share[6] is estimated to reach 17.9%, up from 15.7%
- FSL increases its market share from 1.2% to 1.8%

[6] Originations and market share figures exclude home equity standalones (HESA) from the denominator. This is inline with Fannie Mae, Freddie Mac, and MBA reporting methodologies

Figure 5: Production Volume & Divisional Market Share

	Actual 2006	Forecast 2007	Var %
Volume By Product ($ Billion)			
Prime	$ 354	$ 366	3%
Non-Prime	37	44	20%
Home Equity, incl. Subdraws & FRS	45	40	-11%
Capital Markets	18	22	26%
Total Volume*	$ 454	$ 473	4%
Volume By Division			
CMD	$ 115	$ 117	2%
WLD	94	90	-4%
CLD	184	191	4%
FSL	35	47	33%
Capital Markets	18	22	26%
HELOC Subdraws	8	6	-26%
Total Volume*	$ 454	$ 473	4%
Production Margins	0.33%	0.25%	-24%
Servicing Margins	0.056%	0.062%	10%
Production Market Share			
Total Market Share (Avg.)	15.7%	17.9%	14%
Prime Purchase Market Share	12.7%	14.3%	13%
Market Share by Division			
CMD	4.0%	4.4%	12%
WLD	3.3%	3.4%	5%
FSL	1.2%	1.8%	46%
Originated Market Share	8.4%	9.6%	14%
CLD	6.4%	7.2%	14%

Note: Total Volume stated excludes *Banking Operations Purchases* and *Commercial Real Estate Lending*, $8.2 and $5.7 billion in 2006 respectively. 2006 *Total Loan Fundings*: $468 billion.

Source: CFC Financial Planning, CFC Accounting Department

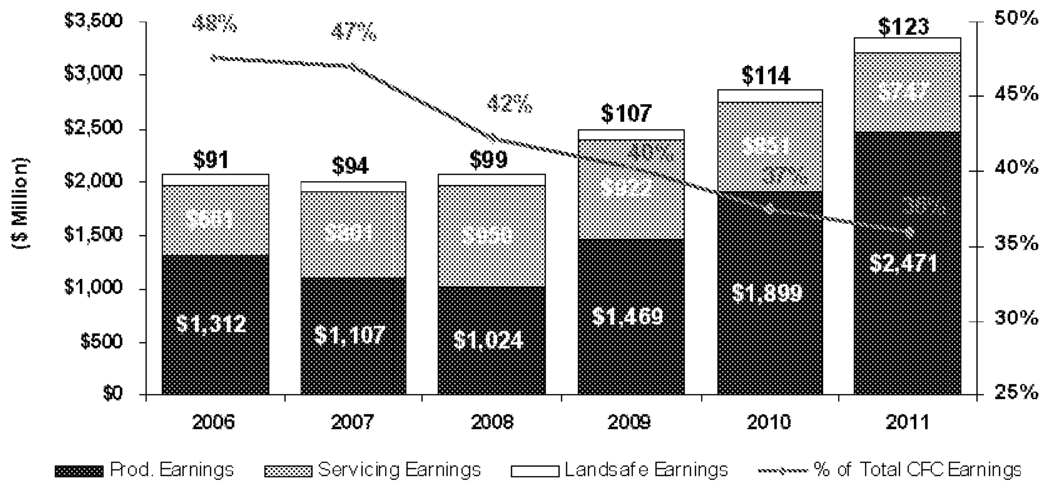
Mortgage Banking Strategies

Countrywide possesses a large multi-channel distribution network, the broadest array of products, a disciplined and dynamic margin management infrastructure, deep and expansive business partner relationships, and superior hedging capabilities. Additionally, by focusing on customer retention and satisfaction, Countrywide continues to develop ways to leverage its large loan portfolio, which currently includes over 8.1 million mortgage customers. Collectively, by year-end 2011, the loan production divisions expect to achieve average total market share of 20.8% (excluding whole loans and subdraws), and Loan Admin will service a $2.2 trillion ending portfolio (including subservicing.) The mortgage banking divisions are also capitalizing on opportunities to decrease their cost structures by offshoring applicable business processes to CFC India (CFCI), improving workflows, and leveraging imaging capabilities. The strategies to achieve these long-term objectives are described in the sections below.

As depicted in the chart below, mortgage banking earnings are projected to grow at a 10% CAGR, from $2.1 billion in 2006 to $3.3 billion in 2011. Production earnings are expected to grow from $1.3 billion in 2006 to $2.5 billion in 2011, while servicing earnings are expected to grow at a 3% CAGR due to growth in the servicing portfolio and improving cost efficiency.

Figure 6: Five Year Mortgage Banking Performance Targets

(Pre-Tax Earnings)



Source: CFC Financial Planning

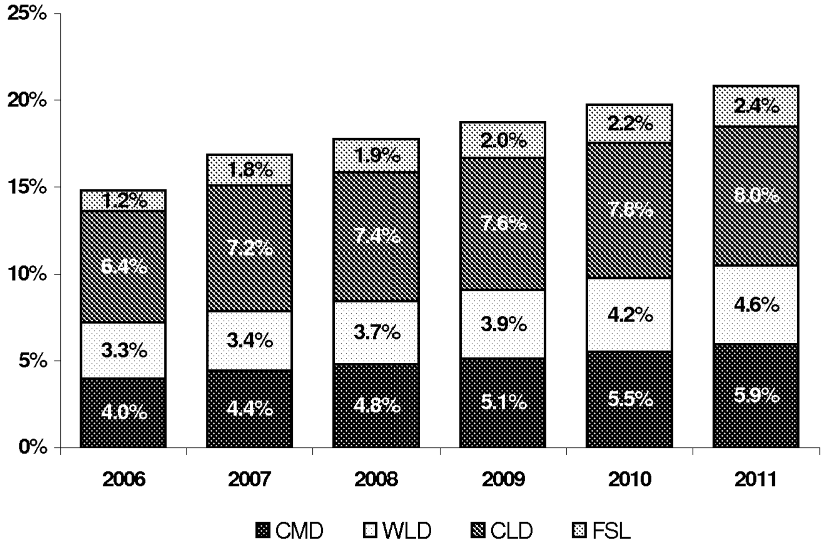
Loan Production

The common strategic themes that span across all the loan production divisions include market share growth, technology & operational excellence, and loan quality improvement.

Market Share Growth

Collectively, the loan production divisions plan to attain an average total market share approaching 20.8% by 2011, while maintaining sufficient production margins to meet or exceed earnings projections. Key supporting strategies of this profitable market share goal include purchase volume growth, reverse mortgage, sales force and branch growth, talent management, continued penetration of multicultural markets segments (Hispanic, African-American, Asian), enhancements to the distribution strategy for the nonprime market, portfolio customer retention, and loan acquisitions in the correspondent lending market.

Figure 7: Five-Year Mortgage Banking Average Market Share Forecast



* Excludes Capital Markets and HELOC Subsequent Draws

Source: CFC Financial Planning

Purchase Volume Growth

While the mortgage market is cyclical, purchase volume remains at the core of the mortgage finance industry's growth. As such, the Company has focused on purchase volume to achieve its overall market share growth targets. Although Countrywide's overall volume is expected to remain relatively flat due to a declining market, it plans to increase prime purchase market share from 12.7% in 2006 to 14.3% in 2007. In the retail channel, CMD and FSL are tasked with strengthening relationships with business partners that are directly involved in home purchase decisions and transactions, such as real estate agents and new home builders. Going forward, Countrywide will continue to pursue these types of relationships, with approximately 54 new deals planned for 2007 including opportunities for additional joint ventures with large builders (i.e., top 15). In the wholesale channel, WLD will leverage purchase product execution and broker relationship programs to drive purchase volume. Overall, Countrywide plans to strengthen its product offerings to become more competitive in the builder market. One such example is the current effort to modify loan programs to allow for builder concessions such as buy downs, HOA subsidies, and builder-paid P&I, as well as strengthening current product offerings such as condos and One Time Close.

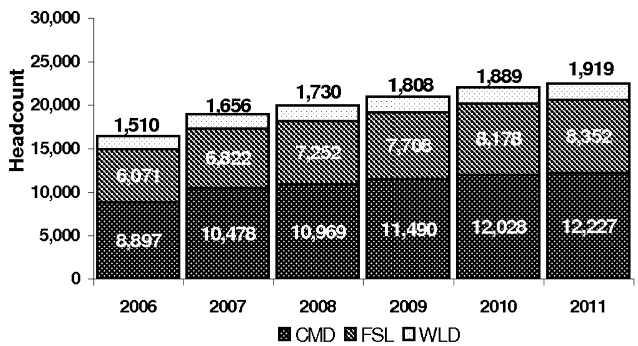
Reverse Mortgage

Reverse mortgages, launched in Q4 2006 with production of $7.1 million is expected to be a major contributor to our growth. The reverse mortgage industry was a $6 billion market in 2005, growing 80–100% over the past two years and 38% per year over the past 5 years. Countrywide intends to leverage CHL's distribution capabilities to enter the industry, with the goal of becoming the dominant reverse mortgage lender by 2011. Due to low prepayment rates, favorable interest rate risk profile, and favorable ROE, the reverse mortgage is an ideal portfolio product for the Company.

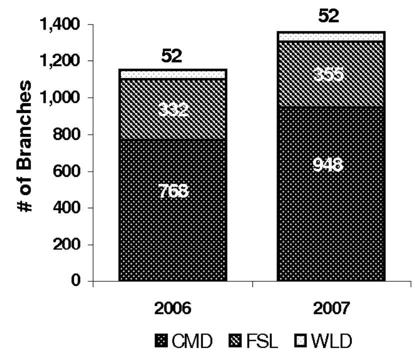
Retail Sales Force & Branch Expansion

Sales force expansion will be most visible in the retail mortgage businesses, (i.e., CMD and FSL.) The aggressive growth rate projected on the retail front is driven by the Company's desire to broaden its geographic reach and to better align itself with the localized model of its customer base and business partners. The production divisions evaluate a number of criteria—including current market penetration, availability of sales and branch management talent, best execution fulfillment models, and overall market attractiveness—to determine the viability of expansion in a particular geographic location. By year-end 2007, CMD expects to expand its sales force to more than 10,000, an increase of 14% over 2006. FSL expects the sales force to grow to approximately 6,800 by year-end 2007, an increase of 12%.

Figure 8: CFC Sales Headcount and Production Branch Growth



Note: Excludes CLD
Source: CFC Financial Planning



Source: CFC Financial Planning

Talent Management

CHL recognizes the importance of people in its pursuit of market share growth. For this reason, each production division has been tasked with developing a comprehensive talent management strategy that addresses not only talent acquisition, but also development, retention, and performance management. Particularly important to loan production is the recruitment and retention of quality sales associates.

The loan production divisions will use a combination of recruiting strategies to accomplish its growth objectives. Primary emphasis will be on identifying candidates who have more than two years of mortgage sales experience, established relationships (e.g., with real estate agents, builders, etc.), and a record of strong production volume. CMD and FSL also use an online pre-hire assessment tool to help select high-potential junior sales candidates with little or no direct mortgage sales experience.

Additionally, CMD has committed to internally developing its sales force by investing resources in its junior home loan consultant program. As part of this program, an apprenticeship is established whereby a junior Team Home Loan Consultant (THLC) works with a CMD originator until the junior THLC is ready to maintain his or her own relationships and sales efforts. CMD expects the THLC program to reach 695 employees in 2007, compared with 635 in 2006. This program is intended to supplement CMD's experienced sales talent acquisition program and is expected to support the division in reaching its long-term sales force and volume goals.

Retaining high producing home loan consultants will be crucial in the face of a declining mortgage market. Both CMD and FSL have retention strategies in place to minimize the voluntary turnover of the sales force. CMD will focus on the top 25% of producers with individualized retention plans. The division plans to develop and deploy the "Customer Connection Program" marketing system for distributed retail originators, which aims to reward high performing originators with personalized monthly statements, e-mail, and marketing solicitations to their customers within Countrywide's portfolio. The program will pilot a lead transfer process designed to deliver refinance leads from the CFC portfolio back to the originating HLC to support a personal book of business. The expected result is improved customer recapture and increased HLC retention. FSL emphasizes the hiring process as a key strategy for sales force retention. Pre-hire assessments and college recruiting programs aim to attract qualified and productive Account Executives who are more likely to be successful as long-term employees than employees who do not come through these channels / screenings. Through programs such as these, FSL aims to maintain an annualized Account Executive turnover rate below 65%.

Multicultural Markets

On the basis of 2005 data submitted in accordance with the Home Mortgage Disclosure Act (HMDA)[7], Countrywide is the dominant lender to each of the Multicultural Market segments it targets—Hispanic, African American, Asian, and Native American.

Figure 9: 2005 Multicultural Market Share (Funded $)

	2005				2005	2004
Company	Hispanic	African-American	Asian/ Pacific	Native American	Total Multi-cultural	Total Multi-cultural
Countrywide	14.6%	10.9%	16.8%	18.2%	14.2%	12.3%
Wells Fargo	5.7%	7.7%	9.9%	8.5%	7.4%	8.0%
WAMU	6.8%	4.6%	7.2%	3.8%	6.3%	6.4%
Bank of America	2.6%	2.1%	4.3%	3.6%	2.9%	3.7%
Chase	2.6%	2.7%	3.4%	1.5%	2.8%	3.7%
National City	2.7%	3.3%	2.5%	2.0%	2.8%	3.6%
CitiMortgage	2.2%	2.3%	4.2%	1.7%	2.8%	3.4%

Source: HMDA 2005 data

Notes: Funded $: originated & acquired; Total Multicultural: Hispanic, African-American, Asian/Pacific & Native American

In addition to the strategies that are deployed within CHL's production divisions, in 2007, Countrywide's Multicultural Market strategy includes a home ownership and financial education program. Countrywide's Home Ownership Mortgage Education (HOME) program provides financial and home buyer education to help consumers achieve the dream of homeownership, protects and strengthens CFC's reputation and brand, and generates leads for CFC through strategic partnerships with enterprise and divisional business units, business partners, and nonprofit organizations. The program's main communication vehicles will be English- and Spanish-language websites for use by consumers as well as CHL sales forces.

Since some forecasts predict homeownership rates among Multicultural Markets will grow at nearly four times the rate of Caucasians, continued success with Multicultural Markets segments is an essential driver to ensure Countrywide's progress in meeting its market share goals.

[7] 2005 HMDA data was published in September 2006

Nonprime Distribution

Countrywide continues its commitment to providing products that meet a wide range of customer needs so that the American dream of homeownership can be achieved by all segments of the population. Although margins have compressed greatly in the nonprime industry, Countrywide believes that it will be well positioned to capture share over the next several years as competitors exit the industry and pricing returns to rational levels.

For 2007, Countrywide projects the nonprime market at $697 billion—or 28% of overall originations—and expects nonprime to remain proportionate to total origination volumes through 2011, at $815 billion. Countrywide's nonprime volume now represents 8% of Countrywide's total production. Loan production volume growth projections are shown below:

Figure 10: Countrywide Five-Year Mortgage Production Forecast

($ Billion)	Actual 2006	Forecast 2007	Forecast 2008	Forecast 2009	Forecast 2010	Forecast 2011	CAGR
Prime	$ 354	$ 366	$ 393	$ 433	$ 462	$ 500	7%
Non-Prime	**$ 37**	**$ 44**	**$ 49**	**$ 54**	**$ 60**	**$ 64**	**12%**
Home Equity (incl. subdraws & FRS)	$ 45	$ 40	$ 42	$ 42	$ 44	$ 47	1%
Total*	$ 436	$ 451	$ 483	$ 529	$ 566	$ 611	7%

* Excluding Capital Markets, Banking Operations Purchases, and Commercial Real Estate Lending

Source: CFC Financial Planning

While the FICO score is still the key driver in determining credit quality, the distinction between prime and nonprime borrowers has become increasingly blurred. Prior to the completion of a loan application, it is often unclear which channel and sales force a potential borrower should be directed to within the Company. To ensure that Countrywide maximizes penetration over the entire market spectrum, a number of team-based strategies have been deployed. FSL has established dedicated branches to originate nonprime loans from CMD. These branches are expected to fund over $7.2 billion in 2007. Plans are in place to migrate FSL's CMD-dedicated branches under CMD management to increase efficiency, optimize pull-through, and provide an overall improved customer experience. Within CLD, nonprime account managers partner with CLD sales relationship managers to manage customer accounts that deliver both prime and nonprime loans.

In the wholesale channel, WLD's "OneSource Lending" strategy is aimed at growing its nonprime business, and increasing the Company's penetration of its business partners. Currently, only 33% of WLD's business partners deliver both prime and nonprime business. In an effort to position itself as a broker's single source, WLD has aligned its management team, deployed internal and external branding campaigns, and established compensation incentives to encourage nonprime referrals. In 2007, WLD expects its OneSource Lending strategy to further integrate the prime and nonprime operations and help increase the number of business partners delivering both prime and nonprime loans.

Customer Recapture

Countrywide's customer portfolio of over 8.1 million customers provides an opportunity for the loan production divisions to support Countrywide's market share goals by "recapturing" existing customers who opt to pay off their Countrywide loans and refinance into new mortgages. The mortgage banking divisions have organized a coordinated sales effort to the portfolio that is founded on a commitment to superior customer service, a diverse product offering, and proactively meeting the needs of each borrower.

Sales efforts to the portfolio are managed through the collaboration of CMD, FSL, Loan Servicing, and Marketing. CMD's Business-to-Consumer (B2C) unit has concentrated its efforts on inbound and outbound sales calls to prime customers eligible for refinance and home equity products. B2C executives are responsible for leading CMD's portfolio retention, cross-sell, and revenue-generating strategies, in addition to managing portfolio campaign strategy, retention modeling, and analytics. The division is introducing new products and sales strategies aimed at maximizing portfolio recapture. For example, CMD has launched FastTrack and FastClose enhanced loan programs with expanded guidelines, fewer restrictions, and improved pricing, making it easier and quicker to refinance portfolio customers. CMD will also enhance its online portfolio channel with improved home loan shopping, application, and lead generation tools for portfolio customers. FSL continually enhances the technology, processes, and decision rules used for lead distribution and outbound dialing methodologies. In 2007, FSL expects to produce over $20.3 billion in volume sourced from the Countrywide portfolio. Combined with their respective portfolio sales efforts, CMD and FSL receive portfolio leads from Loan Admin through a referral program known as Project POWER. Since 2005, Project POWER has been tremendously successful and is responsible for approximately 100,000 fundings referred to CMD and FSL to date. This program is discussed in more detail in the Loan Administration section.

Loan production divisions are placing great emphasis on achieving superior customer satisfaction in order to both increase Countrywide's overall customer recapture rate and achieve deeper penetration into the customer portfolio. Each division has set goals as part of its 2007 strategic plan to increase the percentage of "Highly Satisfied" customers. The Company intends to increase its proportion of highly satisfied customers in each segment as follows: for CMD, from 83% to 85%; for FSL, from 70% to 90%; and for WLD, from 80% to 90%.

Loan Acquisitions

CLD's core strategy is to provide its customers with the services, systems, and tools necessary to grow its mortgage lending businesses. This includes embedding Countrywide's technology solutions with sellers, such as its automated underwriting system (CLOUT), providing warehouse lines of credit, and integrating cost efficient closing services. Operating under the same IMSG management umbrella, CLD, CWL, and LandSafe deliver seamless services to the correspondent sellers. By deepening Countrywide's relationships with the mortgage bankers, CLD is able to capture more of the loans available for sale.

Loans purchased from financial institutions in the correspondent channel have significantly contributed to Countrywide's total market share goals. In 2006, CLD contributed more than $183 billion in volume, and 5.4% of Countrywide's total market share. Because of the very thin, eroding margins in the correspondent channel, the Company plans to stabilize market share at or near current levels, achieving the bulk of incremental growth from its retail and wholesale channels.

Technology Enhancement & Operational Excellence

Countrywide is highly committed to operational excellence as a means to improve productivity and overall customer satisfaction. Much of Countrywide's focus on efficiency can be attributed to strategic use of technology in the loan origination workflow and the Company's culture of continuous improvement.

The proprietary loan origination systems and websites used by Countrywide's business divisions are driven by artificial intelligence to automate credit underwriting, property appraisal, product and price decision-making, fraud probability detection, and document package generation and delivery. These systems process on average over 200,000 loans per month from application through funding.

The largest strategic initiative is NexOS, an enhanced architecture that will support all loan origination processes for the Company's foreseeable future. Development cycle times for new products are expected to decrease dramatically once NexOS comes online, enabling Countrywide to further increase its competitive lead in total product offerings. The NexOS project and other technology enhancements are discussed further in the Technology section.

Countrywide increasingly uses automated tools to streamline the loan processing workflow. Automated underwriting engines and property valuations ease the manual burden of the loan-closing process. Where possible, Countrywide employs sophisticated technology to share and store documents and electronic information, thus eliminating the reliance on paper and improving the speed with which documents can be transferred between parties. For example, in 2006, FSL completed the launch of the Virtual Loan File System (VLF). With VLF, loan files are processed, underwritten, and funded electronically through one system. VLF provides better organization of loan files, eliminates faxing and shipping, and ultimately improves compliance and turnaround time. Other CHL divisions are also expanding their use of imaging within the production workflow. Imaged files are a key enabler to managing the workflow through multiple locations including offshore facilities. Imaging continues to be an important initiative across the Company and is discussed further in the Technology section.

Loan Quality

Countrywide's Mortgage Banking segment has made a strong commitment to loan quality and risk management. Countrywide has an infrastructure dedicated to mitigating the risk associated with the complexity of its multi-channel distribution network and decentralized sales and fulfillment model. Working with Countrywide's internal risk mitigation departments—Enterprise Risk Assessment, Enterprise Risk Management, Internal Audit, and Compliance—the loan production divisions have set strict targets on quality metrics. Countrywide actively audits its operations and is continually increasing surveillance mechanisms to manage risk. Automated tools embedded in the workflows help streamline the quality control process. In some loan production divisions, compensation modifiers have been established to help reinforce loan quality standards.

Loan Servicing

Countrywide intends to retain its dominant position in residential mortgage servicing by growing its servicing portfolio 11% per year, from $1.3 trillion at year-end 2006 to roughly $2.2 trillion by year-end 2011. This will be supported by an increased focus on profit optimization, scalability, alignment, and portfolio customer satisfaction and retention.

Profit Optimization

To maximize Loan Admin's contribution to Countrywide's financial performance, the division aims to maximize controllable revenue and effectively manage costs. Sample sources of controllable revenue include late fees; prepayment penalties; earnings on principal, interest, tax, and insurance (PITI) balances; and subservicing fees. Loan Admin also intends to maintain its subservicing portfolio at approximately 169,000 loans in 2007 and expand services for subsidiary businesses, such as Countrywide Field Services Corporation (CFSC), Countrywide Tax Services Corporation (CTSC), and LandSafe Default Title. Revenue from subsidiaries is expected to remain constant at $104 million in 2007.

Loan Admin's cost management strategy focuses primarily on enhancing operational efficiencies. Costs and workflow efficiencies are negatively affected not only by the market's movement toward less homogeneous products (e.g., Pay Option ARMs and other non-agency products), but also by Countrywide's focus on portfolio retention and customer satisfaction. Loan Admin is exploring ways to fundamentally reengineer its cost structure and counter increasing costs associated with these related activities.

Loan Admin is increasing automation, expanding its use of imaging technology, and deploying self-service applications. In 2007, the Company intends to advance its imaging and document management programs in areas such as loss mitigation, portfolio communication, foreclosure, bankruptcy, and real estate management. Additionally, Loan Admin strives to maximize the amount of account information that is available directly to customers. These efforts include continued improvement of online account management capabilities, e-statements, and automated speech recognition on many customer service hotlines.

Another key focus for Loan Admin's cost management efforts is geographic expansion outside of California to areas such as Arizona and Texas that provide business-friendly climates, ample supplies of talent, and greater coverage across additional time zones. By year-end 2007, Loan Admin projects that at least 65% of its employees will be located outside of California, compared with 60% in 2006. In 2011, the proportion should increase to more than 70%. To ensure organizational effectiveness, Loan Admin closely monitors management's geographic span of control to make certain that employees have local decision-maker oversight and career advancement opportunities. Loan Admin will also accelerate migration of certain processes—such as technology development, loss mitigation, payment processing, customer service, and document management—to CFC India, with a staffing goal of more than 1,600 employees in India by the end of 2007, compared with 1,141 at year-end 2006. In 2007, the use of CFC India services is expected to save the division over $14.2 million.

Scalability

Loan Admin is focused on the scalability, sophistication, and reliability of its technology, human resources, and governance systems. The division is rapidly deploying a comprehensive testing program to ensure its systems meet the performance and business continuity requirements of a larger portfolio. In 2006, Countrywide's servicing portfolio reached 8.1 million loans. By year-end 2011, Loan Administration expects to service approximately 11 million loans. The division periodically tests its systems to ensure the availability to support additional servicing requirements if needed. In 2006, tests concluded that the division was capable of supporting a portfolio of 15 million active loans.

Loan Administration is also focused on talent management strategies to enable growth. By enhancing its human capital programs, the division hopes to maintain a turnover rate of 20% or less for all U.S. non-call center staff and 28% for all U.S. call center staff in 2007, compared with approximately 31% and 56%, respectively, in 2006. In addition, Loan Admin will balance staffing and 24x7 system availability in all locations to support scalability and productivity goals.

Portfolio Customer Retention

Countrywide is focusing on both new customer acquisition and customer retention strategies. Loan Admin is proactively identifying and resolving customer irritants across all departments and actively deploys customer surveys to identify areas for improvement. Customer satisfaction scorecards are published regularly to monitor the performance of each department. Loan Admin has set targets to achieve 85% or better in "Highly Satisfied" responses (top two ratings) from customers in 2007, an improvement over the year-end 2006 rating of an estimated 83%. In addition, no more than 10 percent of customers surveyed should reply in the bottom two rating categories. To support customer service, call centers will target hold times of 60 seconds or less, and minimize the number of customer complaints that are managed by the Office of the President staff.

Loan Admin is partnering with other Countrywide divisions on customer retention and cross-selling initiatives. For example, Loan Admin Customer Contact is collaborating with CMD and FSL on Project POWER, an initiative designed to convert customer service calls from eligible portfolio customers to a sales opportunity. Calls from portfolio customers eligible for additional loan products are routed to a special pool of customer service representatives who are trained to provide the customer with additional offers. If the customer indicates interest, the call is routed to the loan production call centers for a loan consultant to complete the sale. In 2006 alone, Project POWER resulted in over 60,000 loan fundings from CMD and FSL referrals. Loan Admin will continue to play an important role as the Company explores additional opportunities to sell more products to current mortgage customers.

Loan Administration has a history of maintaining delinquency rates significantly below industry averages despite the broad spectrum of loans in the portfolio. As the mortgage market adjusts, the Company is prepared for an environment with an increased risk of delinquencies within the loan portfolio. Loan Administration's streamlined processes and flexible capacity enable the company to deploy resources and innovative solutions to mitigate future losses. In addition, the company's REO management function is prepared for an increase in real estate inventory. The team has set goals to ensure expedient dispositions while maximizing the economic benefits to the company.

Loan Closing Services

LandSafe's primary customers, Countrywide's production divisions, benefit from the use of integrated technology and a flexible, low-cost closing process by being an insourced provider of closing services. Key strategic initiatives within the appraisal, credit, and flood businesses are outlined in the following sections.

Appraisal

LandSafe Appraisal will continue to focus on supporting the needs of CHL's production divisions with high levels of service and superior valuation quality. LandSafe expects to improve penetration within the loan production divisions; internal appraisal orders will represent almost 95% of all orders for 2007.

Credit & Flood

LandSafe Credit and LandSafe Flood have achieved high penetration rates within the loan production divisions by providing automated credit and flood determination reporting. In 2007, LandSafe will introduce self-service technologies to improve customer support levels and increase internal efficiencies.

The growth of these organizations is expected to be in line with the growth in Countrywide's origination volume. Both LandSafe Credit and LandSafe Flood will leverage the relationship with CLD to capture business from Countrywide's institutional clients. Joint sales and marketing programs will be developed to target CLD's customers and drive usage of LandSafe products. In addition, all LandSafe products will be integrated into the loan origination system used by CLD's customers (CLOUT). These efforts are expected to boost market penetration for both LandSafe Credit and LandSafe Flood.

BANKING SEGMENT

Countrywide's Banking segment consists of the following operations:

- **Countrywide Bank ("the Bank")**—An FDIC-insured, federally chartered bank. Countrywide Bank[8] is primarily a residential real estate lending bank, providing deposit and related financial services to consumers and intermediaries. Other business operations within the Bank include document custody, reconveyance, and investment services.
- **Countrywide Warehouse Lending (CWL)**—A non-depository lending company that provides committed and uncommitted warehouse lines of credit to mortgage bankers to finance their home loan inventories. Most of these mortgage bankers sell loans to Countrywide's Correspondent Lending Division (CLD).

Business Environment

Industry consolidation has increased over the past three years as the total number of FDIC-insured commercial banks and savings institutions has declined. Consequently, asset growth of larger institutions has outpaced that of smaller institutions as larger institutions strive for efficiencies through scale. However, banks appear to be moving away from the strategy of building "financial supermarkets" and focusing more on their core businesses by solidifying core businesses through acquisitions and divesting non-core businesses. A focus on core earnings and core competencies has led financial institutions to make more strategic and focused acquisitions. These acquisitions and divestitures, examples of which are provided below, generally focus on consumer and commercial lending, as well as deposit taking:

- J.P. Morgan Chase & Co. (JPMC) acquired the credit card businesses of Kohl's and Sears Canada and divested BrownCo, their online discount brokerage business
- Washington Mutual ("WaMu") acquired Commercial Capital Bancorp, a bank focused on multifamily lending and commercial real estate, and divested its asset-management business to Principal Financial Group

After shrinking their networks during the late 1990s, banks have returned with a surge in branch building over the past few years. Also, several institutions have made sizeable acquisitions to extend (or, in Capital One's case, introduce) their retail banking presence: Bank of America acquired FleetBoston; JPMC acquired Bank One; Wachovia acquired Golden West Financial; and Capital One acquired Hibernia. Many banks are also strategically positioning their branches as retail stores with extended hours and—as WaMu's "Occasio" branch concept demonstrates—are adopting retail-style sales, service, and merchandising. While some banks are incurring greater fixed costs in hopes of greater fee revenue and broader access to customers, Countrywide Bank is skeptical of such a strategy, believing that it makes those banks less competitive in terms of cost structure.

Technology continues to play a strong role in banking. Online-generated deposits have grown significantly, and the movement toward "cashless checking" continues, as evidenced by the tremendous growth in the use of debit and credit cards over the past several years. Countrywide views the expansion

[8] Certain activities that utilize the Bank's cost of funds and liquidity strengths are not reported as part of the Banking Segment. For example, a significant portion of CFC's Mortgage Banking originations fund into the Bank and are then sold to CHL for sale into the secondary market. In addition, almost all MSR assets are held outside of the Bank, although future plans provide that increasing MSRs will be funded by the Bank. All such Mortgage Banking activities are reported within CFC's Mortgage Banking Segment and are not included in the Banking Segment.

into online-generated deposits as the most cost-effective way to gain additional market share in the largest portion of the deposit landscape: the savings and money market accounts segment.

Five-Year Forecast

The banking segment is Countrywide's fastest growing business, projected to represent 31% of total CFC pre-tax earnings in 2007. The banking segment achieved pre-tax earnings of $1.4 billion in 2006, a 28% increase over 2005 pre-tax earnings of $1.1 billion. Earnings are expected to decline by 5% in 2007 as market conditions are expected to favor more gain on sale activity in the Mortgage Banking sector.

Figure 11: 2007 Banking Segment Forecast

	Actual 2006	Forecast 2007	Var %
Drivers			
Countrywide Bank Ending Assets ($ Billion)	$ 81	$ 83	2%
Countrywide Bank HFI Loan Fundings ($ Billion)	$ 33	$ 25	-24%
Forecast Highlights* ($Million)			
Countrywide Bank Net Interest Income	$ 1,799	$ 1,847	3%
CWL Revenue	86	61	-29%
Provision for Credit Losses	(161)	(214)	33%
Fee Income	145	176	21%
Operating Expense	(423)	(495)	17%
Overhead	(63)	(61)	-3%
Pretax Earnings	**$ 1,383**	**$ 1,314**	**-5%**
Headcount	1,997	2,279	14%

*Highlights include information for CWL

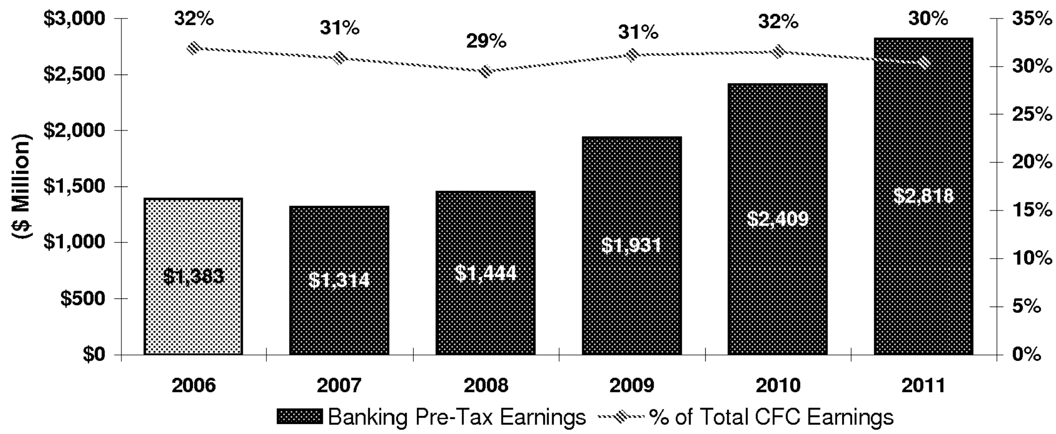
Note: Amounts exclude Mortgage Banking assets in the Bank entity.

Source: CFC Financial Planning

By 2011, the Banking segment's pre-tax earnings are expected to grow to $2.8 billion, and contribute 30% of total Company pre-tax earnings. This is a result of a build-up and maturity of Countrywide's bank loan portfolio and deposit-gathering capabilities. The forecast assumes the following:

- With the exception of HELOCS in 2008 and beyond, the forecast excludes holding new CFC loan originations in the bank portfolio
- Bank asset growth in residential loans are based on third party whole loan acquisitions and HELOC originations from CHL channels starting in 2008
- Bank will grow new asset classes including Builder Finance which launched in 2006 and Commercial Real Estate Finance (CREF) scheduled to launch in early 2007

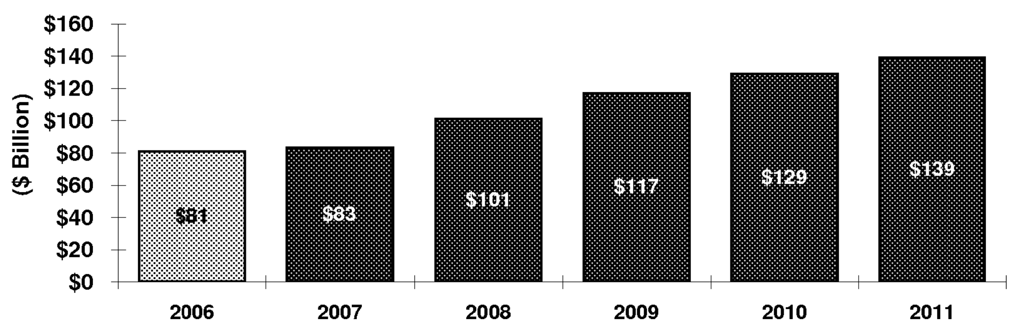
Figure 12: Banking Segment Pre-Tax Earnings Forecast



Source: CFC Financial Planning

With changing market conditions, Countrywide's Banking segment has strategically decided to slow its aggressive asset growth from previous years. This new strategy projects assets to grow from $81 billion in 2006 to $83 billion in 2007 and to approximately $139 billion by the end of 2011.

Figure 13: Countrywide Banking Segment Ending Assets Forecast



Note: Amounts exclude Mortgage Banking assets in the Bank entity.
Source: CFC Financial Planning

Key Financial Targets & Strategies

Due to unique differences in environment, operations, and strategies, Countrywide Bank and Countrywide Warehouse Lending are reviewed separately.

Countrywide Bank's Strategic mission is to build a low-cost, scalable deposit franchise, enabling a large, resilient balance sheet capable of funding CFC lending activities, while sustaining a high-quality, diversified loan portfolio to generate diversified earnings and high returns. This is supported by a robust portfolio and risk management capabilities and by exploiting new business opportunities that leverage CFC's competencies and synergies.

Asset Strategy

The Bank's asset strategy is to build a loan and securities portfolio that will efficiently use capital, keep interest rate and credit risks within targeted limits, and provide collateral needed to manage liquidity risk. The Bank's loan portfolio has been and will continue to be dominated by high credit quality, short duration, single-family residential mortgages. However, the Bank is in the process of diversifying its loan portfolio through the development of Builder Finance and Multi-family Lending businesses.

Residential Mortgage Assets

The Bank's strategy is to invest primarily in residential mortgage assets that will yield adequate returns over a wide range of interest rate and credit environments. The Bank's preferred source for these assets is the CHL origination channels for a number of reasons. Through CHL, loans are originated in the primary market at a lower cost than where they can be purchased in the secondary market. This results in a higher net interest spread. CHL has superior origination practices and operating controls which result in favorable long term credit performance. When warranted by market conditions, the Bank will also purchase loans from third parties from time to time leveraging CCM relationships and market knowledge.

Commercial Assets

The Bank continues to seek ways to grow its asset growth and further optimize its risk based capital. Management has identified and prioritized several new commercial asset opportunities to be developed. Although these businesses are not expected to replace the scale and dominance of the mortgage asset, management believes that these initiatives will provide substantial earnings power to both the Bank and CFC, as well as diversification and synergistic benefits to other CFC business units. To support these new businesses, the Bank has developed a commercial credit function staffed by commercial credit executives from large banks and has recruited its commercial lending leaders from the builder finance and multifamily lending industries.

The first commercial business, launched in the fourth quarter of 2006, is the Builder Finance Group (Builder). Builder is anticipated to expand at a measured pace in 2007 as Countrywide develops infrastructure and monitors the national housing market. A critical 2007 initiative will be centered on infrastructure investment by building total commitments to $1 billion ($700 million budgeted). Going forward, Asset production in Builder is anticipated to be $202 million in 2007, growing to $1.2 billion by 2011, creating an asset portfolio of over $5 billion.

The Bank will launch its micro multi-family business unit, utilizing the commercial lending conduit of the Capital Markets Division, near the end of the first quarter of 2007. The Bank plans on leveraging the Capital Markets sales force and underwriting expertise in combination with the Bank's funding and credit risk management expertise to build a large high quality portfolio of multi-family assets. Countrywide expects to build a portfolio of multifamily loans in 11 preferred markets, with assets growing to approximately $10 billion by 2011.

Deposit Strategies

Retail Deposits

The Bank's Retail Division provides consumer and small business customers with CD, money market, savings, and checking products through unique physical and on-line distribution channels using the "Countrywide Bank" brand. The Bank's overall retail strategy is to identify high-value target markets and to differentiate the Bank from competitors through a combination of price leadership, convenient access, knowledgeable salespeople, and selective marketing. The Bank's 99 Financial Centers (as of December 31, 2006) are located in areas where the targeted deposit strategy can be most successful and are supported by two call centers in Arizona and Texas and a growing on-line presence. The general strategy for retail deposits is to continue to build on the successful franchise that has been developed since 2001 by expanding Financial Centers into new markets, developing deposit products beyond the traditional CD and money market offerings, increasing cross-sales of non-deposit investment products, and penetrating new, high-value and high-impact customer segments with existing and new products.

Retail deposit products

The Bank offers retail deposit products to specific market segments that generate high total and average balances at a low all-in cost of funds. CDs will continue to comprise a strong segment of the Bank's strategy because of the suitability of the product to sales and service in Financial Centers, the simplicity of back-office operations, and the concentration of demand for the product in an easily identifiable and reachable market segment – seniors. Additionally, the Bank will continue to innovate its product line and grow into new market segments with money market accounts and similar products. Traditional money market accounts represented $4.6 billion of the $24.3 billion retail portfolio at December 31, 2006, while the Bank's new on-line ACH-enabled money market product "SavingsLink" accounted for another $1.2 billion. The Bank expects this low-cost strategy to drive over 30% of new retail deposit generation in 2007, expanding the Bank's reach and customer demographics.

The Bank continues to invest in systems and improved processes in order to expand its money market offering while preserving the Bank's cost structure. Further development will focus on four primary considerations:

- Maintaining the Bank's low cost structure
- Focusing on products with capacity for scalability within a reasonable time period
- Ability for servicing to be streamlined
- Price leadership is effective and economically viable

Realizing that consumers identify their primary financial institution as the bank at which they maintain their checking account, the Bank is currently in the conceptual stages of developing a consumer transaction account, which could potentially provide increased cross-sale opportunities and greater brand value. Launching a consumer transaction account without the burden of heavy infrastructure in place at traditional banks could provide an economically viable diversified source of consumer funding that aligns with the Bank's deposit strategy.

