



# CHMI

CHERRY HILL MORTGAGE  
INVESTMENT CORPORATION

Third Quarter 2017 Investor Presentation

November 7, 2017

# Legal Disclaimer

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**FORWARD-LOOKING STATEMENTS.** Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation references to potential or expected future cash flows, estimated or expected returns, sometimes referred to as initial IRR, updated IRR, expected IRR, lifetime IRR, life-to-date IRR or current-to-maturity IRR, potential discount rates, potential future investments, expected yields, potential or implied investment multiples, potential or projected future cash flows, expected CRR, CDR, Loss Severities, Loss Rates and Delinquencies. These statements are based on management's current expectations and beliefs and are subject to a number of risks, trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. Cherry Hill Mortgage Investment Corporation (or "the Company") can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this presentation. Risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. For a description of factors that may cause actual results or performance to differ from the forward-looking statements in this presentation, please review the information under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, and in other documents filed by the Company with the SEC. The Company's forward-looking statements speak only as of the date of this presentation. Cherry Hill Mortgage Investment Corporation expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

**CAUTIONARY NOTE REGARDING EXPECTED RETURNS AND EXPECTED YIELDS.** Expected returns and expected yields are estimates of the annualized effective rate of return that we presently expect to be earned over the expected average life of an investment (i.e., IRR), after giving effect, in the case of returns, to existing leverage and existing hedging costs, and calculated on a weighted average basis. Expected returns and expected yields reflect our estimates of an investment's coupon, amortization of premium or discount, and costs and fees, as well as our assumptions regarding prepayments, defaults and loan losses, among other things. In the case of Servicing Related Assets, these assumptions include, but are not limited to, recapture rates, prepayment rates and delinquency rates. Income recognized by the Company in future periods may be significantly less than the income that would have been recognized if an expected return or expected yield were actually realized, and the estimates we use to calculate expected returns and expected yields could differ materially from actual results. Statements about expected returns and expected yields in this presentation are forward-looking statements. You should carefully read the cautionary statement above under the caption "Forward-looking Statements," which directly applies to our discussion of expected returns and expected yields.

**PAST PERFORMANCE.** Past performance is not a reliable indicator of future results and should not be relied upon for any reason.



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**Third Quarter 2017**



# Third Quarter 2017 Highlights

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Third Quarter 2017

## Financial Results

**\$0.49 dividend per share declared and paid<sup>1</sup>**

**3.0% total quarterly return on book value<sup>4</sup>**

**\$20.05 GAAP book value per common share<sup>2</sup>**

**\$0.52 core earnings per share<sup>3</sup>**

- 0.6% increase, net of 3Q17 dividend

## Portfolio Update

**5.0x leverage ratio for aggregate portfolio**

**9.3% net CPR for full Conventional MSR<sup>6</sup>**

**1.26% net interest spread for RMBS**

**11.5% net CPR for full Government MSR<sup>6</sup>**

**5.95% CPR for RMBS<sup>5</sup>**

## 3Q 2017 Milestones

**In August, issued 2.4 million shares of 8.20% Series A Preferred Stock for net proceeds of approximately \$58.1 million before expenses**

**In August, Aurora entered into a sub-servicing agreement with Shellpoint Mortgage Servicing**

**In September, Aurora made first purchase of MSR<sup>s</sup> under the flow MSR purchase agreement with RoundPoint**

*Note: Figures presented, except per share data, are rounded. As of September 30, 2017.*

- 1. Third Quarter 2017 \$0.49 dividend was paid in cash on October 24, 2017 to stockholders of record on September 29, 2017.*
- 2. Based on 12,721,464 common shares outstanding at September 30, 2017.*
- 3. Based on 12,711,776 fully diluted weighted average common shares outstanding at September 30, 2017.*
- 4. Total return on book value for the quarter ended September 30, 2017 is defined as the increase in book value from June 30, 2017 to September 30, 2017 of \$20.05, plus the dividend declared of \$0.49 per share, divided by June 30, 2017 book value of \$19.94 per share.*
- 5. Actual weighted average CPR for the three month period ended September 30, 2017.*
- 6. Weighted average CPR for the three month period ended September 30, 2017.*

