



Cherry Hill Mortgage Investment Corporation Announces Third Quarter 2014 Results

November 12, 2014

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

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

Highlights

- Realized interest income of approximately \$6.2 million, \$3.5 million of which was generated by the Excess MSR portfolio
- Book value per share was \$21.22 at September 30, 2014
- 10.9% annualized dividend yield based on September 30, 2014 closing stock price of \$18.70 per common share
- Generated comprehensive income of \$9.9 million, or \$1.31 per common share year to date
- Aggregate portfolio leverage remained low at approximately 2.1x
- Licensing completed for 15 of the 17 states required to purchase residential mortgage loans and MSRs as of November 7, 2014

"Our third quarter results reflect the continued strong momentum in our business," 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 net realized gain of \$48,000 on the RMBS portfolio, a net realized loss on derivatives of \$1.0 million, a net unrealized gain on derivatives of \$2.0 million, a net unrealized loss of \$2.1 million on the Excess MSR portfolio due to market valuation adjustments, and general 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 income for the third quarter of 2014 of \$2.8 million, or \$0.37 per basic and diluted weighted average common share outstanding.

	Three Months Ended September 30, 2014¹	Nine Months Ended September 30, 2014¹
Income		
Interest income	\$ 6,244	\$ 18,392
Interest expense	1,164	3,117
Net interest income	5,080	15,275
Other income (loss)		
Realized gain (loss) on RMBS, net	48	(226)
Realized gain (loss) on derivatives, net	(1,025)	(1,284)
Unrealized gain (loss) on derivatives, net	2,025	(4,123)
Unrealized gain (loss) on investments in Excess MSRs	(2,050)	(3,028)
Total Income	4,078	6,614
Expenses		
General and administrative expense	744	1,843
Management fee to affiliate	520	1,878
Total Expenses	1,264	3,721
Net Income (Loss)	2,814	2,893
Net (income) loss allocated to LTIP - OP Units	(26)	(27)
Net Income (Loss) Applicable to Common Stockholders	\$ 2,788	\$ 2,866
Net income (Loss) Per Share of Common Stock		
Basic	\$ 0.37	\$ 0.38
Diluted	\$ 0.37	\$ 0.38
Weighted Average Number of Shares of Common Stock Outstanding		

Basic	7,506,560	7,504,546
Diluted	7,509,543	7,508,589

In addition, net unrealized loss on our RMBS portfolio for the quarter was approximately \$2.0 million.

	Three Months Ended September 30, 2014 ¹	Nine Months Ended September 30, 2014 ¹
Net income (loss)	\$ 2,814	\$ 2,893
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	(1,970)	6,980
Other comprehensive income (loss)	(1,970)	6,980
Comprehensive income (loss)	\$ 844	\$ 9,873

1. Unaudited. Dollar amounts in thousands except per share amounts.

Portfolio Highlights for the Quarter Ended September 30, 2014

The Company realized interest income from its Excess MSR portfolio of approximately \$3.5 million. Carrying value of the Excess MSR portfolio ended the quarter at approximately \$96.0 million. Net interest spread for the RMBS portfolio stood at 1.55% and the debt-to-equity ratio on the aggregate portfolio remained low, ending the quarter at 2.06x.

The RMBS portfolio had a book value of approximately \$373.7 million and a carrying value of \$375.6 million at quarter end September 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 TBAs, interest rate swaps and swaptions. At quarter end September 30, 2014, the Company held interest rate swaps with a notional amount of approximately \$210 million, and swaptions with a notional amount of approximately \$115 million.

As of September 30, 2014, Cherry Hill's GAAP book value was \$21.22 per diluted share.

Dividend

On September 11, 2014, the Board of Directors declared a quarterly dividend of \$0.51 per share of common stock, for the third quarter of 2014. The dividend was paid in cash on October 28, 2014 to stockholders of record as of the close of business on September 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 Wednesday, November 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 Third 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 December 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 "13594390."

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.

SOURCE: Cherry Hill Mortgage Investment Corporation

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