Retail pricing strategy

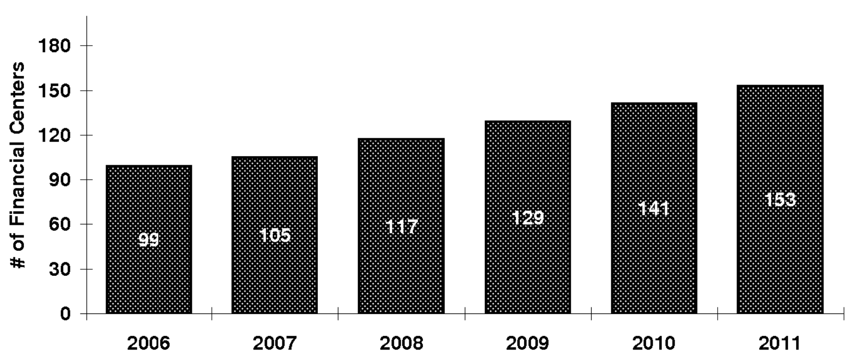
The Bank's pricing strategy has been to grow deposits with competitive interest rates for those products that meet the Bank's strategic and balance sheet goals. As the Bank's deposit portfolio grows and matures, an opportunity exists for the Bank to optimize its pricing through various acquisition and retention strategies. Retention is important to maintaining the stability of retail portfolio balances, growing the balance sheet in the most efficient manner, and reducing acquisition costs. The Bank achieved a renewal rate of 68% in 2006, down slightly from 71% in 2005, and expects to retain 65% of maturities in 2007 with more conservative spreads in an aggressive pricing environment. The Bank is focused on enhancing its retention efforts through various marketing campaigns and customer modeling, and has dedicated resources in the call centers and Financial Center network focused on stimulating account retention.

Financial Center Networks

Financial Centers – kiosk-like areas usually located within a CHL retail mortgage office – are the cornerstone of the Bank's retail strategy and represent a unique facet of banking product distribution. Financial Centers provide consumers the ability to speak with a Bank employee about deposit and investment products, apply for a deposit account, obtain customer service on an existing account, and forward deposits, using a national, third party courier to the Bank's main office for credit to their account. The Bank has expanded its Financial Center network to 99 locations in 13 states and 34 metropolitan areas as of December 31, 2006.

Central to the Bank's retail deposit strategy is attracting customers through its highly competitive rates, which is possible due to the Bank's low fixed-cost structure. The current financial center model effectively delivers face-to-face interactions while supporting Countrywide Bank's low cost model with efficient staffing, limited retail space requirements, centralized operations, and regulatory flexibility in financial center openings and closings. Compared with traditional retail bank branches, the Bank's financial center is staffed by one to two people (versus eight), requires as little as 10% of the square footage, and can be relocated without regulatory approval.

Figure 14: Countrywide Bank Retail Financial Center Forecast



Source: Countrywide Bank

Commercial Deposits

The Bank's desire to attract commercial deposits stems from its initial business plan and the desire to achieve an attractive cost of funds. To-date, the Commercial Deposit group has built a $4 billion deposit portfolio primarily comprised of 1031 exchange balances. The strategy of the Commercial Deposit group is to leverage these balances and relationships with 1031 exchange companies, in addition to CFC relationships, to attract rate-advantaged deposits from Title and other mortgage-related industries.

Initially focused on the $52 billion Title Insurance deposit market, the Bank launched the initial phase of its suite of Title deposit products in late 2006 and expects to generate $1.5 billion in significantly sub-LIBOR deposits in 2007. Through recent regulatory advancements, such as Check 21 legislation, and investment in technology, the Bank will deliver a product that virtually brings the bank "branch" to the offices of large commercial customers while maintaining a low cost structure. This investment in a superior technology platform and these relationships can then be used to scale and target deposits from Bankruptcy Trustee, Property Management, and other commercial businesses at advantageous spreads

Fee Income Strategies

Given the Bank's investment strategy in low risk single family mortgages, operating efficiency and leverage are key to ensuring the Bank's overall return profile and viability. The Bank's business model requires our net (of fee income) operating expense target of 25 basis points to meet targeted returns. For this reason, management remains focused on growing sources of fee income within the Bank. Currently the Bank is pursuing four fee income business lines: ReconTrust, Document Custody, Credit Cards and Retail Investment Sales.

ReconTrust and Trust Services

The primary source of fee income to the bank today is from the trust services business associated with Countrywide's servicing portfolio. These businesses were in-sourced from third parties during the early stages of development of the Bank and have continued to expand in line with the Bank's assets to support its economic model. Today, there are two primary components of the business: foreclosure and document custody services. Primary driver of growth for the document custody business is the growth of CFC's serving portfolio. Bank management therefore focuses on managing and optimizing the returns and risks of this business and looks to the expansion of the foreclosure business to drive growth through the expansion of these services into new states.

The following activities are critical to achieve the planned income growth of this important fee business:

- Successful and timely rollout of trustee services into 16 new states by early 2008
- Build required infrastructure to support future growth and new production capabilities
- Demonstrate the quality, consistency and reliability of ReconTrust services to support the acceleration of foreclosure referrals
- Expand operations into more favorable locations including Florida and India
- Develop a low cost distributed work force that leverages CFC's enterprise-wide imaging capabilities and on-line reviews.
- Execute on actions to achieve planned efficiency improvements and achieve planned efficiencies with on-line line collateral reviews.

Credit Cards

In 2006 the Bank renegotiated its credit card third party marketing agreement with Chase with the dual aim of obtaining an option to acquire the credit card loan portfolio if Countrywide would like to do so in the future and to negotiate better terms on CFC's marketing efforts. In 2007, the Bank will further refine the existing card-enabled marketing channels (direct mail, Loan Administration and online) while deepening new point of sale penetration opportunities in Retail deposit, CMD and FSL mortgage channels. Additionally the Bank will begin assessment of a balance sheet model for credit card receivables to expand revenue opportunity and contribute to CFC's asset diversification strategy.

Retail Investment Sales

The Bank sells non-deposit investment products through its retail distribution network. Products include fixed and variable rate annuities, mutual funds and Stocks and Bonds. The Bank has recently added significant senior management experience and depth to this business and is in the process of refining its strategy including the contemplation of providing private banking services to its clients.

Risk Management Strategies

Liquidity Management

- **Diversified Funding Sources** -- The Bank has a broad array of unsecured and secured funding sources. Unsecured sources include deposits (retail, commercial, brokered, and escrow deposits associated with the CHL servicing portfolio) and fed funds. Secured sources include FHLB advances, capital markets borrowings and the Federal Reserve's Primary Credit borrowing facility. The Bank is also exploring a participation in an ABCP facility with CHL, as well as developing bank note and covered bond programs.
- **Readily Marketable Assets** -- A primary mitigant of liquidity risk is that the vast majority of the Bank's assets can be readily sold into an active secondary market. The Bank's loans are of extremely high credit quality and could be sold either as whole loans or through securitization in a relatively short time frame. Its securities portfolio is almost entirely AAA rated and serves as collateral for capital markets borrowings as well as the Fed's Primary Credit program. In addition, these securities could be sold in the event of a liquidity crisis in a matter of days.
- **Management Tools** -- Comprehensive liquidity management tools are used to identify, measure, monitor and control liquidity needs. These tools include detailed short-term and long-term forecasts, contingency scenario analysis that is coordinated with the parent, deposit concentration and maturity reports, collateral availability schedules, and others.
- **Management Oversight** – The Bank's ALCO is responsible for overseeing liquidity management policies, procedures and activities. Additional oversight is provided by the Board ALCO and the CFC ALCO.

Credit Risk Management

The Bank's credit risk management framework is based on four key concepts which are described briefly below. These concepts are credit policy, oversight controls, monitoring and feedback, and portfolio management. The consistent application of these concepts has resulted in a portfolio that has outperformed the industry in terms of delinquencies and charge-offs.

- **Credit Policy** – The Bank's credit policy and procedures ensure that the Bank maintains a specific standard of credit quality for assets across origination channels. A set of comprehensive loan program guidelines, augmented by risk views provided by bank-developed scorecards, serve as the basis for the level of acceptable loan credit quality to the Bank. The Bank relies on technology such as automated underwriting and collateral valuation systems not only to streamline the underwriting process, but also to ensure that marginal risk borrowers receive a more rigorous credit review by experienced underwriters. With respect to its new commercial lending lines of business, a significant amount of time, resources and business line experts have been allocated to developing the Bank's commercial credit framework in order to ensure the long-run soundness and viability of these business lines.

- **Oversight Controls** – The Bank's credit committee is charged with reviewing credit risk processes and policies and providing direction on credit issues facing the Bank. In addition, the Board's credit committee reviews and approves major credit initiatives and programs.
- **Monitoring and Feedback** – The Bank has an effective management information system for tracking conditions and trends in the portfolio across numerous cohort stratifications. An active and effective quality control function enables the Bank to constantly audit and review loan files to ensure their conformance with our stated underwriting guidelines. The Bank also monitors the performance of CHL as its servicer and meets regularly to discuss collection and loss mitigation strategies.
- **Portfolio Management** – This function entails a variety of techniques and practices intended to proactively manage the entire credit portfolio. The Bank relies on position limits to control geographic and product concentrations and monitors regional economic and home price trends to identify areas of potential future weakness. The Bank has limited lending in certain regions due to these types of factors and is continuously monitoring regional conditions to determine if further lending restrictions are warranted. In addition, the Bank has implemented a set of strategies to minimize unwanted credit risk. These strategies include the use of mortgage insurance policies. The Bank is also exploring the use of credit-linked notes and securitization to manage its credit exposure. The Bank's reserve policies and procedures have evolved significantly over time to take advantage of complex analytical models to assess risk in a multidimensional fashion. The Bank anticipates further evolution on this front in the future as it develops state-of-the-art stochastic, competing risk models. The Bank's Portfolio Management committee meets on a regular basis and brings together talent from credit, finance, treasury, lending and modeling in order to ensure risks and returns are adequately measured, monitored and understood.

Interest Rate Risk Management

Because it is in the residential mortgage business, the Bank's business strategy necessarily entails material interest rate risk. However, management controls this risk within prudent boundaries through an asset/liability strategy which encompasses risk identification, measurement, and monitoring.

- **Identification** -- Interest rate risk can be divided into four categories: re-pricing or maturity mismatch risk, basis risk, yield curve risk, and option risk. The primary source of interest rate risk that the Bank is exposed to is the option risk related to the options embedded in residential mortgages. The Bank minimizes this risk through asset selection. It has consistently chosen to portfolio adjustable rate, short duration assets such as payoption ARMs, HELOCs and fixed rate seconds. Payoption ARMs that are based on the MTA index (as most are) also contain significant basis risk. The Bank mitigates this risk by building a portfolio of liabilities that will reprice in a manner similar to the index.
- **Measurement** -- Interest rate risk is measured using the Quantitative Risk Management ("QRM") Asset/Liability Management system. This system has become widely used and accepted in the banking industry. CFC uses the same system to measure its interest rate risk profile which facilitates coordination of risk measurement with the parent company. The Bank's market value

of equity and net interest income are measured under an exhaustive variety of scenarios. Overall risk measures are kept within board prescribed tolerances by matching the duration and repricing characteristics of assets and liabilities. The duration of assets and liabilities are both currently under one year.

- **Monitoring** -- Management reports are generated on a monthly basis and reviewed by the Bank's ALCO, the Bank's Board ALCO and the CFC ALCO.

Compliance Risk Management

The Bank views regulatory compliance to be of critical importance in achieving its strategic objectives. Regulatory compliance is a key focus of the Bank's established risk management and governance structure. All executive management functions are responsible for compliance risk in their areas. Oversight responsibility is broadly distributed across a governance framework consisting of the Bank's senior executive officers, management committees, the office of the Chief Risk Officer (CRO), the Chief Compliance Officer, committees of the Board, and Countrywide Corporate oversight in the form of the following CFC entities or individuals: General Counsel and Legal department, Chief Credit Officer, CRO, Corporate Compliance office, and respective governance committees.

Two areas of compliance that are of particular importance to the Bank are Fair Lending and the Community Reinvestment Act.

Fair Lending

Fair lending is a one of the Bank's core values. Its Board is committed to integrating fair lending principles into its culture and into *all aspects* of its business, including relationships with third party service providers. The Board believes that fair lending is a sound business practice and will not tolerate discrimination on a prohibited basis in any part of its business.

The Board is committed to incorporating fair lending principles into all its business practices. These principles will also be reflected, as applicable, in the policies and procedures implemented by business units, including contracts and other service level agreements with third party service providers. The bank expects its directors, officers, and employees to adopt a culture of quality service and fair lending while maintaining a policy of safe and sound banking practices. To that end, it commits to provide fair lending training on an annual basis to the employees as well as to senior management.

The Bank has established a Fair Lending Policy to ensure that executive, senior management, and all employees clearly understand the requirements of fair lending laws (including, but not limited to, the Equal Credit Opportunity Act and the Fair Housing Act) and their responsibilities to ensure that fair lending principles have been incorporated into the Bank's culture, and into each business unit's policies and procedures.

Community Reinvestment Act

The Bank will continue to ensure that it fulfills its obligations under the Community Reinvestment Act. As a large bank, the Bank's CRA performance will be evaluated under the lending, investment and service tests. The Bank operates a headquarters office in the Washington, DC MSA and one branch in the Dallas, Texas MSA. The Bank currently does not have any other branches or deposit-taking ATMs outside of these two MSAs, and as such, has designated both MSAs as assessment areas. The Bank may also consider changes to the delineation of its assessment areas as allowed by regulation. The Bank plans to continue helping to meet the credit needs of its assessment areas through lending activities, qualified investments and community development services.

The Bank's Compliance Officer manages the Bank's compliance with the regulation and has two full-time CRA Outreach Officers to ensure the Bank has a physical presence in the Bank's two assessment areas. In addition, the Bank has established a CRA Committee that is comprised of senior management. The Committee helps coordinate and monitor the Bank's CRA efforts. The Board's Public Policy Committee provides oversight of the Bank's CRA activities and meets quarterly. Annually, the Bank prepares a CRA Plan that incorporates goals for the following:

- Lending levels in each assessment area
- Assessment area LMI tract and borrower lending benchmarks
- Development of innovative and flexible credit products
- Quantity and quality of qualified investments
- Community development services strategy focused on affordable housing and consumer financial education

In addition, the Bank has added to its lending staff a senior lending officer with CRA expertise, whose mission is to expand CRA lending at the Bank, in partnership with CHL. This strategy not only assists in meeting regulatory requirements – it is simply good business.

Cost Management

Because maintaining low operating costs is an integral part of its strategy, the Bank is planning numerous cost and expense management initiatives for 2007. Top strategic cost savings initiatives include:

- **G&A expense reduction**—Reductions in headcount, professional and consulting fees, and travel and entertainment expenses will lead to savings of more than $13 million in 2007.
- **India Offshoring**—The Bank plans to migrate 3% of the workforce to CFC India by Q1 2007, with additional analysis of all positions undertaken in two phases. Phase I will analyze all low-risk/low-complexity positions, and Phase II will focus on knowledge process operations.
- **State Tax Planning**—The primary tax-planning-related opportunities for the Bank in 2007 are (a) reducing tax expenses related to mortgage banking sector gain on sale, (b) ensuring new lending initiatives have non-California operations, and (c) disposition of older California sourced loans with favorably sourced loans. Several of these initiatives are still under investigation; however, potential savings could top $24 million in 2007.

Countrywide Warehouse Lending

Countrywide Warehouse Lending seeks to become the dominant provider of financing and liquidity solutions to mortgage lending institutions with the following banking-specific targets:

- Over $3,560 million in average outstandings for 2007
- At least 70 new clients annually
- At least 24% return on equity (ROE)

Operating within the Institutional Mortgage Services Group (IMSG), CWL is positioned closely to the correspondent production channel. This organizational structure affords CWL access to a large customer base and a shared management infrastructure. In turn, CLD benefits by increased production from common customers. After establishing a warehouse relationship with CWL, clients tend to deliver a proportionately higher volume of loans to CLD. On average, in the quarters following the initiation of a warehouse line, CWL customer quarterly funding volume with CLD grows by 23% compared to just 6% for non-CWL customers.

In light of this, CWL intends to continue targeting CLD's customer base, with particular emphasis on limited capital customers. To support this strategy, CWL will provide products and delivery processes for customers with less than $5 million in net worth as well as enhance credit risk management capabilities to keep pace with the complexity and needs of the business. In 2007, CWL plans to add 75 new clients for a year-end total of 236. This compares to just 50 clients in 2002.

CWL achieved pre-tax earnings of $57 million in 2006, compared with 2005 earnings of $89 million, a 36% decrease. In 2006, average mortgage warehouse advances outstanding were $4.6 billion, compared with $7.6 billion in 2005, a decrease of 42%.

COUNTRYWIDE INSURANCE GROUP

Countrywide Insurance Group (CIG) is a distributor and underwriter of insurance and insurance-related products and services. CIG is organized along the following key product lines:

Balboa

- **Personal lines**—Underwriting and distribution of homeowners', private passenger auto, life, disability, fire, renters, flood, earthquake and umbrella coverage
- **Financial Institutions**—Lender-placed auto insurance, lender-placed real-property hazard insurance and tracking services, collateral protection insurance, specialty insurance and home warranty products
- **Commercial Brokerage**—Agency distribution of commercial insurance products

Balboa Re

- **Reinsurance products**—Mezzanine layer of non-catastrophic reinsurance coverage for insurance companies that provide primary mortgage insurance (PMI) on loans in Countrywide's servicing portfolio

Business Environment

The combination of increased Federal and State oversight and recent catastrophic losses has triggered the expanded use of risk management tools and increased discipline around pricing and underwriting. Many companies, including CIG, are exiting catastrophe-prone regions, which has driven up the premiums in those states for the remaining carriers and increased reinsurance costs on existing policies.

With the sequence of severe weather cycles in recent years, CIG made the strategic decision in 2005, and implemented in 2006, to discontinue offering voluntary homeowners in Florida, to exit the forced-placed flood business, and to examine other coastal regions that may also be prone to catastrophic losses.

Given that hurricane activities and catastrophic losses were at all-time lows in 2006, CIG had the opportunity to increase its focus on key strategic concerns such as its exit from coastal regions, increasing its catastrophic reinsurance coverage to $500 million on existing policies at higher risk locales like Florida, and launching the voluntary auto product. In addition, CIG made operational changes such as increasing offshored employees to 16% of its total workforce. These strategic and operational initiatives will position the business for strong product diversification and steady growth in the future.

Although the personal lines market continued to grow in 2006, increased competition has heightened the importance of pricing, efficiency, and business intelligence. Customer service continues to be critical for retention, and consumers are increasingly leaning toward "bundled" products (including home and auto insurance), with the expectation of multi-product discounts. Going forward, consumer privacy regulation for the financial services industry is expected to deepen, which will have an impact on potential marketing and cross-sell efforts.

The market for lender-placed lines continues to be dominated by larger players, although new market entrants are emerging. Lender satisfaction is increasingly critical in B2B lender-placed business retention, and rapid technology innovation is required to support competitive cost and service levels, as well as new product rollouts.

Five-Year Forecast

CIG pre-tax earnings reached $320 million in 2006, a 74% increase over 2005 earnings of $184 million. Net earned premiums in 2006 increased by 23% over 2005, to $1.17 billion, as shown below:

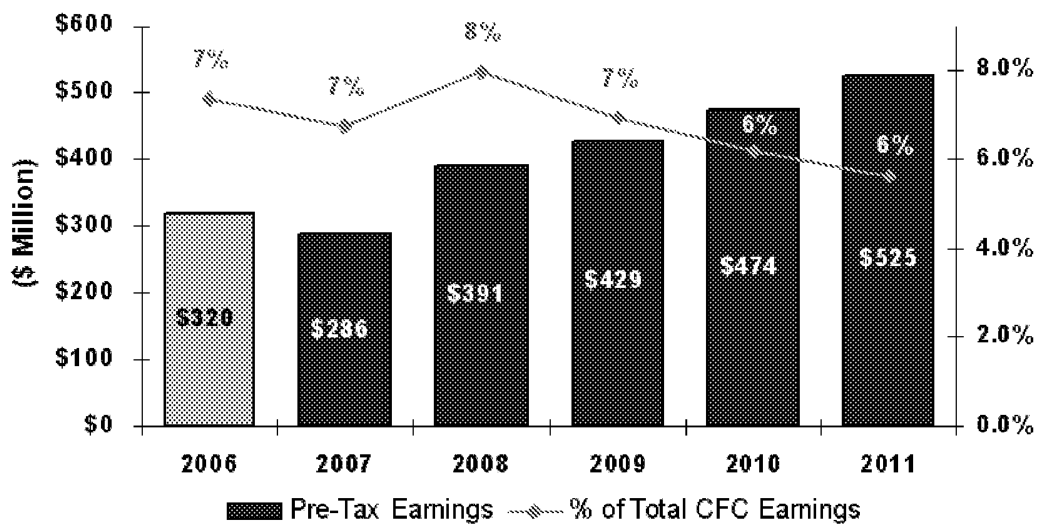
Figure 15: Historical CIG Net Earned Premiums

($ Thousand)	2004	2005	2006	Plan 2007
Balboa / CIS	$ 625,367	$ 773,000	$ 947,800	$ 1,030,520
Balboa Reinsurance	157,320	180,700	223,500	228,473
Total Net Earned Premiums	**$ 782,687**	**$ 953,700**	**$ 1,171,300**	**$ 1,258,993**

Source: CFC Financial Planning

CIG earnings are projected to grow at a CAGR of 10% to $525 million in 2011. CIG's growth will be accomplished through further diversification of its product portfolio and more effective marketing into CHL's loan servicing portfolio.

Figure 16: CIG Pre-Tax Earnings Forecast



Source: CFC Financial Planning

The 2007 CIG plan reflects a concerted effort to continue to roll out new products such as voluntary auto and home warranty to diversify the product mix and reduce the earnings volatility. The 2007 CIG plan also reflects an expected return to normal hurricane activity after the very moderate year in 2006. The following table provides 2007 forecast highlights.

Figure 17: 2007 Insurance Plan

	Actual 2006	Plan 2007	Var %
Drivers			
Insurance Gross Written Premium	$ 1,328	$ 1,131	-15%
Plan Highlights ($ Million)			
Revenue	$ 1,293	$ 1,394	8%
Direct Expense	939	1,067	14%
Overhead	34	41	22%
Pretax Earnings	$ 320	$ 286	-11%
Headcount	1,980	2,236	13%

Source:CFC Financial Planning

Key Strategies and Goals

Strategic focus areas for CIG will include product expansion strategies to further leverage the CHL portfolio and operational cost management.

Cost Management

CIG cost management initiatives for 2007 were started in the second half of 2006 with a reduction in G&A headcount of 94 employees, a decrease of more than 10%. G&A headcount will remain nearly flat in 2007, even after accounting for new businesses. Other cost saving initiatives center around productivity improvements such as achieving a 25% penetration rate on new originations by 2011 and improving the CIG cost basis by increasing the number of headcount offshored. To this end, nearly 500 full-time equivalent employee positions, or 20% of the workforce, will be migrated offshore to CFC India by the end of 2007. All of these initiatives are aimed at keeping the operating expense ratio flat through 2007, even with the increase in new product rollouts.

CHL Portfolio Penetration

CIG will focus on product and marketing strategies that more effectively leverage the Countrywide brand and distribution infrastructure, specifically at the point of sale, which will drive policy penetration into the CHL customer base. CIG will deploy field agents in CHL branches to maximize the conversion and retention rates. Development of the point-of-sale strategy is of great significance in 2007 with the addition of new products such as voluntary auto, commercial brokerage, and home warranty. This will also allow CIG to lessen its reliance on property-related lines and to produce more fee income.

Voluntary Auto

Voluntary auto is an attractive product with much less catastrophic sensitivity than property insurance. A 2004 homeowner's insurance study conducted by JD Powers & Associates suggests that consumers have a high preference to bundle voluntary auto with home mortgages. The voluntary auto product was rolled out in Arizona in September of 2006 and then in Colorado, Nevada, Indiana, Illinois, and Ohio in November of 2006. By the end of 2007, CIG expects to launch the auto product in 24 states with earned premiums exceeding $100 million. Initial distribution of this product will be through the Countrywide Insurance Services call center, targeting both CHL and CIG customers. Although the voluntary auto product is being developed internally, CIG will continue to sell partner products into the portfolio in the near term, with the intention of gradually reducing third-party sales contribution over time.

Home Warranty

The market for home warranty products is roughly $1 billion today. However, with only 3% of homeowners currently purchasing home service contracts, Countrywide believes there is an opportunity to educate consumers—specifically, Countrywide's portfolio of over 8.1 million customers—and increase homeowner penetration. This product has low catastrophic exposure, lower capital requirements than typical insurance products, consistent returns above standard property and casualty lines, and extends Countrywide's value proposition through horizontal integration into CIG's product line. CIG is currently a distributor of home warranty, marketing a third-party product through Countrywide Insurance Services (CIS) to the portfolio. In the future, CIG will underwrite its own product and pursue a partnership approach for access to home warranty products (which CIG will underwrite), claims administration, and vendor management, and will reevaluate strategic growth options—including potential acquisitions—based on product performance. CIG's goal for 2007 is to achieve $2.9 million in total revenue from home warranty.

Commercial Brokerage

Through the first 15 months of operation, the Commercial Brokerage group has achieved $3.7 million in revenue with 39 employees in three offices. The commercial insurance brokerage business presents an opportunity to provide a significant value proposition targeted at middle market businesses. By partnering with other Countrywide business units, such as Countrywide Bank, CIG will provide a broad suite of offerings to this market segment. This integrated sales strategy will drive delivery of high quality products at competitive prices to a market segment seeking a one-stop shop for their commercial financial needs. Initially, CIG will leverage current CFC relationships to access customers who are already familiar with the Countrywide brand, producing an expected $10 million in total revenue for 2007.

CAPITAL MARKETS

Countrywide Capital Markets (CCM), a fixed-income investment banking segment, is engaged in sales, trading, and underwriting of mortgage-backed and other asset-backed securities, as well as related research and advisory activities. CCM comprises several subsidiary and affiliate entities:

- **Countrywide Securities Corporation (CSC)**—A NASD-registered broker-dealer specializing in selling, trading, structuring, and underwriting fixed-income products, with an emphasis on mortgage and related debt products (e.g., asset-backed securities)
- **Countrywide Asset Management Corporation (CAMC)**—Purchases, acquires, services, and manages distressed residential mortgage loan assets for rehabilitation and eventual sale
- **Countrywide Servicing Exchange**—An advisory and brokerage firm specializing in the transfer of bulk loan mortgage servicing rights (MSR) portfolios between third-party buyers and sellers
- **CCM International Ltd.**—Offers fixed-income asset-backed securities originated in the United States for sale to banks, asset managers, conduits, building societies, insurance companies, and other investors outside of the U.S.
- **Countrywide Commercial Real Estate Finance Corporation (CREF)**—Originates and holds an inventory of commercial mortgage loans for the purpose of disposition including sale or securitization
- **Countrywide Capital Markets Asia, Ltd.**—Based in Tokyo, Japan, offers U.S. dollar denominated fixed-income securities for sale to Asian institutional customers

Business Environment

The Federal Reserve's accommodative stance on the economy appears to have reached its peak in mid-2006, with the Fed increasing the Fed Funds rate 350 bps over a 2-year period to 5.25%. In the third quarter of 2006, U.S. GDP slowed to a 1.7% annualized rate largely due to the deceleration of the housing market, the reduction in consumer spending, and weakness in real income growth. These factors, along with a flat to inverted yield curve, have reduced MBS issuance, slowed prepayment speeds (which affect returns on MBS), and compressed margins.

This transition throughout 2006 appears to have taken hold, with the economy showing general fatigue in the second half of the year. The housing market, which had been fueling consumer spending, is now slowing, which in turn is slowing GDP growth. To offset this effect, many Wall Street investment firms are expanding their mortgage origination capacities through acquisitions to gain additional income streams. By vertically integrating these functions, the Wall Street firms are eliminating the overlap between broker/dealer, wholesale lenders, and secondary markets, creating a more efficient and less redundant workflow.

The current consolidation trend is expected to continue in 2007 as the weaker mortgage players are acquired by larger originators pursuing market share expansion. Interest rates are expected to stabilize, with the yield curve progressing to a more normal and steepened state, which will increase demand for MBS. However, with Wall Street getting more involved in the MBS market and being willing to accept more risk than pure mortgage originators, competition will become fierce and margins could compress. Overall GDP growth will slow to roughly 2.3% in 2007 as the market steadies itself from the housing pull-back. With core inflation likely to decelerate in 2007, interest rate cuts by the Fed could return, which would boost MBS activity and return the yield curve to a more normalized stance.

Five-Year Forecast

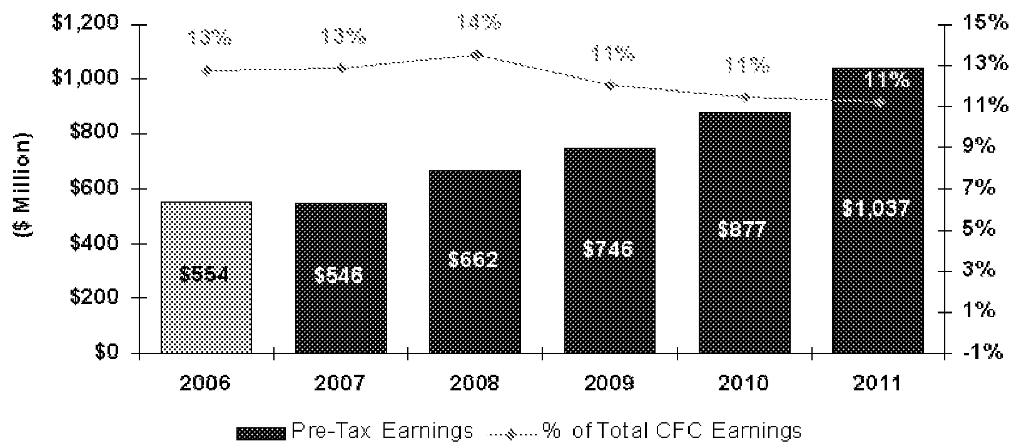
CCM anticipates approximately a 1% earnings decrease for 2007 on trading volume of $4.4 trillion. Pre-tax income is expected to grow at a CAGR of 13% through 2011, to $1.0 billion.

Figure 18: 2007 Capital Markets Forecast

	Actual 2006	Forecast 2007	Var %
Drivers			
Capital Markets Trading Volume ($ Billion)	$ 3,833	$ 4,410	15%
Forecast Highlights ($ Million)			
Revenue	$ 993	$ 1,000	1%
Direct Expense	410	420	2%
Overhead	29	34	15%
Pretax Earnings	$ 554	$ 546	-1%
Headcount	886	863	-3%

Source: CFC Financial Planning

Figure 19: Capital Markets Pre-Tax Earnings Forecast



Source: CFC Financial Planning

Key Strategies & Goals

CCM supports Countrywide's core mortgage business by enhancing distribution capabilities for Countrywide-originated products to the institutional and dealer communities. As part of its five-year strategic mission, CCM plans to build on Countrywide's foundation to become a premier global fixed income capital markets operation engaging in securities and whole loan trading, asset management, and mortgage investment banking by providing unique product and proprietary research capabilities in the residential mortgage, asset-backed, government/agency debt, derivatives trading, and commercial real estate finance sectors of the fixed-income markets. CCM will remain committed to developing broad capabilities for every mortgage-related asset class and will solidify its reputation of having unequaled product expertise and execution capabilities within those sectors of the global fixed income capital markets. CCM will also become a top tier government securities dealer, commercial mortgage lender, CMBS dealer, derivatives dealer, and asset manager.

CCM has identified several strategic initiatives for attaining this mission, including:

- Broadening the range of products and services offered to appeal to a wider customer base and diversifying in lines of business outside of the residential mortgage market. This will be achieved through either organic growth or acquisition of established business.
- Expanding efforts to penetrate the global capital markets through domestic and international customer channels across all product lines
- Continuing to expand several lines of business, including:
    - Commercial Real Estate
    - Derivative Trading
    - Futures
    - Asset Management
    - Government Dealer

In addition, CCM will invest in the core technical infrastructure of the business to support future growth, and will focus on recruiting, training, and retaining staff to build the quality and depth of leadership necessary to successfully manage the future of the business and achieve its long term strategic goals.

Select key strategic initiatives are discussed in further detail in the following sections.

Commercial Real Estate Finance

CCM intends to continue expanding the national distribution of the Commercial Real Estate Finance group (CREF), increasingly collaborating with the Bank's commercial real estate function, and realize $162 million in CREF revenue for 2007. Commercial originations provide a diversification hedge against the U.S. residential mortgage market cycle, and CREF will transact in small loans (i.e., less than $5 million) and multifamily GNMA (Ginnie Mae) loans. Additionally, by developing balance sheet loan offerings, CREF will be in a better position to attract clients looking for a full-service commercial mortgage dealer.

To expand its geographic footprint, CREF will establish two regional operations centers, add 10 new small loan origination offices, and hire the appropriate staff to support the rollout of a national retail origination platform. CREF will also establish a commercial loan servicing operation, which will allow CCM to capture servicing fees similar to CHL's origination and servicing business model. CCM is currently working with Countrywide Bank to establish a scalable, retail-focused origination platform for low-balance commercial real estate loans. The strategic goal will be to build a portfolio of multi-family loans in 11 preferred markets, with assets going to $10.3 billion by 2011.

Global Expansion

Countrywide Capital Markets currently operates in the U.S., London, Tokyo, and China. Additional product expansion and capabilities globally will enable CCM to tap into vast amounts of foreign capital and diversify against the U.S. residential mortgage market. To help accomplish this, CCM will focus of several strategies, including:

- Increasing account base in Asia and Europe
- Creating a CDO investment vehicle for foreign investors
- Creating a U.K. conduit to begin denominating residuals in other currencies, such as the Euro and the Sterling
- Establishing a superior risk management infrastructure to manage the incremental risks associated with international trading operations

Expanding globally will provide a 24-hour marketing and trading platform that will enable CCM to stabilize its revenue stream, broaden its institutional client base, and expand distribution.

Countrywide Alternative Investments

Domestically, CCM will continue to invest in SunFish, an independent hedge fund and asset management business, as well as develop systems to support the trading and management of positions in collateralized debt obligations (CDOs). A CDO is a securitization in which debt is issued and backed by one or more types of securities, namely corporate bonds, leveraged loans, and structured products. Countrywide Alternative Investments (CAI) will initially focus exclusively on Structured Products (asset classes CCM currently trades). CAI, as a CDO asset manager, will earn a base fee and a subordinate fee for managing the CDO transactions for which it serves as manager. This allows CCM to build a multifaceted business model and a new source of fee revenue.

Internationally, CCM plans to establish an alternative investment vehicle for Asian market investors, where CDO investments are prevalent, providing CCM with additional fee income that is less sensitive to domestic changes in interest rates. This strategy will hasten expansion of Asian market operations, making greater use of the Countrywide Securities office in Tokyo and Hong Kong.

For 2007, CAI's goal is to achieve $2.8 million in revenue from CDO asset management and $630 million from the SunFish private equity JV.

Derivatives and Futures Products

CCM will become a full service integrated dealer by offering derivatives and futures trading through its Government trading desk. CCM anticipates that by offering derivative products—such as interest rate and credit default swaps—at competitive pricing, its trading volume will increase. Currently, institutional traders of treasuries must go to competitor firms to engage in asset-swap trades. By expanding its product line, CCM will be able to compete more effectively with "one stop shop" Wall Street firms.

Currently, plans are in place to begin trading credit default swaps in the first quarter of 2007. First year revenues are projected to be $5 million, on operational expenses of $3.7 million and capital expenditures of $600,000. Initial products will include credit default swaps on ABS securities in the first quarter of 2007, with plain vanilla swaps becoming available in the third quarter.

Cost Management

Capital Markets will reduce operating expenses in 2007 to help steady its cost base after the refinancing boom. By monitoring travel, dues and subscriptions, and IT costs, CCM will save approximately $2.3 million in 2007 and $11.8 million by 2011. Capital Markets will also look to expand its offshoring presence from a year-end headcount of 70 to 138 in 2007, saving the Division over $8.5 million. While much of the offshoring opportunity is in back-office work, Capital Markets will also explore additional ways to offshore key trading analytics activities to CFC India.

GLOBAL MARKETS DIVISION

Countrywide's Global Markets Division (GMD) directs and manages operations consisting of two primary functions:

- **Offshore Services**—Providing cost-effective processing solutions and services to Countrywide through CFC India (CFCI) and soon-to-be-established nearshore operations.
- **Non-U.S. Lending**—Expanding CFC's international presence by establishing lending operations in global markets through Global Home Loans, Inc. (GHL).

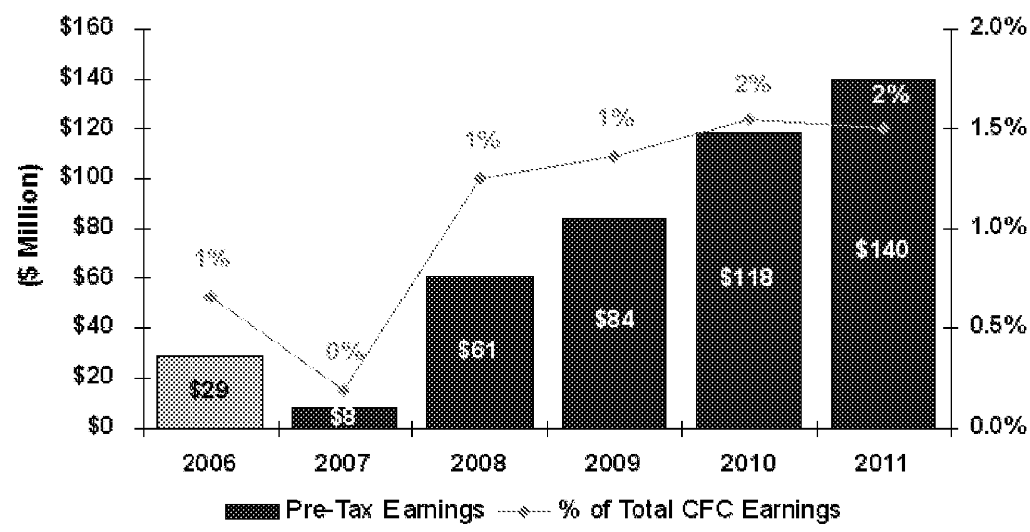
GMD's success is dependent on how effectively it leverages a number of competitive advantages, including:

- High-quality, integrated, cost-effective processing capability through an offshore captive
- Experience and expertise in global mortgage markets
- Countrywide's mortgage banking expertise, vertically integrated business, and brand reputation

Five-Year Forecast

GMD's strategic mission is to provide cost effective offshore capabilities to CFC entities and achieve globalization of Countrywide's mortgage lending franchise. Solid earnings growth over the next several years will be achieved through strategies aimed at (1) increasing the number and type of CFC functions offshored and lowering operating costs through operational efficiencies and geographical expansion, and (2) pursuing global lending opportunities to leverage CFC mortgage capabilities in non-U.S. markets. Earnings are projected to grow at a 37% CAGR, reaching $140 million in 2011. Estimated savings for CFC from offshoring is projected to grow at a 40% CAGR, reaching $300 million in 2011.

Figure 20: Global Pre-Tax Earnings Forecast



Source: CFC Financial Planning

In 2006, Countrywide completed the transition of operations that provided third party services to customers in the U.K., including Barclays and Prudential. As part of the terminations, Countrywide received compensation from Barclays of over $8 million in 2006, and entered into agreements that guarantee technology licensing and development fees of over $120 million through 2009. Additionally, 2006 financials reflect the sale of U.K. Valuation Ltd. and associated technology, which improved earnings by over $9 million. The drop in GMD earnings from 2006 to 2007 reflects the impact of these one time adjustments and $7.6 million in pre-tax losses from the startup of the lending operations. However, solid growth is forecasted for 2007 through 2011, driven by strategies to grow offshore operations and establish lending operations globally, as discussed in the following sections.

Figure 21: 2007 Global Segment Forecast

	Actual 2006	Forecast 2007	Var %
Forecast Highlights ($ Million)			
Revenue	$ 94	$ 117	25%
Direct Expense	63	109	72%
Overhead	2	-	-100%
Pretax Earnings	$ 29	$ 8	-72%
Headcount	2,784	4,920	77%

Source: CFC Financial Planning

Offshore Initiatives: CFC India

CFC India (CFCI), a wholly owned subsidiary of Countrywide, provides cost-effective, efficient, and timely resource options to all Countrywide divisions. CFCI has multiple facilities in both Mumbai and Hyderabad, India, with over 275,000 square feet of office space currently in use. Captive GMD offshore operations directly support overall CFC cost competitiveness as well as ongoing expense management campaigns. Depending on function, cost savings between 40% and 80% can be achieved relative to U.S. operations, and it is estimated that CFC cost savings from offshoring was approximately $55 million in 2006.