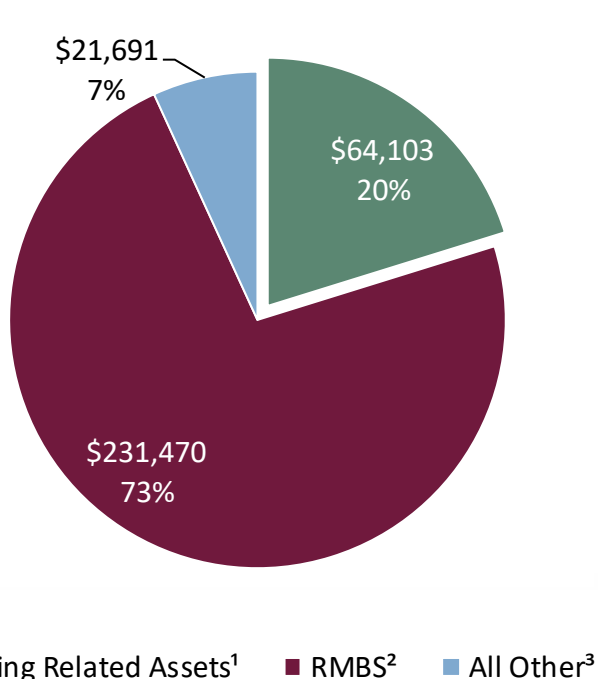
# Aggregate Investment Portfolio Composition

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Third Quarter 2017

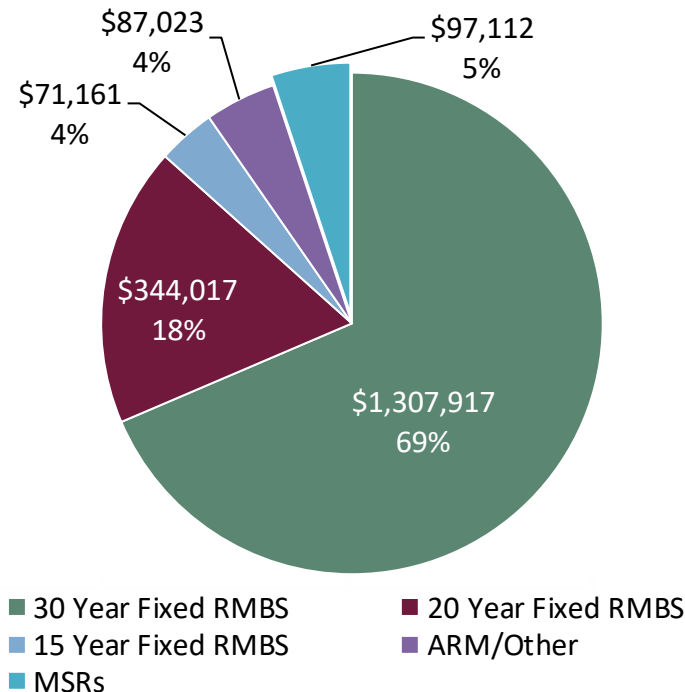
## Equity Investment Composition:

\$317,264



## Aggregate Investment Portfolio Composition:

\$1,907,230<sup>4</sup>



Servicing Related Assets represented approximately 20% of equity and 5% of assets at quarter end.

Note: All financial information As of September 30, 2017, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of MSRs and other related assets.
2. Comprised of RMBS and other related assets and liabilities.
3. Comprised of non-invested assets and liabilities.
4. Excludes cash and other derivatives. Includes TBAs of approximately \$56 million.

# MSR Overview

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Third Quarter 2017

## Commentary

Investments in MSRs totaled \$97.1 million, related to \$9.7 billion of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of September 30, 2017

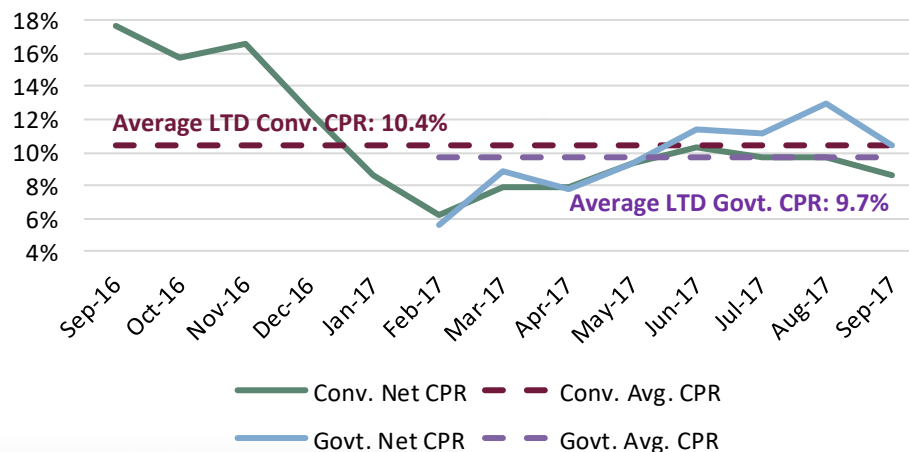
Prepayment rates remained relatively stable despite primary rates falling throughout much of 3Q17

