

ResCap Liquidating Trust

**Consolidated Financial Statements
as of and for the Period Ended March 31, 2023
(Unaudited)**

ResCap Liquidating Trust

Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 73,091	\$ 80,330
Restricted cash	22,904	-
Other assets	-	-
Total assets	95,995	80,330
Liabilities:		
Estimated costs to operate Trust	38,578	32,530
Liability for undistributed funds	22,904	-
Total liabilities	61,482	32,530
Net assets in liquidation	\$ 34,513	\$ 47,800
Total units in the Trust	98,853,649	98,853,649
Net assets per authorized unit	\$ 0.35	\$ 0.48

The Notes to Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands

	Quarter to date ended	Year to date Ended	Effective Date through
	March 31, 2023	March 31, 2023	March 31, 2023
Receipts			
Receipts on assets held for sale	\$ 5	\$ 5	\$ 645,861
Litigation / claim recoveries	22,000	22,000	1,340,462
Other receipts	3,398	3,398	175,865
Plan settlements	-	-	2,100,000
Total receipts	25,403	25,403	4,262,188
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	-	-	(88,201)
Costs to operate the Trust	(9,738)	(9,738)	(737,537)
Total disbursements	(9,738)	(9,738)	(2,467,812)
Distributions			
Total distributions	-	-	(3,375,862)
Net cash flow	15,665	15,665	(1,581,486)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	-	(55,026)
(Increase) decrease in costs to operate the Trust	(15,786)	(15,786)	(569,962)
(Increase) decrease in DOJ/AG consent settlement	-	-	(7,551)
Basis of assets/liabilities liquidated/resolved	9,738	9,738	(244,159)
(Increase) decrease in distributions held for Beneficiaries	(22,904)	(22,904)	(22,904)
Total non-cash changes	(28,952)	(28,952)	(899,602)
Total increase (decrease) in net assets	(13,287)	(13,287)	(2,481,088)
Net assets in liquidation, beginning of period	47,800	47,800	2,515,601
Net assets in liquidation, end of period	\$ 34,513	\$ 34,513	\$ 34,513

The Notes to Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business and Significant Accounting Policies

The ResCap Liquidating Trust (“Trust”) was formed in connection with the Plan of Reorganization under chapter 11 of the United States Bankruptcy Code (“Plan”) in the bankruptcy case of Residential Capital, LLC (“ResCap”). The Plan became effective on December 17, 2013 (“Effective Date”).

The Trust issued units of beneficial interest (“Units”). The Units entitle their holders (“Beneficiaries”) to receive a proportionate amount of cash distributions (“Declared Distributions”) made by the Trust.

Basis of Presentation

The unaudited Consolidated Financial Statements (the “Statements”) reflect the accounts of the Trust and subsidiaries after eliminating all significant intercompany balances and transactions. The Statements reflect all adjustments that are, in management’s opinion, necessary for the fair presentation of the results for the periods presented. The Statements have not been prepared in accordance with generally accepted accounting principles; rather they have been prepared using a liquidation basis of accounting, which the Trust considers an appropriate basis of accounting at this time. The assets are stated at their estimated net realizable value, which is the amount of cash into which an asset is expected to be converted during the liquidation period. The Trust also accrues costs that it expects to incur through to the end of its liquidation. The Trust currently accrues costs through December 31, 2025, however, the prosecution of the remaining litigation discussed below, and the corresponding timeline for resolving such litigation through trial or appeals may cause the Trust to be further extended beyond December 31, 2025, resulting in an increase to future accrued costs for such extended periods and a corresponding reduction in cash available. The Trust will record and value affirmative settlements or judgements when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto for the year ended December 31, 2022.

2. Assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Cash and cash equivalents	\$ 73,091	\$ 80,330
Restricted cash	22,904	-
Total assets	<u>\$ 95,995</u>	<u>\$ 80,330</u>

Restricted cash includes a \$22.0 million for funds Held for Beneficiaries related to the Declared Distribution.

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3. Estimated Costs to Operate the Trust

Estimated costs to operate the Trust are comprised of the following (in \$000's):

	March 31, 2023			December 31, 2022	
	Accrued	Future	Total	Total	
Professional fees (legal, expert, other professional costs)	\$ 2,074	\$ 33,343	\$ 35,417	\$	30,064
	375	-	375		375
	-	151	151		135
	-	1,326	1,326		982
	-	1,309	1,309		974
	\$ 2,449	\$ 36,129	\$ 38,578	\$	32,530

The estimated cost to operate the Trust is \$38.6 million including \$2.4 million of expenses that have been incurred but not yet paid (\$2.0 million professional fees, and \$.4 million other operating costs) and \$36.1 million of expected future costs for the period April 2023 through December 2025. Of the future \$36.1 million cost, \$13.3 million supports the on-going insurance recovery case pending in the Bankruptcy Court, SDNY and \$22.8 million represents existing contractual obligations and the future costs for the operations and wind-down of the Trust.

4. Distributions to Beneficiaries

During the quarter ended March 31, 2023, the Trust declared a cash distribution of \$.2317 per unit of beneficial interest to holders of such Units of record as of April 3, 2023. The distribution payment date is April 20, 2023, and a liability was established for the distribution on March 31, 2023.

5. Commitments and Contingencies

Affirmative Matters

The Trust is pursuing the following affirmative matter:

Insurance Recovery Action - The Trust has an adversary proceeding case pending in the U.S. Bankruptcy Court for the Southern District of New York, Drennen, et al., and ResCap Liquidating Trust v. Certain Underwriters at Lloyd's, London, et al., Adv. Case No. 15-01025-dsj. In December 2019, the Bankruptcy Court issued a partial summary judgment in favor of the Trust. The Trust's claim is approximately \$73.0 million, exclusive of interest and fees. At the end of 2022, the Court issued a decision on the summary judgment motions and ruled in the Trust's favor on all major issues. At the conclusion of certain procedural motions following the summary judgement decisions, the case will move to the Federal District Court, Southern District for further proceedings.

At this time, the Trust cannot predict the outcome of this matter or estimate the possible financial effect of this matter on the Consolidated Financial Statements, and as such, neither contingent gains nor any contingent costs to pursue these matters are currently recorded.

6. Subsequent Events

Events subsequent to March 31, 2023, were evaluated through May 9 2023, the date on which these Consolidated Financial Statements were issued.