From 2005 to 2006, CFCI increased its headcount from 1,662 to 2,654, an increase of nearly 60%, reflecting increased usage of CFCI by CFC business units. Through the end of 2006, more than 12 Countrywide divisions have some operations offshored, consisting of activities ranging from loan processing to customer contact to financial and operational analysis. This number will continue to increase as imaging technologies are deployed through 2007 and 2008 to enable improved remote processing activities.

CFC India is pursuing strategies and targets related to the delivery of high-quality, cost-effective offshore resources to Countrywide entities, including:

- Growing offshore headcount to 10,000 and generating annualized cost savings to CFC of $300 million by year-end 2011.
- Achieving headcounts of approximately 2,700 employees for Voice and Data, and approximately 1,049 employees for IT Services by year-end 2007.
- Increasing the number of centers and diversifying geographically to mitigate operational and political risk as well as lower overall operating costs. Operations in India will continue to be dispersed and GMD anticipates launching offshore operations in Latin America during 2007. These nearshore operations will be better positioned to support CFC and customer needs in more appropriate time zones as well as support growing needs related to bilingual (English and Spanish) customer support.

- Building out organizational support aligned with the various CFC divisions to proactively identify and migrate additional functions offshore.
- Enhancing existing methodologies and skills to migrate and support higher-end knowledge processes.
- Increasing productivity through enhanced employee involvement and maintaining overall employee turnover rate below industry standards.

The table below summarizes projections established by Global to migrate headcount to CFC India in 2007.

Figure 22: CFC India 2007 Headcount Projections

		CY2007 (Projected*)			
	CY2006	**Voice**	**Data**	**IT Services**	**Total**
Production	365	50	391	333	774
Servicing	1,151	608	916	120	1,644
Central Services (Incl. Finance)	524	101	158	370	629
Diversified Business	356	109	370	226	705
U.S. Totals	2,396	868	1,835	1,049	3,752
India Staff	258	-	-	-	376
CFC India Total	**2,654**	**868**	**1,835**	**1,049**	**4,128**

Source: Global Markets Division

* Possible increases over projections

Non-U.S. Lending

Historically, Countrywide non-U.S. mortgage banking activity has been pursued largely through providing processing support, technology solutions, and other services to third parties in the U.K. via GHL. With those activities and agreements being dissolved in 2006, Countrywide will be better positioned to pursue alternative strategies in non-U.S. mortgage markets.

GMD is currently assessing non-U.S. lending opportunities and potential entry strategies. Initial assessments highlight U.K. lending opportunities, focused on the nonconforming market segment, which is expected to grow in both volume and profitability. Nonconforming loans are expected to account for 27% of total gross advances in 2008, growing at a 7% CAGR from 2006 to $144 billion in 2008.

Market leaders in this sector have broad product portfolios, strong technology, and expertise in fund raising and securitization. In addition to extensive local market knowledge, Countrywide's leading edge technology and cost effective offshore operations would be a potentially significant and sustainable source of competitive advantage. Various market entry strategies are being evaluated, including organic growth, acquisition, or partnership.

In addition, in 2007, GMD will actively pursue opportunities to launch lending operations in foreign markets, with primary interest in the U.K. Countrywide is uniquely positioned to leverage deep mortgage expertise, world-class technology assets, low cost offshore operations, and access to global securities markets through CCM. Additionally, global investors have an increasing appetite for residential mortgage-backed securities in multiple currencies and varied risk profiles.

In addition to the focus on U.K. lending opportunities, GMD is actively evaluating long term Countrywide opportunities in established and emerging markets globally.

INFRASTRUCTURE MANAGEMENT

Countrywide's ability to achieve its corporate goals, as well as those of each sector, relies on the continued development and improvement of a cost-effective infrastructure capable of supporting planned growth. Countrywide is focused on several key elements of this infrastructure to support effective and efficient operations:

- Risk Management and Governance
- Space Planning
- Human Capital Management
- Marketing Strategy
- Technology Management

Risk Assessment & Governance

Since the creation of the Enterprise Risk Assessment (ERA) organization in 2002, Countrywide has developed a solid infrastructure for evaluating and managing risk across the enterprise. ERA performs independent assessment and auditing for CFC's executive management and Board of Directors; assesses whether all business risks affecting CFC and its subsidiaries are properly identified, documented, tested and mitigated; and promotes an effective enterprisewide governance structure to guide Countrywide's regulatory oversight activities.

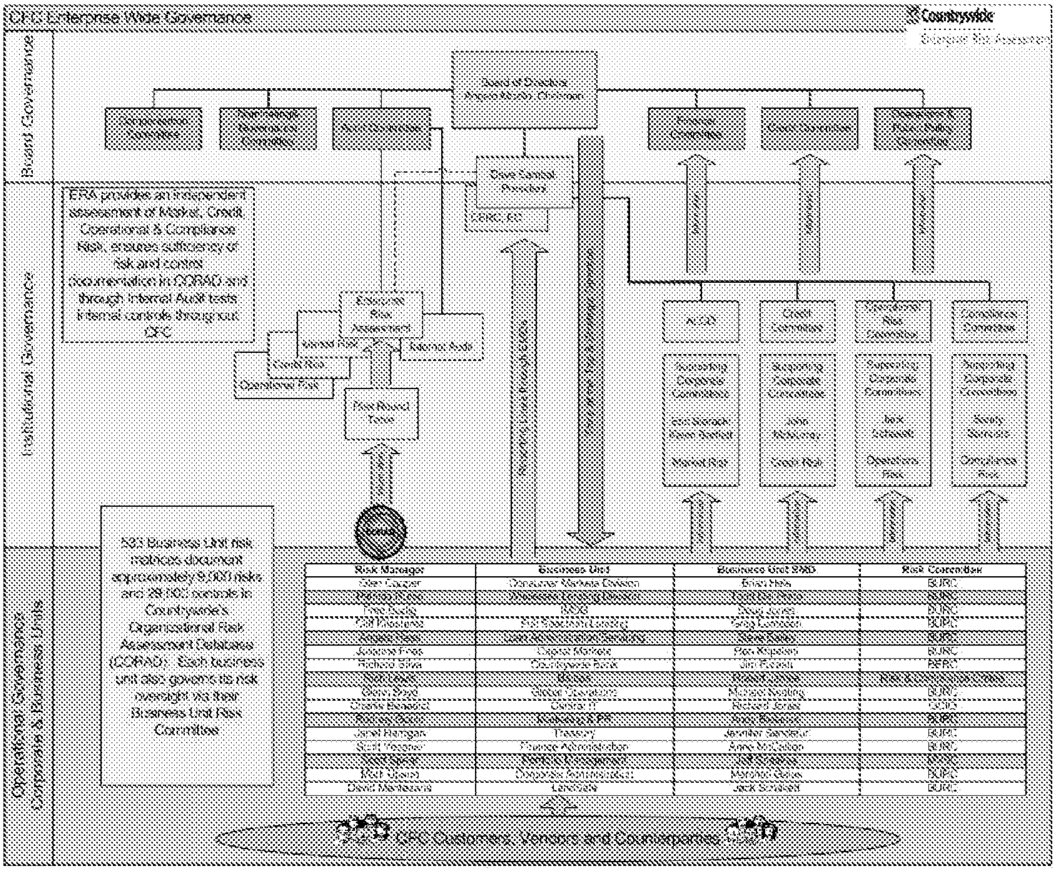
Corporate Governance

There are three tiers of risk management governance at Countrywide:

- Board Governance is composed of CFC's Board of Directors and six Board-level committees. This tier sets the tone, risk appetite, and strategy for CFC and provides oversight for the Institutional Governance level.
- Institutional Governance is composed of senior management committees and oversight groups. This tier implements strategy, reports to the Board Governance level, and provides oversight for the Operational Governance level.
- Operational Governance is composed of the recently created Business Unit Risk Committees in each of the major business areas. This tier is closest to the transactional level and reports to the Institutional Governance level.

Combined, these resources create an effective risk monitoring and assessment capability required for the risk environment of a large financial services company.

Figure 23: CFC Enterprisewide Governance



Source: Countrywide Enterprise Risk Assessment

The primary enterprise resources that ensure centralized monitoring and reporting of risks are described below.

Countrywide Executive Risk Committee (CERC)

Chaired by Countrywide's President/COO, CERC was established in 2005 as the oversight management committee for all risk across Countrywide and its subsidiaries. Subordinate committees (see descriptions below) report on significant strategic, market, credit, and operational risk issues to CERC. CERC reviews summary risk reports from ERA and provides a forum for discussion with Countrywide's senior risk managers, who are required to update CERC regarding activities and risks in their areas.

Executive Committee (EC)

Chaired by Countrywide's President/COO, the EC comprises a core body of Countrywide's most senior executives and meets at least quarterly to address enterprise-level strategic issues. The Committee's responsibilities include establishing the strategic vision for CFC, developing and refining the corporate strategic plan, evaluating strategic risks, reviewing the consolidated Countrywide divisional plans and budgets, evaluating new business opportunities, and ratifying recommendations from the designated working groups.

Asset Liability Committee (ALCO)

Co-Chaired by Countrywide's Chief Financial Officer and Chief Investment Officer, ALCO is responsible for the identification, measurement, and control of market, liquidity, and transactional risks. ALCO convenes monthly to create and implement policies and procedures necessary to achieve Countrywide's asset and liability objectives, as prescribed by the Board.

Countrywide Credit Risk Committee (CCRC)

Chaired by Countrywide's Chief Risk officer, the CCRC convenes quarterly and is responsible for the identification, measurement, and control of credit risk throughout Countrywide. The CCRC enforces risk monitoring and control by developing policies and reporting systems that allow executive management and the Board of Directors to monitor current and potential credit risk exposures.

Countrywide Operational Risk Committee (CORC)

Chaired by Countrywide's Chief Administration Officer, CORC convenes six times annually, and assists senior management in overseeing Countrywide's operational risk management processes across Countrywide and its subsidiaries. CORC oversees the implementation of Company operational risk management policies and recommends operational risk management improvements to business units as needed.

Executive Compliance Committee (ECC)

Chaired by Countrywide's Chief Legal Officer, the Executive Compliance Committee (ECC) meets at least quarterly and creates a venue for senior management to focus on issues with the potential to negatively impact the reputation and regulatory standing of the Company. ECC takes appropriate measures to mitigate violations of compliance regulations and laws, overall compliance and fair lending performance, assessments of compliance and fair lending risks, and the potential impact of new initiatives on the compliance performance of any impacted business unit.

CORAD

Countrywide's Organizational Risk Assessment Database (CORAD) is a central depository tool for risk managers to proactively identify, document, assess, and monitor individual risks and controls in their areas. CORAD, which functions as CFC's RCSA system, currently documents over 9,000 risks and 29,000 controls throughout the Company. In 2006, ERA improved functionality of CORAD and increased total user count to 1,536 with a run rate of 33,000 hits per year.

Capital Management

CFC's capital management framework is designed to ensure that the risk-taking activities by the business lines in the aggregate are supported by an adequate capital base, in a manner consistent with the investment guidelines and risk tolerances determined by the Board of Directors. The allocation aspects of the capital management framework are designed to determine appropriate risk-taking activities across and within business lines. These allocations are determined by the economic capital calculation appropriate for each business segment.

Capital Adequacy

The capital adequacy processes ensure that risk-assumption activities across all business lines—including mortgage banking, banking, capital markets, insurance, and global subsidiaries—are supported by an adequate amount of capital. Capital adequacy determination incorporates regulatory and rating agency requirements in addition to economic capital requirements. Economic capital is defined as the amount of capital needed by the firm to absorb unexpected economic losses given the firm's risk profile and risk management strategies. Unexpected losses are determined as losses likely in an extremely severe scenario, where the severity of the scenarios is determined by confidence levels consistent with Board approved risk tolerances and debt market access standards. Capital adequacy calculations reflect robust diversification benefits across business lines. Capital adequacy calculations also reflect charges for unhedged risks deemed appropriate at the firm level. The emphasis of the capital adequacy processes includes a comprehensive measurement of enterprisewide hedged and unhedged risks within the context of maintaining debt market access targets through the business cycle.

Capital Allocation

Capital allocation processes ensure that risk capital allocation at the business segment level is consistently calculated, elicit disciplined risk-taking, and facilitate cross-segment comparison by senior management. Diversification benefits are computed at the enterprise level, not at the business unit level. As the firm's capital management activities evolve, consideration will be given to allocating these benefits to the business segments. The business segment capital allocations are driven primarily by economic capital calculations in order to ensure risk-taking consistent with corporate strategic direction. Capital allocation procedures facilitate risk-based pricing and best-execution decision making. The emphasis of capital allocation procedures is on relative risk measurements and in eliciting risk-taking behaviors in line with corporate strategic direction.

Funds Transfer Pricing

Fund Transfer Pricing (FTP) is a process that assigns funding costs to assets and funding credits to liabilities based on their interest rate sensitivity and maturity characteristics. Meaningful measurements of performance can be achieved via FTP while transferring the primary interest rate risk exposure to the corporate entity. Countrywide will be rolling out FTP in 2007 and is currently working to refine its capability and methodology. Countrywide expects FTP to:

- Enable meaningful comparisons between products or business lines
- Allow the business to focus on generating business and not on interest rate risk
- Identify the true sources of net interest income
- Retain emphasis on profit contribution—not simply on volume
- Promote rational decision making
- Further the Company's understanding of marginal cost structures to enable more appropriate pricing
- Generate potentially a 5 bps increase in overall net interest margin

Internal Audit

The Internal Audit Department (IAD), part of ERA, performs independent testing of risk and corresponding control structures of Countrywide and all its subsidiaries, reporting to Management and the Audit and Ethics Committee of the Board of Directors. Internal auditing is a managerial assessment that functions by measuring and evaluating the effectiveness of Countrywide's internal control structures. IAD helps Countrywide accomplish its objectives through a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control structure, and governance processes.

To support major initiatives, IAD audits high-risk projects at the request of the Audit and Ethics Committee of the Board of Directors and executive management; this includes projects such as assessing processes and causes for control failures, investigating allegations, and participating in major system implementations. IAD monitors significant operational and infrastructure changes, which may impact the risk profile of Countrywide. IAD communicates regularly with the regulators and the external accountants regarding Countrywide initiatives and audit activities, which allows for a more efficient third-party review.

Compliance

Countrywide promotes a proactive compliance environment to protect customers, employees, shareholders, and the reputation of the Company by mitigating violations of consumer and employee protection laws and regulations. Countrywide has a decentralized compliance infrastructure in which the Central Compliance Department provides (a) compliance standards which are then codified in published policies, (b) independent oversight of business unit and subsidiary compliance functions, and (c) regular reporting to executive management and the Board of Directors. Individual business units and subsidiaries are responsible for implementing preventive and detective controls and for ensuring that compliance failures are promptly corrected.

As part of its oversight responsibilities, Central Compliance evaluates every federal, state, and local statute and assesses the inherent risk associated with each requirement. Using this risk-based approach, Central Compliance prioritizes compliance related activities throughout the enterprise and ensures that resources are appropriately directed and efficiently administered. Compliance groups within production units also perform loan reviews as a check to ensure adherence to Company standards.

Strategic Planning

Countrywide has established a thorough, disciplined strategic planning process designed to articulate its fundamental objectives and to manage their successful implementation. Through this process, corporate-level goals and supporting division/business-unit level planning activities are carefully orchestrated and coordinated to maximize the overall performance of the Company. Countrywide's strategic planning process is overseen by the Executive Committee (EC), which is composed of the Company's most senior executives. The EC is responsible for establishing the strategic vision of the Company, developing and refining the corporate strategic plan, evaluating strategic risks, reviewing the consolidated Countrywide divisional plans and budgets, evaluating new business opportunities, and ratifying recommendations from designated working groups. For 2007, quarterly progress updates on Countrywide's mission and mission metrics will be provided to the EC, along with status updates on approved new business opportunities. In addition, where applicable, board approval will also be sought. A centralized Strategic Planning group currently supports the ongoing efforts of the EC, as well as the efforts of the divisional and business units in their strategic planning efforts.

Finance and Accounting

The focus of Countrywide's Finance and Accounting operations is to provide:

- Accurate, timely, and unbiased information to senior management to support decision making
- Accurate, meaningful, and regulatory compliant financial information to external stakeholders

To enhance the Company's ability to achieve these goals, CFC is developing the Countrywide Loan Economic Accounting and Reporting System (CLEAR), which will automate the reconciliation of loan economics and become the single source for loan economics and accounting data from the enterprise level down to the loan level.

In addition, a separate governance initiative ("Enterprise Reporting Strategy") will provide standardization and accuracy of reports across all divisions, providing a single validated source for each category (e.g., budget, accounting, HR). For 2007, capital optimization and forecasting capabilities will be incorporated.

Combined, these initiatives will increase the effectiveness and efficiency of the Finance and Accounting operations, allowing resources to shift efforts from gathering and reconciling financial data to analyzing the data for use by senior management.

Countrywide will also continue to leverage its investment in PeopleSoft's Enterprise Resource Planning solution by deploying additional PeopleSoft Budgeting functionality to the remaining business units that have not yet been migrated and add Forecasting functionality to all business units. These additions should provide Countrywide with greater visibility into operating area expenses, enable better cost management, and improve planning capabilities, scalability, and performance.

Interest Rate Risk Management

Interest rate risk is mitigated through the natural "Macro-Hedge" provided by the countercyclical relationship between the loan production and loan servicing sectors. Countrywide also engages in rigorous hedging activities to supplement the Macro-Hedge in offsetting changes in the value of the servicing asset (MSR Hedge) and the value of the mortgage loan inventory and interest rate lock commitments (Pipeline and Inventory Hedge).

Macro-Hedge

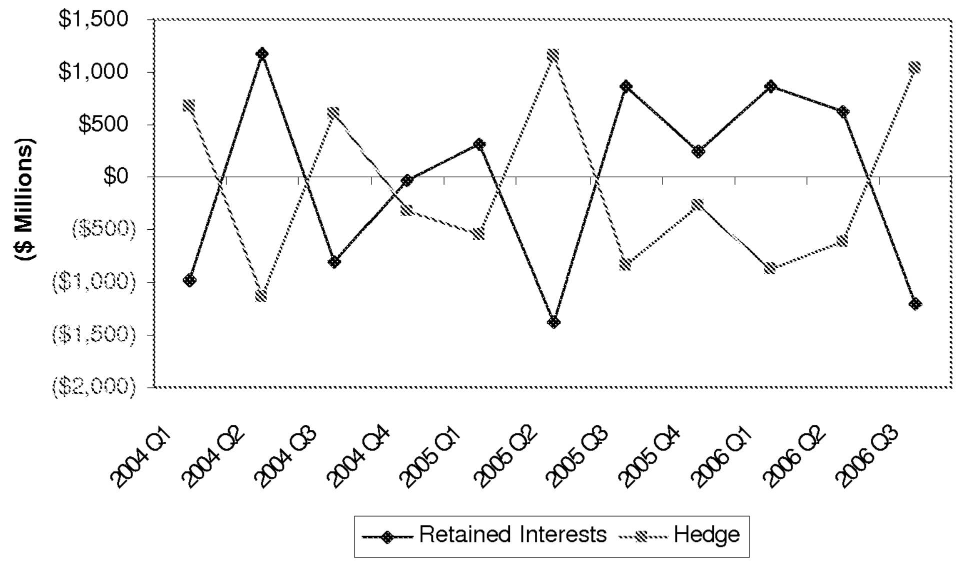
The countercyclical relationship between the production and servicing elements of the mortgage banking model create what is often referred to as the "Macro-Hedge-Effect", providing protection against interest rate risk. From an economic perspective, in a rising interest rate environment, prepayment speeds decrease, thereby improving the stability of servicing revenue streams. The resulting enhancement of servicing revenues offsets the decline in production volumes. The inverse is true in a declining interest rate environment.

MSR Hedge

Countrywide recognizes that the Macro-Hedge Effect alone is not sufficient to guard against the financial and/or economic loss that occurs when servicing assets pay off prematurely. Hence, Countrywide engages in rigorous hedging activities (the MSR Hedge) to supplement the Macro-Hedge and guard against refinance-driven declines in MSR Value. The purpose of the MSR Hedge is to reduce the earnings impact of changes in the value of Countrywide's investments in MSRs and other retained interests that generally result from fluctuations in interest rates. The MSR Hedge also provides flexibility in managing the timing mismatch between loan production accounting and servicing rights accounting, and includes such financial instruments as swaps, options on interest rate futures, and forward rate agreements (FRAs) on TBAs. CFC current and projected swap activity comprises only a small portion of the overall over-the-counter (OTC) U.S. interest rate derivative market. This market—already over $88 trillion (national)—easily accommodates future CFC swap requirements of $50–75 billion. As a buy-side market participant, CFC is not at risk of becoming a dominant portion of the market which would raise its hedging costs. However, CFC does comprise a more significant portion of the FRA TBA market. Although liquidity is more limited in the FRA TBA market than in the swap market, multiple counterparties provide access to the market, and the mortgage basis in FRA TBAs offers improved correlation to the mortgage basis component underlying prepayment risk.

The figure below depicts the MSR Hedge's performance over the last 11 quarters.

Figure 24: CFC Servicing Hedge Performance



Pipeline and Inventory Hedge

In order to protect the profitability embedded in the pricing of its production, Countrywide must manage the price and fallout risk from the time an interest rate lock commitment is made, creating a pipeline of future production to the time when the related mortgage is sold. The risk embedded in the pipeline is driven by the combination of interest rate-driven pricing risks associated with the pipeline and inventory, and the risk that the pipeline closing rate will change. The Pipeline and Inventory Hedge utilizes derivatives, primarily forward sales of mortgages and options to buy and sell MBS and Treasury futures contracts, in order to mitigate this risk.

Pipeline hedging strategy focuses on selling forward all loan inventory and using short-dated mortgage and treasury options to hedge the pipeline fallout risk. Mortgage options are used to limit the mortgage basis risk. Treasury calls are used to mitigate the negative convexity of mortgages in bond market rallies.

Credit Risk Management

Countrywide is exposed to credit risk through its lending, trading, and capital markets activities. Key factors driving credit risk include the economic environment, collateral quality, borrower/counterparty quality, and loan/transaction "manufacturing" quality.

The core elements of Countrywide's credit risk management strategies fall into two broad categories. The first focuses on prudent growth while minimizing credit exposure. Specific strategies to accomplish this strategy include the following:

- Hold high credit quality loans
- Supplement Bank reserves with credit enhancement
- Minimize residual exposure through quarterly valuation and assumptions updates as well as active selling or NIM residuals
- Update quarterly reserve for expected losses

The second broad credit risk management strategy is to optimize capital and infrastructure while minimizing operational exposure. This strategy will be carried out differently for production and servicing.

- For Production divisions, this means:
  - Continually updating underwriting guidelines based on industry trends and loan performance
  - Automating underwriting to more effectively risk-rank borrowers
  - Optimizing risk-return for loan investors through risk-based pricing
  - Providing product-specific disclosure documents for all ARM, pay-option, interest-only, balloon, and home equity loans to strengthen customer understanding of loan features
  - Ongoing customer management and review to ensure broker and correspondent viability
- Areas of focus for servicing include:
  - Proactive customer communication to engage borrowers at earliest possible point of delinquency
  - Loss mitigation via proprietary surveillance systems and methodologies to detect credit problems early

Countrywide Capital Structure

Countrywide's future capital structure will remain tailored to its asset mix; however, the composition of capital and liquidity will continue to be optimized as Countrywide evaluates alternative strategies to reduce the amount of excess capital. In addition, the Company will evaluate new sources of diverse and reliable short-term liquidity to support short-term borrowing needs at both CHL and the Bank. Regulatory and rating agency requirements will remain the cornerstone for financial leverage management. Existing enterprise-level asset-liability management policies will be prudently observed to manage the duration of liabilities.

Federal Savings Bank Charter Conversion

In November 2006, CFC notified the Federal Reserve Board of San Francisco (FRB), the Office of Comptroller of Currency (OCC), and the Office of Thrift Supervision (OTS) of its intention to convert its national bank charter to a federal savings bank charter. This conversion is expected to occur in the first quarter of 2007.

Following the conversion, the Bank's capital requirements will be largely unchanged. As a thrift holding company, CFC will be required to maintain capital sufficient to support its business operations. However, CFC will no longer be subject to detailed and prescriptive risk-based capital requirements at the holding company level as is the case for bank holding companies. In addition, CFC will not have explicit Tier I capital requirements nor will its Tier II capital be explicitly limited to 100% of its Tier I capital. The OTS can be expected to utilize an approach similar to the Federal Reserve in assessing the quality of capital supplied by issuance of hybrid capital instruments. As a result, CFC will have more flexibility in its capital management and capital raising activities. Despite the lack of capital requirements for the holding company, management intends to maintain CFC's current "well-capitalized" status.

The conversion may also impact the timing of CFC's adoption of Basel II. In contrast to the rules for banks, Basel II applies to thrifts but not to their holding companies (for banks, Basel II applies to both). The threshold for mandatory adoption is $250 billion in assets; for CFC, this will apply only at the thrift level. As of 9/30/2006, the Bank's total assets were approximately $93 billion (vs. $193 billion for CFC). Though CFC may choose to opt in to Basel II earlier, it is unlikely that it will be required to do so for at least 2–3 years.

Liquidity and Capital Resources

Countrywide's short-term financing needs arise primarily from the warehousing of mortgage loans pending sale and the trading activities of its broker-dealer. Countrywide's long-term financing needs arise primarily from its investments in MSRs and other retained interests, the financial instruments acquired to manage the interest rate risk associated with those investments, the continued growth of its mortgage loan investment portfolio, and the illiquid or unpledgeable portion of its warehouse inventory.

Countrywide manages liquidity by financing assets in a manner consistent with their liquidity profile. Illiquid assets are financed with long-term capital (equity and debt with a final maturity greater than six months). Countrywide manages its long-term debt maturities and credit facility expirations to minimize refinancing risk. It also manages the timing of short-term debt maturities to limit the amount maturing in any one-day or one-month period. Countrywide diversifies its financing programs, credit providers, debt investors and dealers to reduce reliance on any one source of liquidity. Countrywide assesses all sources of financing based on reliability, recognizing that certain financing programs are sensitive to temporary market disruptions.

Countrywide regularly forecasts its potential funding needs over a rolling 12-month horizon, taking into account debt maturities and potential peak balance sheet levels. Countrywide's short-term debt typically consists of secured and unsecured commercial paper, committed secured bank lines of credit, repurchase agreements, and reusable mortgage purchase commitments. Countrywide's long-term debt consists of unsecured debt issued in the public corporate debt markets and secured term advances from the Federal Home Loan Bank–Atlanta.

Public Corporate Debt Markets

The public corporate debt markets are a key source of financing for Countrywide due to their efficiency and low cost. Typically, Countrywide accesses these markets by issuing unsecured commercial paper, asset-backed commercial paper, and medium-term notes. It has also issued unsecured subordinated debt, convertible debt, and trust-preferred securities.

To maintain the desired level of access to the public corporate debt markets, it is critical for Countrywide to maintain investment-grade credit ratings. The rating agencies look for minimum levels of capital for various types of assets and risks. Current credit ratings for CFC and Countrywide Bank are shown in the following figures:

Figure 25: 2005 CFC Credit Ratings

	Short-Term Ratings	Long-Term Ratings
Standard and Poor's	A-1	A
Moody's Investors Service	P-2	A-3
Fitch	F-1	A

Source: Countrywide Treasury Department

Figure 26: 2006 Countrywide Bank Credit Ratings

	Short-Term Ratings	Long-Term Ratings
Standard and Poor's	A-1	A
Moody's Investors Service	P-2	A-3
Fitch	F-1	A

Source: Countrywide Treasury Department

Maintenance of current investment grade ratings requires that Countrywide have high levels of liquidity, including access to alternative sources of funding, such as committed stand-by lines of credit as well as a conservative capital structure. Regulatory capital levels, which typically include minimum and risk-based capital standards, are specified by many of Countrywide's regulators. Countrywide's policy is to maintain regulatory capital ratios at levels that are above the "well-capitalized" standards defined by the FRB.

Countrywide's regulatory capital ratios for December 31, 2005, and December 31, 2006, are shown in the table below.

Figure 27: 2005 vs. 2006 CFC Regulatory Capital Ratios

	Minimum Required	December 31, 2005 Ratio	December 31, 2006 Ratio
Tier 1 Leverage Capital	5.0%	6.3%	6.9%
Risk-Based Capital Tier 1	6.0%	10.7%	11.6%
Total	**10.0%**	**11.7%**	**13.0%**

Note: Tier 1 = Minimum required to qualify as "well-capitalized."

2006 ratios are preliminary

Source: Countrywide Accounting Department

Figure 28: 2005 vs. 2006 Countrywide Bank Regulatory Capital Ratios

	Minimum Required	December 31, 2005 Ratio	December 31, 2006 Ratio
Tier 1 Leverage Capital	5.0%	7.3%	7.3%
Risk-Based Capital Tier 1	6.0%	12.2%	12.4%
Total	**10.0%**	**12.5%**	**12.8%**

Note: Tier 1 = Minimum required to qualify as "well-capitalized."

2006 ratios are preliminary

Source: Countrywide Accounting Department

Federal Home Loan Bank Advances

Another important source of term financing is the Federal Home Loan Bank (FHLB) of Atlanta, of which Countrywide Bank is a member. The FHLB's financing support is uncommitted, and requests for additional advances are evaluated at the time they are received. While Countrywide normally considers uncommitted financing programs to be less reliable sources of funding, FHLB advances are classified as a highly reliable source of contingent liquidity given the FHLB's status as a government sponsored entity and its mandate to provide a stable source of funds to support the residential mortgage market.

Countrywide's FHLB financing is in the form of secured term advances. Under these programs, Countrywide pledges a security interest in certain mortgage loans to the FHLB in exchange for financing, net of a small charge, or "haircut." The haircut varies depending on the lien status of the mortgages securing the advance. The FHLB also requires that Countrywide purchase a certain percentage of its stock for every dollar it borrows. The stock purchase requirement at time of writing is 4.5%.

Asset-Backed Financing Market

An important source of warehouse funding for Countrywide is the asset-backed commercial paper market. This form of financing generally involves the temporary transfer of legal ownership of assets to a separate legal entity (conduit) in exchange for short-term financing. Countrywide has used this market primarily to finance a significant portion of its mortgage loan inventory. Because of its liquid nature and short holding period, Countrywide's mortgage loan inventory has been well received by asset-backed commercial paper investors.

Secondary Mortgage Market

Countrywide relies substantially on the secondary mortgage market. About 90% of all mortgage loans produced are sold in the secondary mortgage market, primarily in the form of MBS and ABS. The majority of the MBS sold are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae (collectively, "Agency MBS"). Countrywide also issues non-Agency or "private-label" MBS and ABS. Generally, private-label MBS and ABS require some form of credit enhancement, such as overcollateralization, senior-subordinated structures, primary mortgage insurance, Countrywide guarantees, and/or private surety guarantees.

The Agency MBS and private-label MBS and ABS markets are extremely liquid. Since 2004, the private-label MBS market has grown significantly, with annual private-label securitizations outpacing Agency securitizations. As a result, Countrywide has enjoyed essentially uninterrupted access to these markets, albeit at varying costs. Countrywide ensures its ongoing access to the secondary mortgage market by consistently producing quality mortgages and servicing those mortgages at levels that meet or exceed secondary mortgage market standards. Countrywide focuses on ensuring mortgage loan production quality and makes significant investments in personnel and technology in this regard.

Repurchase Agreements

Countrywide also uses short-term repurchase agreements as a primary means of financing securities and mortgage loans pending sale. Although this method of financing is uncommitted, it has proven to be a reliable and cost effective financing alternative.

Bank Activities

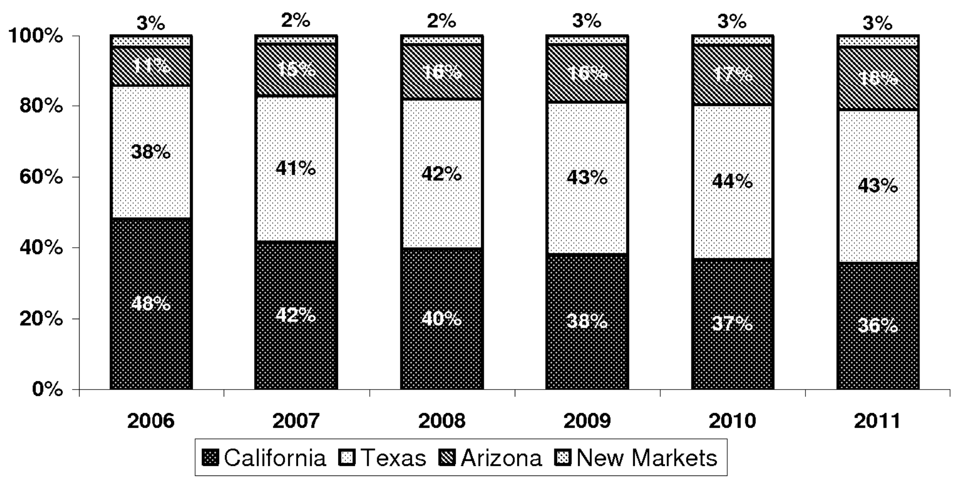
Countrywide's goal is to continue to increase the total assets of its bank over the next five years by utilizing third parties to source loans for the bank to originate and place in its portfolio (Held for Investment mortgages). Another goal is to take advantage of Countrywide Bank's low cost of funds by moving production of certain Held for Sale mortgages to the Bank. Funding for both initiatives comes from a variety of sources, including retail deposits (primarily CDs), commercial deposits, escrow balances for loans serviced by CHL, and secured advances from the FHLB. Going forward, Countrywide will likely supplement these funding sources with capital markets issuance programs including covered bonds and/or commercial paper.

Corporate Infrastructure

Space Planning

Countrywide has maintained its strategy of diversifying geographically outside of California in order to manage expenses, optimize growth, and effectively tap into local labor markets. Location strategies will focus on managing expenses and aligning space planning efforts to meet the Company's actual growth rate. Appropriate systems and metrics will be implemented to support and measure operations. In 2007, Countrywide forecasts 42% of central facilities headcount to be located in California, 41% in Texas, and 15% in Arizona.

Figure 29: Projected Domestic Geographic Headcount Distribution



Source: CFC Corporate Administration and Real Estate (CARE)

Note: Headcount in central facilities only that are under CARE's management

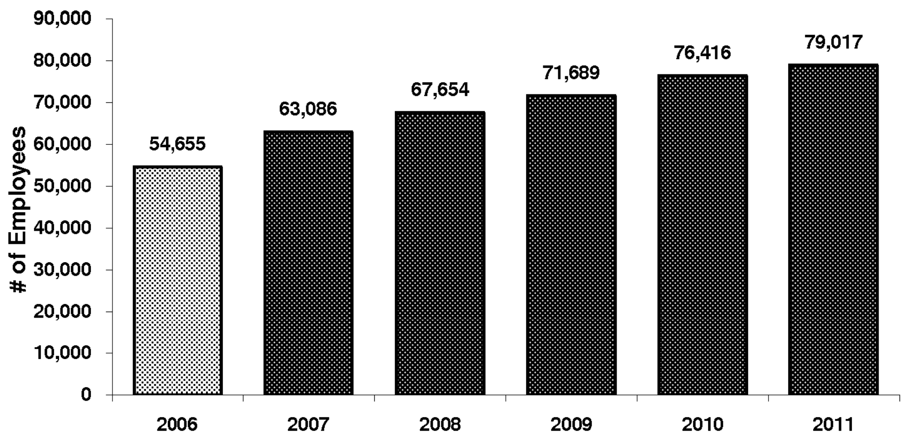
Space planning presents an opportunity to effectively manage controllable expenses. Countrywide analyzes a number of factors when evaluating metropolitan statistical areas including availability of suitable real estate, labor cost, and labor pool availability. Two key space planning related cost savings initiatives are planned for 2007:

- Facilities will drive down expenses by focusing on labor cost reductions, T&E reduction, and project cancellations. Total 2007 expected operating cost savings: $7.2 million.
- Countrywide will continue to focus on ensuring that headcount growth efforts and position replacements occur outside of California. For the first time in a decade, Countrywide ended 2006 with fewer personnel in California than the beginning of the year. Countrywide intends to continue this momentum through the disposition of expiring leases in California and acquiring real estate outside the state.

Human Capital Management

Countrywide's headcount remained relatively flat in 2006 with a total of 54,655 employees. Headcount for 2007 is projected to grow by 15%, bringing total CFC headcount to approximately 63,000 employees. Countrywide is closely monitoring central office growth and continuing to grow sales and sales support headcount. By 2011, Countrywide projects its employee base to grow by 45% to approximately 79,000—including a sales force of approximately 22,800.

Figure 30: Five-Year CFC Headcount Forecast



Source: CFC Financial Planning

One of the Company's key areas of focus going forward is managing and optimizing workforce. Human Resources will drive efforts in the following four areas to improve the way the Company attracts, develops, grows, and retains its human capital:

- Talent Acquisition and Management
- Compensation Alignment
- Leadership and Management Development
- Performance Management

Talent Acquisition and Management

Countrywide's ability to attract and to retain top talent has always been a key to the Company's success, and is considered paramount to the Company's growth plans in 2007 and beyond. Countrywide will work to improve its employment brand effectiveness through enhanced college recruiting efforts and increasing recognition in the talent marketplace. Human Resources is refining the recruiting structure and processes to improve business unit alignment, while also focusing on increasing effectiveness through initiatives such as improved training for hiring managers and the implementation of Taleo, an enterprisewide talent management system. Retention strategies will focus on top performers and high potential employees, using initiatives such as the "Customer Connection Program" (discussed in the *Mortgage Banking* section). Key success indicators will include 5% productivity improvement from system utilization, reduction in turnover, 25% reduction in search firm expenditure, increasing direct college hires by 60% over 2006, and retention of 90% of the top performers in each Division.

Compensation Alignment

In the current market environment, it has become increasingly important to ensure that the Company's compensation practices are competitive and rational. To that end, Human Resources will conduct a market assessment to evaluate salary, incentive, equity, benefits, and titles to determine competitive pricing of jobs and internal equity. In a related effort, Management Incentive Plans will also be standardized, with smoother year-to-year payouts for senior managers, while a market competitive Total Rewards Program will be rolled out to other employees. The Total Rewards program will be aligned with Countrywide corporate and business unit strategies and will differentiate rewards based on performance while ensuring internal equality. Finally, the Company will manage rising health care costs through continuous policy monitoring and redesign, seeking to effectively balance cost and competitiveness.

Leadership and Management Development

Leadership and management development efforts will focus on optimizing the Company's learning resources to create a robust and cost effective business model. Executive development will be enhanced through 360-degree feedback and executive coaching. Countrywide also plans to establish rotational programs and to create management leadership programs for top talent. Countrywide University, Countrywide's employee development program, is being refined and will provide employees with a world-class development experience based on position, career path, and business drivers. These programs will be ongoing rather than a one-time training course and will be multi-tiered, aligned to job functions and key competencies, and designed to provide continuing education opportunities to all employees.

Succession planning for CFC's leaders is also a key area of focus. Countrywide's approach to succession planning focuses on assessing organizational and individual factors including business issues, organization structure, key executives, and employee potentials. The process is improving and becoming more comprehensive and will identify key executives and high potentials to consider for key roles, align top performers to the most critical jobs, and identify gaps. Participant strengths will be assessed across key competencies, leading to development plans for each candidate and estimated "readiness" timelines. Issues and plans will be proactively addressed by senior management on an ongoing basis. The process will focus on creating a clear and commonly understood definition of "talent."

To ensure that expenditure for these programs is optimized, Human Resources will build an internal Enterprise Learning Shared Services group to coordinate training development spend in areas such as third-party vendor fees, technology and contract spend, and labor costs. This centralized effort is expected to yield savings of approximately $66.5 million over 3 years.

Performance Management

Performance management is vital to the success of Countrywide, helping the organization elevate standards, set clear expectations, and create accountability at all levels of the workforce. Countrywide will continue the use of performance management tools to better achieve these results, while additional tools will be leveraged to better understand workforce talent, including a multi-rater feedback program and annual employee surveys. Countywide will develop and implement a talent management index to measure management effectiveness and will incorporate the results in incentive plan calculations. Efforts are now underway for Countrywide to select and implement a performance management system for use in 2008 to support a comprehensive talent management strategy.

Marketing Strategy

Countrywide marketing strategies are focused on lead generation, the overall customer experience, and driving consistency from an enterprise perspective to enhance branding and equity in the Countrywide name. In its marketing and advertising efforts, the Company will differentiate itself from competitors through its product breadth, customer satisfaction, and brand equity. Regulatory, legislative, and media scrutiny of the mortgage lending sector, combined with Countrywide's leadership position in the industry, increase the importance of proactively promoting CFC's reputation and brand as well as managing reputational and regulatory risk.

Broadcast Media Strategy

Countrywide's broadcast media strategy will infuse broader "Countrywide Can" messaging to create brand ubiquity, drive channel efficiencies, and leverage direct response media to reach a broader audience. The diversified media mix will include a balance of cable, syndication, and satellite properties to enable scale, mitigate risk, and provide increased precision of customer segmentation. The direct response buying platform will focus on opportunistic buys in high viewership programming. Quarterly commitments will be leveraged to manage expenses. The broadcast media strategy is expected to provide more than 100,000 profitable and scaleable home loan leads for $805 million.

