FINANCE of AMERICA
COMPANIES

Q3 2024 Investor Supplement

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Disclaimer

Forward-Looking Statements

This release includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts or statements of current conditions, but instead represent only the Company's beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, and other non-historical statements. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "budgets," "forecasts," "anticipates," or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties that could cause actual outcomes or results to differ materially from those indicated in these statements, including those risks described below. Given the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the results or conditions described in such statements or the Company's objectives and plans will be achieved. The Company cautions readers not to place undue reliance upon any forward-looking statements, which are current only as of the date of this release. Results for any specified quarter are not necessarily indicative of the results that may be expected for the full year or any future period. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions, or circumstances on which any such statement is based, except as required by law. All subsequent written and oral forward-looking statements concerning the Company or other matters and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. A number of important factors exist that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to: our ability to manage the unique challenges presented by operating as a modern retirement solutions platform rather than a vertically-integrated, diversified lending and complementary services platform due to the transformation of our business; our ability to successfully operate the recently integrated lending platform that we acquired from American Advisors Group in March 2023 and generally, our ability to operate our business profitably; our ability to respond to significant changes in prevailing interest rates and to resume profitable business operations; our geographic market concentration if the economic conditions in our current markets should decline or if our current markets are impacted by natural disasters; our use of estimates in measuring or determining the fair value of the majority of our financial assets and liabilities, which may require us to write down the value of these assets or write up the value of these liabilities if the estimates prove to be incorrect; our ability to prevent cyber intrusions and mitigate cyber risks; the possibility that the Company may be adversely affected by other economic, business and/or competitive factors in our business markets and worldwide financial markets, including a sustained period of higher interest rates; our ability to manage changes in our licensing status, business relationships or servicing guidelines with the Government National Mortgage Association, the United States Department of Housing and Urban Development or other governmental entities; our ability to obtain sufficient capital and liquidity to meet the financing and operational requirements of our business and our ability to comply with our debt agreements, including warehouse lending facilities, and pay down our substantial debt; our ability to refinance our debt on reasonable terms as it becomes due; our ability to manage disruptions in the secondary home loan market, including the mortgage-backed securities market; our ability to finance and recover costs of our reverse mortgage servicing operations; our ability to maintain compliance with the extensive regulations we are subject to, including consumer protection laws applicable to reverse mortgage lenders, which may be highly complex; our ability to compete with national banks, which are not subject to state licensing and operational requirements; our ability to manage various legal proceedings, federal or state governmental examinations and enforcement investigations we are subject to from time to time, the results of which are difficult to predict or estimate; our continued ability to remain in compliance with the terms of the consent orders issued by the Consumer Financial Protection Bureau, which we assumed in connection with our acquisition of operational assets from American Advisors Group; our holding company status and dependency on distributions from Finance of America Equity Capital LLC; our ability to comply with the continued listing standards of the New York Stock Exchange ("NYSE") and avoid the delisting of our common stock from trading on its exchange; our common stock trading history has been characterized by low trading volume, which may result in an inability to sell your shares at a desired price, if at all; and our "controlled company" status under NYSE rules, which exempts us from certain corporate governance requirements and affords stockholders fewer protections.

All of these factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such new factor on our business. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and any of these statements included herein may prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements, or our objectives and plans will be achieved. Please refer to "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (the "SEC") on March 15, 2024, for further information on these and other risk factors affecting us, as such factors may be amended and updated from time to time in the Company's subsequent periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov.

Statement Regarding Non-GAAP Financial Measures

The Company's management evaluates performance of the Company through the use of certain measures that are not prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), including adjusted net income (loss), adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA"), and adjusted earnings (loss) per share. The presentation of non-GAAP measures is used to enhance investors' understanding of certain aspects of our financial performance. This discussion is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with U.S. GAAP. Management believes these key financial measures provide an additional view of our performance over the long-term and provide useful information that we use in order to maintain and grow our business.