We continue to selectively acquire MSRs at attractive returns and have obtained additional flexibility through new relationships with leading subservicers

## MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	4,494,336,998	1,092,436,304	4,139,061,852	9,725,835,154
Avg UPB (\$'000)	204,651	225,338	214,193	210,822
WAC	3.81	3.86	3.36	3.63
Net Servicing Fee	0.25	0.25	0.30	0.27
WAM (Mths)	292	311	336	313
WALA (Mths)	31	13	17	23
Original FICO	758	748	698	731
Original LTV	76.5	76.8	92.9	86.0
ARM %	0.2%	0.8%	0.0%	0.2%
60+ DQ	0.4%	0.1%	2.1%	1.1%

## Historical Prepayment



Note: Figures presented are rounded. As of September 30, 2017. CPR values presented are annualized. CPR values are net of recapture.

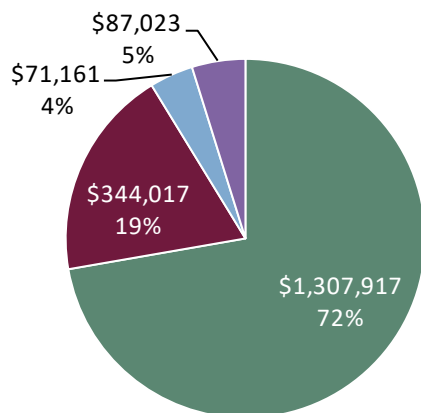
# Third Quarter 2017 RMBS Highlights

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Third Quarter 2017

**RMBS Portfolio: \$1,810,118 (Incl. TBAs)**

**Commentary**



RMBS portfolio totaled approximately \$1,810 million (including TBAs)

RMBS grew as cash raised through the preferred offering was initially deployed. Over time a significant portion of that investment is expected to be deployed into MSRs

■ 30 Year Collateral ■ 20 Year Collateral ■ 15 Year Collateral ■ ARM/Other

## Current Portfolio Composition

30 Year Collateral: 72% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,252,173	96%	3.82	13.00	4.70	12.09
TBA	\$55,745	4%	3.71	na	na	na
<b>Total 30 year MBS Collateral</b>	<b>\$1,307,917</b>	<b>100%</b>	<b>3.82</b>	<b>13.00</b>	<b>4.70</b>	<b>12.09</b>
≤ 20 Year Collateral: 28% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$415,178	83%	3.66	19.00	7.39	11.57
Other	\$87,023	17%	5.14	16.00	0.66	10.59
<b>Total 15 and 20 Year MBS</b>	<b>\$502,201</b>	<b>100%</b>	<b>3.92</b>	<b>18.48</b>	<b>6.22</b>	<b>11.40</b>

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

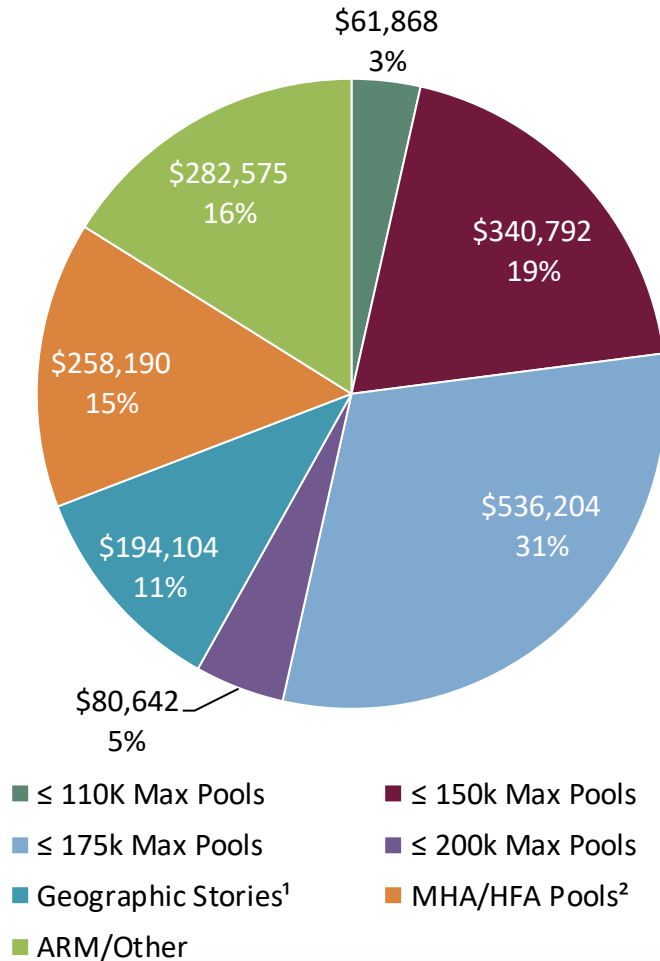
Source: CHMI management and The Yield Book Inc.

