



Cherry Hill Mortgage Investment Corporation Announces Second Quarter 2014 Results

August 12, 2014

**– Generated Net Interest Income of \$5.1 Million –
– Declared Dividend of \$0.51 per Share for Second Quarter 2014 –**

MOORESTOWN, N.J., Aug 12, 2014 (BUSINESS WIRE) --Cherry Hill Mortgage Investment Corporation (NYSE:CHMI) ("Cherry Hill" or the "Company"), today reported results for the second quarter of 2014.

Highlights

- Generated comprehensive income of \$4.9 million, or \$0.66 per common share
- Realized income from Excess MSR portfolio of approximately \$3.6 million
- Book value per Share increased to \$21.62 at June 30, 2014 from \$21.47 at March 31, 2014.
- 10.2% annualized dividend yield based on June 30, 2014 closing stock price of \$20.05 per common share
- Aggregate portfolio leverage remained low at 1.8x

"Our second quarter results reflect the continued strong momentum in our business. We produced net interest income in line with management expectations and paid dividends to our shareholders consistent with prior quarters," stated Jay Lown, Cherry Hill Mortgage Investment Corporation's President and Chief Investment Officer. Mr. Lown added, "We see a wide range of opportunities in the residential mortgage space that may also help us enhance our ability to optimally construct our overall portfolio."

Operating Results

Cherry Hill's reported GAAP net income consisted of the following: \$5.1 million of net interest income, a realized net gain of \$75,000 on the RMBS portfolio, net realized and unrealized losses on derivatives of \$2.9 million, a \$1.6 million change in carrying value of the Excess MSR portfolio, due to market valuation adjustments, and administrative expenses and management fees paid to Cherry Hill's external manager in the aggregate amount of approximately \$1.3 million. Cherry Hill reported GAAP net loss for the second quarter of 2014 of \$652,000 or \$0.09 per diluted weighted average common share outstanding.

	Three Months Ended June 30, 2014¹
Income	
Interest income	\$ 6,137
Interest expense	1,006
Net interest income	5,131
Other income (loss)	
Realized gain (loss) on Agency RMBS, net	75
Realized gain on derivatives, net	(187)
Unrealized gain (loss) on derivatives, net	(2,705)
Change in fair value of investments in Excess Mortgage Servicing Rights	(1,648)
Total Income	\$666
Expenses	
General and administrative expense	642
Management fee to affiliate	679
Total Expenses	(655)
Net Income (Loss)	3
Net income allocated to LTIP-OP Units	3
Income Applicable to Common Stockholders	\$ (652)
Income (Loss) Per Share of Common Stock	
Basic	\$ (0.09)
Diluted	\$ (0.09)
Weighted Average Number of Shares of Common Stock Outstanding	
Basic	7,504,572

In addition, net unrealized gain on our RMBS portfolio for the quarter was approximately \$5.6 million.

	Three Months Ended June 30, 2013¹
Net income (loss)	\$ (655)
Other comprehensive income (loss):	
Net unrealized gain (loss) on RMBS	5,595
Other comprehensive income (loss)	5,595
Comprehensive income (loss)	\$ 4,940

1. Unaudited

Portfolio Highlights for the Quarter Ended June 30, 2014

The Company realized income from its Excess MSR portfolio of approximately \$3.6 million. Carrying value of the Excess MSR portfolio ended the quarter at \$102.4 million. Net interest spread the RMBS portfolio stood at 1.59% and the debt to equity on the aggregate portfolio remained low, ending the quarter at 1.8x.

The RMBS portfolio (excluding TBAs) had a book value of approximately \$334 million and a carrying value of \$338 million at quarter end June 30, 2014. The portfolio had a weighted average coupon of 3.8% and weighted average maturity of 23 years.

In order to mitigate duration risk and interest rate risk associated with the Company's RMBS, Cherry Hill used interest rate swaps, swaptions, and TBAs. At quarter end June 30, 2014, the Company held interest rate swaps with a notional amount of approximately \$184 million, swaptions with a notional amount of approximately \$115 million and net TBAs of approximately \$5.0 million.

The Company acquired Excess MSRs related to approximately \$100 million UPB of fixed rate VA loans for approximately \$0.7 million.

As of June 30, 2014, Cherry Hill's GAAP book value was \$21.62 per diluted share.

Dividend

On June 11, 2014, the Board of Directors declared a quarterly dividend of \$0.51 per share of common stock, for the second quarter of 2014. The dividend was paid in cash on July 29, 2014 to stockholders of record as of the close of business on June 30, 2014.

Additional Information

An investor presentation with supplemental information regarding Cherry Hill and its business has been posted to the Investor Relations section of Cherry Hill's website, www.chmireit.com. Cherry Hill will discuss the investor presentation on the conference call referenced below.

Webcast and Conference Call

The Company's management will host a videocast and conference call on Tuesday, August 12, 2014 at 5:00 P.M. Eastern Time. A copy of this earnings release and the investor presentation referenced above will be posted to the Investor Relations section of Cherry Hill's website, www.chmireit.com. All interested parties are welcome to participate on the live call. A simultaneous webcast of the conference call will be available to the public on a listen-only basis at www.chmireit.com. Please allow extra time prior to the call to visit the site and download any necessary software required to listen to the webcast.

The conference call may be accessed by dialing 1-877-407-3982 (from within the U.S.) or 1-201-493-6780 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Cherry Hill Second Quarter 2014 Earnings Call."

A telephonic replay of the conference call will also be available two hours following the completion of the call through 11:59 P.M. Eastern Time on September 12, 2014 by dialing 1-877-870-5176 (from within the U.S.) or 1-858-384-5517 (from outside of the U.S.); please reference access code "13586766."

About Cherry Hill Mortgage Investment Corporation

Cherry Hill Mortgage Investment Corporation is a real estate finance company that acquires, invests in and manages residential mortgage assets in the United States. Cherry Hill Mortgage Investment Corporation is externally managed and advised by Cherry Hill Mortgage Management, LLC, which is an affiliate of Freedom Mortgage Corporation.

Forward-Looking Statements

This press release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward looking statements are based upon the Company's present expectations, but these statements are not guaranteed to occur. For a description of factors that may cause the Company's actual results or performance to differ from its forward-looking statements, please review the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, and other documents filed by the Company with the Securities and Exchange Commission.

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