These non-GAAP financial measures should not be considered as an alternative to net income (loss), operating cash flows, or any other performance measures determined in accordance with U.S. GAAP. Adjusted net income (loss), adjusted EBITDA, and adjusted earnings (loss) per share have important limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of the limitations of these metrics are: (i) cash expenditures for future contractual commitments; (ii) cash requirements for working capital needs; (iii) cash requirements for certain tax payments; and (iv) all non-cash income/expense items. Because of these limitations, adjusted net income (loss), adjusted EBITDA, and adjusted earnings (loss) per share should not be considered as measures of discretionary cash available to us to invest in the growth of our business or distribute to shareholders. We compensate for these limitations by relying primarily on our U.S. GAAP results and using our non-GAAP financial measures only as a supplement. Users of our condensed consolidated financial statements are cautioned not to place undue reliance on our non-GAAP financial measures.

A reconciliation of our forward-looking Adjusted Earnings per Share outlook to GAAP Earnings per Share and Net Income cannot be provided without unreasonable efforts because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusted items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, the Company is unable to assess the probable significance of the unavailable information, which could have a material impact on its future GAAP financial results.

SECTION 1

The Finance of America Investment Thesis

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– COMPANIES –



OUR GREAT AMBITION

Unlocking America's Greatest Retirement Asset

~$14 Trillion

SENIOR HELD HOME EQUITY[1]

- Finance of America is **making home equity part of a mainstream, modern retirement** so that more Americans can benefit from their untapped wealth later in life.
- The current approach to paying for retirement unfortunately ends in **$3.68T of financial shortfalls nationally** and impacts millions of seniors. [2]
- The solution lies in **unlocking home equity as a retirement funding source** with financing purpose-built for the 55+ homeowner.

Source 1) https://www.nrmlaonline.org/about/press-releases/senior-home-equity-hits-14-trillion-in-q2
Source 2) deloitte.com/us/en/insights/industry/financial-services/closing-retirement-savings-gap.html

FINANCE of AMERICA
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Home Equity for Retirement is Ripe for Disruption

The category only sees a fraction of financing compared to the ~$14T in aggregate home equity seniors hold[1]. Finance of America is ideally situated to catalyze category growth and capture first-mover advantage.

OUR DISTINCTIVE ADVANTAGES:

01 Clear Market Leadership

02 Dominant Distribution Footprint

03 Innovation Engine

04 Capital Markets Strength

05 Digital Capabilities

06 Lifelong Commitment to Borrower

07 Deep Industry Experience

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Source 1) https://www.nrmlaonline.org/about/press-releases/senior-home-equity-hits-14-trillion-in-q2

SECTION 2

Q3 Supplement

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FINANCE *of* AMERICA
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Third Quarter Highlights

Graham Fleming, CEO

- Finance of America has achieved positive financial performance, with a net income of $204 million and Adjusted EBITDA of $32 million. Q3 volumes reached $513 million, surpassing expectations
- Key strategic moves included a reverse stock split and an exchange offer for 2025 unsecured notes, strengthening the balance sheet
- FOA is focused on serving the needs of seniors, leveraging ~$14 trillion in home equity. The HomeSafe Second product may be a solution for accessing much of this equity without refinancing

Kristen Sieffert, President

- Operational consolidation and efficiency improvements from Q2 are yielding results, with a 38% increase in retail productivity
- The unified Finance of America brand and a shift toward digital-first marketing strategies are driving growth
- HomeSafe Second product enhancements, including expanded state availability and lower interest rates, have driven an 89% increase in fundings from the prior quarter