# RMBS Portfolio with Prepayment Protection

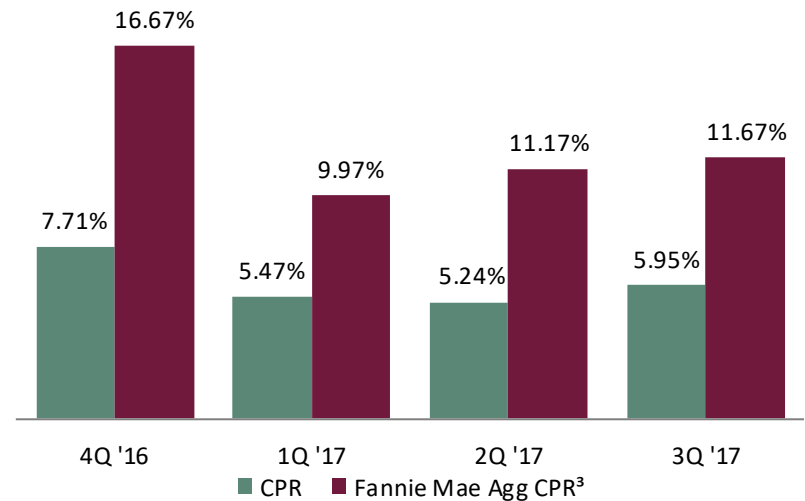
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Third Quarter 2017

## RMBS Portfolio: \$1,754,374 (Ex. TBAs)



## Quarterly CPR Performance



## Commentary

RMBS portfolio posted a weighted average three month CPR of 5.95% for the third quarter

- Six month weighted average CPR of 5.63%
- The portfolio continued to benefit from its collateral composition, as the CPR increased marginally quarter over quarter

Note: Figures noted are rounded. As of September 30, 2017. Dollars in thousands. CPR values presented are annualized.

1. Geographic stories are single state pools such as NY or PR.
2. MHA pools consist of borrowers who have refinanced through the Home Affordable Refinance Program (HARP). Securities are collateralized by loans with greater than or equal to 80% loan to value (LTV). High LTV pools are predominately Making Homeownership Affordable (MHA) pools.
3. Source: eMBS Mortgage-Backed Securities OnLine.



# Aggregate Portfolio Rate Sensitivity Analysis

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Third Quarter 2017

Duration Gap Sensitivity on Current Portfolio					
	September 30, 2017	- 25bps	+ 25bps	+50 bps	+ 100 bps
<b>Assets</b>					
RMBS Portfolio	3.44	2.84	4.00	4.46	5.17
Servicing Related Assets Portfolio	(1.29)	(1.66)	(1.02)	(0.78)	(0.43)
<b>Total Assets</b>	<b>2.15</b>	<b>1.18</b>	<b>2.98</b>	<b>3.67</b>	<b>4.75</b>
Liabilities, Swaps and Treasuries	(2.57)	(2.57)	(2.57)	(2.57)	(2.57)
<b>Net Duration Gap (before Swaptions)</b>	<b>(0.42)</b>	<b>(1.39)</b>	<b>0.41</b>	<b>1.10</b>	<b>2.18</b>
Swaptions	(0.11)	(0.05)	(0.18)	(0.26)	(0.43)
<b>Net Duration Gap (including Swaptions)</b>	<b>(0.53)</b>	<b>(1.44)</b>	<b>0.23</b>	<b>0.84</b>	<b>1.75</b>
Difference from Duration Gap as of September 30, 2017		(0.92)	0.76	1.37	2.27

*Note: Liabilities, Swaps and Swaptions expressed as a percentage of total Assets. Totals may not sum due to rounding. Durations expressed in years. The estimated duration gap sensitivity included in the table above is derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Different models could generate materially different estimates using similar inputs and assumptions. Other market participants could make different assumptions with respect to these inputs. The sensitivity analysis assumes an instantaneous change in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions.*

## Commentary

At September 30, 2017, the duration gap stood at -0.53 years

Assuming an instantaneous shift of +100 basis points in interest rates, the duration gap would move from -0.53 years to 1.75 years