Lead Generation

Countrywide actively generates leads from both its own portfolio of customers as well as through mass media channels. The CFC portfolio presents a significant opportunity for lead generation and cross-selling. Accordingly, Countrywide's strategy is to leverage and maximize the value of its portfolio through various recapture and cross-sell initiatives. Countrywide will improve marketing activities to achieve a 22.6% CMD recapture rate of the Prime Portfolio and a 27.5% recapture rate of the Non-Prime Portfolio. Countrywide's portfolio communications strategy also targets 2 million inbound leads generated for CMD and approximately 290,000 inbound leads generated for FSL, at a combined average cost per lead of $28 or less. A multifaceted lead generation approach will be implemented to enable Countrywide to cross-sell to the portfolio; the approach will involve a comprehensive Internet strategy, customer relationship program, product propensity modeling, customer segmentation modeling, direct marketing programs for diversified products (e.g., bank deposit, auto insurance), e-statements, and the FastClose refinance program. In addition, Countrywide intends to grow the recently launched New Customer Acquisition (NCA) division that focuses on attracting new mortgage customers, primarily through mass media marketing, such as radio, television, and the Internet. As NCA ramps up its sales and operations platforms, management expects to fund at least $7 billion in originations in 2007. Growth of the new division also includes adding a new call center in Chandler, Arizona.

Internet

Countrywide will continue to leverage the Internet to reach current and future consumers, direct lenders, and lead aggregators. The Company will generate 1 million leads for $8.3 billion while reducing dependency on third-party (lead aggregator) volume. Key technology will accelerate creative learning to educate customers on loans and the mortgage process, and bid management strategies will be fine-tuned to include time of day, day of week, and month. Countrywide will implement microsites to exploit search engine optimization programs and drive increased traffic based on select search criteria. Partnership with a few key publishers will enable Countrywide to maximize paid search opportunities while maintaining quality of leads and governance.

The Countrywide web portal, a part of the organization's B2C channel, currently receives approximately 6 million visits per month, with 70% of the visits from existing customers interested in both routine administrative tasks such as bill pay and obtaining answers to questions (e.g., FAQs). The Internet now generates approximately 2,000 mortgage applications for the New Customer Acquisition division each month. In addition, in 2006, Countrywide launched a new online initiative from Countrywide Bank called SavingsLink, an online-only high-yield savings account. SavingsLink represents the Company's strategy of continuing the strong growth in bank deposits through online channels, and has generated $1.2 billion in deposits (including both initial deposits and subsequent balance builds) through 2006. With the growth of the Internet as an important channel for the Company's businesses, continued emphasis will be placed on ensuring that security risks are proactively identified and addressed.

In 2007, the Countrywide B2C Internet strategy for mortgage, banking, and insurance will focus on three core objectives: maximizing site visits, leads, and sales; promoting customer retention and cross-selling; and driving operational efficiency

To achieve these strategic objectives for the Internet channel, Countrywide will focus on the following in 2007:

- Prioritizing efforts around the highest value-at-stake opportunities such as customer value optimization, increasing leads/applications, and bank deposit generation
- Redesigning the websites from a consumer-centric view to provide a more consistent, relevant, and seamless customer experience
- Updating technology architecture to lower administration and customer service costs, as well as improving website functionality, efficiency, and analytics to reduce repetitive efforts and increase operational efficiency
- Establishing an enterprise-level Internet leadership committee to align various divisional Internet-related business activities

These efforts are expected to result in an increase in top-line revenue through more synergistic channel spend.

Brand and Reputation Management

Effective Brand Asset Management will ensure that all external and internal communications promote the core corporate strategy and a consistent brand platform. Key initiatives will include web site enhancements, training, and communications programs to provide consistent brand messaging. Countrywide will continue to manage key reputation risk issues across the enterprise both proactively and reactively. Governance systems will encompass daily media monitoring, ongoing reporting, and a media alert system as a precautionary measure. The Responsible Conduct Committee, composed of executives from key divisions, will spearhead the management of and response to reputation risk issues.

The mortgage industry is facing intensifying media, regulatory, and legislative scrutiny. Proactive efforts will be made to promote Countrywide's reputation and brand both internally and externally. Improved oversight controls and governance continue to be critical to prevent reputation risks before they occur.

Customer Satisfaction

Overall, customer satisfaction with mortgage origination and servicing rates is lower than other financial services. Given this state in the mortgage industry, customer experience management and customer satisfaction continue to be competitive differentiators for Countrywide and have a direct correlation to the bottom line due to increased customer conversion rates, retention, and referrals across the enterprise. To leverage this competitive differentiator, customer satisfaction messages will be integrated into the training curriculum and into key process improvement efforts. Customer surveying will evolve to become more standardized across production divisions, improving CFC's ability to conduct customer analysis and trending and reducing cost overall. Countrywide will leverage compensation and rewards and recognition programs to increase attention to customer satisfaction, focusing on the key drivers of customer satisfaction identified by customer surveys, such as prompt resolution of issues encountered during loan process, promptly returning phone calls, and providing customers with clear answers to questions.

Market Share Support

Marketing will support key divisions in realizing market share growth goals as defined in other sections of this document. Countrywide will establish strong Realtor relations with the branch network through a comprehensive REO program. Continued support of National Builder division efforts will be executed through leveraging established national relationships and sponsorships to provide sales force access to local and regional home builders' associations (HBAs), increasing trade show lead generation efforts, and partnering with HBAs and other respected organizations to conduct housing and economic seminars in key markets. Marketing efforts will support the pursuit of 54 new joint ventures. Countrywide will provide marketing and sales tools that allow existing JVs to achieve capture rates of 65% for builders and 15% for Realtors. The new Marketing AlliancePlus Program (MAP) process will yield more than 90 relationships and $4.5 to $5 billion in total production at maturity.

Multicultural Markets

As stated in the *Mortgage Banking* section, multicultural market segments offer the highest forecasted homeownership growth rates and are an important part of Countrywide's cross-divisional efforts to grow market share. In order to help the Company adopt an enterprisewide view of multicultural market segments and ensure that efforts are coordinated, Countrywide Marketing will support the Company's Multicultural Markets strategy by providing enterprise-level support to increase the visibility of multicultural performance and opportunities for CFC. Countrywide will leverage consumer education and public affairs efforts to enhance its recognition and reputation in various communities. Coordination and partnership with professional and trade organizations, lead generation companies, and identification of profitable business ventures will be leveraged to acquire and retain multicultural customers.

Consumer Financial Education Programs

Countrywide will launch a revamped consumer financial education program to ensure that home buyers are educated about the options available to help them achieve their homeownership dreams and to secure Countrywide's reputation as a company with principled lending practices. Countrywide will deploy web-based online consumer education curricula in English and Spanish. In addition, CFC will use media relations and "news bureau" activities to cost-effectively create knowledge and awareness of the H.O.M.E. (Home Ownership Mortgage Education) program and strengthen CFC's reputation.

Technology Management

Technology continues to be a key strategic area of focus for Countrywide and plays a significant role in the Company's overall strategy. Countrywide's technology strategy supports growth needs, improves productivity and cost efficiency, and sustains competitive advantage by equipping customers, business partners, and employees with the best technology solutions available.

In 2007, Countrywide will increase its technology offshoring efforts to reduce technology related costs, with the goal of having 20% of the Company's technology headcount offshored to India. This represents a 28% increase in offshored technology headcount from 2006. In addition, Countrywide will reduce its use of contract employees by converting contractors to full-time status or eliminating them altogether unless approved by senior management.

A number of technology initiatives, detailed below, span multiple years and are focused on longer term, sustainable improvements in productivity and reductions in operating, manufacturing, and origination costs.

NEXOS

NexOS (i.e., Next Generation Operating System) is an enhanced and highly flexible architecture that will eventually support all of Countrywide's loan origination services. The development costs are managed with a mix of onsite and offshore resources. NexOS is being implemented in two phases, with controls in place to ensure that the project scope, operational impact, and development cycle times are effectively managed. The first phase, Point of Sale (POS), is the front-end component and will provide users with state-of-the-art sales tools and improved system controls. Version 1 of POS is on track to be deployed to CMD Distributed Retail in the fourth quarter of 2007, with two additional versions planned for implementation in 2008 to WLD and FSL. The second phase of NexOS—Fulfillment—will be initiated at the end of 2007.

Imaging

Countrywide is moving toward a paperless environment and is actively working on several advanced imaging initiatives to enable the enterprise to capture, store, manipulate, and deliver copies of analog originals such as documents, manuscripts, and pictures. This technology will increase Countrywide's competitive advantage by lowering operating costs and reducing cycle times, and it will enhance the Company's ability to comply with regulatory record retention requirements.

Countrywide has already begun deployment of imaging technology in certain business divisions. FSL processes 100% of its loans through the Virtual Loan File, an imaging solution that uses electronic loan applications from origination through closing. In CLD, two-thirds of purchased loans are currently being imaged, with 100% of loan volume projected to be imaged by the first quarter of 2007. An imaging plant is currently in operation in Tampa, Florida, and a second imaging plant is planned for deployment in 2007 in Fort Worth, Texas, which will enable Countrywide to bring Document Management System (DMS) loan servicing processes in-house. The new imaging plant will also provide disaster recovery for the Tampa Imaging Plant and will support imaging initiatives in other divisions.

The combination of advanced imaging technology and related workflow distribution technology built into NexOS will enable Countrywide to transition to a distributed manufacturing paradigm where employees will be able to work from any location with access to a computer. This paradigm shift will allow Countrywide to realize tremendous productivity gains and, subsequently, significant expense reductions.

Data Centers and Information Management

Countrywide's data center and information management strategies address the Company's growth needs while enhancing business continuity and disaster recovery capabilities.

The Data Center strategy is to establish two physically separate 50,000 square foot facilities—one in Arizona and one in Texas—to support Countrywide's paired data center model. Under this model, each data center is used as a production mirror for the other, providing disaster recovery in case of a catastrophic event occurring at one data center. Each data center is being built out using a phased approached, with servers in current data centers migrated to each facility in phases.

Figure 31: Anticipated Data Center Completion Dates

	Phase 1	Phase 2	Phase 3	Phase 4
Coit (TX)	Q4 2006	Q4 2007	2009	n/a
Frye Road (AZ)	Q2 2007	2008	2009	2010

The Information Management strategy is geared at providing CFC with a more robust and flexible back-end storage infrastructure, resulting in a more efficient use of tiered storage to support CFC's file, print, and data requirements, including those associated with imaging and e-document initiatives. This strategy will also provide for faster and more efficient incremental backup times. Centralizing storage and backup will allow Countrywide to take advantage of economies of scale, reduce total cost of ownership, and allow for tiered storage based on required levels of availability, scalability, and cost.

Server Optimization

In addition to providing more server space for growth through the Data Center strategy, Countrywide is also focused on maximizing server utilization and minimizing downtime. The optimization strategy will reduce the overall server footprint required in Countrywide's data centers and increase server utilization efficiencies by consolidating underutilized servers and making use of virtualization technologies. This strategy will also focus on implementing processes and technologies that will mature the process of delivering new systems into production, enhance performance, and mitigate risks such as downtime associated with new technology introductions. Key components of this strategy are as follows:

- **Server Consolidation**—Reduce the overall data center footprint by introducing virtualization technologies and physical consolidation, resulting in increased CPU and storage utilization.
- **Preproduction Lab**—Testing, validation, and standardization of enterprise hardware & software solutions to maintain stability and reduce risk of downtime.
- **Simulation lab**—QA & QC process for production application development lifecycle.
- **Lotus Notes Remediation—**Reduce downtime, latency, and storage costs associated with the e-mail environment.
- **ProfitLine**—Increase visibility into the $80+ million annual telecom bills, allowing for further optimization and cost savings realizations.

PeopleSoft Implementation (SMART)

SMART (Strategic Mission Accomplished through Redesign and Transformation) was formed to support and develop Enterprise systems based on the PeopleSoft suite of software applications and other related systems to support the tremendous growth experienced both in the past and envisioned for the future.

To date, the following PeopleSoft modules and other related systems have been successfully implemented:

• General Ledger	• Payroll	• Enterprise Learning Mgmt
• Asset Management	• Benefits	• Accounts Payable
• Accounts Receivable	• HR Helpdesk	• Finance Helpdesk
• Treasury	• Compensation	• Budgeting
• Workforce Analytics	• Billing	• Regulatory Reporting (IDOM)
• Management Reporting		

The 2007 phase of the PeopleSoft will build on these successes with additional solutions for external reporting, economic capital allocation, product profitability, and transfer pricing applications, which will assist in strategic decision making. In addition, a robust set of solutions will begin to be deployed to all business units to better manage their analysis and reporting of their monthly results.

SMART will also begin the rollout of reporting solutions across the enterprise primarily related to financial and human resource information in 2007. These solutions will greatly improve productivity in finance functions and will ensure compliance with SOX 404 requirements associated with internal and external reporting. The reporting tools will also provide more visibility to expense management efforts throughout the organization. These initiatives, combined with an upgrade of Countrywide's Human Capital Management and Customer Relationship Management systems, will complete the rollout of the majority of the planned suite of products.

Data Security

Countrywide created the Enterprise Data Security and Privacy Office (EDSP) in September 2005 to oversee and ensure the proper handling of data security and privacy issues concerning customer, employee, and other Countrywide Sensitive Information (CSI). Governance is provided through policy and standards management, monitoring, and enforcement in a manner that upholds the regulatory compliance, integrity, and reputation of Countrywide.

EDSP is a 60-employee group divided into three functional areas:

- The Privacy, Training, and Incident Management function is primarily responsible for privacy policy and standards, including identification of compliance solutions, awareness and compliance training, and remediation of privacy noncompliance issues.
- The IT Security Governance function ensures that Countrywide's information technology applications and infrastructure safeguard all sensitive information.
- The EDSP Operations function proactively assesses the business operating environment to ensure compliance to privacy and security controls and works with business units to implement recommended solutions.

DataShield is the primary initiative aimed at safeguarding CSI. Some completed DataShield projects include Anti-Spyware, Backup Tape Encryption, Centralized Compliance Monitoring Systems, and COPS (Centralized Anomalous Logging), an enterprisewide project to detect anomalous use of customer data.

A sample of current projects are Content Filtering, Device Management, and Role-Based Access Control, which will simplify auditing and administration of access rights and give employees access to only data required to perform their work.

CONCLUSION

For most mortgage lenders, 2006 was a difficult year. Overcapacity, thinning margins, and rising delinquencies drove out players who had bulked operations to succeed in a "boom" market, but who were ill-prepared to operate—much less succeed—in more challenging conditions.

Countrywide has long anticipated the ramifications of this post-boom environment and began strategically preparing for it as far back as 2004. As a result, while many of its competitors spent 2006 retrenching, or at best treading water, Countrywide was breaking records and investing in key areas of mortgage lending operations to position the Company for long-term market share growth and success. Countrywide's originations volume was off by only 6% in 2006 (as compared with an estimated 17% industry average decline), and the company set all-time records for several key performance metrics, including net earnings, EPS, servicing assets, bank loan assets, and securities trading volume.

These new records reflect Countrywide's successful execution of strategies to stabilize earnings while investing to grow our core business of real estate finance. Countrywide's continued investment in mortgage servicing reduces earnings volatility in varying market and interest rate environments. The Company has further stabilized overall earnings through successful diversification into adjacent businesses, including banking, capital markets, and insurance. In turn, these business units have diversified further to increase and stabilize their revenues.

Countrywide management remains confident and bullish in today's market and believes that current market and competitive dynamics will result in further industry consolidation as companies either exit the business or attempt to align themselves with stronger players. Countrywide is well positioned for 2007 and beyond to capitalize on these market opportunities, which will strengthen the Company's franchise and result in accelerated future share and earnings growth.

Specifically, after a relatively flat year in 2007, Countrywide is forecasting earnings per share (EPS) to grow to $8.50 in 2011, representing a 15% CAGR over 2006 earnings. Pre-tax earnings for the Company are expected to grow to $9.3 billion by 2011, a 16% CAGR.

Countrywide's forecast for 2011 reflects continued solid execution of its proven business model; the Company will continue to invest in and dominate the mortgage space while expanding its diversified businesses, optimizing around vertical integration. Mortgage production volume is projected to grow at a solid pace beginning in 2008 reflecting market share gains and a reviving market. As a result, by 2011, Mortgage Banking will constitute more than half of total earnings, as highlighted below:

- **Mortgage Banking** earnings will grow to $3.3 billion, a 10% CAGR from 2006, driven by continued investment in loan distribution and mortgage servicing.
- **Countrywide Bank** will continue to grow its loan portfolio and low-cost deposit balances, generating significant stable spread income. Banking earnings are expected to grow to $2.8 billion, representing a 15% CAGR.
- **Capital Markets** will offer a wider range of products and services and diversify into lines of business outside of the residential mortgage market. This segment will grow at a 13% CAGR over the next 5 years, with 2011 earnings forecasted at $1.0 billion.
- **Countrywide Insurance Group** will continue to expand its penetration of the Countrywide customer base and leverage existing distribution opportunities. Insurance earnings for 2011 are expected to be $525 million, a 5-year CAGR of 10%.

- **Global** will continue to contribute as a cost-savings function by expanding its offshore operations, and will seek ways to launch and grow lending operations in foreign markets. Earnings are expected to grow at a 37% CAGR for the next five years, with 2011 earnings estimated at $140 million.

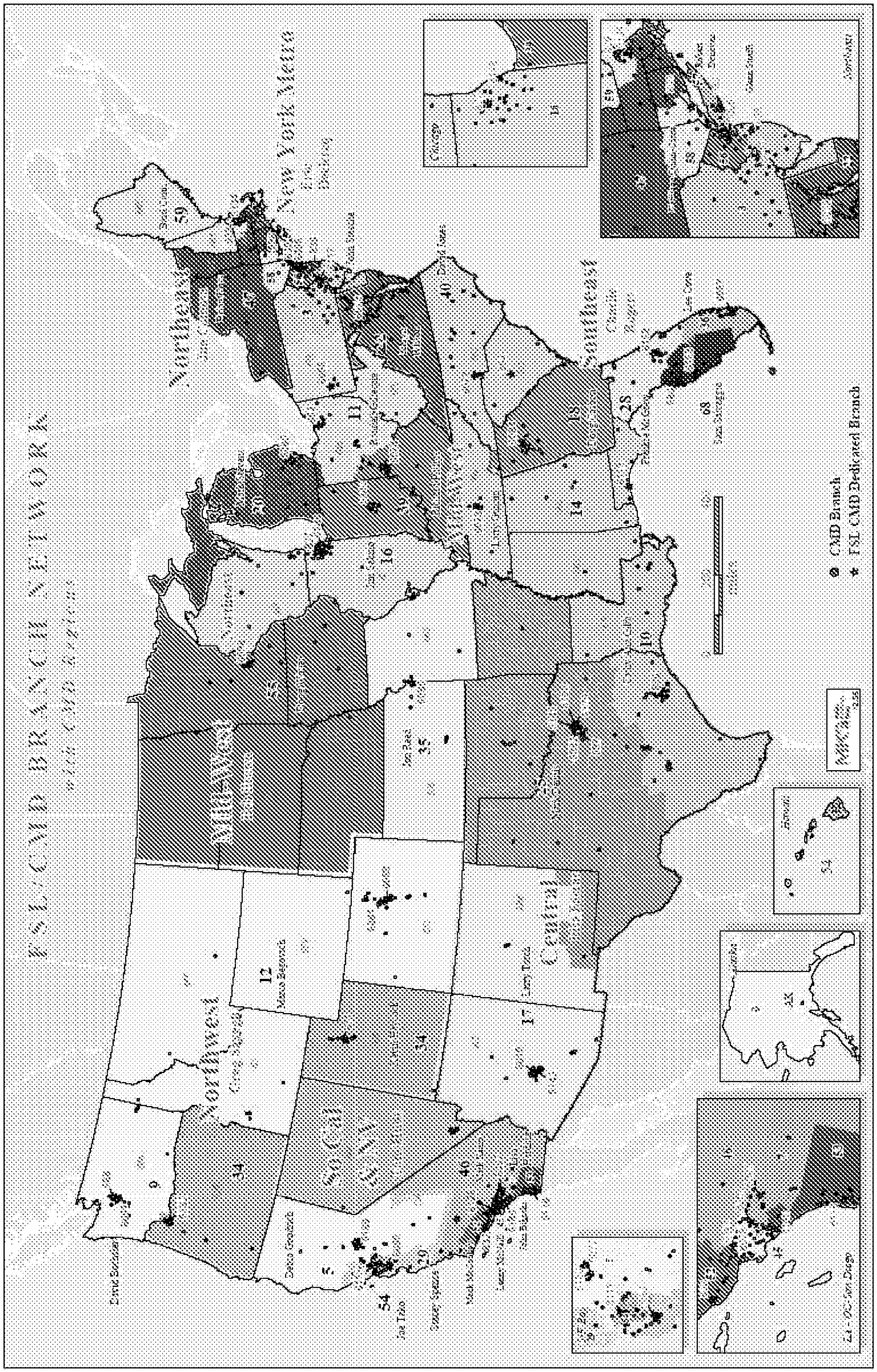
Looking back, history validates the effectiveness of Countrywide's strategy and its ability to gain strength through the cycles in the mortgage industry. Countrywide has consistently generated superior long-term growth in a variety of economic and interest rate environments. For instance, while the S&P 500 generated a solid return of 35% over the past 5 years, Countrywide shareholders have earned nearly 10 times this return at 340%. Over a 10-year period, Countrywide shareholders have earned a total return of 561%, an amount that is four and a half times greater than that earned by the S&P 500.

Dave Sambol, Countrywide's President and Chief Operating Officer, is very succinct about why he is so confident about Countrywide's future:

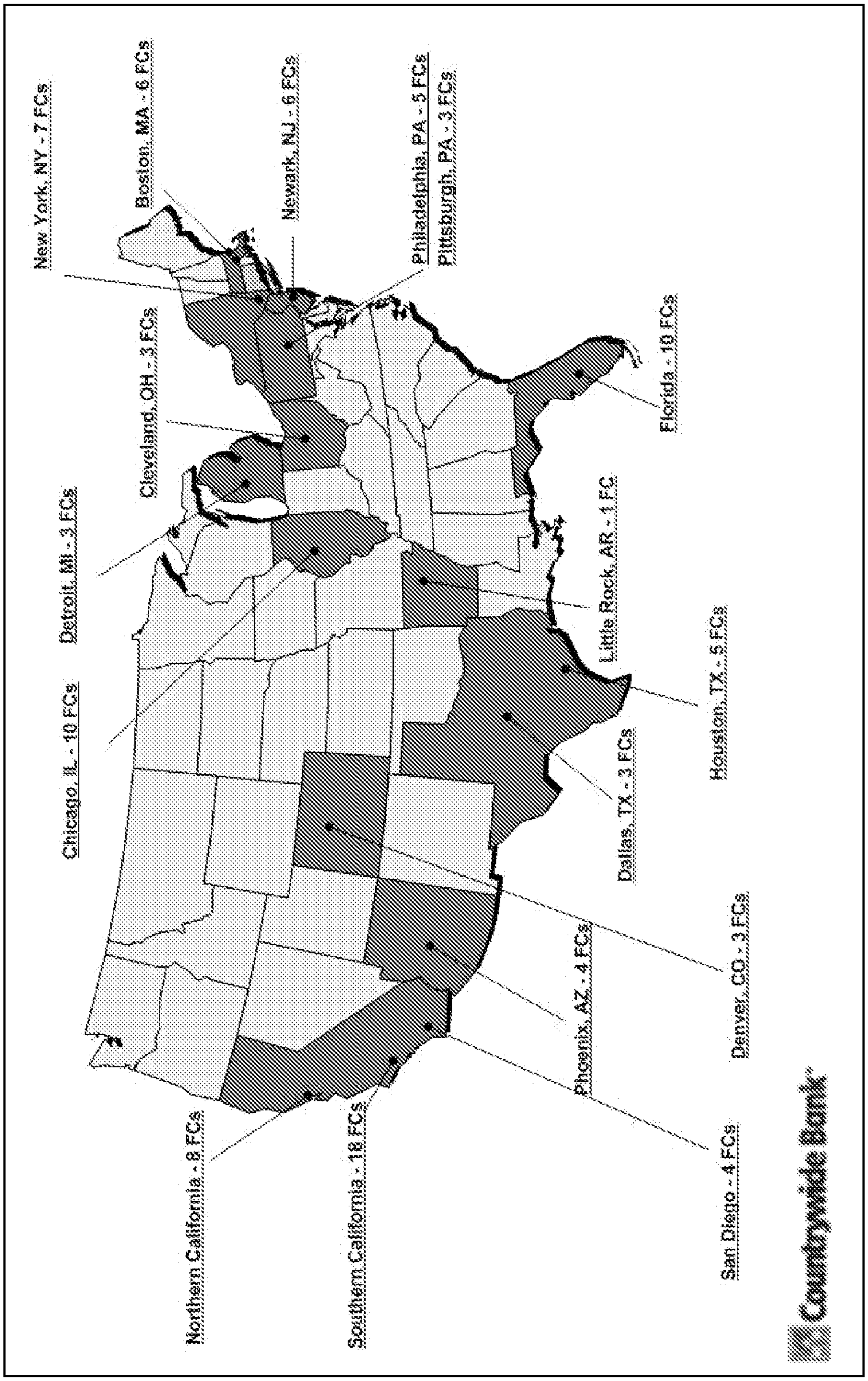
> No company in our industry is better positioned than Countrywide for continued growth and success. Beyond the fact that we possess greater resources and economies of scale than most of our competitors, we also have the best management team, workforce, strategies, and brand in the U.S. real estate finance industry. These competitive advantages, coupled with our strategic focus on real estate finance, differentiate us from our competition and will ensure that we accomplish our ambitious objectives looking ahead, as we have in the past.

APPENDIX

FSL & CMD Branches



Countrywide Bank Financial Centers



Competitor Product Offerings

		Home Mortgage	Home Equity	Vehicle Loan	Student Loan	Personal Loan	Credit Card	Savings	Checking	CD/ MMDA	Home Insurance	Vehicle Insurance	Life Insurance	Annuities	Disability Insurance	Health Insurance*	Stocks & Bonds	Mutual Funds	IRAs	College Savings	Product Count	3rd Party Count
Mortgage	Countrywide	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16	10
	Washington Mutual	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	15	0
	Ameriquest	✓					✓														2	1
	Golden West (excl. Wachovia)	✓	✓					✓	✓	✓				✓				✓	✓		8	0
	New Century (Home123)	✓	✓																		2	0
Banking	Citigroup	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19	6
	Bank of America	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19	6
	JPMorgan Chase	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19	6
	Wachovia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19	7
	Wells Fargo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19	6
Insurance	State Farm	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	16	1
	Allstate	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	14	0
	MetLife	✓	✓					✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	13	0
	Progressive											✓									1	0
	Geico										✓	✓	✓								3	2

✓ Product or service offered

☐ Product or service provided through a third party affiliate

* Includes companies offering supplemental health insurance

Corporate Governance Committee Chairs

Committee	Chair	Title	Contact
CERC	David Sambol	President & COO of CFC	(818) 225 - 3200
EC	David Sambol	President & COO of CFC	(818) 225 – 3200
ECC	Sandor Samuels	EMD, Chief Legal Officer	(818) 225 - 3505
ALCO	Kevin Bartlett, Eric Sieracki	SMD, Chief Investment Officer; EMD, Chief Financial Officer	(818) 225 – 3810 (818) 225 – 3560
CCRC	John McMurray	SMD, Chief Risk Officer	(818) 225 - 3038
CORC	Marshall Gates	SMD, Chief Admin Officer	(818) 225 – 3538

Source: CFC ERA Portal

Acronyms

ABS	asset backed security
ACH	automated clearing house
ARM	adjustable rate mortgage
B2C	business to consumer
BFG	Builder Finance Group
BPO	business process offshoring
bps	basis points
CAGR	compound annual growth rate
CAI	Countrywide Alternative Investments
CAMC	Countrywide Asset Management Corporation
CCM	Countrywide Capital Markets
CCRC	Countrywide Credit Risk Committee
CD	certificate of deposit
CDO	collateralized debt obligation
CERC	Countrywide Executive Risk Committee
CFC	Countrywide Financial Corporation
CFCI	CFC India
CFSC	Countrywide Field Services Corporation
CGT	Countrywide Global Technology
CHL	Countrywide Home Loans
CIG	Countrywide Insurance Group
CLD	Correspondent Lending Division
CLEAR	Countrywide Loan Economic Accounting and Reporting System

CLO	Collateralized Debt Obligation
CLOUT	Countrywide Loan Origination Underwriting Technology
CMD	Consumer Markets Division
COPS	Centralized Anomalous Logging
CORAD	Countrywide Organizational Risk Assessment Database
CORC	Countrywide Operational Risk Committee
CREF	Countrywide Real Estate Finance Corporation
CSC	Countrywide Securities Corporation
CSI	Countrywide Sensitive Information
CTSC	Countrywide Tax Services Corporation
CWIS	Countrywide Investment Services
CWL	Countrywide Warehouse Lending
DMS	document management system
EC	Executive Committee
ECC	Executive Compliance Committee
EDSP	Enterprise Data Security and Privacy Office
EPS	earnings per share
ERA	Enterprise Risk Assessment
FAQ	frequently asked question
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Credit Organization
FRA	forward rate agreement
FRB	Federal Reserve Board
FSL	Full Spectrum Lending

FTC	Federal Trade Commission
FTP	fund transfer pricing
GHL	Global Home Loans
GMD	Global Markets Division
GNMA	Government National Mortgage Association (or "Ginnie Mae")
GSE	government sponsored entity
HBA	home builders association
HECM	home equity conversion mortgage
HLC	home loan consultant
HMDA	Home Mortgage Disclosure Act
HOME	Home Ownership Mortgage Education
HUD	U.S. Department of Housing and Urban Development
IAD	Internal Audit Department
IMSG	Institutional Mortgage Services Group
JPMC	J.P. Morgan Chase & Co.
MAP	Marketing AlliancePlus Program
MBS	mortgage backed security
MSR	mortgage servicing rights
NexOS	Next Generation Operating System
NIM	Net Interest Margin
OCC	Office of the Comptroller of the Currency
OTS	Office of Thrift Supervision
PCE	personal consumption expenditure
PITI	principal, interest, tax, and insurance

PMI	primary mortgage insurance
POS	point of sale
RESPA	Real Estate Settlement Procedures Act
ROE	return on equity
ROI	return on investment
SMART	Strategic Mission Accomplished through Redesign and Transformation
THLC	team home loan consultant
VLF	virtual loan file system
WaMu	Washington Mutual
WLD	Wholesale Lending Division

Five-Year Forecast and Assumptions

5-YEAR FORECAST

CORPORATE FINANCIAL PLANNING

February 06, 2007

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Assumptions

To provide greater transparency into the forecasting process, Countrywide has provided the following list of assumptions and choices embedded in this year's forecast. These assumptions are generally intended to reflect a conservative estimate of future scenarios.

1. The development of the mortgage originations market forecast assumes a static interest rate environment that holds the shape of the yield curve constant and freezes sundry secondary market spreads to treasury at current levels. Although it is a very real possibility that there will be a refinance boom in the next five years (driven by a bond market rally and/or a significant compression of mortgage spreads to treasury), this model assumes, conservatively, that there will not be one.
2. The mortgage market model assumes a significant decline in pay-option originations through 2007, given both the regulatory environment as well as consumer opinion of these products. A favorable change in this environment, coupled with further product innovation and consumer acceptance, could significantly delay (or even eliminate) this decline, which would result in higher overall market share growth for CFC.
3. The model assumes that revenue on pay-option ARMs will decline significantly through 2007. Favorable primary market conditions and product innovations could postpone (or even eliminate) this decline.
4. The mortgage market model assumes a gradual decline in the size of the correspondent channel. The pace of decline of this channel could be accelerated by higher levels of consolidation in the mortgage industry
5. The forecast model assumes continuation of CFC's current legal entity structure through the period of the forecast.
6. The forecast assumes a specific pace of growth for CFC's loan inventory position that is financed by the bank's liabilities. Incremental increases in bank-financed inventory could favorably impact forecast results.
7. The forecast assumes that all CFC's non-HELOC mortgage banking fundings are available for sale in the secondary markets. For CFC-originated HELOC, the forecast assumes that beginning in 2008 the bank will fund all HELOCs into its held-for-investment (HFI) whole loan portfolio. All other fundings in the Bank's HFI portfolio are assumed to occur via whole loan acquisitions from third parties or incrementally via Countrywide's correspondent channel. CFC senior management may choose to make additional CFC's mortgage banking fundings available for the bank to portfolio on an HFI basis, as warranted by market conditions.
8. The forecast assumes that in 2007 all secondary market sales of CFC fundings will occur at CHL. This further assumes that bank-funded inventory that is held for sale (HFS) would get sold back to CHL prior to sale/securitization in the secondary markets. The forecast further assumes that for 2008 and all later years, the Bank will fund 80% of CFC production and will sell/securitize all such production directly into the secondary markets. Therefore, all retained interests related to sales/securitizations are assumed to be held on the balance sheet of the entity that sells into the secondary market. Accordingly, the balances of retained interests and MSRs in the Bank legal entity build over time. All such Mortgage Banking activity within the Bank legal entity is reflected within the Mortgage Banking Sector in the forecast.

9. The forecast model computes production expenses based on planned growth in retail and wholesale branches. Any change in growth strategies would have a material impact on production expenses.
10. Future investment in MSRs assumes 27 bps of excess servicing for conforming fixed loans through 2007, before reverting back to early 2006 levels. This assumption is based on the fact that there are limited alternate opportunities for investment in bank assets in 2007, and returns on excess servicing are deemed to be more attractive at this point in time but are expected to revert to lower levels by 2008. Any change in execution strategy in the secondary markets could have a material impact on the growth in MSR assets on the balance sheet. Furthermore, secondary market conditions may result in higher levels of whole loan sales of nonprime and HELOC loans and could materially impact CFC's future investment opportunities in retained interests.
11. Option value decay (theta) of CFC's retained interest hedge is assumed to be at 250 bps of the retained interest asset carry value. Any change in hedging strategy could have a material impact on hedge costs in the forecast.
12. The forecast assumes a normal rise in delinquency levels due to seasoning and seasonality. This rise is manifested in increased credit enhancements on the bank's HFI portfolio, higher loan loss provisions at the bank and at CHL, and higher repurchase and warranty reserve assumptions on new loan sale transactions. Any further deterioration in the credit environment could result in impairment of retained interests, increased repurchase and warranty reserve requirements, higher provisions for losses on the bank HFI portfolio, higher credit enhancement costs, and higher servicing costs.
13. Capital adequacy assumptions are based on regulatory capital standards, Fitch rating agency guidelines, Moody's guidelines, Countrywide's estimate of S&P rating agency requirements, Basel II, and internally determined economic capital requirements. Fitch guidelines are deemed to be the most restrictive standard for capital and therefore were used to forecast conservative capital requirements to support the 5-year forecast.
14. The model assumes that excess capital (over and above minimum contingency capital requirements) will be deployed in investment opportunities at a conservative 11% ROE. Senior management may instead choose to use the excess capital to buy back and retire outstanding common equity or invest in business opportunities with return profiles that are different from forecast assumptions. These choices may result in materially different forecast results.
15. Senior management may opportunistically optimize CFC's liability structure, resulting in materially different liability costs from those embedded in the forecast.
16. Although this forecast contemplates incremental investment of HELOCs in the Bank HFI portfolio, the sale/securitization of loans from Bank legal entity, and sale of Bank-originated reverse mortgages, it is considered preliminary subject to a pending tax analysis. CFC would implement this plan as shown pending favorable resolution of tax implications.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
SUMMARY
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
EPS	$ 1.10	$ 1.15	$ 1.03	$ 1.01	$ 0.93	$ 1.14	$ 1.17	$ 1.05	$ 4.11	$ 4.30	$ 4.30	$ 4.86	$ 5.96	$ 7.17	$ 8.50	0.1%	14.6%	$ 4.14	-3.7%
EARNINGS BEFORE TAX																			
Loan Production	$ 284	$ 326	$ 281	$ 421	$ 209	$ 308	$ 371	$ 219	$ 1,660	$ 1,312	$ 1,107	$ 1,024	$ 1,469	$ 1,899	$ 2,471	-15.6%	13.5%	$ 1,048	-20.1%
Gross Loan Servicing	249	279	123	10	125	221	237	251	671	661	834	1,029	1,067	1,103	1,142	26.2%	11.6%	732	10.7%
Incremental Funding Cost	-	-	-	-	(6)	(8)	(8)	(10)	-	-	(33)	(79)	(145)	(251)	(395)				
Net Loan Servicing	249	279	123	10	119	212	228	241	671	661	801	950	922	851	747	21.2%	2.5%		-100.0%
Loan Closing Services	22	26	20	23	22	24	25	23	105	91	94	99	107	114	123	2.4%	6.1%	90	-1.7%
Total Mortgage Banking	555	631	424	454	350	544	624	484	2,436	2,064	2,002	2,073	2,498	2,865	3,342	-3.0%	10.1%	1,870	-9.4%
Banking	341	325	371	346	322	338	322	332	1,074	1,383	1,314	1,444	1,931	2,409	2,818	-5.0%	15.3%	1,360	-1.7%
Capital Markets	156	158	141	99	155	155	127	109	452	554	546	662	746	877	1,037	-1.3%	13.4%	587	6.1%
Insurance	65	89	91	75	64	72	64	86	184	320	286	391	429	474	525	-10.5%	10.4%	280	-12.4%
Global	10	3	3	12	2	2	2	2	35	29	8	61	84	118	140	-71.6%	37.3%	8	-71.6%
Excess Capital Redeployed*	-	-	-	-	23	30	31	38	-	-	122	290	531	922	1,448				
Other	(7)	(11)	5	2	(5)	(5)	(5)	(5)	(32)	(11)	(20)	(20)	(20)	(20)	(20)	79.9%	12.5%	(20)	79.9%
Total Diversified	564	564	612	534	561	593	541	563	1,713	2,274	2,257	2,829	3,702	4,780	5,948	-0.8%	21.2%	2,216	-2.6%
Total	**$ 1,119**	**$ 1,195**	**$ 1,036**	**$ 988**	**$ 911**	**$ 1,137**	**$ 1,165**	**$ 1,046**	**$ 4,149**	**$ 4,338**	**$ 4,258**	**$ 4,902**	**$ 6,201**	**$ 7,645**	**$ 9,289**	**-1.8%**	**16.5%**	**$ 4,086**	**-5.8%**
% Diversified	*50.4%*	*47.2%*	*59.1%*	*54.0%*	*61.6%*	*52.1%*	*46.5%*	*53.8%*	*41.3%*	*52.4%*	*53.0%*	*57.7%*	*59.7%*	*62.5%*	*64.0%*	*1.1%*	*4.1%*	*54.2%*	*3.4%*
Tax Rate	38.9%	39.5%	37.5%	36.6%	38.6%	38.6%	38.6%	38.6%	39.0%	38.4%	38.6%	38.6%	38.6%	38.6%	38.6%	0.7%	0.1%	39.0%	1.6%
Avg Shares Outstanding (mil)	621	627	628	614	602	610	610	610	615	622	608	619	638	654	671	-2.4%	1.5%	603	-3.2%
CFC Metrics																			
Production																			
Mortgage Market Originations ($ bil)	$ 674	$ 777	$ 742	$ 705	$ 618	$ 681	$ 701	$ 642	$ 3,335	$ 2,898	$ 2,643	$ 2,694	$ 2,808	$ 2,852	$ 2,920	-8.8%	0.2%	$ 2,558	-11.7%
Total Volume	103,418	116,599	113,469	120,351	106,599	120,620	126,892	118,764	490,941	453,837	472,874	507,234	557,210	596,703	644,789	4.2%	7.3%	455,792	0.4%
Market Share	15.3%	15.0%	15.3%	17.1%	17.2%	17.7%	18.1%	18.5%	14.7%	15.7%	17.9%	18.8%	19.8%	20.9%	22.1%	14.3%	7.1%	17.8%	13.8%
NEC Margin	0.70%	0.77%	0.69%	0.57%	0.40%	0.44%	0.50%	0.42%	0.88%	0.68%	0.44%	0.51%	0.58%	0.64%	0.70%	-35.0%	0.6%	0.40%	-40.4%
GAAP Margin	0.31%	0.34%	0.26%	0.38%	0.22%	0.27%	0.31%	0.20%	0.40%	0.33%	0.25%	0.22%	0.29%	0.35%	0.42%	-22.8%	5.3%	0.24%	-25.2%
Servicing																			
MSR	$ 14,172	$ 15,321	$ 15,019	$ 16,172	$ 17,397	$ 18,366	$ 19,332	$ 19,956	$ 12,611	$ 16,172	$ 19,956	$ 21,626	$ 23,514	$ 25,317	$ 27,090	23.4%	10.9%	$ 19,194	18.7%
Ending Portfolio Balance	1,126,479	1,174,693	1,223,758	1,280,119	1,316,701	1,356,598	1,392,881	1,425,151	1,081,189	1,280,119	1,425,151	1,548,569	1,719,605	1,913,442	2,138,147	11.3%	10.8%	1,409,960	10.1%
EBT Bps	0.0901%	0.0972%	0.0412%	0.0030%	0.0387%	0.0660%	0.0688%	0.0714%	0.0711%	0.0562%	0.0616%	0.0695%	0.0654%	0.0609%	0.0564%	9.5%	0.1%	0.0544%	-3.3%
Portfolio Runoff Rate	17.80%	19.92%	18.64%	19.92%	20.15%	22.36%	24.16%	22.62%	30.07%	21.99%	25.61%	26.93%	24.94%	23.43%	21.95%	16.5%	0.0%	25.46%	15.8%
Balance Sheet																			
Consolidated Assets	$ 177,592	$ 194,984	$ 193,195	$ 199,946	$ 202,395	$ 201,723	$ 203,267	$ 205,608	$ 175,085	$ 199,946	$ 205,608	$ 230,853	$ 254,853	$ 279,236	$ 297,453	2.8%	8.3%	$ 215,678	7.9%
Bank Assets (non-HFS)	75,645	79,737	88,136	86,837	84,654	83,831	82,875	82,988	73,020	86,837	82,988	101,146	116,943	129,425	139,267	-4.4%	9.9%	100,337	15.5%
ROE	20.8%	20.8%	17.6%	17.0%	15.4%	18.3%	17.9%	15.6%	21.9%	19.7%	16.8%	16.5%	17.7%	18.5%	19.0%	-14.7%	-0.7%	16.4%	-16.7%
Fitch Excess Capital	$ 1,365	$ (431)	$ 1,254	$ 750	$ -	$ -	$ -	$ -	$ 1,810	$ 750	$ -	$ -	$ -	$ -	$ -	-100.0%	-100.0%	$ 771	2.8%
Headcount	54,751	56,411	55,565	54,655	57,833	60,959	63,029	63,086	54,456	54,655	63,086	67,654	71,689	76,416	79,017	15.4%	7.7%	63,691	16.5%
Average Stock Price	$ 34.86	$ 38.37	$ 35.62	$ 39.06	$ 42.07	$ 42.47	$ 42.93	$ 44.14	$ 35.02	$ 36.98	$ 42.90	$ 49.96	$ 58.98	$ 68.83	$ 77.81	16.0%	16.0%	$ 41.89	13.3%
Dividend Per Share	0.15	0.15	0.15	0.15	0.15	0.16	0.16	0.17	0.59	0.60	0.64	0.71	0.80	0.89	1.00	6.3%	10.7%	0.62	2.9%
Market Statistics - Period Averages																			
1-Month LIBOR	4.68	5.16	5.35	5.33	5.32	5.32	5.32	5.32	3.47	5.13	5.32	5.32	5.32	5.32	5.32	3.7%	0.7%	5.32	3.7%
3-Month LIBOR	4.83	5.28	5.41	5.37	5.36	5.36	5.36	5.36	3.64	5.22	5.36	5.36	5.36	5.36	5.36	2.6%	0.5%	5.51	5.5%
2-Year Treasury	4.68	5.02	4.81	4.71	4.77	4.75	4.75	4.75	3.90	4.80	4.75	4.75	4.75	4.75	4.75	-1.1%	-0.2%	4.77	-0.7%
10-Year Treasury	4.64	5.11	4.78	4.59	4.70	4.68	4.68	4.68	4.27	4.78	4.69	4.68	4.68	4.68	4.68	-1.9%	-0.4%	4.75	-0.6%
30-Year Freddie Mac Survey Rate	6.24	6.60	6.56	6.36	6.48	6.47	6.47	6.47	5.87	6.44	6.47	6.47	6.47	6.47	6.47	0.5%	0.1%	6.53	1.4%
Prime CPR	18.34%	17.83%	17.98%	16.64%	14.77%	16.13%	18.20%	17.32%	20.97%	17.69%	16.62%	17.19%	17.33%	16.60%	16.49%	-6.0%	-1.4%	16.61%	-6.1%