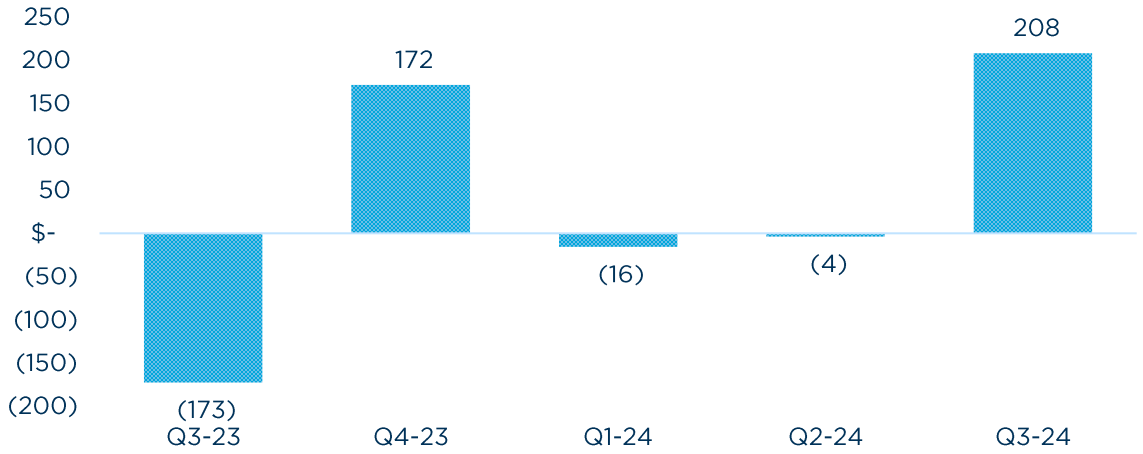
Matt Engel, CFO

- Improved margins, reduced expenses, and successful cost management contributed to Adjusted EBITDA growth from $10 million in Q2 to $32 million in Q3
- Several key securitization transactions have enhanced liquidity and financial flexibility, positioning Finance of America for continued growth
- Forecasting adjusted earnings per share between $2.60 and $3.00 for 2025, reflecting a confident outlook on sustained profitability and market growth

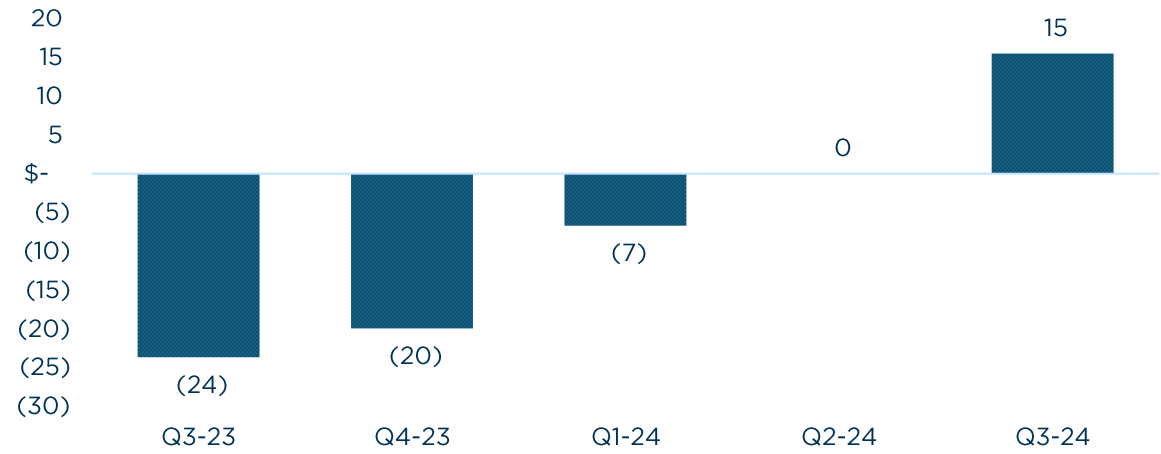
Positive Momentum

FOA's recent performance has led to positive ANI for the quarter and year-to-date.

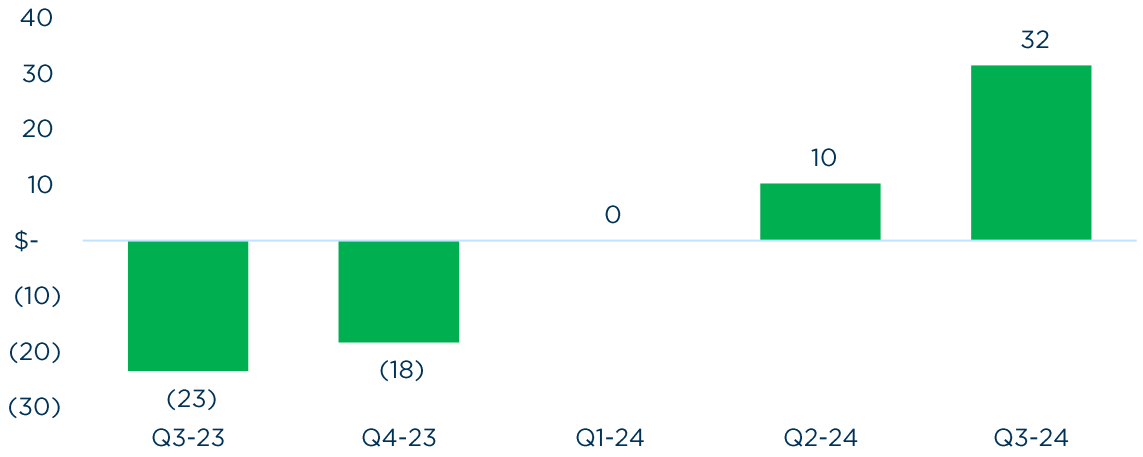
Net Income (Loss) Before Income Taxes *($ millions)*