**Excess capital will be used to purchase securities, other asset classes, or repurchase stock.*

Notes:
1. The 5-year forecast is a monthly model aggregated for reporting purposes by quarter and by year.
2. The interest rate environment was held static as of January 30, 2007 for the duration of the forecast periods (5-years).
3. All market spreads and volatilities were assumed to remain at January 30, 2007 levels through the duration of the forecast periods.
4. All interest rate sensitive aspects of this forecast were generated in QRM --- a third party tool for dynamic interest rate modeling.
5. Fitch rating agency capital requirements were deemed to be the most restrictive and were used to determine minimum capital held on the balance sheet.
6. Minimum excess capital requirements for contingency and for market movements were deemed to be the same as minimum Fitch requirements.
7. Capital in excess of contingency requirements was assumed to be deployed in assets that yield 11% ROE.
8. CFC stock price forecasts were computed using current forward P/E ratios.
9. Dividend payout rate was assumed to grow at the EPS growth rate before the impact of Excess Capital Redeployed.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
MORTGAGE DEBT OUTSTANDING
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Mortgage Debt Outstanding ($ bil)																			
Beginning Balance																			
Prime	$ 7,256	$ 7,362	$ 7,550	$ 7,703	$ 7,841	$ 7,938	$ 8,043	$ 8,108	$ 6,457	$ 7,256	$ 7,841	$ 8,145	$ 8,378	$ 8,639	$ 8,955	8.1%	4.3%	$ 7,824	7.8%
Nonprime	1,099	1,136	1,193	1,233	1,260	1,276	1,305	1,334	849	1,099	1,260	1,351	1,420	1,470	1,494	14.6%	6.3%	1,270	15.6%
HE	1,031	1,053	1,081	1,098	1,102	1,101	1,106	1,106	869	1,031	1,102	1,102	1,107	1,113	1,125	6.9%	1.8%	1,099	6.6%
	9,386	9,551	9,824	10,034	10,202	10,316	10,455	10,549	8,175	9,386	10,202	10,598	10,904	11,223	11,574	8.7%	4.3%	10,193	8.6%
Originations																			
Prime	498	575	554	519	442	485	500	452	2,478	2,146	1,878	1,908	1,998	2,033	2,095	-12.5%	-0.5%	1,758	-18.1%
Nonprime	144	166	155	159	152	167	171	163	694	625	654	671	690	696	699	4.6%	2.3%	693	10.9%
HE	141	167	154	133	122	139	148	123	598	595	533	537	542	551	575	-10.4%	-0.7%	536	-9.9%
	783	909	863	811	716	792	819	738	3,770	3,366	3,065	3,116	3,231	3,280	3,369	-8.9%	0.0%	2,987	-11.3%
Runoff																			
Prime	(392)	(387)	(401)	(381)	(344)	(380)	(434)	(416)	(1,679)	(1,561)	(1,574)	(1,675)	(1,736)	(1,718)	(1,778)	0.8%	2.6%	(1,559)	-0.2%
Nonprime	(107)	(109)	(114)	(133)	(136)	(138)	(142)	(146)	(444)	(464)	(562)	(603)	(640)	(673)	(690)	21.0%	8.2%	(570)	22.8%
HE	(119)	(139)	(138)	(129)	(123)	(134)	(149)	(127)	(436)	(524)	(533)	(533)	(536)	(539)	(548)	1.6%	0.9%	(532)	1.4%
	(618)	(636)	(653)	(643)	(602)	(653)	(725)	(688)	(2,559)	(2,550)	(2,668)	(2,811)	(2,911)	(2,929)	(3,016)	4.6%	3.4%	(2,661)	4.4%
Ending Balance																			
Prime	7,362	7,550	7,703	7,841	7,938	8,043	8,108	8,145	7,256	7,841	8,145	8,378	8,639	8,955	9,272	3.9%	3.4%	8,023	2.3%
Nonprime	1,136	1,193	1,233	1,260	1,276	1,305	1,334	1,351	1,099	1,260	1,351	1,420	1,470	1,494	1,503	7.3%	3.6%	1,393	10.6%
HE	1,053	1,081	1,098	1,102	1,101	1,106	1,106	1,102	1,031	1,102	1,102	1,107	1,113	1,125	1,152	0.0%	0.9%	1,103	0.1%
	$ 9,551	$ 9,824	$ 10,034	$ 10,202	$ 10,316	$ 10,455	$ 10,549	$ 10,598	$ 9,386	$ 10,202	$ 10,598	$ 10,904	$ 11,223	$ 11,574	$ 11,928	3.9%	3.2%	$ 10,519	3.1%
Market CPR																			
Prime	18.3%	17.8%	18.0%	16.6%	14.8%	16.1%	18.2%	17.3%	21.0%	17.7%	16.6%	17.2%	17.3%	16.6%	16.5%	-6.0%	-1.4%	16.6%	-6.1%
Nonprime	31.4%	31.0%	31.0%	34.8%	34.8%	34.9%	35.0%	35.1%	36.5%	32.1%	35.0%	35.3%	35.8%	36.6%	36.9%	9.0%	2.8%	35.0%	9.0%
HE	37.1%	41.4%	40.3%	37.6%	36.2%	38.8%	41.9%	37.1%	37.5%	39.1%	38.5%	38.5%	38.5%	38.5%	38.5%	-1.6%	-0.3%	38.5%	-1.6%
	21.9%	22.0%	22.0%	21.2%	19.5%	20.9%	22.8%	21.6%	24.5%	21.8%	21.2%	21.7%	21.9%	21.4%	21.2%	-2.5%	-0.5%	21.3%	-2.3%
Mortgage Originations Ratio																			
Prime	27.5%	31.3%	29.3%	26.9%	22.5%	24.4%	24.8%	22.3%	38.4%	29.6%	24.0%	23.4%	23.9%	23.5%	23.4%	-19.0%	-4.6%	22.5%	-24.0%
Nonprime	52.4%	58.5%	52.0%	51.7%	48.4%	52.3%	52.5%	48.8%	81.7%	56.8%	51.9%	49.6%	48.6%	47.4%	46.8%	-8.7%	-3.8%	54.5%	-4.1%
HE	54.7%	63.5%	57.1%	48.4%	44.4%	50.7%	53.7%	44.5%	68.9%	57.7%	48.4%	48.7%	49.0%	49.5%	51.1%	-16.2%	-2.4%	48.8%	-15.5%
	33.4%	38.1%	35.1%	32.3%	28.1%	30.7%	31.3%	28.0%	46.1%	35.9%	30.0%	29.4%	29.6%	29.2%	29.1%	-16.2%	-4.1%	29.3%	-18.3%

Notes (cont'd):

10. The outstanding mortgage market portfolio was modeled in QRM based on market stratification data from external sources like Loan Performance, Inc.
11. The prepayment models that estimated refi incentive (and hence prepayment speeds --- CPR's) were provided by Andrew Davidson & Co. (a third party source).

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
MORTGAGE MARKET ORIGINATIONS
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Mortgage Market Originations ($ bil)																			
Prime																			
Purchase	$ 285	$ 385	$ 376	$ 321	$ 242	$ 317	$ 320	$ 273	$ 1,385	$ 1,367	$ 1,152	$ 1,173	$ 1,239	$ 1,287	$ 1,335	-15.8%	-0.5%	$ 1,142	-16.5%
Purch - Piggy	18	24	22	18	14	19	19	16	92	82	69	70	74	77	80	-15.9%	-0.5%	70	-14.5%
Refi	213	190	177	198	200	168	180	179	1,093	779	727	735	760	747	760	-6.7%	-0.5%	616	-20.9%
Refi - Piggy	14	12	11	9	10	10	11	11	70	46	42	45	46	45	46	-7.4%	0.3%	38	-17.0%
	530	611	587	545	466	514	530	479	2,641	2,273	1,989	2,023	2,119	2,155	2,221	-12.5%	-0.5%	1,866	-17.9%
Nonprime																			
Purchase	46	71	59	50	44	58	59	50	277	226	212	216	228	237	245	-6.3%	1.7%	270	19.5%
Refi	98	95	96	109	108	109	112	113	417	399	442	455	462	460	453	10.8%	2.6%	423	6.0%
	144	166	155	159	152	167	171	163	694	625	654	671	690	696	699	4.6%	2.3%	693	10.9%
Total	674	777	742	705	618	681	701	642	3,335	2,898	2,643	2,694	2,808	2,852	2,920	-8.8%	0.2%	2,558	-11.7%
HE Standalone	109	132	121	106	98	110	118	96	436	468	422	422	422	429	449	-9.8%	-0.8%	428	-8.4%
	$ 783	$ 909	$ 863	$ 811	$ 716	$ 792	$ 819	$ 738	$ 3,770	$ 3,366	$ 3,065	$ 3,116	$ 3,231	$ 3,280	$ 3,369	-8.9%	0.0%	$ 2,987	-11.3%
Purchase	$ 348	$ 480	$ 458	$ 389	$ 301	$ 394	$ 398	$ 340	$ 1,754	$ 1,675	$ 1,432	$ 1,459	$ 1,540	$ 1,600	$ 1,660	-14.5%	-0.2%	$ 1,481	-11.5%
Refinance	326	297	284	316	318	287	303	302	1,581	1,223	1,211	1,235	1,268	1,252	1,260	-1.0%	0.6%	1,077	-12.0%
Total	674	777	742	705	618	681	701	642	3,335	2,898	2,643	2,694	2,808	2,852	2,920	-8.8%	0.2%	2,558	-11.7%
HE Standalone	109	132	121	106	98	110	118	96	436	468	422	422	422	429	449	-9.8%	-0.8%	428	-8.4%
Total with HESA	$ 783	$ 909	$ 863	$ 811	$ 716	$ 792	$ 819	$ 738	$ 3,770	$ 3,366	$ 3,065	$ 3,116	$ 3,231	$ 3,280	$ 3,369	-8.9%	0.0%	$ 2,987	-11.3%
Market Share %																			
CMD																			
Purchase	4.0%	3.7%	3.5%	3.5%	3.6%	3.6%	3.7%	3.7%	4.0%	3.7%	3.7%	3.9%	4.2%	4.5%	4.7%	-0.3%	5.2%	4.0%	9.1%
Refinance	2.5%	3.1%	3.3%	4.1%	4.3%	4.4%	4.4%	4.4%	2.7%	3.2%	4.4%	4.8%	5.3%	5.8%	6.4%	34.9%	14.7%	3.6%	12.5%
HESA	3.5%	3.0%	2.8%	2.5%	2.4%	2.7%	2.9%	3.2%	2.9%	2.9%	2.8%	2.9%	2.9%	3.0%	3.0%	-3.7%	0.4%	3.1%	4.4%
Total	3.9%	4.0%	3.9%	4.1%	4.4%	4.4%	4.5%	4.5%	3.7%	4.0%	4.4%	4.8%	5.1%	5.5%	5.9%	12.0%	8.4%	4.4%	10.2%
WLD																			
Purchase	3.3%	2.9%	2.5%	2.6%	3.0%	3.0%	3.1%	3.2%	3.1%	2.8%	3.1%	3.2%	3.4%	3.6%	3.7%	10.3%	6.0%	3.2%	16.0%
Refinance	3.6%	4.2%	3.9%	3.6%	3.4%	3.7%	3.8%	4.0%	3.0%	3.8%	3.7%	4.1%	4.5%	5.0%	5.6%	-1.6%	7.9%	4.3%	12.4%
HESA	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	-8.7%	2.1%	0.4%	41.6%
Total	3.5%	3.4%	3.1%	3.1%	3.3%	3.4%	3.5%	3.6%	3.1%	3.3%	3.4%	3.7%	3.9%	4.2%	4.6%	4.9%	7.0%	3.7%	14.7%
CLD																			
Purchase	5.3%	4.3%	5.2%	6.5%	6.3%	6.3%	6.3%	6.3%	5.5%	5.3%	6.3%	6.5%	6.7%	6.9%	7.0%	19.8%	6.0%	6.0%	13.6%
Refinance	6.8%	6.9%	7.6%	9.3%	7.2%	8.2%	8.4%	8.4%	7.2%	7.6%	8.0%	8.2%	8.4%	8.6%	8.9%	5.4%	3.1%	8.0%	4.8%
HESA	0.5%	0.5%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.4%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%	26.3%	5.6%	0.5%	-10.2%
Total	6.1%	5.4%	6.2%	7.8%	6.9%	7.2%	7.3%	7.4%	6.3%	6.4%	7.2%	7.4%	7.6%	7.8%	8.0%	13.6%	4.6%	6.9%	8.8%
FSL																			
Purchase	0.3%	0.2%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.2%	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%	45.9%	14.5%	0.4%	42.4%
Refinance	1.8%	2.4%	2.6%	2.6%	2.7%	3.4%	3.4%	3.4%	1.3%	2.3%	3.2%	3.5%	3.8%	4.2%	4.6%	38.5%	14.4%	3.3%	41.5%
HESA	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.2%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	1.4%	3.9%	0.7%	43.4%
Total	1.1%	1.1%	1.2%	1.4%	1.7%	1.7%	1.8%	1.9%	0.8%	1.2%	1.8%	1.9%	2.0%	2.2%	2.4%	45.5%	14.2%	1.7%	41.8%
Total																			
Purchase	12.8%	11.1%	11.5%	12.8%	13.3%	13.3%	13.5%	13.6%	12.7%	12.0%	13.4%	14.0%	14.7%	15.4%	16.0%	12.0%	6.0%	13.6%	13.5%
Refinance	14.7%	16.5%	17.4%	19.5%	17.7%	19.7%	20.0%	20.2%	14.1%	17.0%	19.4%	20.6%	22.1%	23.6%	25.5%	14.0%	8.4%	19.2%	13.0%
HESA	4.8%	4.3%	4.3%	3.9%	3.9%	4.2%	4.4%	4.8%	3.8%	4.3%	4.3%	4.4%	4.5%	4.6%	4.7%	0.7%	1.7%	4.7%	9.3%
Total	14.5%	13.9%	14.4%	16.4%	16.2%	16.7%	17.0%	17.4%	13.9%	14.8%	16.8%	17.7%	18.7%	19.7%	20.8%	13.9%	7.1%	16.7%	13.2%
Total CFC (incl whole loans & subdraws)	15.3%	15.0%	15.3%	17.1%	17.2%	17.7%	18.1%	18.5%	14.7%	15.7%	17.9%	18.8%	19.8%	20.9%	22.1%	14.3%	7.1%	17.8%	13.8%

Notes (cont'd):

12. The mortgage market was stratified into a number of product buckets, but aggregated for reporting purposes into Prime and Nonprime Purchase, Refi markets.
13. Mortgage Market Originations are shown excluding Home Equity Standalones (HESA) since estimators like Fannie Mae, Freddie Mac, and MBA report mortgage originations without HESA.
14. All Market Share calculations exclude HESA from the denominator for reasons stated above.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
PRODUCTION VOLUME
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Market Share %																			
CMD																			
PayOption ARM	3.5%	3.3%	2.6%	2.0%	1.6%	1.3%	1.0%	0.7%	4.2%	2.9%	1.1%	1.2%	1.3%	1.3%	1.4%	-60.2%	-13.5%	3.6%	25.2%
Other Prime Products	4.3%	4.6%	4.6%	5.3%	6.0%	6.0%	6.1%	6.3%	4.2%	4.7%	6.1%	6.5%	7.0%	7.4%	7.9%	28.7%	10.7%	5.6%	17.7%
Prime	4.1%	4.4%	4.3%	4.8%	5.3%	5.2%	5.3%	5.4%	4.2%	4.4%	5.3%	5.7%	6.2%	6.7%	7.2%	20.2%	10.3%	5.2%	19.3%
Nonprime	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	5.9%	0.0%	-100.0%
HELOC	3.6%	2.8%	2.5%	2.3%	2.2%	2.4%	2.5%	2.7%	3.5%	2.8%	2.5%	2.6%	2.7%	2.8%	2.9%	-11.3%	0.5%	3.0%	7.1%
FRS	4.3%	5.6%	5.3%	4.7%	4.5%	4.9%	5.1%	5.5%	3.2%	5.0%	5.0%	5.2%	5.3%	5.5%	5.7%	0.6%	2.6%	4.9%	-2.1%
	3.9%	4.0%	3.9%	4.1%	4.4%	4.4%	4.5%	4.5%	3.7%	4.0%	4.4%	4.8%	5.1%	5.5%	5.9%	12.0%	8.4%	4.4%	10.2%
WLD																			
PayOption ARM	8.8%	7.2%	6.3%	5.7%	4.0%	3.9%	3.6%	3.3%	7.2%	7.0%	3.7%	3.9%	4.2%	4.5%	4.8%	-47.4%	-7.5%	8.1%	15.4%
Other Prime Products	2.7%	2.8%	2.6%	2.8%	3.2%	3.4%	3.5%	3.7%	2.4%	2.7%	3.5%	3.7%	4.0%	4.3%	4.6%	28.6%	11.2%	2.9%	9.1%
Prime	3.8%	3.6%	3.3%	3.2%	3.4%	3.5%	3.5%	3.6%	3.3%	3.5%	3.5%	3.8%	4.0%	4.3%	4.6%	0.8%	5.8%	3.8%	8.9%
Nonprime	1.9%	2.4%	2.1%	2.1%	2.6%	2.6%	2.9%	3.2%	2.2%	2.2%	2.8%	3.1%	3.5%	3.8%	4.1%	31.8%	13.8%	3.3%	52.0%
HELOC	1.2%	1.0%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%	1.0%	1.0%	1.1%	1.2%	1.3%	1.4%	2.3%	6.5%	1.1%	10.8%
FRS	0.8%	1.3%	1.5%	1.5%	1.2%	1.3%	1.3%	1.4%	0.5%	1.3%	1.3%	1.4%	1.5%	1.5%	1.5%	2.7%	4.1%	1.3%	6.7%
	3.5%	3.4%	3.1%	3.1%	3.3%	3.4%	3.5%	3.6%	3.1%	3.3%	3.4%	3.7%	3.9%	4.2%	4.6%	4.9%	7.0%	3.7%	14.7%
CLD																			
PayOption ARM	8.3%	6.9%	5.9%	5.2%	3.8%	3.5%	3.1%	2.9%	8.5%	6.6%	3.3%	3.3%	3.3%	3.2%	3.2%	-50.2%	-13.6%	8.2%	22.9%
Other Prime Products	7.2%	6.4%	7.9%	10.7%	9.7%	10.3%	10.6%	10.9%	7.4%	8.1%	10.4%	10.6%	10.7%	10.9%	11.0%	29.1%	6.4%	9.5%	17.8%
Prime	7.4%	6.5%	7.6%	9.8%	8.8%	9.2%	9.4%	9.6%	7.6%	7.8%	9.2%	9.5%	9.8%	10.0%	10.2%	18.5%	5.5%	9.3%	18.9%
Nonprime	1.4%	1.2%	1.4%	1.3%	1.2%	1.3%	1.3%	1.4%	2.0%	1.3%	1.3%	1.3%	1.3%	1.4%	1.4%	-1.3%	0.5%	1.0%	-28.8%
HELOC	1.2%	0.9%	1.0%	0.8%	1.1%	1.1%	1.1%	1.2%	1.3%	1.0%	1.1%	1.1%	1.2%	1.2%	1.2%	16.3%	4.6%	1.0%	0.6%
FRS	1.6%	2.8%	2.9%	3.0%	2.5%	2.5%	2.5%	2.5%	3.2%	2.6%	2.5%	2.5%	2.6%	2.7%	2.7%	-2.9%	0.7%	2.1%	-17.6%
	6.1%	5.4%	6.2%	7.8%	6.9%	7.2%	7.3%	7.4%	6.3%	6.4%	7.2%	7.4%	7.6%	7.8%	8.0%	13.6%	4.6%	6.9%	8.8%
FSL																			
PayOption ARM	0.1%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	4.6%	3.8%	0.5%	131.1%
Other Prime Products	0.9%	0.8%	1.0%	1.2%	1.6%	1.6%	1.7%	1.9%	0.5%	1.0%	1.7%	1.8%	1.9%	2.0%	2.1%	76.0%	16.9%	1.5%	57.5%
Prime	0.7%	0.7%	0.8%	1.0%	1.3%	1.4%	1.4%	1.6%	0.4%	0.8%	1.4%	1.5%	1.7%	1.8%	1.9%	75.8%	18.2%	1.3%	62.9%
Nonprime	2.3%	2.5%	2.5%	2.4%	2.5%	2.6%	2.6%	2.7%	2.1%	2.4%	2.6%	2.8%	3.1%	3.4%	3.7%	8.1%	8.9%	2.5%	3.1%
HELOC	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	8.2%	6.8%	0.3%	43.9%
FRS	0.7%	1.1%	1.2%	1.0%	1.1%	1.0%	1.0%	1.1%	0.3%	1.0%	1.0%	1.1%	1.2%	1.2%	1.3%	2.8%	4.4%	1.3%	26.2%
	1.1%	1.1%	1.2%	1.4%	1.7%	1.7%	1.8%	1.9%	0.8%	1.2%	1.8%	1.9%	2.0%	2.2%	2.4%	45.5%	14.2%	1.7%	41.8%
Total																			
PayOption ARM	20.7%	17.6%	15.0%	13.1%	9.6%	8.9%	7.9%	7.1%	20.1%	16.8%	8.4%	8.6%	8.9%	9.3%	9.6%	-50.0%	-10.5%	20.4%	21.5%
Other Prime Products	15.0%	14.6%	16.1%	20.0%	20.5%	21.3%	21.9%	22.8%	14.4%	16.4%	21.6%	22.6%	23.6%	24.5%	25.5%	31.6%	9.2%	19.5%	18.7%
Prime	16.1%	15.2%	15.9%	18.9%	18.7%	19.3%	19.6%	20.2%	15.5%	16.5%	19.5%	20.6%	21.6%	22.7%	23.9%	18.1%	7.7%	19.6%	19.1%
Nonprime	5.6%	6.1%	6.0%	5.9%	6.4%	6.6%	6.9%	7.3%	6.3%	5.9%	6.8%	7.3%	7.9%	8.6%	9.2%	14.5%	9.2%	6.7%	13.1%
HELOC	6.2%	4.9%	4.5%	4.2%	4.5%	4.8%	4.9%	5.2%	5.9%	5.0%	4.9%	5.1%	5.3%	5.6%	5.8%	-2.4%	2.9%	5.4%	8.3%
FRS	7.4%	10.8%	10.8%	10.2%	9.3%	9.8%	9.9%	10.5%	7.2%	9.8%	9.8%	10.2%	10.5%	11.0%	11.1%	0.2%	2.5%	9.6%	-2.1%
	14.5%	13.9%	14.4%	16.4%	16.2%	16.7%	17.0%	17.4%	13.9%	14.8%	16.8%	17.7%	18.7%	19.7%	20.8%	13.9%	7.1%	16.7%	13.2%
Total (incl whole loans & subdraws)	15.3%	15.0%	15.3%	17.1%	17.2%	17.7%	18.1%	18.5%	14.7%	15.7%	17.9%	18.8%	19.8%	20.9%	22.1%	14.3%	7.1%	17.8%	13.8%

Notes (cont'd):

15. Market Shares were computed based on stratified mortgage originations market.
16. This forecast contemplates significant declines in the PayOption ARM market share in all our channels in 2007, in addition to a significant decline in the overall PayOption ARM originations market.
17. The decline in the PayOption ARM originations market is assumed to be offset by an increase in the Hybrid ARM originations volume.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
PRODUCTION VOLUME
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Production Volume $																			
CMD																			
PayOption ARM	$ 3,318	$ 3,604	$ 2,568	$ 1,567	$ 1,175	$ 1,032	$ 802	$ 479	$ 19,748	$ 11,056	$ 3,489	$ 3,394	$ 3,354	$ 3,208	$ 3,019	-68.4%	-22.9%	$ 10,273	-7.1%
Other Prime Products	17,277	21,533	21,085	23,416	22,214	24,231	25,484	23,836	83,570	83,311	95,765	106,317	120,950	133,224	147,725	14.9%	12.1%	81,971	-1.6%
Prime	20,595	25,137	23,653	24,983	23,389	25,264	26,286	24,315	103,319	94,367	99,254	109,711	124,303	136,432	150,744	5.2%	9.8%	92,244	-2.2%
Nonprime	37	56	53	64	56	61	58	47	100	211	221	240	265	290	313	4.9%	8.3%	0	-100.0%
HELOC	3,569	3,700	2,761	2,086	1,818	2,265	2,511	2,246	18,357	12,116	8,841	9,232	9,697	10,240	11,021	-27.0%	-1.9%	10,734	-11.4%
FRS	1,757	2,050	2,223	2,021	1,818	2,265	2,511	2,246	2,155	8,052	8,841	9,204	9,616	10,094	10,806	9.8%	6.1%	8,647	7.4%
	25,958	30,942	28,691	29,154	27,082	29,854	31,366	28,854	123,930	114,746	117,156	128,386	143,881	157,056	172,884	2.1%	8.5%	111,625	-2.7%
WLD																			
PayOption ARM	8,337	7,930	6,306	4,580	2,891	3,101	2,920	2,412	34,024	27,153	11,324	10,969	11,049	10,723	10,348	-58.3%	-17.5%	23,256	-14.4%
Other Prime Products	10,697	12,839	11,750	12,185	11,935	13,843	14,768	13,976	47,402	47,470	54,523	60,615	68,990	76,428	86,063	14.9%	12.6%	43,311	-8.8%
Prime	19,033	20,769	18,056	16,765	14,826	16,944	17,688	16,388	81,426	74,623	65,847	71,583	80,039	87,151	96,412	-11.8%	5.3%	66,567	-10.8%
Nonprime	2,806	3,970	3,264	3,413	4,038	4,422	4,898	5,196	15,203	13,453	18,555	20,952	23,876	26,389	28,697	37.9%	16.4%	22,671	68.5%
HELOC	1,230	1,264	990	814	789	953	995	880	5,279	4,298	3,616	3,993	4,380	4,758	5,210	-15.9%	3.9%	3,939	-8.4%
FRS	313	479	623	633	488	616	635	554	345	2,047	2,293	2,440	2,616	2,770	2,950	12.0%	7.6%	2,397	17.1%
	23,382	26,483	22,933	21,624	20,140	22,936	24,217	23,018	102,252	94,422	90,311	98,967	110,912	121,068	133,269	-4.4%	7.1%	95,573	1.2%
CLD																			
PayOption ARM	7,920	7,686	5,838	4,146	2,698	2,762	2,535	2,119	39,998	25,590	10,113	9,330	8,721	7,751	6,925	-60.5%	-23.0%	23,331	-8.8%
Other Prime Products	29,150	29,827	35,991	46,862	35,940	41,946	44,254	41,416	148,557	141,831	163,556	172,399	186,219	194,608	206,385	15.3%	7.8%	139,681	-1.5%
Prime	37,070	37,514	41,829	51,009	38,638	44,708	46,789	43,534	188,555	167,421	173,670	181,729	194,940	202,359	213,310	3.7%	5.0%	163,012	-2.6%
Nonprime	2,015	2,017	2,210	2,125	1,860	2,218	2,312	2,252	13,981	8,367	8,642	8,932	9,156	9,734	9,603	3.3%	2.8%	6,601	-21.1%
HELOC	1,232	1,148	1,080	718	907	1,047	1,094	947	6,909	4,178	3,995	4,104	4,208	4,569	4,627	-4.4%	2.1%	3,475	-16.8%
FRS	656	1,041	1,206	1,278	1,013	1,169	1,215	1,032	2,165	4,181	4,428	4,531	4,656	4,988	5,099	5.9%	4.0%	3,778	-9.6%
	40,972	41,721	46,324	55,130	42,418	49,142	51,410	47,765	211,611	184,147	190,735	199,296	212,961	221,650	232,639	3.6%	4.8%	176,867	-4.0%
FSL																			
PayOption ARM	130	238	271	156	141	160	176	182	522	796	660	633	620	576	540	-17.1%	-7.5%	1,366	71.5%
Other Prime Products	3,444	3,708	4,397	5,258	5,767	6,528	7,050	7,068	9,436	16,808	26,414	28,909	32,625	35,304	39,121	57.2%	18.4%	22,130	31.7%
Prime	3,574	3,947	4,669	5,415	5,909	6,688	7,227	7,251	9,958	17,604	27,074	29,542	33,246	35,880	39,661	53.8%	17.6%	23,496	33.5%
Nonprime	3,241	4,128	3,810	3,842	3,838	4,290	4,502	4,360	14,731	15,021	16,990	18,848	21,145	23,552	25,763	13.1%	11.4%	17,176	14.3%
HELOC	235	293	267	200	208	231	245	203	718	996	887	941	1,011	1,099	1,225	-10.9%	4.2%	1,185	19.0%
FRS	294	402	515	441	425	474	511	442	185	1,652	1,852	1,958	2,079	2,213	2,418	12.1%	7.9%	2,286	38.4%
	7,344	8,769	9,261	9,899	10,379	11,684	12,485	12,256	25,592	35,273	46,803	51,290	57,480	62,743	69,066	32.7%	14.4%	44,142	25.1%
Total																			
PayOption ARM	19,705	19,459	14,983	10,450	6,905	7,056	6,434	5,192	94,292	64,596	25,586	24,326	23,743	22,259	20,833	-60.4%	-20.3%	58,226	-9.9%
Other Prime Products	60,567	67,907	73,224	87,722	75,857	86,549	91,556	86,296	288,966	289,420	340,258	368,239	408,784	439,563	479,294	17.6%	10.6%	287,093	-0.8%
Prime	80,272	87,366	88,207	98,171	82,762	93,605	97,990	91,488	383,257	354,016	365,845	392,565	432,528	461,822	500,126	3.3%	7.2%	345,318	-2.5%
Nonprime	8,099	10,171	9,337	9,444	9,792	10,990	11,771	11,855	44,016	37,052	44,408	48,972	54,442	59,964	64,376	19.9%	11.7%	46,448	25.4%
HELOC	6,266	6,404	5,099	3,818	3,722	4,496	4,845	4,275	31,262	21,587	17,339	18,270	19,296	20,667	22,083	-19.7%	0.5%	19,333	-10.4%
FRS	3,020	3,973	4,567	4,373	3,744	4,524	4,872	4,274	4,850	15,932	17,414	18,133	18,968	20,065	21,273	9.3%	6.0%	17,108	7.4%
	97,657	107,915	107,209	115,806	100,020	113,616	119,478	111,892	463,385	428,587	445,006	477,940	525,233	562,517	607,859	3.8%	7.2%	428,208	-0.1%
CCM Whole Loans	4,007	6,613	4,322	2,717	5,001	5,681	5,974	5,595	21,028	17,658	22,250	23,897	26,262	28,126	30,393	26.0%	11.5%	21,410	21.2%
HELOC Subdraws	1,754	2,071	1,939	1,828	1,578	1,323	1,440	1,277	6,528	7,591	5,618	5,397	5,715	6,060	6,537	-26.0%	-2.9%	6,174	-18.7%
	$ 103,418	$ 116,599	$ 113,469	$ 120,351	$ 106,599	$ 120,620	$ 126,892	$ 118,764	$ 490,941	$ 453,837	$ 472,874	$ 507,234	$ 557,210	$ 596,703	$ 644,789	4.2%	7.3%	$ 455,792	0.4%

Notes (cont'd):

18. Production volumes were forecasted at a granularity of 25 product types for each channel. This report represents a summary of the same.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
GAAP PRODUCTION P&L
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Loans Sold																			
Prime																			
Conforming Fixed	$ 29,257	$ 33,925	$ 35,080	$ 42,432	$ 34,329	$ 42,389	$ 42,164	$ 39,338	$ 127,864	$ 140,695	$ 158,221	$ 173,134	$ 191,344	$ 204,298	$ 223,935	12.5%	9.7%	$ 147,835	5.1%
Conforming ARM	2,736	2,743	3,158	2,713	2,418	3,038	3,100	2,879	18,003	11,350	11,435	11,757	11,998	11,996	12,009	0.7%	1.1%	13,397	18.0%
Nonconforming Fixed	14,000	15,586	17,551	21,450	21,402	27,003	28,836	28,134	51,295	68,588	105,374	116,000	130,477	141,132	157,118	53.6%	18.0%	71,875	4.8%
Nonconforming Non-POA	12,201	13,381	14,543	16,673	13,101	16,162	16,422	15,343	59,222	56,798	61,028	66,133	73,857	79,134	86,461	7.4%	8.8%	60,527	6.6%
PayOption ARM	17,982	13,541	14,324	10,351	5,651	7,273	7,084	5,706	84,099	56,198	25,714	23,501	23,866	22,210	21,246	-54.2%	-17.7%	55,797	-0.7%
	76,177	79,175	84,656	93,620	76,901	95,866	97,606	91,399	340,483	333,628	361,772	390,524	431,542	458,770	500,769	8.4%	8.5%	349,432	4.7%
Nonprime																			
Fixed	4,255	5,789	5,056	3,830	4,684	5,251	5,622	5,100	22,662	18,930	20,658	24,053	25,974	28,750	31,017	9.1%	10.4%	19,664	3.9%
ARM	4,835	4,106	5,542	4,894	5,090	5,343	5,655	5,097	21,112	19,377	21,186	24,580	26,742	29,192	31,665	9.3%	10.3%	25,484	31.5%
	9,090	9,896	10,598	8,723	9,775	10,594	11,277	10,198	43,774	38,307	41,843	48,633	52,717	57,942	62,682	9.2%	10.3%	45,148	17.9%
Home Equity																			
HELOC	2,177	3,700	7,447	2,293	4,904	3,952	4,409	4,303	22,780	15,617	17,568	-	-	-	-	12.5%	-100.0%	17,299	10.8%
FRS	2,265	1,002	3,409	4,518	4,128	3,993	4,460	3,875	1,479	11,195	16,456	16,671	17,343	18,228	19,258	47.0%	11.5%	15,522	38.7%
	4,443	4,702	10,856	6,811	9,032	7,945	8,870	8,178	24,258	26,812	34,025	16,671	17,343	18,228	19,258	26.9%	-6.4%	32,821	22.4%
HELOC Subdraws	975	1,199	1,022	1,105	964	675	548	625	3,335	4,301	2,812	2,452	2,725	2,984	3,334	-34.6%	-5.0%	3,224	-25.0%
Total Loan Sales	$ 90,684	$ 94,972	$ 107,132	$ 110,260	$ 96,672	$ 115,080	$ 118,300	$ 110,399	$ 411,851	$ 403,049	$ 440,452	$ 458,280	$ 504,326	$ 537,924	$ 586,043	9.3%	7.8%	$ 430,625	6.8%
GAAP Revenue Margin																			
Prime																			
Gain on Sale																			
Conforming Fixed	1.18%	1.35%	1.08%	1.06%	0.94%	0.93%	1.01%	1.00%	1.13%	1.16%	0.97%	1.09%	1.17%	1.24%	1.32%	-16.2%	2.7%	0.95%	-17.5%
Conforming ARM	1.16%	1.36%	1.40%	1.56%	1.67%	1.61%	1.64%	1.62%	1.65%	1.37%	1.63%	1.72%	1.78%	1.82%	1.88%	19.2%	6.6%	1.32%	-3.8%
Nonconforming Fixed	1.09%	1.06%	0.99%	0.88%	1.21%	1.16%	0.98%	0.97%	1.40%	0.99%	1.07%	1.04%	1.08%	1.15%	1.18%	7.8%	3.5%	0.87%	-12.5%
Nonconforming Non-POA	1.33%	1.42%	1.27%	1.15%	1.10%	1.10%	1.13%	1.13%	0.77%	1.28%	1.12%	1.20%	1.26%	1.31%	1.37%	-13.1%	1.3%	1.02%	-20.2%
PayOption ARM	1.29%	2.74%	2.03%	2.14%	2.10%	1.95%	1.88%	1.80%	0.72%	1.98%	1.93%	2.01%	2.08%	2.16%	2.22%	-2.8%	2.3%	1.74%	-12.3%
GOS	1.21%	1.54%	1.26%	1.17%	1.15%	1.12%	1.10%	1.08%	1.03%	1.29%	1.11%	1.17%	1.22%	1.28%	1.34%	-13.8%	0.7%	1.09%	-15.7%
Other	0.10%	-0.20%	-0.08%	-0.09%	-0.05%	-0.04%	-0.03%	-0.03%	-0.09%	-0.07%	-0.04%	-0.04%	-0.03%	-0.02%	-0.01%	-46.0%	-26.9%	-0.04%	-44.2%
Total Prime	1.32%	1.34%	1.18%	1.07%	1.11%	1.08%	1.07%	1.05%	0.95%	1.22%	1.07%	1.13%	1.19%	1.26%	1.32%	-12.0%	1.6%	1.05%	-14.1%
Nonprime																			
Total Nonprime	2.02%	2.39%	1.70%	2.83%	2.29%	2.46%	2.62%	2.56%	2.50%	2.21%	2.49%	2.63%	2.67%	2.73%	2.79%	12.5%	4.8%	2.33%	5.4%
Home Equity																			
Gain on Sale																			
HELOC	2.90%	2.99%	1.47%	3.32%	2.51%	2.51%	2.27%	2.17%	2.91%	2.30%	2.37%	0.00%	0.00%	0.00%	0.00%	3.0%	-100.0%	2.46%	6.9%
FRS	2.45%	3.01%	2.53%	2.80%	2.95%	2.98%	3.23%	3.17%	2.46%	2.66%	3.09%	2.77%	2.82%	2.86%	2.92%	15.8%	1.9%	2.86%	7.4%
GOS	2.67%	2.99%	1.80%	2.97%	2.71%	2.74%	2.75%	2.65%	2.88%	2.45%	2.72%	2.77%	2.82%	2.86%	2.92%	10.8%	3.6%	2.65%	8.0%
HELOC Subdraws	3.66%	3.67%	3.64%	3.14%	3.61%	3.73%	3.82%	3.76%	3.64%	3.52%	3.71%	3.77%	3.73%	3.69%	3.66%	5.4%	0.7%	3.67%	4.0%
Total GAAP Prod Revenue	1.48%	1.56%	1.32%	1.35%	1.40%	1.34%	1.36%	1.32%	1.25%	1.42%	1.35%	1.36%	1.42%	1.48%	1.54%	-4.8%	1.7%	1.32%	-6.8%
GAAP Expense $ (pre-OH)																			
NEC Expense (pre-OH)	-1.27%	-1.37%	-1.14%	-1.10%	-1.26%	-1.15%	-1.13%	-1.20%	-1.06%	-1.21%	-1.18%	-1.23%	-1.22%	-1.23%	-1.22%	-2.5%	0.2%	-1.19%	-2.3%
SFAS91	0.17%	0.18%	0.14%	0.15%	0.15%	0.14%	0.14%	0.14%	0.23%	0.16%	0.14%	0.15%	0.15%	0.16%	0.16%	-10.1%	-0.2%	0.17%	4.7%
Income Reclass	0.04%	0.05%	0.04%	0.04%	0.05%	0.04%	0.04%	0.05%	0.05%	0.04%	0.04%	0.05%	0.05%	0.05%	0.05%	5.9%	4.0%	0.04%	5.0%
	-1.06%	-1.14%	-0.96%	-0.91%	-1.07%	-0.97%	-0.94%	-1.01%	-0.78%	-1.01%	-1.00%	-1.03%	-1.02%	-1.02%	-1.01%	-1.6%	0.0%	-0.97%	-3.7%
Overhead	-0.10%	-0.08%	-0.09%	-0.06%	-0.11%	-0.10%	-0.10%	-0.11%	-0.07%	-0.08%	-0.11%	-0.11%	-0.11%	-0.11%	-0.11%	25.9%	5.4%	-0.11%	27.9%
Total Expense	-1.17%	-1.22%	-1.06%	-0.97%	-1.18%	-1.07%	-1.05%	-1.12%	-0.84%	-1.10%	-1.10%	-1.14%	-1.13%	-1.13%	-1.12%	0.5%	0.5%	-1.08%	-1.3%
EBT $	0.31%	0.34%	0.26%	0.38%	0.22%	0.27%	0.31%	0.20%	0.40%	0.33%	0.25%	0.22%	0.29%	0.35%	0.42%	-22.8%	5.3%	0.24%	-25.2%

Notes (cont'd):

19. With the exception of holding all HELOC's in 2008 and thereafter, this forecast does not contemplate holding any other portion of new CFC loan originations in the bank portfolio.
20. Volume of Loan Sales is based on inventory levels and timing of fundings.
21. GAAP revenues represent realized gain-on-sale on loans sold, net warehouse spread income and hedge gain/loss for the period.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
GAAP PRODUCTION P&L
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
GAAP Revenue $								
Prime								
Gain on Sale								
Conforming Fixed	$ 345	$ 457	$ 378	$ 449	$ 324	$ 393	$ 425	$ 393
Conforming ARM	32	37	44	42	40	49	51	47
Nonconforming Fixed	153	165	173	189	258	314	282	273
Nonconforming Non-POA	163	189	185	192	144	177	186	173
PayOption ARM	232	371	291	221	118	142	133	103
GOS	925	1,219	1,070	1,094	886	1,074	1,078	988
Other	78	(157)	(70)	(89)	(35)	(41)	(31)	(32)
Total Prime	1,003	1,063	1,000	1,005	850	1,033	1,046	957
Nonprime								
Total Nonprime	184	236	180	247	224	261	296	261
Home Equity								
Gain on Sale								
HELOC	63	111	109	76	123	99	100	94
FRS	55	30	86	126	122	119	144	123
GOS	119	141	195	202	245	218	244	216
HELOC Subdraws	36	44	37	35	35	25	21	23
Total GAAP Prod Revenue	$ 1,342	$ 1,483	$ 1,413	$ 1,489	$ 1,354	$ 1,538	$ 1,607	$ 1,457
GAAP Expense $ (pre-OH)								
NEC Expense (pre-OH)	(1,156)	(1,299)	(1,221)	(1,214)	(1,222)	(1,324)	(1,340)	(1,327)
SFAS91	152	176	146	169	142	160	170	159
Income Reclass	39	45	43	43	44	49	53	51
	(965)	(1,078)	(1,033)	(1,002)	(1,036)	(1,115)	(1,117)	(1,117)
Overhead	(93)	(79)	(99)	(66)	(109)	(115)	(119)	(121)
Total Expense	(1,057)	(1,158)	(1,132)	(1,068)	(1,145)	(1,230)	(1,236)	(1,238)
EBT $	$ 284	$ 326	$ 281	$ 421	$ 209	$ 308	$ 371	$ 219

	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
GAAP Revenue $											
Prime											
Gain on Sale											
Conforming Fixed	$ 1,447	$ 1,628	$ 1,534	$ 1,882	$ 2,233	$ 2,526	$ 2,957	-6%	13%	$ 1,411	-13.3%
Conforming ARM	297	156	187	202	214	218	226	20%	8%	177	13.5%
Nonconforming Fixed	717	680	1,127	1,208	1,414	1,617	1,851	66%	22%	624	-8.3%
Nonconforming Non-POA	454	729	681	790	929	1,034	1,182	-7%	10%	620	-14.9%
PayOption ARM	608	1,115	496	473	497	479	473	-56%	-16%	971	-12.9%
GOS	3,523	4,308	4,026	4,555	5,286	5,874	6,689	-7%	9%	3,803	-11.7%
Other	(300)	(238)	(139)	(139)	(130)	(99)	(74)	-41%	-21%	(139)	-41.5%
Total Prime	3,223	4,071	3,886	4,416	5,156	5,776	6,614	-5%	10%	3,664	-10.0%
Nonprime											
Total Nonprime	1,096	847	1,041	1,280	1,410	1,580	1,750	23%	16%	1,053	24.2%
Home Equity											
Gain on Sale											
HELOC	662	359	416	-	-	-	-	16%	-100%	425	18.4%
FRS	36	298	508	462	488	522	563	70%	14%	444	48.9%
GOS	699	657	924	462	488	522	563	41%	-3%	869	32.3%
HELOC Subdraws	122	152	104	92	102	110	122	-31%	-4%	118	-22.0%
Total GAAP Prod Revenue	$ 5,139	$ 5,727	$ 5,956	$ 6,251	$ 7,156	$ 7,987	$ 9,049	4%	10%	$ 5,704	-0.4%
GAAP Expense $ (pre-OH)											
NEC Expense (pre-OH)	(4,367)	(4,890)	(5,213)	(5,625)	(6,152)	(6,610)	(7,166)	6.6%	7.9%	(5,104)	4.4%
SFAS91	961	643	631	691	771	841	925	-1.7%	7.5%	719	11.9%
Income Reclass	194	170	197	217	246	271	301	15.8%	12.1%	190	12.2%
	(3,212)	(4,078)	(4,385)	(4,717)	(5,135)	(5,498)	(5,941)	7.5%	7.8%	(4,194)	2.9%
Overhead	(268)	(338)	(464)	(510)	(551)	(590)	(637)	37.6%	13.6%	(461)	36.6%
Total Expense	(3,480)	(4,415)	(4,849)	(5,227)	(5,687)	(6,088)	(6,578)	9.8%	8.3%	(4,656)	5.4%
EBT $	$ 1,660	$ 1,312	$ 1,107	$ 1,024	$ 1,469	$ 1,899	$ 2,471	-15.6%	13.5%	$ 1,048	-20.1%

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
NEC PRODUCTION P&L
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
NEC Revenue Margin																			
CMD																			
PayOption ARM	2.88%	3.01%	2.94%	2.97%	2.70%	2.60%	2.55%	2.48%	3.08%	2.95%	2.61%	2.66%	2.71%	2.76%	2.81%	-11.6%	-1.0%	2.89%	-2.0%
Other Prime Products	2.60%	2.44%	2.51%	2.51%	2.39%	2.38%	2.44%	2.41%	2.57%	2.51%	2.40%	2.45%	2.50%	2.55%	2.60%	-4.2%	0.7%	2.41%	-3.8%
Prime	2.64%	2.52%	2.55%	2.54%	2.40%	2.39%	2.44%	2.41%	2.67%	2.56%	2.41%	2.46%	2.51%	2.56%	2.61%	-5.8%	0.4%	2.47%	-3.7%
Nonprime	5.64%	4.23%	4.86%	4.91%	4.86%	4.86%	4.83%	4.84%	4.18%	4.85%	4.85%	4.90%	4.95%	5.00%	5.05%	0.0%	0.8%	0.00%	-100.0%
HELOC	4.61%	4.31%	4.09%	3.43%	3.80%	3.76%	3.22%	3.13%	5.18%	4.20%	3.46%	3.51%	3.56%	3.61%	3.66%	-17.7%	-2.7%	3.61%	-14.0%
FRS	3.76%	4.68%	4.94%	4.65%	3.61%	3.63%	4.03%	4.03%	4.01%	4.55%	3.84%	3.89%	3.94%	3.99%	4.04%	-15.5%	-2.3%	4.39%	-3.4%
Other	0.09%	0.09%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%	0.09%	0.09%	0.10%	0.09%	0.09%	0.09%	0.09%	4.0%	0.0%	0.07%	-27.6%
	3.09%	2.97%	2.99%	2.86%	2.68%	2.70%	2.73%	2.69%	3.15%	2.97%	2.70%	2.73%	2.77%	2.82%	2.86%	-9.1%	-0.7%	2.79%	-6.0%
WLD																			
PayOption ARM	2.05%	2.77%	2.54%	2.47%	2.49%	2.42%	2.32%	2.25%	1.98%	2.45%	2.38%	2.43%	2.48%	2.53%	2.58%	-2.9%	1.1%	1.73%	-29.2%
Other Prime Products	1.06%	1.02%	1.10%	1.05%	1.01%	0.94%	0.95%	0.94%	1.16%	1.06%	0.96%	1.01%	1.06%	1.11%	1.16%	-9.0%	1.9%	0.77%	-27.1%
Prime	1.49%	1.69%	1.60%	1.44%	1.30%	1.21%	1.18%	1.13%	1.51%	1.56%	1.20%	1.23%	1.26%	1.28%	1.31%	-22.9%	-3.4%	1.11%	-29.2%
Nonprime	2.08%	1.87%	1.95%	1.43%	1.11%	1.49%	1.80%	1.79%	2.19%	1.82%	1.57%	1.82%	1.84%	1.86%	1.89%	-13.7%	0.8%	1.55%	-14.9%
HELOC	3.38%	3.43%	3.19%	2.58%	2.12%	2.11%	2.02%	2.03%	3.80%	3.20%	2.07%	2.12%	2.17%	2.22%	2.27%	-35.4%	-6.6%	2.01%	-37.1%
FRS	2.94%	3.43%	4.14%	2.55%	2.61%	2.61%	2.50%	2.51%	4.15%	3.30%	2.55%	2.60%	2.65%	2.70%	2.75%	-22.7%	-3.6%	2.67%	
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-47.7%	0.0%	0.00%	-100.0%
	1.68%	1.83%	1.79%	1.51%	1.33%	1.34%	1.37%	1.35%	1.73%	1.71%	1.35%	1.42%	1.45%	1.48%	1.51%	-21.2%	-2.5%	1.29%	-24.7%
CLD																			
PayOption ARM	1.31%	1.78%	1.56%	1.24%	1.17%	0.96%	0.96%	0.97%	1.35%	1.50%	1.02%	1.07%	1.12%	1.17%	1.22%	-32.0%	-4.0%	1.01%	-32.7%
Other Prime Products	0.40%	0.40%	0.34%	0.34%	0.36%	0.37%	0.32%	0.32%	0.40%	0.37%	0.34%	0.39%	0.44%	0.49%	0.54%	-7.2%	8.1%	0.24%	-35.1%
Prime	0.60%	0.68%	0.51%	0.42%	0.42%	0.40%	0.35%	0.35%	0.60%	0.54%	0.38%	0.42%	0.47%	0.52%	0.56%	-29.6%	0.8%	0.35%	-35.5%
Nonprime	1.94%	1.78%	1.72%	1.60%	1.42%	1.43%	1.51%	1.51%	1.01%	1.76%	1.47%	1.52%	1.57%	1.62%	1.67%	-16.3%	-1.0%	1.30%	-25.7%
HELOC	2.54%	1.66%	1.16%	1.15%	1.16%	1.16%	1.14%	1.13%	2.69%	1.70%	1.15%	1.20%	1.25%	1.30%	1.35%	-32.6%	-4.5%	1.20%	-29.6%
FRS	1.46%	1.41%	1.55%	1.67%	1.54%	1.54%	1.55%	1.51%	1.47%	1.54%	1.54%	1.59%	1.64%	1.69%	1.74%	0.0%	2.5%	1.61%	4.7%
Other	0.10%	0.08%	0.05%	0.08%	0.05%	0.04%	0.08%	0.08%	0.03%	0.08%	0.06%	0.08%	0.08%	0.08%	0.08%	-18.7%	0.0%	0.05%	-37.2%
	0.83%	0.86%	0.66%	0.58%	0.55%	0.54%	0.53%	0.52%	0.74%	0.72%	0.53%	0.59%	0.63%	0.68%	0.72%	-25.9%	0.2%	0.47%	-34.0%
FSL																			
PayOption ARM	3.57%	3.09%	2.96%	3.18%	2.57%	2.37%	2.45%	2.42%	3.36%	3.14%	2.45%	2.50%	2.55%	2.60%	2.65%	-22.1%	-3.3%	2.61%	-16.8%
Other Prime Products	3.39%	3.28%	3.37%	3.29%	3.26%	3.27%	3.24%	3.21%	3.38%	3.33%	3.25%	3.30%	3.35%	3.40%	3.45%	-2.5%	0.7%	2.98%	-10.5%
Prime	3.39%	3.27%	3.35%	3.29%	3.24%	3.25%	3.22%	3.19%	3.37%	3.32%	3.23%	3.28%	3.34%	3.39%	3.44%	-2.9%	0.7%	2.96%	-10.9%
Nonprime	4.95%	4.92%	4.92%	4.80%	4.56%	4.57%	4.62%	4.64%	5.54%	4.90%	4.60%	4.65%	4.70%	4.75%	4.80%	-6.1%	-0.4%	4.51%	-7.8%
HELOC	5.83%	5.23%	5.11%	4.87%	4.27%	4.27%	4.51%	4.52%	5.85%	5.27%	4.40%	4.45%	4.50%	4.55%	4.60%	-16.5%	-2.7%	4.67%	-11.4%
FRS	3.82%	5.04%	5.53%	4.64%	4.58%	4.57%	4.60%	4.60%	4.98%	4.87%	4.59%	4.64%	4.69%	4.74%	4.79%	-5.7%	-0.3%	5.05%	3.7%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			0.01%	
	4.18%	4.20%	4.17%	3.97%	3.80%	3.81%	3.81%	3.78%	4.70%	4.12%	3.80%	3.86%	3.91%	3.97%	4.01%	-7.8%	-0.5%	3.73%	-9.4%
Total																			
PayOption ARM	1.91%	2.43%	2.23%	2.07%	2.01%	1.88%	1.82%	1.75%	1.95%	2.16%	1.87%	1.94%	2.01%	2.09%	2.16%	-13.5%	0.0%	1.67%	-23.0%
Other Prime Products	1.31%	1.32%	1.27%	1.20%	1.28%	1.24%	1.24%	1.23%	1.25%	1.27%	1.25%	1.32%	1.39%	1.46%	1.53%	-1.8%	3.8%	1.15%	-9.3%
Prime	1.46%	1.57%	1.43%	1.29%	1.34%	1.29%	1.27%	1.26%	1.42%	1.43%	1.29%	1.35%	1.42%	1.49%	1.55%	-9.9%	1.6%	1.24%	-13.6%
Nonprime	3.21%	3.10%	3.12%	2.86%	2.54%	2.70%	2.83%	2.80%	2.94%	3.07%	2.73%	2.87%	2.92%	2.97%	3.04%	-11.2%	-0.2%	2.61%	-15.0%
HELOC	4.01%	3.70%	3.35%	2.89%	2.83%	2.83%	2.57%	2.53%	4.42%	3.56%	2.68%	2.74%	2.79%	2.83%	2.90%	-24.8%	-4.0%	2.92%	-18.2%
FRS	3.18%	3.71%	4.00%	3.47%	3.03%	3.05%	3.27%	3.28%	2.92%	3.63%	3.16%	3.22%	3.28%	3.32%	3.40%	-12.8%	-1.3%	3.62%	-0.2%
Other	0.07%	0.06%	0.05%	0.06%	0.05%	0.05%	0.06%	0.06%	0.04%	0.06%	0.05%	0.06%	0.06%	0.06%	0.06%	-9.5%	-0.7%	0.04%	-32.5%
	1.89%	1.97%	1.83%	1.62%	1.62%	1.60%	1.62%	1.61%	1.82%	1.82%	1.61%	1.69%	1.75%	1.82%	1.88%	-11.4%	0.6%	1.60%	-12.3%
NEC Expense Margin (pre-OH)																			
CMD	-2.44%	-2.35%	-2.32%	-2.27%	-2.44%	-2.42%	-2.28%	-2.45%	-2.05%	-2.34%	-2.40%	-2.37%	-2.31%	-2.27%	-2.24%	2.3%	-0.9%	-2.44%	4.3%
WLD	-0.72%	-0.71%	-0.74%	-0.74%	-0.80%	-0.75%	-0.76%	-0.81%	-0.63%	-0.73%	-0.78%	-0.78%	-0.77%	-0.76%	-0.74%	7.2%	0.5%	-0.76%	5.3%
CLD	-0.22%	-0.22%	-0.20%	-0.17%	-0.20%	-0.18%	-0.16%	-0.17%	-0.15%	-0.20%	-0.18%	-0.16%	-0.16%	-0.16%	-0.16%	-12.5%	-4.4%	-0.19%	-7.8%
FSL	-3.59%	-3.32%	-3.18%	-2.99%	-3.02%	-2.91%	-2.88%	-2.89%	-3.44%	-3.25%	-2.92%	-2.89%	-2.84%	-2.81%	-2.78%	-10.1%	-3.0%	-2.98%	-8.1%
	-1.18%	-1.20%	-1.14%	-1.05%	-1.22%	-1.17%	-1.12%	-1.19%	-0.94%	-1.14%	-1.17%	-1.18%	-1.17%	-1.18%	-1.18%	2.7%	0.7%	-1.19%	4.5%
NEC Income Margin																			
CMD	0.64%	0.62%	0.67%	0.59%	0.24%	0.27%	0.45%	0.24%	1.11%	0.63%	0.31%	0.37%	0.46%	0.54%	0.62%	-51.3%	-0.2%	0.35%	-44.3%
WLD	0.97%	1.12%	1.04%	0.78%	0.53%	0.59%	0.61%	0.54%	1.11%	0.98%	0.57%	0.64%	0.68%	0.72%	0.76%	-42.2%	-5.0%	0.52%	-46.9%
CLD	0.61%	0.64%	0.46%	0.40%	0.35%	0.36%	0.37%	0.35%	0.59%	0.52%	0.36%	0.43%	0.47%	0.52%	0.56%	-31.0%	1.7%	0.29%	-44.1%
FSL	0.59%	0.87%	0.98%	0.98%	0.79%	0.89%	0.93%	0.89%	1.26%	0.87%	0.88%	0.97%	1.07%	1.16%	1.23%	0.8%	7.1%	0.75%	-14.2%
	0.70%	0.77%	0.69%	0.57%	0.40%	0.44%	0.50%	0.42%	0.88%	0.68%	0.44%	0.51%	0.58%	0.64%	0.70%	-35.0%	0.6%	0.40%	-40.4%
WLD SLG NEC Expense Margin (pre-OH)	-1.91%	-1.50%	-1.63%	-1.55%	-1.50%	-1.49%	-1.55%	-1.54%	-1.51%	-1.63%	-1.52%	-1.52%	-1.49%	-1.46%	-1.44%	-6.7%	-2.4%	-1.30%	-20.3%
WLD SLG NEC Income Margin	0.17%	0.37%	0.32%	-0.12%	-0.39%	0.00%	0.25%	0.25%	0.68%	0.19%	0.05%	0.30%	0.35%	0.40%	0.45%	-73.3%	18.7%	0.25%	30.5%

Notes (cont'd):

22. NEC revenues represent the economic value embedded in loans originated during the period. They are generally correlated to GAAP revenues except for GAAP rules on recognition of income and sale timing.
23. NEC revenues were computed at a granularity of 25 product types for each channel. This report represents a summary of the same.
24. PayOption ARM revenues are forecasted to decline significantly through 2007 in all channels.
25. Costs related to branch growth and other market share initiatives are included in NEC expenses.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
NEC PRODUCTION P&L
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
NEC Revenue $																			
CMD																			
PayOption ARM	$ 96	$ 109	$ 75	$ 47	$ 32	$ 27	$ 20	$ 12	$ 609	$ 326	$ 91	$ 90	$ 91	$ 89	$ 85	-72.1%	-23.6%	$ 297	-8.9%
Other Prime Products	449	524	528	589	530	578	621	574	2,145	2,090	2,303	2,605	3,025	3,401	3,847	10.2%	13.0%	1,978	-5.4%
Prime	544	633	604	635	562	605	642	586	2,754	2,416	2,394	2,695	3,116	3,489	3,932	-0.9%	10.2%	2,275	-5.9%
Nonprime	2	2	3	3	3	3	3	2	4	10	11	12	13	15	16	4.9%	9.2%	-	-100.0%
HELOC	165	160	113	71	69	85	81	70	952	509	306	324	345	370	403	-39.9%	-4.5%	387	-23.8%
FRS	66	96	110	94	66	82	101	90	86	366	339	358	379	403	437	-7.2%	3.6%	380	3.7%
Other	24	27	28	30	28	31	30	27	111	109	116	122	137	149	164	6.2%	8.5%	77	-29.6%
	801	919	857	834	727	806	857	776	3,907	3,410	3,165	3,511	3,989	4,425	4,952	-7.2%	7.7%	3,119	-8.5%
WLD																			
PayOption ARM	$ 171	$ 220	$ 160	$ 113	$ 72	$ 75	$ 68	$ 54	$ 674	$ 664	$ 269	$ 267	$ 274	$ 271	$ 267	-59.5%	-16.7%	$ 403	-39.3%
Other Prime Products	113	131	129	128	121	130	141	132	551	501	523	612	731	848	998	4.5%	14.8%	333	-33.5%
Prime	284	351	289	241	193	205	208	186	1,226	1,165	792	879	1,005	1,120	1,265	-32.0%	1.7%	736	-36.8%
Nonprime	58	74	64	49	45	66	88	93	333	245	292	381	438	492	543	19.0%	17.3%	351	43.4%
HELOC	42	43	32	21	17	20	20	18	201	137	75	85	95	106	118	-45.6%	-3.0%	79	-42.3%
FRS	9	16	26	16	13	16	16	14	14	68	59	63	69	75	81	-13.4%	3.7%	64	-5.2%
Other	(0)	(0)	0	0	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-50.0%	7.1%	-	-100.0%
	393	485	410	327	267	308	332	311	1,774	1,615	1,217	1,408	1,608	1,791	2,008	-24.6%	4.5%	1,230	-23.8%
CLD																			
PayOption ARM	$ 104	$ 137	$ 91	$ 51	$ 32	$ 27	$ 24	$ 21	$ 541	$ 383	$ 103	$ 100	$ 98	$ 91	$ 84	-73.1%	-26.1%	$ 235	-38.6%
Other Prime Products	117	119	123	161	130	154	141	131	597	520	556	672	819	954	1,114	7.0%	16.5%	332	-36.1%
Prime	221	256	214	212	161	180	165	152	1,138	903	659	772	917	1,044	1,199	-27.0%	5.8%	568	-37.2%
Nonprime	39	36	38	34	26	32	35	34	142	147	127	136	144	158	160	-13.6%	1.8%	86	-41.4%
HELOC	31	19	13	8	10	12	12	11	186	71	46	49	53	59	62	-35.6%	-2.6%	42	-41.4%
FRS	10	15	19	21	16	18	19	16	32	64	68	72	76	84	89	5.9%	6.7%	61	-5.4%
Other	40	33	23	42	21	21	39	36	72	138	116	150	160	166	175	-15.7%	4.8%	83	-39.7%
	341	358	306	318	235	263	270	248	1,569	1,324	1,016	1,179	1,350	1,512	1,685	-23.2%	4.9%	839	-36.6%
FSL																			
PayOption ARM	$ 5	$ 7	$ 8	$ 5	$ 4	$ 4	$ 4	$ 4	$ 18	$ 25	$ 16	$ 16	$ 16	$ 15	$ 14	-35.4%	-10.6%	$ 36	42.6%
Other Prime Products	117	122	148	173	188	214	228	227	318	560	857	954	1,093	1,200	1,350	53.1%	19.2%	660	17.8%
Prime	121	129	156	178	192	217	233	232	336	585	873	970	1,109	1,215	1,364	49.4%	18.5%	695	18.9%
Nonprime	160	203	187	184	175	196	208	203	816	736	781	876	994	1,119	1,237	6.2%	10.9%	775	5.4%
HELOC	14	15	14	10	9	10	11	9	42	52	39	42	45	50	56	-25.7%	1.4%	55	5.4%
FRS	11	20	28	20	19	22	24	20	9	80	85	91	97	105	116	5.7%	7.6%	115	43.6%
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			6	
	307	368	386	393	395	445	475	464	1,203	1,453	1,778	1,979	2,246	2,489	2,773	22.4%	13.8%	1,648	13.4%
Total																			
PayOption ARM	$ 376	$ 472	$ 335	$ 216	$ 139	$ 132	$ 117	$ 91	$ 1,842	$ 1,398	$ 479	$ 472	$ 478	$ 466	$ 451	-65.7%	-20.3%	$ 971	-30.6%
Other Prime Products	795	897	928	1,050	969	1,075	1,132	1,064	3,612	3,671	4,240	4,843	5,668	6,403	7,309	15.5%	14.8%	3,303	-10.0%
Prime	1,171	1,369	1,263	1,266	1,108	1,208	1,248	1,155	5,454	5,069	4,719	5,316	6,147	6,868	7,760	-6.9%	8.9%	4,273	-15.7%
Nonprime	260	316	292	270	249	296	334	332	1,295	1,138	1,210	1,405	1,589	1,783	1,956	6.4%	11.4%	1,213	6.6%
HELOC	251	237	171	110	105	127	125	108	1,380	770	465	500	538	585	640	-39.6%	-3.6%	564	-26.8%
FRS	96	147	183	152	113	138	159	140	142	578	551	584	622	667	722	-4.7%	4.5%	620	7.2%
Other	64	60	51	72	49	52	68	63	182	247	232	271	296	315	338	-6.0%	6.5%	166	-32.6%
	1,842	2,130	1,959	1,871	1,624	1,821	1,934	1,799	8,453	7,802	7,177	8,076	9,192	10,218	11,417	-8.0%	7.9%	6,836	-12.4%
NEC Expense $ (pre-OH)																			
CMD	(634)	(726)	(665)	(663)	(661)	(723)	(715)	(707)	(2,535)	(2,688)	(2,807)	(3,042)	(3,324)	(3,572)	(3,877)	4.4%	7.6%	$ (2,727)	1.5%
WLD	(167)	(189)	(170)	(159)	(161)	(173)	(184)	(186)	(639)	(686)	(703)	(775)	(852)	(918)	(993)	2.6%	7.7%	(731)	6.6%
CLD	(91)	(92)	(91)	(96)	(87)	(88)	(83)	(79)	(314)	(370)	(336)	(326)	(344)	(357)	(373)	-9.4%	0.2%	(328)	-11.5%
FSL	(264)	(291)	(295)	(296)	(313)	(341)	(359)	(355)	(879)	(1,146)	(1,367)	(1,483)	(1,632)	(1,763)	(1,923)	19.3%	10.9%	(1,317)	15.0%
	(1,156)	(1,299)	(1,221)	(1,214)	(1,222)	(1,324)	(1,340)	(1,327)	(4,367)	(4,890)	(5,213)	(5,625)	(6,152)	(6,610)	(7,166)	6.6%	7.9%	(5,104)	4.4%
NEC Income $																			
CMD	167	192	192	171	66	82	142	69	1,372	722	359	469	665	854	1,075	-50.3%	8.3%	391	-45.8%
WLD	226	296	239	168	106	135	148	125	1,135	929	514	633	756	874	1,015	-44.7%	1.8%	500	-46.2%
CLD	250	266	215	222	148	176	188	169	1,256	953	681	853	1,006	1,155	1,312	-28.6%	6.6%	511	-46.3%
FSL	43	77	91	97	82	104	116	109	324	308	411	496	613	726	850	33.7%	22.5%	330	7.4%
	$ 686	$ 831	$ 737	$ 657	$ 402	$ 496	$ 594	$ 472	$ 4,086	$ 2,911	$ 1,964	$ 2,451	$ 3,040	$ 3,608	$ 4,251	-32.5%	7.9%	$ 1,732	-40.5%
WLD SLG NEC Expense $ (pre-OH)	$ (54)	$ (60)	$ (53)	$ (53)	$ (61)	$ (66)	$ (76)	$ (80)	$ (230)	$ (219)	$ (282)	$ (318)	$ (355)	$ (386)	$ (414)	28.7%	13.6%	$ (295)	34.4%
WLD SLG NEC Income $	5	15	11	(4)	(16)	(0)	12	13	103	26	9	63	83	106	129	-63.2%	38.1%	57	120.0%

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	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Revenue $																			
Servicing Fee	$ 913	$ 940	$ 941	$ 1,010	$ 1,074	$ 1,129	$ 1,183	$ 1,229	$ 3,194	$ 3,804	$ 4,614	$ 5,139	$ 5,589	$ 6,152	$ 6,844	21.3%	12.5%	$ 4,558	19.8%
Residual Interests	134	129	124	127	123	126	129	132	456	513	510	526	528	547	585	-0.7%	2.7%	501	-2.4%
Escrow Earnings	160	207	238	242	256	264	271	278	367	847	1,068	1,168	1,285	1,427	1,596	26.1%	13.5%	1,055	24.6%
Late Fees	69	65	76	85	88	91	93	95	237	295	367	402	442	490	549	24.6%	13.3%	328	11.2%
Economic Decay	(738)	(768)	(807)	(880)	(958)	(935)	(974)	(1,003)	(2,288)	(3,193)	(3,869)	(4,196)	(4,587)	(5,113)	(5,785)	21.2%	12.6%	(3,869)	21.2%
Net Hedge less Theta*																			
MSR Value Adjustment	978	569	(1,067)	(48)	612	-	-	-	388	432	612	-	-	-	-	41.6%	-100.0%	160	-63.0%
Residual Value Adjustment	(120)	51	(140)	(73)	26	-	-	-	(365)	(282)	26	-	-	-	-	-109.3%	-100.0%	11	-103.9%
Hedge Value Adjustment	(753)	(509)	1,165	(41)	(651)	-	-	-	41	(138)	(651)	-	-	-	-	372.7%	-100.0%	(189)	37.4%
	105	111	(42)	(162)	(13)	-	-	-	64	12	(13)	-	-	-	-	-206.2%	-100.0%	(18)	-249.8%
Hedge Cost	(133)	(112)	(131)	(100)	(112)	(117)	(123)	(129)	(564)	(476)	(482)	(541)	(589)	(635)	(685)	1.2%	7.5%	(464)	-2.5%
Miscellaneous	87	82	108	113	120	123	127	130	312	390	500	547	602	668	747	28.2%	13.9%	494	26.6%
Total	598	653	507	435	578	679	706	732	1,779	2,193	2,695	3,044	3,271	3,536	3,851	22.9%	11.9%	2,584	17.9%
Expense $																			
Servicing Cost	(194)	(196)	(189)	(175)	(194)	(195)	(200)	(205)	(662)	(754)	(793)	(862)	(948)	(1,052)	(1,177)	5.2%	9.3%	(784)	3.9%
Foreclosure Loss	(14)	(14)	(19)	(24)	(20)	(21)	(22)	(22)	(61)	(71)	(85)	(93)	(103)	(114)	(128)	19.7%	12.3%	(84)	18.3%
OH	(13)	(10)	(11)	(8)	(15)	(16)	(16)	(17)	(31)	(43)	(64)	(70)	(76)	(81)	(87)	47.2%	15.1%	(63)	46.1%
Total	(221)	(221)	(219)	(208)	(229)	(231)	(238)	(244)	(754)	(869)	(942)	(1,025)	(1,126)	(1,247)	(1,392)	8.5%	9.9%	(931)	7.2%
Interest Expense	(128)	(153)	(164)	(218)	(223)	(227)	(232)	(237)	(354)	(663)	(918)	(990)	(1,077)	(1,186)	(1,317)	38.5%	14.7%	(921)	38.9%
EBT $	$ 249	$ 279	$ 123	$ 10	$ 125	$ 221	$ 237	$ 251	$ 671	$ 661	$ 834	$ 1,029	$ 1,067	$ 1,103	$ 1,142	26.2%	11.6%	$ 732	10.7%
Average Serv Port (excl subserv)	$ 1,103,743	$ 1,149,664	$ 1,197,649	$ 1,251,094	$ 1,297,561	$ 1,337,214	$ 1,375,550	$ 1,408,946	$ 944,364	$ 1,175,538	$ 1,354,817	$ 1,482,006	$ 1,630,708	$ 1,809,768	$ 2,025,374	15.3%	11.5%	$ 1,345,849	14.5%
Average Serv Port (incl subserv)	1,131,941	1,172,616	1,219,975	1,270,838	1,318,877	1,359,748	1,398,730	1,432,689	970,841	1,198,843	1,377,511	1,506,980	1,658,188	1,840,266	2,059,505	14.9%	11.4%	1,368,391	14.1%
Ending Serv Port (excl subserv)	1,126,479	1,174,693	1,223,758	1,280,119	1,316,701	1,356,598	1,392,881	1,425,151	1,081,189	1,280,119	1,425,151	1,548,569	1,719,605	1,913,442	2,138,147	11.3%	10.8%	1,409,960	10.1%
Ending Serv Port (incl subserv)	1,152,651	1,196,668	1,244,311	1,298,394	1,338,890	1,379,459	1,416,354	1,449,167	1,111,090	1,298,394	1,449,167	1,574,665	1,748,583	1,945,687	2,174,178	11.6%	10.9%	1,433,720	10.4%
Servicing Port Runoff Rate	17.80%	19.92%	18.64%	19.92%	20.15%	22.36%	24.16%	22.62%	30.07%	21.99%	25.61%	26.93%	24.94%	23.43%	21.95%	16.5%	0.0%	25.46%	15.8%
MSR	$ 14,172	$ 15,321	$ 15,019	$ 16,172	$ 17,397	$ 18,366	$ 19,332	$ 19,956	$ 12,611	$ 16,172	$ 19,956	$ 21,626	$ 23,514	$ 25,317	$ 27,090	23.4%	10.9%	$ 19,194	18.7%
Total MSR Cap Rate	1.379%	1.434%	1.334%	1.366%	1.453%	1.489%	1.526%	1.540%	1.281%	1.366%	1.540%	1.536%	1.504%	1.455%	1.393%	12.7%	0.4%	1.497%	9.6%
New MSR Cap Rate	1.336%	1.419%	1.468%	1.791%	1.625%	1.655%	1.639%	1.474%	1.365%	1.515%	1.599%	1.280%	1.284%	1.286%	1.290%	5.5%	-3.2%	1.588%	4.8%
Residuals Cap Rate				0.000%	1.412%	1.372%	1.381%	1.385%			1.388%	1.214%	1.205%	1.197%	1.192%			1.366%	
Revenue Bps																			
Servicing Fee	0.3310%	0.3270%	0.3142%	0.3230%	0.3310%	0.3376%	0.3441%	0.3489%	0.3383%	0.3236%	0.3406%	0.3468%	0.3427%	0.3399%	0.3379%	5.2%	0.9%	0.3387%	4.6%
Residual Interests	0.0486%	0.0447%	0.0414%	0.0405%	0.0379%	0.0376%	0.0375%	0.0374%	0.0483%	0.0436%	0.0376%	0.0355%	0.0324%	0.0302%	0.0289%	-13.8%	-7.9%	0.0372%	-14.7%
Escrow Earnings	0.0580%	0.0721%	0.0795%	0.0773%	0.0788%	0.0788%	0.0788%	0.0788%	0.0388%	0.0720%	0.0788%	0.0788%	0.0788%	0.0788%	0.0788%	9.4%	1.8%	0.0784%	8.8%
Late Fees	0.0251%	0.0224%	0.0254%	0.0271%	0.0271%	0.0271%	0.0271%	0.0271%	0.0251%	0.0251%	0.0271%	0.0271%	0.0271%	0.0271%	0.0271%	8.1%	1.6%	0.0243%	-2.9%
Economic Decay	-0.2675%	-0.2671%	-0.2695%	-0.2813%	-0.2952%	-0.2797%	-0.2831%	-0.2847%	-0.2423%	-0.2716%	-0.2856%	-0.2832%	-0.2813%	-0.2825%	-0.2856%	5.2%	1.0%	-0.2875%	5.8%
Net Hedge less Theta*																			
MSR Value Adjustment	0.3545%	0.1978%	-0.3563%	-0.0153%	0.1886%				0.0411%	0.0367%	0.0452%					22.9%		0.0119%	-67.6%
Residual Value Adjustment	-0.0435%	0.0179%	-0.0469%	-0.0234%	0.0081%				-0.0386%	-0.0240%	0.0019%					-108.1%		0.0008%	-103.4%
Hedge Value Adjustment	-0.2728%	-0.1771%	0.3892%	-0.0131%	-0.2007%				0.0043%	-0.0117%	-0.0481%					310.2%		-0.0141%	20.0%
	0.0381%	0.0386%	-0.0140%	-0.0518%	-0.0040%				0.0068%	0.0010%	-0.0010%					-192.1%		-0.0014%	-230.8%
Hedge Cost	-0.0482%	-0.0390%	-0.0438%	-0.0320%	-0.0345%	-0.0351%	-0.0359%	-0.0366%	-0.0597%	-0.0405%	-0.0355%	-0.0365%	-0.0361%	-0.0351%	-0.0338%	-12.2%	-3.5%	-0.0345%	-14.8%
Miscellaneous	0.0316%	0.0286%	0.0359%	0.0362%	0.0369%	0.0369%	0.0369%	0.0369%	0.0331%	0.0332%	0.0369%	0.0369%	0.0369%	0.0369%	0.0369%	11.2%	2.1%	0.0367%	10.6%
Total	0.2166%	0.2273%	0.1692%	0.1391%	0.1781%	0.2032%	0.2053%	0.2078%	0.1884%	0.1865%	0.1989%	0.2054%	0.2006%	0.1954%	0.1902%	6.7%	0.4%	0.1920%	2.9%
Expense Bps																			
Servicing Cost	-0.0702%	-0.0683%	-0.0631%	-0.0561%	-0.0598%	-0.0582%	-0.0581%	-0.0582%	-0.0701%	-0.0641%	-0.0586%	-0.0581%	-0.0581%	-0.0581%	-0.0581%	-8.7%	-1.9%	-0.0582%	-9.2%
Foreclosure Loss	-0.0050%	-0.0050%	-0.0063%	-0.0077%	-0.0063%	-0.0063%	-0.0063%	-0.0063%	-0.0064%	-0.0061%	-0.0063%	-0.0063%	-0.0063%	-0.0063%	-0.0063%	3.9%	0.8%	-0.0063%	3.3%
OH	-0.0048%	-0.0035%	-0.0038%	-0.0027%	-0.0046%	-0.0047%	-0.0047%	-0.0047%	-0.0033%	-0.0037%	-0.0047%	-0.0047%	-0.0046%	-0.0045%	-0.0043%	27.7%	3.2%	-0.0047%	27.6%
	-0.0800%	-0.0768%	-0.0732%	-0.0665%	-0.0707%	-0.0692%	-0.0691%	-0.0692%	-0.0798%	-0.0739%	-0.0696%	-0.0692%	-0.0691%	-0.0689%	-0.0687%	-5.9%	-1.4%	-0.0692%	-6.4%
Interest Expense	-0.0465%	-0.0533%	-0.0548%	-0.0695%	-0.0687%	-0.0680%	-0.0673%	-0.0672%	-0.0375%	-0.0564%	-0.0678%	-0.0668%	-0.0661%	-0.0655%	-0.0650%	20.2%	2.9%	-0.0684%	21.3%
EBT Bps	0.0901%	0.0972%	0.0412%	0.0030%	0.0387%	0.0660%	0.0688%	0.0714%	0.0711%	0.0562%	0.0616%	0.0695%	0.0654%	0.0609%	0.0564%	9.5%	0.1%	0.0544%	-3.3%