Adjusted Net Income (Loss)* *($ millions)*



Adjusted EBITDA* *($ millions)*



Commentary

- Increases in pre-tax income driven by positive fair value adjustments of retained interests in securitizations resulting from improving market inputs and model assumptions
- Adjusted Net Income, which excludes fair value adjustments, continues to improve due to growing revenues and origination volumes and $100 million decrease in annual operating expenses
- Positive Adjusted Net Income for the third quarter brings year-to-date results into profitability as well

*Non-GAAP Financial Measure; see "Non-GAAP Reconciliation" on Slide 13

FINANCE of AMERICA – COMPANIES –

Income Statement Trend

FINANCE of AMERICA COMPANIES

($ Millions)	For the three months ended June 30, 2024	For the three months ended Sept 30, 2024
PORTFOLIO INTEREST INCOME		
Interest income	478	490
Interest expense	(413)	(427)
NET PORTFOLIO INTEREST INCOME	**65**	**63**
OTHER INCOME (EXPENSE)		
Net origination gains	40	57
Gains on securitization of HECM tails, net	11	11
Fair value changes from model amortization	(48)	(44)
Fair value changes from market inputs or model assumptions	11	204
Net fair value changes on loans and related obligations	**15**	**228**
Fee income	8	8
Gain (loss) on sale and other income from loans held for sale, net	0	0
Non-funding interest expense	(9)	(9)
NET OTHER INCOME (EXPENSE)	**14**	**227**
TOTAL REVENUES	**79**	**290**
EXPENSES		
Salaries, benefits, and related expenses	35	31
Loan production and portfolio related expenses	6	7
Loan servicing expenses	8	8
Marketing and advertising expenses	11	10
Depreciation and amortization	10	10
General and administrative expenses	16	14
TOTAL EXPENSES	**85**	**80**
OTHER, NET	2	(1)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**(4)**	**208**

Net Portfolio Interest Income is slightly lower quarter over quarter as increasing interest income is offset by higher interest expense from new non-agency financing partners.

Once again, we have seen a **reduction in fair value changes from model amortization**, leading to an increase in accreted yield on our portfolio.

Net Originations Gains have increased quarter over quarter as a result of increased volume and margins in our Retirement Solutions segment.

While revenues have grown, **Total Expenses have continued to decrease** as the business continues to implement cost saving initiatives.

Numbers may not sum perfectly due to rounding.

Income Statement Year to Date Trend

FINANCE of AMERICA – COMPANIES –

($ Millions)	For the nine months ended Sept 30, 2023	For the nine months ended Sept 30, 2024
PORTFOLIO INTEREST INCOME		
Interest income	1,170	1,432
Interest expense	(970)	(1,233)
NET PORTFOLIO INTEREST INCOME	**199**	199
OTHER INCOME (EXPENSE)		
Net origination gains	89	137
Gains on securitization of HECM tails, net	17	32
Fair value changes from model amortization	(162)	(149)
Fair value changes from market inputs or model assumptions	(172)	229
Net fair value changes on loans and related obligations	**(229)**	**249**
Fee income	33	22
Gain (loss) on sale and other income from loans held for sale, net	(23)	0
Non-funding interest expense	(22)	(27)
NET OTHER INCOME (EXPENSE)	**(241)**	**245**
TOTAL REVENUES	**(41)**	**444**
EXPENSES		
Salaries, benefits, and related expenses	140	105
Loan production and portfolio related expenses	21	21
Loan servicing expenses	23	24
Marketing and advertising expenses	22	30
Depreciation and amortization	32	29
General and administrative expenses	60	48
TOTAL EXPENSES	**299**	257
OTHER, NET	2	2
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**(338)**	**189**

Net Portfolio Interest Income is stable year over year as increased interest income is offset by higher interest expense.

Given the increase in the fair value of residuals, **a reduction in fair value changes from model amortization** led to an increase in accreted yield on our portfolio.