Market values as of Tuesday, Jan. 30, 2007

Notes (cont'd):

26. Servicing Fee revenue forecasts assumed that the excess servicing held on the balance sheet on loans sold in the rest of the periods are at Q4-2006 levels.
27. The OAS assumption for 30-year fixed servicing valuation was held constant at 365 bps. MSR valuation OAS for other products was assumed at a fixed spread to 30-year fixed servicing.
28. Nonprime residuals (traditional) were valued at a constant discount rate of 25% while Nonprime back-end NIM residuals were valued at a constant discount rate of 30%.
29. HELOC residuals were valued at a constant discount rate of 15%, while Transferor's Interests were valued at a constant discount rate of 10%.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
SERVICING PORTFOLIO & MSR
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Servicing Portfolio $ (excl Subserv)																			
Beginning																			
Prime	$ 907,422	$ 955,621	$ 1,006,956	$ 1,058,915	$ 1,112,555	$ 1,145,775	$ 1,180,773	$ 1,210,332	$ 686,163	$ 907,422	$ 1,112,555	$ 1,236,755	$ 1,362,440	$ 1,520,805	$ 1,692,513	22.6%	13.3%	$ 1,112,555	22.6%
Nonprime	120,702	118,052	115,903	114,925	119,664	118,740	119,762	122,221	89,872	120,702	119,664	124,555	109,717	111,645	124,221	-0.9%	0.6%	119,664	-0.9%
HE	53,065	52,806	51,834	49,919	47,900	52,186	56,063	60,328	45,469	53,065	47,900	63,841	76,412	87,155	96,709	-9.7%	12.8%	47,900	-9.7%
	1,081,189	1,126,479	1,174,693	1,223,758	1,280,119	1,316,701	1,356,598	1,392,881	821,504	1,081,189	1,280,119	1,425,151	1,548,569	1,719,605	1,913,442	18.4%	12.1%	1,280,119	18.4%
Production																			
Prime (incl CCM)	84,279	93,979	92,528	100,888	87,763	99,285	103,964	97,083	404,286	371,675	388,095	416,462	458,789	489,948	530,519	4.4%	7.4%	366,729	-1.3%
Nonprime	8,099	10,171	9,337	9,444	9,792	10,990	11,771	11,855	44,016	37,052	44,408	48,972	54,442	59,964	64,376	19.9%	11.7%	46,448	25.4%
HE (incl subdraws)	11,040	12,448	11,604	10,018	9,044	10,344	11,158	9,826	42,640	45,110	40,371	41,800	43,979	46,791	49,893	-10.5%	2.0%	42,615	-5.5%
	103,418	116,599	113,469	120,351	106,599	120,620	126,892	118,764	490,941	453,837	472,874	507,234	557,210	596,703	644,789	4.2%	7.3%	455,792	0.4%
Runoff																			
Prime	(34,382)	(41,569)	(41,099)	(48,752)	(54,543)	(64,287)	(74,405)	(70,659)	(175,980)	(165,801)	(263,895)	(290,778)	(300,425)	(318,240)	(329,730)	59.2%	14.7%	(261,718)	57.9%
Nonprime	(11,639)	(12,806)	(11,836)	(11,738)	(10,716)	(9,969)	(9,311)	(9,521)	(49,227)	(48,020)	(39,516)	(63,810)	(52,513)	(47,389)	(49,373)	-17.7%	0.6%	(39,526)	-17.7%
HE	(5,688)	(6,481)	(6,103)	(5,630)	(4,758)	(6,466)	(6,893)	(6,314)	(21,842)	(23,903)	(24,431)	(29,228)	(33,235)	(37,237)	(40,982)	2.2%	11.4%	(24,707)	3.4%
	(51,709)	(60,856)	(59,039)	(66,120)	(70,017)	(80,722)	(90,609)	(86,494)	(247,050)	(237,724)	(327,842)	(383,816)	(386,173)	(402,866)	(420,084)	37.9%	12.1%	(325,950)	37.1%
Acquisitions																			
Prime	(1,699)	(1,075)	529	1,504	-	-	-	-	(7,046)	(740)	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
Nonprime	890	485	1,521	7,033	-	-	-	-	36,042	9,930	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
HE	(5,610)	(6,939)	(7,416)	(6,408)	-	-	-	-	(13,202)	(26,372)	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
	(6,419)	(7,529)	(5,365)	2,130	-	-	-	-	15,794	(17,183)	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
Ending																			
Prime	955,621	1,006,956	1,058,915	1,112,555	1,145,775	1,180,773	1,210,332	1,236,755	907,422	1,112,555	1,236,755	1,362,440	1,520,805	1,692,513	1,893,303	11.2%	11.2%	1,217,566	9.4%
Nonprime	118,052	115,903	114,925	119,664	118,740	119,762	122,221	124,555	120,702	119,664	124,555	109,717	111,645	124,221	139,224	4.1%	3.1%	126,586	5.8%
HE	52,806	51,834	49,919	47,900	52,186	56,063	60,328	63,841	53,065	47,900	63,841	76,412	87,155	96,709	105,620	33.3%	17.1%	65,808	37.4%
	$ 1,126,479	$ 1,174,693	$ 1,223,758	$ 1,280,119	$ 1,316,701	$ 1,356,598	$ 1,392,881	$ 1,425,151	$ 1,081,189	$ 1,280,119	$ 1,425,151	$ 1,548,569	$ 1,719,605	$ 1,913,442	$ 2,138,147	11.3%	10.8%	$ 1,409,960	10.1%
Subservicing Portfolio, ending	$ 26,172	$ 21,975	$ 20,552	$ 18,275	$ 22,189	$ 22,861	$ 23,472	$ 24,016	$ 29,901	$ 18,275	$ 24,016	$ 26,096	$ 28,978	$ 32,245	$ 36,031	31.4%	14.5%	$ 23,760	30.0%
Average Serv Port (excl subserv)	$ 1,103,743	$ 1,149,664	$ 1,197,649	$ 1,251,094	$ 1,297,561	$ 1,337,214	$ 1,375,550	$ 1,408,946	$ 944,364	$ 1,175,538	$ 1,354,817	$ 1,482,006	$ 1,630,708	$ 1,809,768	$ 2,025,374	15.3%	11.5%	$ 1,345,849	14.5%
Average Serv Port (incl subserv)	$ 1,131,941	$ 1,172,616	$ 1,219,975	$ 1,270,838	$ 1,318,877	$ 1,359,748	$ 1,398,730	$ 1,432,689	$ 970,841	$ 1,198,843	$ 1,377,511	$ 1,506,980	$ 1,658,188	$ 1,840,266	$ 2,059,505	14.9%	11.4%	$ 1,368,391	14.1%
Ending Serv Port (incl subserv)	$ 1,152,651	$ 1,196,668	$ 1,244,311	$ 1,298,394	$ 1,338,890	$ 1,379,459	$ 1,416,354	$ 1,449,167	$ 1,111,090	$ 1,298,394	$ 1,449,167	$ 1,574,665	$ 1,748,583	$ 1,945,687	$ 2,174,178	11.6%	10.9%	$ 1,433,720	10.4%
MSR Balance Flow																			
Beginning	$ 12,611	$ 14,172	$ 15,321	$ 15,018	$ 16,172	$ 17,397	$ 18,366	$ 19,332	$ 8,730	$ 12,611	$ 16,172	$ 19,956	$ 21,626	$ 23,514	$ 25,317	28.2%	15.0%	$ 16,066	27.4%
Production	1,212	1,348	1,573	1,975	1,571	1,905	1,939	1,627	5,623	6,107	7,041	5,867	6,475	6,916	7,558	15.3%	4.4%	6,838	12.0%
Sales	-	-	-	-	-	-	-	-	(102)	-	-	-	-	-	-			-	
Runoff	(738)	(768)	(807)	(880)	(958)	(935)	(974)	(1,003)	(2,288)	(3,193)	(3,869)	(4,196)	(4,587)	(5,113)	(5,785)	21.2%	12.6%	(3,869)	21.2%
MTM	978	569	(1,067)	(48)	612	-	-	-	601	432	612	-	-	-	-	41.5%	-100.0%	160	-63.0%
Other	109	(0)	(0)	106	-	-	-	-	47	216	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
Ending	$ 14,172	$ 15,321	$ 15,019	$ 16,172	$ 17,397	$ 18,366	$ 19,332	$ 19,956	$ 12,611	$ 16,172	$ 19,956	$ 21,626	$ 23,514	$ 25,317	$ 27,090	23.4%	10.9%	$ 19,194	18.7%
Residuals Balance Flow																			
Beginning																			
Nonprime, Traditional	$ 180	$ 107	$ 89	$ 193	$ 73	$ 71	$ 80	$ 89	$ 442	$ 180	$ 73	$ 94	$ 116	$ 142	$ 159	-59.6%	-2.5%		-100.0%
Nonprime, NIM	367	309	375	376	449	409	389	372	150	367	449	353	287	245	222	22.3%	-9.5%		-100.0%
HE	947	845	849	896	805	909	963	1,013	675	947	805	1,058	939	854	819	-15.0%	-2.9%		-100.0%
I/O's, P/O's, & Other	1,066	1,098	1,288	1,348	1,560	1,604	1,652	1,695	562	1,066	1,560	1,734	1,881	2,086	2,318	46.3%	16.8%		-100.0%
	$ 2,560	$ 2,360	$ 2,601	$ 2,813	$ 2,887	$ 2,993	$ 3,084	$ 3,170	$ 1,829	$ 2,560	$ 2,887	$ 3,239	$ 3,223	$ 3,328	$ 3,518	12.8%	6.6%		-100.0%
Production																			
Nonprime, Traditional	$ 47	$ 41	$ 209	$ 133	$ 29	$ 32	$ 34	$ 31		$ 430	$ 126	$ 146	$ 158	$ 174	$ 188	-70.8%	-15.3%		-100.0%
Nonprime, NIM	(35)	118	70	87	14	15	16	14		239	59	68	74	81	88	-75.5%	-18.2%		-100.0%
HE	136	54	232	145	154	135	151	139		567	578	283	295	310	327	2.0%	-10.4%		-100.0%
I/O's, P/O's, & Other	247	158	160	203	76	131	137	134		767	478	540	588	633	723	-37.7%	-1.2%		-100.0%
	$ 395	$ 371	$ 671	$ 568	$ 273	$ 312	$ 338	$ 317		$ 2,004	$ 1,240	$ 1,038	$ 1,115	$ 1,198	$ 1,326	-38.1%	-7.9%		-100.0%
Runoff/Accretion																			
Nonprime, Traditional	$ (8)	$ (1)	$ (13)	$ (11)	$ (22)	$ (22)	$ (25)	$ (25)		$ (32)	$ (94)	$ (124)	$ (132)	$ (157)	$ (157)	191.9%	37.2%		-100.0%
Nonprime, NIM	100	(47)	(7)	15	(35)	(34)	(33)	(34)		61	(135)	(134)	(115)	(104)	(102)	-323.0%	-210.9%		-100.0%
HE	(231)	(55)	(153)	(204)	(60)	(81)	(100)	(94)		(643)	(336)	(402)	(379)	(346)	(342)	-47.7%	-11.9%		-100.0%
I/O's, P/O's, & Other	(151)	10	30	64	(77)	(83)	(94)	(95)		(46)	(348)	(393)	(383)	(401)	(454)	658.7%	58.1%		-100.0%
	$ (290)	$ (92)	$ (142)	$ (136)	$ (193)	$ (221)	$ (252)	$ (249)		$ (661)	$ (914)	$ (1,053)	$ (1,010)	$ (1,007)	$ (1,054)	38.4%	9.8%		-100.0%
Sales/Transfers																			
Nonprime, Traditional	$ (82)	$ (48)	$ (108)	$ (249)	$ -	$ -	$ -	$ -		$ (488)	$ -	$ -	$ -	$ -	$ -	-100.0%	-100.0%		-100.0%
Nonprime, NIM	-	(3)	(123)	4	-	-	-	-		(122)	-	-	-	-	-	-100.0%	-100.0%		-100.0%
HE	-	0	-	-	-	-	-	-		0	-	-	-	-	-	-100.0%	-100.0%		-100.0%
I/O's, P/O's, & Other	(22)	(10)	(31)	(53)	-	-	-	-		(115)	-	-	-	-	-	-100.0%	-100.0%		-100.0%
	$ (104)	$ (60)	$ (263)	$ (297)	$ -	$ -	$ -	$ -		$ (724)	$ -	$ -	$ -	$ -	$ -	-100.0%	-100.0%		-100.0%
MTM																			
Nonprime, Traditional	$ (30)	$ (11)	$ 16	$ 6	$ (10)	$ -	$ -	$ -		$ (18)	$ (10)	$ -	$ -	$ -	$ -	-45.1%	-100.0%		-100.0%
Nonprime, NIM	(122)	(3)	61	(33)	(19)	-	-	-		(96)	(19)	-	-	-	-	-79.9%	-100.0%		-100.0%
HE	(6)	5	(33)	(32)	11	-	-	-		(66)	11	-	-	-	-	-116.6%	-100.0%		-100.0%
I/O's, P/O's, & Other	(42)	31	(99)	(3)	44	-	-	-		(112)	44	-	-	-	-	-139.5%	-100.0%		-100.0%
	$ (200)	$ 22	$ (54)	$ (61)	$ 26	$ -	$ -	$ -		$ (293)	$ 26	$ -	$ -	$ -	$ -	-109.0%	-100.0%		-100.0%
Ending																			
Nonprime, Traditional	$ 107	$ 89	$ 193	$ 73	$ 71	$ 80	$ 89	$ 94	$ 180	$ 73	$ 94	$ 116	$ 142	$ 159	$ 190	29.4%	21.2%		-100.0%
Nonprime, NIM	309	375	376	449	409	389	372	353	367	449	353	287	245	222	208	-21.4%	-14.2%		-100.0%
HE	845	849	896	805	909	963	1,013	1,058	947	805	1,058	939	854	819	804	31.5%	0.0%		-100.0%
I/O's, P/O's, & Other	1,098	1,288	1,348	1,560	1,604	1,652	1,695	1,734	1,066	1,560	1,734	1,881	2,086	2,318	2,587	11.1%	10.6%		-100.0%
	$ 2,360	$ 2,601	$ 2,813	$ 2,887	$ 2,993	$ 3,084	$ 3,170	$ 3,239	$ 2,560	$ 2,887	$ 3,239	$ 3,223	$ 3,328	$ 3,518	$ 3,790	12.2%	5.6%		-100.0%

Notes (cont'd):

30. No MTM adjustments were assumed to residual and MSR valuations for future periods, since the forecast contemplated a static interest rate environment through 2011.

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	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Income Statement																			
Interest Income																			
Cash & Short-term Investments	$ 4.3	$ 9.1	$ 10.9	$ 1.9	$ 3.3	$ 5.0	$ 6.4	$ 7.6	$ 25.1	$ 26.2	$ 22.3	$ 43.8	$ 62.2	$ 78.9	$ 92.0	-14.8%	28.5%	$ 1.7	-93.6%
Investments (AFS)	80.4	73.6	66.9	66.0	98.5	124.4	123.8	123.3	284.9	287.0	470.1	459.8	396.8	323.5	243.2	63.8%	-3.3%	928.5	223.6%
Investments (HTM)	16.7	21.7	20.9	20.6	21.4	24.5	25.4	24.8	48.4	79.9	96.1	124.5	163.5	199.2	233.6	20.3%	23.9%	116.9	46.4%
Residential Loans																			
Prime																			
Conventional Fixed			-	10.2	29.5	28.6	27.3	26.0			111.4	91.9	77.2	68.0	58.5			-	
Jumbo Fixed			-	5.5	16.0	15.7	15.2	14.7			61.6	53.2	49.1	48.1	45.9			-	
Conventional ARM			-	4.0	11.0	9.5	8.1	7.0			35.5	18.0	9.6	6.0	4.1			-	
Jumbo Hybrid			-	60.6	172.8	159.9	142.6	126.7			602.1	372.9	223.8	132.8	62.7			-	
Conventional Hybrid			-	1.2	3.6	3.4	3.2	2.9			13.1	9.4	6.6	4.8	3.3			-	
Pay Option			-	202.7	590.1	591.4	582.8	589.5			2,353.8	2,428.0	2,491.6	2,647.3	2,628.8			-	
	710.2	807.1	890.0	879.3	822.9	808.6	779.1	766.8	1,783.6	3,286.5	3,177.4	2,973.3	2,857.9	2,907.2	2,803.2	-3.3%	-3.1%	3,340.2	1.6%
Nonprime	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	
Home Equity																		-	
HELOC-Flexsaver			-	70.4	190.5	175.6	148.1	125.3			639.5	338.9	174.3	93.8	49.5			38.7	
FRS			-	49.3	170.8	211.0	247.4	282.4			911.5	1,415.7	1,818.2	2,245.5	2,571.9			835.9	
HELOC			-	15.3	60.5	56.7	49.4	43.2			209.8	763.5	1,731.2	2,521.5	3,179.3			916.6	
	310.7	330.5	433.7	420.6	421.8	443.2	444.9	450.8	1,077.7	1,495.4	1,760.8	2,518.1	3,723.7	4,860.8	5,800.7	17.7%	31.1%	1,791.2	19.8%
FHA-Insured Reverse Mortgages	-	-	-	-	-	-	-	-	-	-	-	2.0	2.6	3.4	4.5			48.8	
Total Residential Loans	1,020.9	1,137.6	1,323.6	1,299.8	1,244.7	1,251.8	1,224.0	1,217.6	2,861.3	4,781.9	4,938.2	5,493.4	6,584.2	7,771.4	8,608.5	3.3%	12.5%	5,180.1	8.3%
Builder Finance			-	0.1	3.7	5.6	5.5	5.4	-	0.1	20.2	65.2	229.5	415.2	445.7	20598.5%	439.3%	20.7	21123.5%
CREF			-	-	0.7	2.3	4.4	7.2	-	-	14.5	73.9	171.2	323.7	532.4			14.2	
Other Assets			-	-	-	-	-	-	-	-	-	-	-	-	-			-	
Total Assets	1,122.3	1,242.1	1,422.3	1,388.4	1,372.3	1,413.7	1,389.5	1,386.0	3,219.6	5,175.1	5,561.6	6,260.6	7,607.4	9,111.9	10,155.5	7.5%	14.4%	6,262.2	21.0%
Interest Expense																			
Demand Accounts	(15.5)	(18.5)	(38.1)	(43.9)	(15.1)	(15.7)	(15.8)	(15.8)	(42.8)	(116.0)	(62.5)	(63.3)	(61.1)	(58.4)	(54.4)	-46.1%	-14.0%	(249.7)	115.4%
MMDA's	(35.9)	(42.6)	(57.9)	(69.8)	(84.8)	(109.3)	(127.5)	(141.1)	(56.1)	(206.1)	(462.8)	(683.2)	(820.4)	(920.8)	(974.7)	124.5%	36.4%	(392.0)	90.2%
Time Deposits	(236.6)	(298.2)	(359.3)	(390.4)	(407.8)	(391.7)	(369.1)	(350.2)	(585.1)	(1,284.6)	(1,518.9)	(1,399.8)	(1,364.1)	(1,342.2)	(1,307.1)	18.2%	0.3%	(1,404.0)	9.3%
Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	
Other Borrowings	(270.3)	(270.9)	(275.5)	(182.5)	(195.3)	(236.2)	(229.2)	(215.0)	(872.1)	(999.2)	(875.7)	(1,053.5)	(1,605.8)	(2,362.9)	(2,793.9)	-12.4%	22.8%	(1,364.4)	36.5%
Escrow Deposits	(145.9)	(191.5)	(213.1)	(220.2)	(188.7)	(197.3)	(203.0)	(205.6)	(382.3)	(770.7)	(794.7)	(971.5)	(1,040.1)	(1,154.1)	(1,301.9)	3.1%	11.1%	(885.5)	14.9%
	(704.1)	(821.7)	(944.0)	(906.8)	(891.8)	(950.3)	(944.6)	(927.8)	(1,938.4)	(3,376.6)	(3,714.5)	(4,171.3)	(4,891.6)	(5,838.4)	(6,432.2)	10.0%	13.8%	(4,295.6)	27.2%
Net Interest Income	418.2	420.4	478.3	481.6	480.5	463.3	444.9	458.2	1,281.1	1,798.5	1,847.0	2,089.3	2,715.8	3,273.6	3,723.3	2.7%	15.7%	1,966.6	9.3%
Provision for Credit Loss	(27.6)	(36.9)	(27.6)	(68.8)	(72.8)	(43.3)	(47.2)	(50.7)	(81.7)	(160.9)	(214.1)	(308.1)	(364.7)	(371.5)	(358.2)	33.0%	17.4%	(211.5)	31.4%
Ancillary Income	37.1	41.0	34.2	33.0	37.3	42.9	47.5	48.4	149.7	145.3	176.1	186.5	198.0	209.5	217.7	21.1%	8.4%	170.7	17.5%
Operating Expense	(95.8)	(94.2)	(104.8)	(101.5)	(115.2)	(119.4)	(117.9)	(116.9)	(322.7)	(396.2)	(469.3)	(499.9)	(597.1)	(681.2)	(744.6)	18.4%	13.4%	(540.8)	36.5%
EBT before Parent Charge/OH	331.9	330.3	380.2	344.3	329.9	343.5	327.3	339.0	1,026.5	1,386.7	1,339.7	1,467.7	1,951.9	2,430.4	2,838.3	-3.4%	15.4%	1,385.1	-0.1%
Parent Charge	(8.3)	(9.3)	(11.0)	(6.3)	(6.4)	(6.4)	(6.4)	(6.4)	(33.9)	(34.9)	(25.4)	(25.4)	(25.4)	(25.4)	(25.4)	-27.2%	-6.2%	(25.4)	-27.2%
OH	(0.5)	(8.6)	(9.4)	(7.6)	(8.0)	(8.4)	(8.7)	(8.9)	(7.2)	(26.0)	(33.9)	(37.2)	(40.3)	(43.1)	(46.6)	30.3%	12.3%	(33.7)	29.4%
EBT	$ 323.2	$ 312.4	$ 359.7	$ 330.4	$ 315.6	$ 328.8	$ 312.2	$ 323.8	$ 985.4	$ 1,325.7	$ 1,280.4	$ 1,405.0	$ 1,886.2	$ 2,361.9	$ 2,766.3	-3.4%	15.8%	$ 1,326.0	0.0%
Warehouse Lending																			
Revenue	$ 23.9	$ 19.2	$ 17.6	$ 25.0	$ 12.7	$ 16.4	$ 16.9	$ 15.6	$ 111.7	$ 85.7	$ 61.6	$ 57.8	$ 74.9	$ 83.5	$ 98.5	-28.2%	2.8%	$ 61.6	-28.2%
Expense	(5.8)	(5.8)	(6.0)	(9.3)	(6.1)	(6.5)	(6.7)	(6.6)	(21.6)	(26.9)	(25.9)	(16.3)	(27.7)	(33.9)	(43.9)	-3.9%	10.3%	(25.9)	-3.9%
OH	(0.2)	(0.4)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(1.0)	(1.6)	(2.0)	(2.2)	(2.4)	(2.6)	(2.8)	25.4%	11.5%	(2.0)	24.5%
	$ 17.9	$ 13.0	$ 11.1	$ 15.2	$ 6.1	$ 9.3	$ 9.7	$ 8.5	$ 89.0	$ 57.2	$ 33.6	$ 39.3	$ 44.8	$ 47.0	$ 51.8	-41.2%	-2.0%	$ 33.6	-41.2%

Notes (cont'd):

31. Provision for credit loss contemplated a deteriorating credit environment in 2007 and beyond.

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	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Balance Sheet																			
Assets																			
Cash & Short-term Investments	$ 654	$ 760	$ 3,943	$ 256	$ 715	$ 914	$ 1,115	$ 1,318	$ 432	$ 256	$ 1,318	$ 2,069	$ 2,749	$ 3,342	$ 3,812	414.3%	71.6%	$ 1,316	413.7%
Investments (AFS)	5,920	5,776	5,409	6,208	9,167	8,845	8,524	8,202	6,356	6,208	8,202	6,915	5,628	4,340	3,053	32.1%	-13.2%	21,944	253.5%
Investments (HTM)	1,363	1,497	1,449	1,431	1,423	1,732	1,709	1,659	1,333	1,431	1,659	2,366	3,002	3,591	4,073	15.9%	23.3%	2,512	75.5%
Residential Loans																			
Prime																			
Conventional Fixed				2,189	2,129	2,048	1,957	1,874		2,189	1,874	1,563	1,304	1,082	915	-14.4%	-16.0%	-	-100.0%
Jumbo Fixed				1,195	1,160	1,120	1,079	1,040		1,195	1,040	915	846	781	721	-13.0%	-9.6%	-	-100.0%
Conventional ARM				656	595	511	439	377		656	377	201	115	73	50	-42.5%	-40.3%	-	-100.0%
Jumbo Hybrid				13,812	12,947	11,693	10,299	9,030		13,812	9,030	5,112	2,654	1,202	515	-34.6%	-48.2%	-	-100.0%
Conventional Hybrid				310	296	276	253	231		310	231	157	101	61	38	-25.4%	-34.2%	-	-100.0%
Pay Option				32,245	33,169	33,102	33,368	34,135		32,245	34,135	36,450	37,775	37,916	37,004	5.9%	2.8%	-	-100.0%
	52,919	55,336	55,564	50,406	50,296	48,750	47,394	46,688	47,884	50,406	46,688	44,398	42,795	41,116	39,243	-7.4%	-4.9%	48,884	-3.0%
Nonprime	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Home Equity																			
HELOC-Flexsaver				10,697	9,635	8,316	7,051	6,106		10,697	6,106	3,212	1,647	845	439	-42.9%	-47.2%	387	-96.4%
FRS				7,662	9,835	11,860	13,815	15,709		7,662	15,709	22,193	27,203	31,106	34,197	105.0%	34.9%	14,321	86.9%
HELOC				2,854	2,660	2,380	2,112	1,890		2,854	1,890	15,930	25,213	32,197	37,812	-33.7%	67.7%	8,013	180.8%
	16,218	20,292	20,687	21,213	22,130	22,555	22,977	23,706	16,381	21,213	23,706	41,335	54,062	64,148	72,447	11.8%	27.8%	22,721	7.1%
FHA-Insured Reverse Mortgages	-	-	-	0	-	-	-	25	-	0	25	33	42	55	71	71483.1%	359.3%	1,441	4125819.2%
Loan Loss Reserve	(136)	(157)	(179)	(233)	(290)	(304)	(314)	(320)	(117)	(233)	(320)	(439)	(497)	(547)	(579)	37.2%	20.0%	(361)	54.8%
Total Residential Loans	69,001	75,470	76,071	71,386	72,136	71,002	70,057	70,099	64,147	71,386	70,099	85,327	96,402	104,772	111,182	-1.8%	9.3%	72,686	1.8%
Builder Finance	-	-	-	17	290	290	290	290	-	17	290	1,711	4,301	5,507	5,507	1600.1%	217.5%	290	1600.1%
CREF	-	-	-	-	90	206	351	593	-	-	593	1,738	3,641	6,466	10,045			593	
Others Assets	801	743	998	1,443	833	841	830	828	753	1,443	828	1,021	1,219	1,406	1,594	-42.6%	2.0%	996	-31.0%
Total Assets	$ 77,739	$ 84,246	$ 87,871	$ 80,742	$ 84,654	$ 83,831	$ 82,875	$ 82,988	$ 73,021	$ 80,742	$ 82,988	$ 101,146	$ 116,943	$ 129,425	$ 139,267	2.8%	11.5%	$ 100,337	24.3%
Liabilities																			
Demand Accounts	$ 1,153	$ 1,298	$ 1,225	$ 1,440	$ 1,431	$ 1,420	$ 1,410	$ 1,403	$ 882	$ 1,440	$ 1,403	$ 1,330	$ 1,245	$ 1,152	$ 1,049	-2.5%	-6.1%	$ 1,138	-21.0%
MMDA's	3,660	4,120	5,085	5,851	7,645	9,029	10,108	11,087	3,139	5,851	11,087	14,026	16,095	17,400	17,930	89.5%	25.1%	8,560	46.3%
Time Deposits	26,028	29,641	34,009	33,151	31,504	29,087	27,374	27,329	22,268	33,151	27,329	26,646	25,902	25,455	24,675	-17.6%	-5.7%	32,050	-3.3%
Current Liabilities	884	1,043	1,606	1,709	1,728	1,747	1,765	1,784	585	1,709	1,784	1,859	1,935	2,010	2,085	4.4%	4.1%	1,250	-26.9%
Other Borrowings	26,032	26,947	24,057	17,239	20,963	20,511	19,579	18,184	27,541	17,239	18,184	29,642	41,510	49,290	54,727	5.5%	26.0%	35,606	106.5%
Escrow Deposits	14,624	15,598	15,774	15,030	14,869	15,319	15,729	16,093	13,333	15,030	16,093	19,672	21,127	23,538	26,522	7.1%	12.0%	15,833	5.3%
Total Liabilities	72,381	78,648	81,756	74,420	78,139	77,113	75,966	75,880	67,747	74,420	75,880	93,176	107,814	118,846	126,989	2.0%	11.3%	94,437	26.9%
Equity	5,358	5,598	6,114	6,322	6,516	6,717	6,909	7,108	5,273	6,322	7,108	7,971	9,129	10,579	12,277	12.4%	14.2%	5,900	-6.7%
Total Liabilities and Equity	$ 77,739	$ 84,246	$ 87,871	$ 80,742	$ 84,654	$ 83,831	$ 82,875	$ 82,988	$ 73,021	$ 80,742	$ 82,988	$ 101,146	$ 116,943	$ 129,425	$ 139,267	2.8%	11.5%	$ 100,337	24.3%
Warehouse Lending	$ 2,147	$ 1,772	$ 2,391	$ 3,609	$ 2,874	$ 3,268	$ 3,274	$ 3,149	$ 507	$ 3,609	$ 3,149	$ 3,392	$ 3,443	$ 3,825	$ 3,616	-12.8%	0.0%	$ 3,795	5.1%

Notes (cont'd):

32. Bank asset growth in Residential Loans was based on third party whole loan acquisitions and CHL's HELOC originations in 2008 and thereafter.
33. The bank forecast contemplated entry into new asset classes in 2007 --- reverse mortgages, Builder Finance, and Commercial Real Estate Finance (CREF).

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	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Yields																			
Assets																			
Cash & Short-term Investments	3.19%	5.16%	1.85%	0.36%	2.73%	2.47%	2.51%	2.51%	5.80%	7.63%	2.84%	2.59%	2.58%	2.59%	2.57%	-62.8%	-19.5%	0.18%	-97.6%
Investments (AFS)	5.24%	5.04%	4.78%	4.55%	5.13%	5.53%	5.70%	5.90%	4.48%	4.57%	6.52%	6.08%	6.33%	6.49%	6.58%	42.8%	7.6%	6.71%	46.8%
Investments (HTM)	4.95%	6.07%	5.69%	5.71%	6.00%	6.22%	5.91%	5.89%	3.63%	5.78%	6.22%	6.19%	6.09%	6.04%	6.10%	7.6%	1.1%	5.72%	-1.0%
Residential Loans																			
Prime																			
Conventional Fixed				1.86%	5.46%	5.49%	5.45%	5.43%			5.48%	5.35%	5.39%	5.70%	5.86%			0.00%	
Jumbo Fixed				1.84%	5.43%	5.51%	5.53%	5.55%			5.51%	5.45%	5.57%	5.91%	6.11%			0.00%	
Conventional ARM				2.42%	7.02%	6.85%	6.81%	6.82%			6.87%	6.21%	6.10%	6.44%	6.65%			0.00%	
Jumbo Hybrid				1.76%	5.17%	5.19%	5.19%	5.24%			5.27%	5.27%	5.76%	6.89%	7.31%			0.00%	
Conventional Hybrid				1.61%	4.73%	4.76%	4.79%	4.83%			4.84%	4.82%	5.06%	5.90%	6.61%			0.00%	
Pay Option				2.51%	7.22%	7.14%	7.01%	6.99%			7.09%	6.88%	6.71%	6.99%	7.02%			0.00%	
	5.64%	5.96%	6.42%	6.64%	6.54%	6.53%	6.48%	6.52%	3.72%	6.69%	6.55%	6.53%	6.56%	6.93%	6.98%	-2.1%	0.9%	6.73%	0.6%
Nonprime	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			0.00%	
Home Equity																			
HELOC-Flexsaver				2.63%	7.50%	7.82%	7.71%	7.62%			7.61%	7.27%	7.18%	7.53%	7.71%			0.70%	
Fixed-Rate Second				2.58%	7.81%	7.78%	7.71%	7.65%			7.80%	7.47%	7.36%	7.70%	7.88%			7.60%	
HELOC				2.15%	8.78%	9.00%	8.79%	8.64%			8.84%	8.57%	8.42%	8.78%	9.08%			16.30%	
	7.62%	7.24%	8.47%	8.03%	7.79%	7.93%	7.82%	7.73%	6.58%	7.96%	7.84%	7.74%	7.81%	8.22%	8.49%	-1.4%	1.3%	8.08%	1.6%
FHA-Insured Reverse Mortgages											0.00%	6.96%	6.95%	7.02%	7.10%			6.52%	
Total Residential Loans	6.13%	6.30%	6.99%	7.05%	6.94%	7.00%	6.94%	6.95%	4.46%	7.06%	6.98%	7.07%	7.25%	7.73%	7.97%	-1.1%	2.5%	7.16%	1.5%
Builder Finance					9.57%	7.70%	7.62%	7.49%			13.17%	6.51%	7.63%	8.47%	8.09%			10.98%	
CREF					5.80%	6.26%	6.26%	6.13%			4.90%	6.34%	6.37%	6.41%	6.45%			4.80%	
Other Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			0.00%	
Total Assets	5.96%	6.13%	6.61%	6.59%	6.64%	6.71%	6.67%	6.69%	4.41%	6.73%	6.79%	6.80%	6.98%	7.40%	7.56%	0.9%	2.3%	6.92%	2.8%
Liabilities																			
Demand Accounts	-6.11%	-6.03%	-12.07%	-13.17%	-4.22%	-4.41%	-4.48%	-4.49%	-4.85%	-9.99%	-4.40%	-4.63%	-4.75%	-4.87%	-4.95%	-56.0%	-13.1%	-21.62%	116.5%
MMDA's	-4.22%	-4.38%	-5.04%	-5.10%	-5.03%	-5.25%	-5.33%	-5.33%	-1.79%	-4.59%	-5.46%	-5.44%	-5.45%	-5.50%	-5.52%	19.2%	3.8%	-5.42%	18.1%
Time Deposits	-3.92%	-4.29%	-4.52%	-4.65%	-5.05%	-5.17%	-5.23%	-5.12%	-2.63%	-4.64%	-5.02%	-5.19%	-5.19%	-5.23%	-5.21%	8.3%	2.4%	-4.18%	-9.9%
Current Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			0.00%	
Other Borrowings	-4.04%	-4.09%	-4.32%	-3.54%	-4.09%	-4.56%	-4.57%	-4.56%	-3.17%	-4.46%	-4.94%	-4.41%	-4.51%	-5.20%	-5.37%	10.8%	3.8%	-5.35%	19.9%
Escrow Deposits	-4.17%	-5.07%	-5.44%	-5.72%	-5.05%	-5.23%	-5.23%	-5.17%	-2.87%	-5.43%	-5.11%	-5.43%	-5.10%	-5.17%	-5.20%	-6.0%	-0.9%	-5.74%	5.6%
Total Liabilities	-4.02%	-4.35%	-4.71%	-4.64%	-4.68%	-4.90%	-4.94%	-4.89%	-2.86%	-4.75%	-4.94%	-4.93%	-4.87%	-5.15%	-5.23%	4.1%	2.0%	-5.09%	7.1%
Net Interest Margin	2.22%	2.08%	2.22%	2.29%	2.32%	2.20%	2.14%	2.21%	1.75%	2.34%	2.22%	2.26%	2.49%	2.65%	2.77%	-4.9%	3.4%	2.11%	-9.9%
Warehouse Lending	3.34%	2.93%	1.85%	2.03%	0.75%	1.22%	1.19%	1.06%	17.56%	2.78%	1.00%	1.20%	1.31%	1.29%	1.39%	-64.2%	-12.9%	0.91%	-67.3%

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
SUBSIDIARIES
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Loan Closing Services																			
Revenue																			
Admin	$ (0.4)	$ (0.4)	$ (0.5)	$ (0.3)	$ (0.3)	$ (0.3)	$ (0.3)	$ (0.3)	$ (1.0)	$ (1.6)	$ (1.1)	$ (1.2)	$ (1.2)	$ (1.3)	$ (1.4)	-27.5%	-2.9%	$ -	-100.0%
Title	10.2	12.1	10.9	14.4	11.5	12.0	12.2	11.9	44.8	47.6	47.7	49.0	51.0	52.4	54.3	0.2%	2.7%	42.7	-10.2%
Appraisal	31.6	35.3	34.5	37.4	37.9	39.1	40.2	41.2	110.9	138.7	158.3	173.1	190.0	210.6	235.3	14.1%	11.1%	158.8	14.5%
Credit	20.0	20.4	19.2	17.6	18.7	19.9	20.5	19.8	79.6	77.2	78.8	82.9	88.4	93.2	98.9	2.1%	5.1%	72.9	-5.5%
Flood	10.2	11.5	10.3	11.1	9.3	10.5	11.1	10.4	43.4	43.1	41.2	45.5	51.4	56.4	62.4	-4.4%	7.7%	42.7	-1.0%
	71.6	78.8	74.4	80.3	77.1	81.1	83.7	83.0	277.6	305.0	324.9	349.2	379.6	411.3	449.5	6.5%	8.1%	317.1	4.0%
Expense																			
Admin	(1.4)	(1.5)	(1.5)	(1.9)	(1.9)	(1.6)	(1.4)	(1.7)	(5.1)	(6.3)	(6.6)	(6.2)	(5.8)	(5.3)	(4.8)	4.1%	-5.4%	(2.3)	-63.4%
Title	(8.4)	(7.8)	(7.5)	(8.6)	(9.0)	(9.1)	(9.2)	(9.1)	(34.7)	(32.3)	(36.3)	(36.7)	(37.2)	(37.5)	(38.0)	12.5%	3.3%	(20.7)	-35.9%
Appraisal	(25.2)	(27.6)	(27.4)	(29.3)	(29.3)	(30.3)	(31.3)	(32.2)	(75.9)	(109.4)	(123.0)	(136.2)	(151.5)	(169.9)	(192.1)	12.4%	11.9%	(129.6)	18.5%
Credit	(10.5)	(10.2)	(11.4)	(10.8)	(8.8)	(9.7)	(10.2)	(9.6)	(39.8)	(42.8)	(38.3)	(41.5)	(45.9)	(49.6)	(54.1)	-10.6%	4.8%	(44.8)	4.7%
Flood	(2.3)	(1.9)	(2.6)	(3.0)	(2.0)	(2.2)	(2.3)	(2.2)	(8.9)	(9.7)	(8.7)	(9.4)	(10.3)	(11.1)	(12.1)	-10.1%	4.4%	(11.5)	18.6%
	(47.7)	(49.0)	(50.3)	(53.5)	(50.9)	(52.8)	(54.3)	(54.7)	(164.4)	(200.5)	(212.8)	(230.0)	(250.6)	(273.5)	(301.1)	6.2%	8.5%	(209.0)	4.2%
Earnings before OH	23.9	29.8	24.1	26.8	26.2	28.3	29.3	28.2	113.3	104.5	112.1	119.3	128.9	137.8	148.5	7.2%	7.3%	108.1	3.4%
OH	(1.7)	(3.6)	(4.2)	(3.6)	(4.3)	(4.5)	(4.7)	(4.8)	(7.8)	(13.1)	(18.3)	(20.1)	(21.8)	(23.3)	(25.2)	40.5%	14.0%	(18.2)	39.5%
Earnings before Tax	$ 22.2	$ 26.2	$ 19.9	$ 23.2	$ 21.9	$ 23.7	$ 24.6	$ 23.4	$ 105.5	$ 91.5	$ 93.7	$ 99.2	$ 107.2	$ 114.5	$ 123.3	2.4%	6.1%	$ 89.9	-1.7%
Capital Markets																			
Revenue	$ 263.1	$ 257.7	$ 258.0	$ 214.4	$ 264.9	$ 271.2	$ 245.3	$ 218.8	$ 798.3	$ 993.2	$ 1,000.3	$ 1,213.9	$ 1,325.4	$ 1,550.4	$ 1,836.7	0.7%	13.1%	$ 1,084.9	9.2%
Expense	(103.5)	(92.9)	(107.0)	(106.8)	(102.1)	(107.6)	(109.8)	(100.6)	(332.9)	(410.2)	(420.0)	(514.4)	(538.9)	(630.5)	(752.9)	2.4%	12.9%	(463.8)	13.1%
Earnings before OH	159.7	164.7	151.0	107.5	162.9	163.7	135.5	118.2	465.4	583.0	580.3	699.4	786.5	919.9	1,083.8	-0.5%	13.2%	621.1	6.5%
OH	(4.1)	(7.2)	(9.9)	(8.3)	(8.0)	(8.4)	(8.7)	(8.9)	(13.7)	(29.5)	(33.9)	(37.2)	(40.2)	(43.0)	(46.5)	14.9%	9.5%	(33.6)	14.1%
Earnings before Tax	$ 155.6	$ 157.6	$ 141.1	$ 99.2	$ 154.9	$ 155.3	$ 126.9	$ 109.3	$ 451.6	$ 553.5	$ 546.4	$ 662.2	$ 746.3	$ 876.9	$ 1,037.3	-1.3%	13.4%	$ 587.5	6.1%
Insurance																			
Revenue																			
Balboa	$ 245.1	$ 249.3	$ 263.0	$ 283.0	$ 256.7	$ 258.8	$ 283.1	$ 316.0	$ 848.9	$ 1,040.4	$ 1,114.6	$ 1,264.7	$ 1,321.6	$ 1,381.1	$ 1,443.2	7.1%	6.8%	$ 1,114.6	7.1%
BalboaRE	58.0	62.7	63.9	68.2	67.6	69.2	70.8	72.1	210.7	252.7	279.7	300.5	324.4	353.3	388.1	10.7%	9.0%	270.7	7.1%
	303.1	312.0	326.8	351.2	324.3	328.0	353.9	388.2	1,059.5	1,293.1	1,394.3	1,565.2	1,646.0	1,734.4	1,831.3	7.8%	7.2%	1,385.3	7.1%
Expense																			
Balboa	(222.4)	(204.7)	(220.4)	(254.5)	(234.9)	(230.2)	(263.4)	(275.7)	(825.0)	(901.9)	(1,004.2)	(1,065.1)	(1,102.4)	(1,141.0)	(1,180.9)	11.3%	5.5%	(1,004.2)	11.3%
BalboaRE	(11.5)	(10.0)	(3.9)	(11.8)	(15.4)	(15.5)	(15.6)	(15.7)	(32.0)	(37.2)	(62.4)	(63.7)	(65.2)	(67.0)	(69.1)	67.6%	13.2%	(59.7)	60.5%
	(233.9)	(214.7)	(224.3)	(266.3)	(250.4)	(245.7)	(279.0)	(291.5)	(857.1)	(939.1)	(1,066.5)	(1,128.8)	(1,167.5)	(1,207.9)	(1,250.0)	13.6%	5.9%	(1,063.9)	13.3%
Earnings before OH																			
Balboa	22.8	44.6	42.6	28.6	21.8	28.7	19.8	40.3	23.8	138.5	110.5	199.6	219.2	240.1	262.3	-20.2%	13.6%	110.5	-20.2%
BalboaRE	46.5	52.7	60.0	56.4	52.2	53.6	55.1	56.4	178.6	215.5	217.3	236.8	259.2	286.3	319.0	0.8%	8.2%	210.9	-2.1%
	69.3	97.2	102.6	84.9	73.9	82.3	74.9	96.7	202.5	354.0	327.8	436.4	478.4	526.4	581.3	-7.4%	10.4%	321.4	-9.2%
OH	(4.3)	(8.5)	(11.2)	(9.8)	(9.7)	(10.2)	(10.6)	(10.8)	(18.8)	(33.9)	(41.4)	(45.4)	(49.1)	(52.6)	(56.8)	22.1%	10.9%	(41.1)	21.2%
Earnings before Tax	$ 64.9	$ 88.7	$ 91.3	$ 75.1	$ 64.2	$ 72.1	$ 64.3	$ 85.9	$ 183.7	$ 320.1	$ 286.4	$ 391.0	$ 429.3	$ 473.9	$ 524.5	-10.5%	10.4%	$ 280.3	-12.4%
Global																			
Revenue	$ 35.1	$ 15.2	$ 15.4	$ 27.9	$ 23.6	$ 28.6	$ 31.1	$ 33.7	$ 234.0	$ 93.6	$ 117.0	$ 878.5	$ 1,209.4	$ 1,697.0	$ 2,005.0	25.0%	84.6%	$ 117.0	25.0%
Expense	(24.6)	(12.1)	(11.8)	(15.0)	(21.4)	(26.9)	(29.2)	(31.3)	(197.4)	(63.4)	(108.8)	(817.3)	(1,125.1)	(1,578.7)	(1,865.3)	71.5%	96.6%	(108.8)	71.5%
Earnings before OH	10.5	3.1	3.6	12.9	2.2	1.7	1.9	2.4	36.6	30.1	8.1	61.2	84.2	118.2	139.7	-73.0%	35.9%	8.1	-73.0%
OH	(0.3)	(0.3)	(0.2)	(0.7)	-	-	-	-	(1.2)	(1.5)	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
Earnings before Tax	$ 10.2	$ 2.8	$ 3.5	$ 12.2	$ 2.2	$ 1.7	$ 1.9	$ 2.4	$ 35.4	$ 28.6	$ 8.1	$ 61.2	$ 84.2	$ 118.2	$ 139.7	-71.6%	37.3%	$ 8.1	-71.6%
Other																			
Revenue	$ (100.1)	$ (90.9)	$ (109.9)	$ (107.1)	$ (100.3)	$ (100.3)	$ (100.3)	$ (100.3)	$ (377.7)	$ (408.1)	$ (401.1)	$ (401.1)	$ (401.1)	$ (401.1)	$ (401.1)	-1.7%	-0.3%	$ (401.1)	-1.7%
Expense	99.5	85.1	119.7	110.7	95.3	95.3	95.3	95.3	374.9	415.0	381.1	381.1	381.1	381.1	381.1	-8.2%	-1.7%	381.1	-8.2%
OH	(6.9)	(4.7)	(4.5)	(2.0)	-	-	-	-	(29.2)	(18.0)	-	-	-	-	-	-100.0%	-100.0%	-	-100.0%
Earnings before Tax	$ (7.5)	$ (10.5)	$ 5.3	$ 1.6	$ (5.0)	$ (5.0)	$ (5.0)	$ (5.0)	$ (31.9)	$ (11.1)	$ (20.0)	$ (20.0)	$ (20.0)	$ (20.0)	$ (20.0)	79.9%	12.5%	$ (20.0)	79.9%

Notes (cont'd):

34. Capital Markets income statement is modeled at the desk level but shows in aggregate form in this report.
35. "Other" represents intercompany eliminations and other expenses which were conservatively estimated to be about $(20) million a year.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
BALANCE SHEET
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
ASSETS																			
CFC Funding																			
Cash	$ 2,072	$ 1,652	$ 647	$ 1,019	$ 1,178	$ 1,019	$ 1,178	$ 1,019	$ 463	$ 1,019	$ 1,019	$ 1,019	$ 1,019	$ 1,019	$ 1,019	0.0%	0.0%	$ 692	-32.1%
Production																			
Inventory																			
Prime																			
PayOption	694	302	1,648	1,279	3,745	3,450	2,890	2,456	7,442	1,279	2,456	3,126	3,045	3,111	2,761	92.1%	16.6%	3,086	141.3%
Non-PayOption	13,356	13,356	12,807	10,778	10,622	5,294	5,234	4,077	12,878	10,778	4,077	1,145	1,347	1,806	2,464	-62.2%	-25.6%	7,500	-30.4%
	14,050	13,658	14,455	12,056	14,367	8,744	8,124	6,533	20,320	12,056	6,533	4,271	4,392	4,917	5,225	-45.8%	-15.4%	10,586	-12.2%
Nonprime	2,859	3,429	1,712	2,048	1,418	1,461	1,300	2,695	4,265	2,048	2,695	1,499	1,670	1,964	1,873	31.6%	-1.8%	2,178	6.3%
HE																			
HELOC	4,994	4,800	737	2,257	412	183	170	(198)	1,322	2,257	(198)	-	-	-	-	-108.8%	-100.0%	384	-83.0%
FRS	470	1,528	1,204	1,580	367	214	206	290	829	1,580	290	184	192	218	468	-81.6%	-21.6%	(207)	-113.1%
	5,464	6,328	1,940	3,837	779	397	376	92	2,150	3,837	92	184	192	218	468	-97.6%	-34.4%	177	-95.4%
Other Inventory	6,397	5,578	4,505	5,450	5,534	5,619	5,706	5,794	8,686	5,450	5,794	6,159	6,547	6,959	7,398	6.3%	6.3%	4,863	-10.8%
	28,770	28,993	22,612	23,392	22,098	16,221	15,506	15,114	35,422	23,392	15,114	12,113	12,801	14,058	14,964	-35.4%	-8.5%	17,803	-23.9%
Other Assets (CFC PPE excl Bank)	1,316	1,444	1,550	1,603	967	710	679	662	1,259	1,603	662	530	560	615	655	-58.7%	-16.4%	660	-58.9%
	30,086	30,437	24,162	24,995	23,066	16,931	16,185	15,775	36,680	24,995	15,775	12,643	13,362	14,673	15,619	-36.9%	-9.0%	18,463	-26.1%
Servicing																			
MSR	14,172	15,321	15,019	16,172	17,397	18,366	19,332	19,956	12,611	16,172	19,956	21,626	23,514	25,317	27,090	23.4%	10.9%	19,194	18.7%
MSR Hedge	679	912	1,402	975	1,001	1,027	1,053	1,080	741	975	1,080	1,197	1,325	1,468	1,626	10.8%	10.8%	1,656	69.7%
Servicing Advances	1,560	1,487	1,682	2,057	2,110	2,164	2,219	2,276	1,552	2,057	2,276	2,519	2,787	3,085	3,413	10.7%	10.7%	1,984	-3.5%
Derivative Accounts	24	24	303	99	101	104	107	109	192	99	109	121	134	148	164	10.7%	10.7%	358	262.1%
Nonprime Residuals	107	89	193	73	71	80	89	94	180	73	94	116	142	159	190	29.4%	21.2%	358	392.1%
Nonprime Residuals, NIM	309	375	376	449	409	389	372	353	367	449	353	287	245	222	208	-21.4%	-14.2%	214	-52.3%
HE Residuals	845	849	896	805	909	963	1,013	1,058	947	805	1,058	939	854	819	804	31.5%	0.0%	974	21.0%
Jumbo I/O's and P/O's	678	796	778	862	886	913	937	958	528	862	958	1,040	1,153	1,281	1,430	11.1%	10.6%	902	4.6%
Other	121	150	167	147	164	173	182	188	115	147	188	204	222	239	255	27.7%	11.6%	181	22.9%
Transferor Interest	420	492	570	698	718	739	758	776	538	698	776	842	933	1,037	1,158	11.1%	10.6%	660	-5.4%
	18,916	20,495	21,386	22,337	23,765	24,918	26,063	26,849	17,771	22,337	26,849	28,890	31,310	33,775	36,339	20.2%	10.2%	26,481	18.6%
Banking																			
Bank Investments/Cash	6,574	6,361	9,353	10,071	9,882	9,760	9,638	9,520	6,678	10,071	9,520	8,984	8,377	7,683	6,865	-5.5%	-7.4%	23,260	131.0%
Investments (HTM)	1,363	1,497	1,449	1,431	1,423	1,732	1,709	1,659	1,333	1,431	1,659	2,366	3,002	3,591	4,073	15.9%	23.3%	2,512	75.5%
Bank Loan Portfolio	66,918	70,905	76,304	73,856	72,136	71,002	70,057	70,099	64,279	73,856	70,099	85,327	96,402	104,772	111,182	-5.1%	8.5%	72,686	-1.6%
Bank HFS Inventory	2,098	4,565	5,104	5,955	10,580	14,647	15,991	17,511	90	5,955	17,511	22,178	23,118	25,987	25,206	194.1%	33.5%	10,854	82.3%
Other Assets	790	974	1,031	1,479	1,213	1,337	1,471	1,711	730	1,479	1,711	4,470	9,161	13,379	17,146	15.7%	63.3%	1,879	27.1%
	77,743	84,302	93,240	92,792	95,234	98,478	98,866	100,499	73,110	92,792	100,499	123,325	140,061	155,412	164,473	8.3%	12.1%	111,190	19.8%
Warehouse Lending	2,147	1,772	2,391	3,778	2,874	3,268	3,274	3,149	507	3,778	3,149	3,392	3,443	3,825	3,616	-16.7%	-0.9%	3,795	0.4%
	79,890	86,074	95,631	96,570	98,108	101,746	102,140	103,648	73,617	96,570	103,648	126,717	143,504	159,236	168,089	7.3%	11.7%	114,985	19.1%
Capital Markets																			
Inventory	1,052	1,012	1,161	1,930	1,960	1,990	2,021	2,052	1,089	1,930	2,052	2,181	2,318	2,464	2,620	6.3%	6.3%	1,253	-35.1%
Other	34,759	42,768	42,572	47,733	48,168	48,608	49,051	49,499	34,575	47,733	49,499	51,330	53,230	55,199	57,242	3.7%	3.7%	44,550	-6.7%
	35,811	43,780	43,733	49,663	50,128	50,598	51,072	51,551	35,664	49,663	51,551	53,511	55,548	57,664	59,861	3.8%	3.8%	45,803	-7.8%
Insurance																			
Balboa	1,586	1,656	1,729	1,916	1,919	1,922	1,925	1,928	1,618	1,916	1,928	1,939	1,951	1,963	1,974	0.6%	0.6%	1,742	-9.1%
BalboaRE	804	832	869	994	1,013	1,031	1,050	1,070	749	994	1,070	1,151	1,239	1,333	1,434	7.6%	7.6%	953	-4.2%
	2,389	2,488	2,598	2,910	2,932	2,953	2,975	2,998	2,367	2,910	2,998	3,090	3,190	3,295	3,408	3.0%	3.2%	2,695	-7.4%
Other	8,427	10,058	5,038	2,452	3,219	3,557	3,654	3,769	8,523	2,452	3,769	4,982	6,921	9,574	13,117	53.7%	39.8%	6,560	167.5%
Total Assets	$ 177,592	$ 194,984	$ 193,195	$ 199,946	$ 202,395	$ 201,723	$ 203,267	$ 205,608	$ 175,085	$ 199,946	$ 205,608	$ 230,853	$ 254,853	$ 279,236	$ 297,453	2.8%	8.3%	$ 215,678	7.9%

Confidential Treatment Requested

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
BALANCE SHEET
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
LIABILITIES & EQUITY																			
CFC																			
MTN - Floating	$ 14,534	$ 14,591	$ 13,028	$ 12,879	$ 12,469	$ 12,368	$ 12,549	$ 11,472	$ 14,145	$ 12,879	$ 11,472	$ 6,700	$ 5,543	$ 4,830	$ 4,108	-10.9%	-20.4%	$ 14,956	16.1%
MTN - Fixed	11,528	11,143	9,884	10,060	9,740	9,662	9,803	8,962	11,883	10,060	8,962	5,234	4,330	3,773	3,209	-10.9%	-20.4%	10,606	5.4%
Unsecured CP	3,445	5,431	4,547	6,724	5,479	4,465	3,638	2,964	6,261	6,724	2,964	1,307	576	254	112	-55.9%	-55.9%	53,338	693.3%
Unsecured Debt	29,507	31,166	27,459	29,663	27,688	26,494	25,989	23,398	32,289	29,663	23,398	13,241	10,449	8,857	7,429	-21.1%	-24.2%		-100.0%
Repo/Secured CP	41,660	43,949	44,065	48,231	50,448	47,052	48,094	50,971	45,228	48,231	50,971	56,160	58,780	61,357	62,428	5.7%	5.3%		-100.0%
TRUP's	1,052	1,041	1,045	2,236	2,236	2,236	2,236	2,236	1,028	2,236	2,236	1,736	1,736	1,736	1,736	0.0%	-4.9%	2,532	13.2%
Drafts Payable	123	287	582	353	353	353	353	353	79	353	353	353	353	353	353	0.0%	0.0%	582	64.8%
Sub Debt	500	1,500	1,000	1,000	1,000	1,000	1,000	1,000	500	1,000	1,000	1,000	1,000	1,000	1,000	0.0%	0.0%	1,000	0.0%
Deferred Taxes	4,241	4,627	4,936	4,936	5,326	5,601	5,875	6,052	3,846	4,936	6,052	6,527	7,062	7,574	8,078	22.6%	10.4%	5,625	14.0%
SWAP's	(126)	(353)	(17)	1,142	100	100	100	100	38	1,142	100	100	100	100	100	-91.2%	-38.6%	100	-91.2%
Other Liabilities	12,799	15,534	12,269	12,344	12,352	12,360	12,368	12,375	11,425	12,344	12,375	12,406	12,437	12,468	12,500	0.2%	0.2%	16,260	31.7%
	89,755	97,752	91,339	99,906	99,504	95,197	96,016	96,486	94,433	99,906	96,486	91,523	91,918	93,446	93,623	-3.4%	-1.3%	104,999	5.1%
Banking																			
CD's/MMDA's/Demand Accts	30,840	35,060	40,319	37,658	42,568	42,290	41,899	43,111	26,276	37,658	43,111	54,057	66,548	77,738	83,924	14.5%	17.4%	32,050	-14.9%
Escrow Deposits	14,624	15,598	15,774	14,609	14,869	15,319	15,729	16,093	13,333	14,609	16,093	19,672	21,127	23,538	26,522	10.2%	12.7%	15,833	8.4%
FHLB Advances	27,000	29,875	28,675	28,150	29,712	32,406	32,345	32,140	26,350	28,150	32,140	35,035	41,143	46,740	50,651	14.2%	12.5%		
Other Liabilities*	1,866	2,403	1,988	5,305	935	867	1,026	997	1,878	5,305	997	10,825	10,829	10,275	10,302	-81.2%	14.2%	46,554	777.6%
	74,330	82,936	86,757	85,722	88,083	90,881	90,998	92,341	67,836	85,722	92,341	119,588	139,647	158,290	171,399	7.7%	14.9%	94,437	10.2%
Equity	13,506	14,297	15,099	14,318	14,807	15,645	16,253	16,782	12,816	14,318	16,782	19,742	23,288	27,500	32,430	17.2%	17.8%	16,243	13.4%
Total Liabilities & Equity	$ 177,592	$ 194,984	$ 193,195	$ 199,946	$ 202,395	$ 201,723	$ 203,267	$ 205,608	$ 175,085	$ 199,946	$ 205,608	$ 230,853	$ 254,853	$ 279,236	$ 297,453	2.8%	8.3%	$ 215,678	7.9%
RATIOS																			
ROE	20.8%	20.8%	17.6%	17.0%	15.4%	18.3%	17.9%	15.6%	21.9%	19.7%	16.8%	16.5%	17.7%	18.5%	19.0%	-14.7%	-0.7%	16.4%	-16.7%
Tier-1 Leverage	6.8%	7.0%	6.9%	6.9%	7.1%	7.5%	7.7%	7.9%	6.3%	6.9%	7.9%	8.2%	8.7%	9.4%	10.4%	13.3%	8.4%	7.4%	6.0%
Tier-1 Risk-based Capital	11.6%	10.9%	11.6%	11.6%	12.0%	12.5%	12.7%	12.8%	10.2%	11.6%	12.8%	12.9%	13.4%	14.2%	15.6%	10.5%	6.2%	12.3%	6.6%
Total Risk-based Capital	12.7%	12.8%	13.1%	13.0%	13.3%	13.8%	13.9%	14.0%	11.2%	13.0%	14.0%	13.6%	14.1%	14.8%	16.1%	7.5%	4.4%	13.5%	3.2%
Intangible Assets	68.9%	65.2%	64.8%	66.0%	69.9%	70.5%	71.8%	72.1%	68.3%	66.0%	72.1%	68.6%	63.8%	58.9%	54.1%	9.3%	-3.9%	70.3%	6.4%
ISSUANCES/(REDEMPTIONS)																			
Enhanced-TRUP's	$ -	$ -	$ -	$ 1,500	$ -	$ -	$ -	$ -	$ -	$ 1,500	$ -	$ -	$ -	$ -	$ -			$ 300	-80.0%
TRUP's	-	-	-	(313)	-	-	-	-	-	(313)	-	(500)	-	-	-			-	-100.0%
MTN's	-	-	-	313	-	-	-	-	-	313	-	500	-	-	-			-	-100.0%
Sub Debt	-	1,000	(500)	-	-	-	-	-	500	500	-	-	-	-	-			-	-100.0%
Common Equity	-	-	-	(1,500)	-	-	-	-	-	(1,500)	-	-	-	-	-			(300)	-80.0%

**Includes asset-backed commercial paper, covered bonds, repo transactions, and unsecured Fed funds.*

Notes (cont'd):

36. This forecast assumed retirement of $500 million of Trust Preferreds in 2008, to be replaced by Medium Term Notes.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING: FORECASTING & ANALYSIS
CAPITAL ADEQUACY
($ mil, unless stated otherwise)

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	CY05	CY06	CY07	CY08	CY09	CY10	CY11	1-yr Growth	5-yr CAGR	2007 Budget	1-yr Growth
Excess Capital																			
Tier-1 Capital @ 5%	$ 3,452	$ 3,926	$ 4,039	$ 4,299	$ 4,742	$ 5,572	$ 6,036	$ 6,401	$ 2,570	$ 4,299	$ 6,401	$ 7,924	$ 10,128	$ 13,020	$ 17,020	48.9%	31.7%	$ 5,563	29.4%
Total Risk-based Capital @ 10%	3,062	3,519	3,896	4,032	4,364	5,005	5,288	5,514	1,492	4,032	5,514	5,756	7,251	9,513	12,926	36.7%	26.2%	4,866	20.7%
Concurrently Optimized RBC	3,062	3,519	3,896	4,032	4,364	5,005	5,288	5,514	1,492	4,032	5,514	5,756	7,251	9,513	12,926	36.7%	26.2%	4,866	20.7%
Economic Capital	2,100	2,175	2,761	3,256	3,433	4,117	4,490	4,795	857	3,256	4,795	6,443	8,705	11,649	15,577	47.3%	36.8%	2,336	-28.3%
Fitch	1,033	762	1,254	750	730	1,031	1,089	1,166	689	750	1,166	2,218	3,987	6,459	9,809	55.5%	67.3%	771	2.8%
S&P*	1,024	960	1,456	1,602	1,715	2,357	2,666	2,913	336	1,602	2,913	3,788	5,759	8,402	12,101	81.8%	49.8%	1,889	17.9%
Moody's	3,117	4,156	3,873	4,340	4,878	5,437	5,664	5,737	2,380	4,340	5,737	7,523	9,043	11,265	14,292	32.2%	26.9%	4,366	0.6%
Basel II	4,471	4,235	4,765	5,201	5,566	6,177	6,543	6,866	3,162	5,201	6,866	8,764	11,065	14,034	17,880	32.0%	28.0%	6,529	25.5%
* S&P is currently revising its model																			

Notes (cont'd):

37. Fitch rating agency capital requirements were deemed to be the most restrictive and were used to determine minimum capital held on the balance sheet.
38. Minimum excess capital requirements for contingency and for market movements were deemed to be the same as minimum Fitch requirements.
39. Capital in excess of contingency requirements was assumed to be deployed in assets that yield 11% ROE.

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING/FORECASTING & ANALYSIS
BANK MORTGAGE BANKING SUMMARY

($ mil, unless stated otherwise)	PORTFOLIO BANKING					BANK MORTGAGE BANKING					TOTAL BANKING					CONSOLIDATED CFC				
	Bnk PB CY2007	Bnk PB CY2008	Bnk PB CY2009	Bnk PB CY2010	Bnk PB CY2011	Bnk MB CY2007	Bnk MB CY2008	Bnk MB CY2009	Bnk MB CY2010	Bnk MB CY2011	CFC Bal CY2007	CFC Bal CY2008	CFC Bal CY2009	CFC Bal CY2010	CFC Bal CY2011	CFC Ttl CY2007	CFC Ttl CY2008	CFC Ttl CY2009	CFC Ttl CY2010	CFC Ttl CY2011
EPS	**$ 1.29**	**$ 1.39**	**$ 1.82**	**$ 2.22**	**$ 2.53**	**$ 0.56**	**$ 0.91**	**$ 1.40**	**$ 1.82**	**$ 2.29**	**$ 1.85**	**$ 2.30**	**$ 3.22**	**$ 4.03**	**$ 4.82**	**$ 4.30**	**$ 4.86**	**$ 5.96**	**$ 7.17**	**$ 8.50**
EARNINGS BEFORE TAX																				
Gross Production	$ -	$ -	$ -	$ -	$ -	$ 553	$ 3,389	$ 4,002	$ 4,511	$ 5,179	$ 553	$ 3,389	$ 4,002	$ 4,511	$ 5,179	$ 1,107	$ 1,024	$ 1,469	$ 1,899	$ 2,471
Allocation of Fixed Expenses	-	-	-	-	-	-	(2,570)	(2,827)	(2,991)	(3,202)	-	(2,570)	(2,827)	(2,991)	(3,202)					
Net Loan Production	-	-	-	-	-	553	819	1,175	1,519	1,977	553	819	1,175	1,519	1,977	$ 1,107	$ 1,024	$ 1,469	$ 1,899	$ 2,471
Gross Loan Servicing	-	-	-	-	-	-	100	283	419	526	-	100	283	419	526	834	1,029	1,067	1,103	1,142
Incremental Funding Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33)	(79)	(145)	(251)	(395)
Loan Servicing	-	-	-	-	-	-	100	283	419	526	-	100	283	419	526	801	950	922	851	747
Loan Closing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94	99	107	114	123
Total Mortgage Banking	-	-	-	-	-	553	919	1,458	1,938	2,503	553	919	1,458	1,938	2,503	2,002	2,073	2,498	2,865	3,342
Banking	1,280	1,405	1,886	2,362	2,766	-	-	-	-	-	1,280	1,405	1,886	2,362	2,766	1,314	1,444	1,931	2,409	2,818
Capital Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	546	662	746	877	1,037
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286	391	429	474	525
Global	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8	61	84	118	140
Excess Capital Redeployed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122	290	531	922	1,448
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)	(20)	(20)	(20)
Total Diversified	1,280	1,405	1,886	2,362	2,766	-	-	-	-	-	1,280	1,405	1,886	2,362	2,766	2,257	2,829	3,702	4,780	5,948
Total	**$ 1,280**	**$ 1,405**	**$ 1,886**	**$ 2,362**	**$ 2,766**	**$ 553**	**$ 919**	**$ 1,458**	**$ 1,938**	**$ 2,503**	**$ 1,834**	**$ 2,324**	**$ 3,345**	**$ 4,300**	**$ 5,269**	**$ 4,258.4**	**4,902**	**6,201**	**7,645**	**9,289**
% Diversified																*53.0%*	*57.7%*	*59.7%*	*62.5%*	*64.0%*
Tax Rate											38.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%
Avg Shares Outstanding (mil)											608	619	638	654	671	607.8	619.0	638.0	653.9	670.7
CFC Metrics																				
Production																				
Mortgage Market Originations ($ bil)							$ 2,694	$ 2,808	$ 2,852	$ 2,920		$ 2,694	$ 2,808	$ 2,852	$ 2,920	$ 2,643	$ 2,694	$ 2,808	$ 2,852	$ 2,920
Total Volume							367,736	404,750	433,481	468,621		367,736	404,750	433,481	468,621	472,874	507,234	557,210	596,703	644,789
Market Share							13.7%	14.4%	15.2%	16.0%		13.7%	14.4%	15.2%	16.0%	17.9%	18.8%	19.8%	20.9%	22.1%
NEC Margin																0.44%	0.51%	0.58%	0.64%	0.70%
GAAP Margin							0.22%	0.29%	0.35%	0.42%		0.22%	0.29%	0.35%	0.42%	0.25%	0.22%	0.29%	0.35%	0.42%
Servicing																0.00%				
MSR							$ 4,655	$ 9,626	$ 14,494	$ 19,264		$ 4,655	$ 9,626	$ 14,494	$ 19,264	$ 19,956	$ 21,626	$ 23,514	$ 25,317	$ 27,090
Ending Portfolio Balance							$ 313,677	$ 596,794	$ 856,857	$ 1,110,900		$ 313,677	$ 596,794	$ 856,857	$ 1,110,900	1,425,151	1,548,569	1,719,605	1,913,442	2,138,147
EBT Bps							0.0641%	0.0623%	0.0578%	0.0534%		0.0641%	0.0623%	0.0578%	0.0534%	0.0616%	0.0695%	0.0654%	0.0609%	0.0564%
Portfolio Runoff Rate																25.61%	26.93%	24.94%	23.43%	21.95%
Balance Sheet																				
Consolidated Assets																$ 205,608	$ 230,853	$ 254,853	$ 279,236	$ 297,453
Bank Assets (non-HFS)																82,988	101,146	116,943	129,425	139,267
ROE																16.8%	16.5%	17.7%	18.5%	19.0%
Fitch Excess Capital																$ -	$ -	$ -	$ -	$ -
Headcount																63,086	67,654	71,689	76,416	79,017
Average Stock Price																$ 42.90	$ 49.96	$ 58.98	$ 68.83	$ 77.81
Dividend Per Share																0.64	0.71	0.80	0.89	1.00
Market Statistics - Period Averages																				
1-Month LIBOR																5.32	5.32	5.32	5.32	5.32
3-Month LIBOR																5.36	5.36	5.36	5.36	5.36
2-Year Treasury																4.75	4.75	4.75	4.75	4.75
10-Year Treasury																4.69	4.68	4.68	4.68	4.68
30-Year Freddie Mac Survey Rate																6.47	6.47	6.47	6.47	6.47
Prime CPR																16.62%	17.19%	17.33%	16.60%	16.49%

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNING/FORECASTING & ANALYSIS
BANK MORTGAGE BANKING
BALANCE SHEET

($ mil, unless stated otherwise)	PORTFOLIO BANKING					BANK MORTGAGE BANKING					TOTAL BANKING					CONSOLIDATED CFC				
	Bnk PB CY2007	Bnk PB CY2008	Bnk PB CY2009	Bnk PB CY2010	Bnk PB CY2011	Bnk MB CY2007	Bnk MB CY2008	Bnk MB CY2009	Bnk MB CY2010	Bnk MB CY2011	CFC Bal CY2007	CFC Bal CY2008	CFC Bal CY2009	CFC Bal CY2010	CFC Bal CY2011	CFC Ttl CY2007	CFC Ttl CY2008	CFC Ttl CY2009	CFC Ttl CY2010	CFC Ttl CY2011
ASSETS																				
CFC Funding																				
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,019	$ 1,019	$ 1,019	$ 1,019	$ 1,019
Production																				
CHL & Bank Inventory																				
Prime																				
PayOption ARM	$ -	$ -	$ -	$ -	$ -	$ 283	$ 2,576	$ 2,426	$ 2,396	$ 2,092	$ 283	$ 2,576	$ 2,426	$ 2,396	$ 2,092	$ 2,739	$ 3,565	$ 3,442	$ 3,490	$ 3,076
Other Prime Products	-	-	-	-	-	14,808	16,430	17,334	19,784	19,584	14,808	16,430	17,334	19,784	19,584	18,884	20,100	21,209	24,213	23,984
	-	-	-	-	-	15,091	19,006	19,760	22,180	21,677	15,091	19,006	19,760	22,180	21,677	21,623	23,664	24,651	27,703	27,060
Nonprime	-	-	-	-	-	676	1,779	1,943	2,221	2,139	676	1,779	1,943	2,221	2,139	3,371	2,335	2,545	2,902	2,797
HE																				
HELOC	-	-	-	-	-	890	-	-	-	-	890	-	-	-	-	692	1,066	1,090	1,253	1,461
FRS	-	-	-	-	-	854	893	909	1,027	1,207	854	893	909	1,027	1,207	1,144	1,067	1,086	1,228	1,454
Total HE	-	-	-	-	-	1,744	893	909	1,027	1,207	1,744	893	909	1,027	1,207	1,837	2,134	2,177	2,481	2,915
Total CHL/Bank Inventory	-	-	-	-	-	17,511	21,678	22,611	25,428	25,022	17,511	21,678	22,611	25,428	25,022	26,831	28,133	29,372	33,085	32,772
CCM Inventory																				
Prime																				
PayOption ARM	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Prime Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,897	3,079	3,273	3,480	3,699
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,897	3,079	3,273	3,480	3,699
Nonprime	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,028	2,156	2,291	2,436	2,589
HE																				
HELOC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	869	924	982	1,044	1,110
FRS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total HE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	869	924	982	1,044	1,110
Total CCM Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,794	6,159	6,547	6,959	7,398
Total - All Inventory	-	-	-	-	-	17,511	21,678	22,611	25,428	25,022	17,511	21,678	22,611	25,428	25,022	32,624	34,291	35,919	40,045	40,169
Other Assets (CFC PPE excl Bank)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	662	530	560	615	655
	-	-	-	-	-	17,511	21,678	22,611	25,428	25,022	17,511	21,678	22,611	25,428	25,022	33,286	34,822	36,480	40,660	40,825
Servicing																				
MSR	-	-	-	-	-	-	4,655	9,626	14,494	19,264	-	4,655	9,626	14,494	19,264	19,956	21,626	23,514	25,317	27,090
MSR Hedge	-	-	-	-	-	-	258	543	840	1,156	-	258	543	840	1,156	1,080	1,197	1,325	1,468	1,626
Servicing Advances	-	-	-	-	-	-	542	1,141	1,766	2,427	-	542	1,141	1,766	2,427	2,276	2,519	2,787	3,085	3,413
Derivative Accounts	-	-	-	-	-	-	26	55	85	117	-	26	55	85	117	109	121	134	148	164
Nonprime Residuals	-	-	-	-	-	-	39	77	106	139	-	39	77	106	139	94	116	142	159	190
Nonprime Residuals, NIM	-	-	-	-	-	-	44	78	103	122	-	44	78	103	122	353	287	245	222	208
HE Residuals	-	-	-	-	-	-	232	375	478	549	-	232	375	478	549	1,058	939	854	819	804
Jumbo I/O's and P/O's	-	-	-	-	-	-	13	25	36	46	-	13	25	36	46	958	1,040	1,153	1,281	1,430
Other	-	-	-	-	-	-	44	91	137	182	-	44	91	137	182	188	204	222	239	255
Transferor Interest	-	-	-	-	-	-	181	382	594	823	-	181	382	594	823	776	842	933	1,037	1,158
	-	-	-	-	-	-	6,034	12,391	18,639	24,825	-	6,034	12,391	18,639	24,825	26,849	28,890	31,310	33,775	36,339
Banking																				
Bank Investments/Cash	9,520	8,984	8,377	7,683	6,865	-	-	-	-	-	9,520	8,984	8,377	7,683	6,865	9,520	8,984	8,377	7,683	6,865
Investments (HTM)	1,659	2,366	3,002	3,591	4,073	-	-	-	-	-	1,659	2,366	3,002	3,591	4,073	1,659	2,366	3,002	3,591	4,073
Bank Loan Portfolio	70,099	85,327	96,402	104,772	111,182	-	-	-	-	-	70,099	85,327	96,402	104,772	111,182	70,099	85,327	96,402	104,772	111,182
Other Assets	1,711	4,470	9,161	13,379	17,146	-	-	-	-	-	1,711	4,470	9,161	13,379	17,146	1,711	4,470	9,161	13,379	17,146
	82,988	101,146	116,943	129,425	139,267	-	-	-	-	-	82,988	101,146	116,943	129,425	139,267	82,988	101,146	116,943	129,425	139,267
Warehouse Lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,149	3,392	3,443	3,825	3,616
	82,988	101,146	116,943	129,425	139,267	-	-	-	-	-	82,988	101,146	116,943	129,425	139,267	86,137	104,538	120,385	133,249	142,883
Capital Markets																				
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,052	2,181	2,318	2,464	2,620
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,499	51,330	53,230	55,199	57,242
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,551	53,511	55,548	57,664	59,861
Insurance																				
Balboa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,928	1,939	1,951	1,963	1,974
BalboaRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,070	1,151	1,239	1,333	1,434
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,998	3,090	3,190	3,295	3,408
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,769	4,982	6,921	9,574	13,117
Total Assets	$ 82,988	$ 101,146	$ 116,943	$ 129,425	$ 139,267	$ 17,511	$ 27,712	$ 35,003	$ 44,067	$ 49,847	$ 100,499	$ 128,858	$ 151,945	$ 173,491	$ 189,114	$ 205,608	$ 230,853	$ 254,853	$ 279,236	$ 297,453

Confidential Treatment Requested

COUNTRYWIDE FINANCIAL
CORPORATE FINANCIAL PLANNINFORECASTING & ANALYSIS
BANK MORTGAGE BANKING
BALANCE SHEET

($ mil, unless stated otherwise)	PORTFOLIO BANKING					BANK MORTGAGE BANKING					TOTAL BANKING					CONSOLIDATED CFC				
	Bnk PB CY2007	Bnk PB CY2008	Bnk PB CY2009	Bnk PB CY2010	Bnk PB CY2011	Bnk MB CY2007	Bnk MB CY2008	Bnk MB CY2009	Bnk MB CY2010	Bnk MB CY2011	CFC Bal CY2007	CFC Bal CY2008	CFC Bal CY2009	CFC Bal CY2010	CFC Bal CY2011	CFC Ttl CY2007	CFC Ttl CY2008	CFC Ttl CY2009	CFC Ttl CY2010	CFC Ttl CY2011
LIABILITIES & EQUITY																				
CFC																				
MTN - Floating	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,472	$ 6,700	$ 5,543	$ 4,830	$ 4,108
MTN - Fixed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,962	5,234	4,330	3,773	3,209
Unsecured CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,964	1,307	576	254	112
Unsecured Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,398	13,241	10,449	8,857	7,429
Repo/Secured CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,971	56,160	58,780	61,357	62,428
TRUP's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,236	1,736	1,736	1,736	1,736
Drafts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	353	353	353	353	353
Sub Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	1,000	1,000	1,000
Deferred Taxes	-	-	-	-	-	-	1,539	3,182	4,792	6,368	-	1,539	3,182	4,792	6,368	6,052	6,527	7,062	7,574	8,078
SWAP's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	100	100	100	100
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,375	12,406	12,437	12,468	12,500
	-	-	-	-	-	-	1,539	3,182	4,792	6,368	-	1,539	3,182	4,792	6,368	96,486	91,523	91,918	93,446	93,623
Banking																				
CD's/MMDA's/Demand Accts	30,766	34,641	42,141	47,082	49,316	12,345	19,416	24,407	30,656	34,607	43,111	54,057	66,548	77,738	83,924	43,111	54,057	66,548	77,738	83,924
Escrow Deposits	16,093	19,672	21,127	23,538	26,522	-	-	-	-	-	16,093	19,672	21,127	23,538	26,522	16,093	19,672	21,127	23,538	26,522
FHLB Advances	31,640	35,035	41,143	46,740	50,651	500	-	-	-	-	32,140	35,035	41,143	46,740	50,651	32,140	35,035	41,143	46,740	50,651
Other Liabilities	(490)	5,730	5,514	4,299	4,422	3,615	5,094	5,314	5,976	5,880	3,125	10,824	10,828	10,274	10,302	997	10,825	10,829	10,275	10,302
	78,009	95,077	109,926	121,659	130,911	16,460	24,510	29,721	36,631	40,488	94,469	119,588	139,647	158,290	171,399	92,341	119,588	139,647	158,290	171,399
Equity	7,108	7,971	9,129	10,579	12,277	1,047	1,611	2,506	3,696	5,233	8,155	9,582	11,635	14,275	17,511	16,782	19,742	23,288	27,500	32,430
Cumulative Dividend	(2,129)	(1,902)	(2,112)	(2,813)	(3,921)	4	52	(406)	(1,052)	(2,242)	(2,125)	(1,850)	(2,519)	(3,866)	(6,164)	-	-	-	-	-
Adjusted Equity	4,979	6,069	7,017	7,765	8,356	1,051	1,663	2,100	2,644	2,991	6,030	7,731	9,117	10,409	11,347	16,782	19,742	23,288	27,500	32,430
Total Liabilities & Equity	$ 82,988	$ 101,146	$ 116,943	$ 129,425	$ 139,267	$ 17,511	$ 27,712	$ 35,003	$ 44,067	$ 49,847	$ 100,499	$ 128,858	$ 151,945	$ 173,491	$ 189,114	$ 205,608	$ 230,853	$ 254,853	$ 279,236	$ 297,453
RATIOS																				
Leverage	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	11.3	10.7	9.9	9.2	8.2
ROE																16.8%	16.5%	17.7%	18.5%	19.0%
Tier-1 Leverage	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	7.9%	8.2%	8.7%	9.4%	10.4%
Tier-1 Risk-based Capital																12.8%	12.9%	13.4%	14.2%	15.6%
Total Risk-based Capital																14.0%	13.6%	14.1%	14.8%	16.1%
Intangible Assets																72.1%	68.6%	63.8%	58.9%	54.1%
ISSUANCES/(REDEMPTIONS)																				
Enhanced-TRUP's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
TRUP's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(500)	-	-	-
MTN's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-
Sub Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-