Net Originations Gains have increased year over year as a result of increased volume and margins in our Retirement Solutions segment.

While revenues have grown, **Total Expenses have continued to decrease** as the business continues to implement cost saving initiatives.

Numbers may not sum perfectly due to rounding.

Recent Developments

	Earnings	Tangible Net Worth	Liquidity	Capital Structure	Access to Capital	Benefit Description
Reverse Stock Split (COMPLETED)					✓	• Announced in June and effective in July to regain compliance with NYSE continued listing standards • Ensures continued access to public markets and enhances shareholder value
HYD Exchange Offer (COMPLETED)				✓		• Announced support agreement in June 2024 and completed the exchange transaction on Oct 31, 2024 • Newly exchanged debt will have later bond maturities, enhance financial flexibility, align our cash flows with our debt obligations and improve our capital structure for the future
New Financing Facilities (COMPLETED)			✓			• Two new related financing facilities allow for improved advance rates on proprietary reverse mortgage production • Facilities are with lenders new to the Reverse Mortgage space, showing growing interest from new participants
Call/Reissue of HECM Buyout Securitization (COMPLETED)			✓			• Completed the call/reissue of two HECM Buyout securitizations in Oct 2024, leading to improved advance rates • Included HECM buyouts not previously included in the securitization, thereby reducing warehouse needs
Draft Terms of HMBS 2.0	✓	✓	✓			• GNMA announced draft terms of HMBS 2.0 which permits certain HECM buyouts to be placed into GNMA pools, ensuring issuers like Finance of America will have access to capital to fund buyouts • Once implemented, enhances liquidity in the reverse mortgage industry, benefiting Finance of America and its customers

APPENDIX

FINANCE *of* AMERICA
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Non-GAAP Reconciliation

All values in $ Millions	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Pre-tax income (loss)	($173)	$172	($16)	($4)	$208
Adjustments for:					
Changes in fair value[1]	120	(221)	(9)	(8)	(198)
Amortization and impairment of goodwill and intangible assets[2]	9	17	10	9	9
Share-based compensation[3]	5	4	4	1	2
Certain non-recurring costs[4]	6	2	2	2	0
Adjusted net income before taxes	($32)	($26)	($9)	$0	$21
Provision for income taxes[5]	(8)	(7)	(2)	0	6
Adjusted Net Income	($24)	($20)	($7)	$0	$15
Provision for income taxes	(8)	(7)	(2)	0	6
Depreciation	1	1	0	0	0
Interest on non-funding debt	8	8	8	10	10
Adjusted EBITDA	($23)	($18)	$0	$10	$32

(1) Totals may not foot due to rounding.
(2) Changes in fair value include changes in fair value of loans and securities held for investment and related obligations due to market inputs or model assumptions, deferred purchase price obligations, contingent earnout, warrant liability, and minority investments.
(3) Includes amortization or impairment of intangibles and impairment of certain other long-lived assets.
(4) Beginning with the third quarter of 2024, the Company revised our definitions of adjusted net income (loss), adjusted EBITDA, and adjusted earnings (loss) per share to now adjust for all non-cash equity-based compensation in this line item, excluding forfeitures and accelerations associated with restructuring activities, which are included in certain non-recurring costs. Prior to the third quarter of 2024, only equity-based compensation for Replacement Restricted Stock Units ("RSUs") and Earnout Right RSUs were included in our adjustments. As a result of this change, prior period amounts have been recast to reflect the updated presentation. Adjusted net loss decreased $1 million for the three months ended June 30, 2024 and $1 million and $2 million for the three and nine months ended September 30, 2023, respectively, from what was previously reported. The change also resulted in a decrease to adjusted loss per share of $0.05 for the three months ended June 30, 2024 and $0.05 and $0.13 for the three and nine months ended September 30, 2023, respectively, from what was previously reported.
(5) Reflects certain non-recurring costs and adjustments that management believes should be excluded as these do not relate to a recurring part of the core business operations. These items include amounts recognized for settlement of legal and regulatory matters, acquisition or divestiture-related expenses, and other one-time charges.
(6) Pro-forma income tax provision (benefit) adjustments to apply an effective combined corporate tax rate to adjusted net income (loss) before taxes.
(7) Calculated on an if-converted basis except when anti-dilutive.

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Let's Unlock America's Greatest Retirement Asset



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