*Note: Figures presented are rounded. As of September 30, 2017.*

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## Appendix

# MSR – Conventional Sensitivity

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Appendix

## MSRs Conventional Sensitivity Analysis<sup>1</sup>

	September 30, 2017 <sup>2</sup>					December 31, 2016 <sup>3</sup>				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$59,778	\$57,495	\$55,369	\$53,385	\$51,531	\$34,443	\$33,110	\$31,871	\$30,716	\$29,638
<b>Change in FV</b>	\$4,409	\$2,126		(\$1,983)	(\$3,838)	\$2,573	\$1,239		(\$1,155)	(\$2,232)
<b>% Change in FV</b>	8.0%	4.0%		(4.0)%	(7.0)%	8.1%	3.9%		(3.6)%	(7.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$60,724	\$57,982	\$55,369	\$52,921	\$50,642	\$34,963	\$33,355	\$31,871	\$30,497	\$29,222
<b>Change in FV</b>	\$5,355	\$2,613		(\$2,448)	(\$4,727)	\$3,093	\$1,485		(\$1,374)	(\$2,648)
<b>% Change in FV</b>	10.0%	5.0%		(4.0)%	(9.0)%	9.7%	4.7%		(4.3)%	(8.3)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$57,095	\$56,232	\$55,369	\$54,506	\$53,643	\$32,915	\$32,393	\$31,871	\$31,348	\$30,826
<b>Change in FV</b>	\$1,726	\$863		(\$863)	(\$1,726)	\$1,044	\$522		(\$522)	(\$1,044)
<b>% Change in FV</b>	3.0%	2.0%		(2.0)%	(3.0)%	3.3%	1.6%		(1.6)%	(3.3)%

Note: Figures noted are rounded. As of September 30, 2017. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- September 30, 2017 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 11.1%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$70 per loan.<sup>11</sup>
- December 31, 2016 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 10.6%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$64 per loan.



# MSR – Government Sensitivity

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MSRs Government Sensitivity Analysis <sup>1</sup>					
September 30, 2017 <sup>2</sup>					
Base Case					
<b>Discount Rate Shift in %</b>					
	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$46,065	\$43,803	\$41,743	\$39,860	\$38,135
<b>Change in FV</b>	\$4,322	\$2,060		(\$1,882)	(\$3,608)
<b>% Change in FV</b>	10.0%	5.0%		(5.0)%	(9.0)%
<b>Voluntary Prepayment Rate Shift in %</b>					
	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$44,374	\$43,103	\$41,743	\$40,372	\$39,025
<b>Change in FV</b>	\$2,631	\$1,360		(\$1,370)	(\$2,718)
<b>% Change in FV</b>	6.0%	3.0%		(3.0)%	(7.0)%
<b>Servicing Cost Shift in %</b>					
	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$43,411	\$42,577	\$41,743	\$40,909	\$40,075
<b>Change in FV</b>	\$1,668	\$834		(\$834)	(\$1,668)
<b>% Change in FV</b>	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of September 30, 2017. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

1. Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
2. September 30, 2017 analysis assumes weighted avg. discount rate of 12%; weighted avg. prepayment rate of 8.7%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$96 per loan.



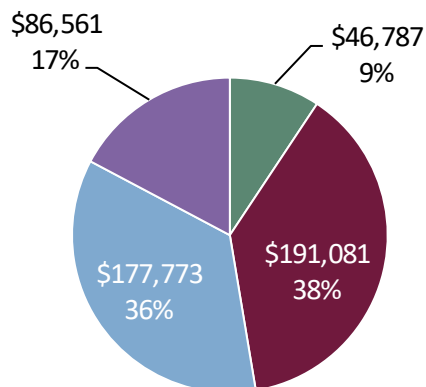
# RMBS Portfolio Coupon Composition

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**\$502,201 15/20 Year RMBS (Incl. TBAs)**

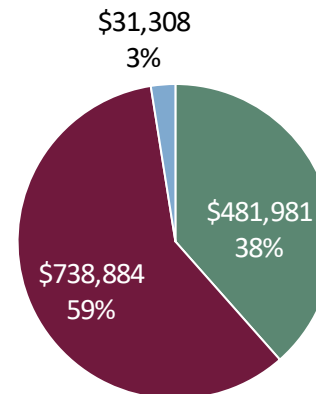
29% of Total RMBS Portfolio



■ 3.0 Coupon ■ 3.5 Coupon ■ 4.0 Coupon ■ 5.15 Coupon

**\$1,252,173 30 Year RMBS (Incl. TBAs)**

71% of Total RMBS Portfolios



■ 3.5 Coupon ■ 4.0 Coupon ■ 4.5 Coupon

## RMBS Fixed Rate Securities Summary (Excludes TBAs)

WA Years to Maturity	Book Value	WAC	WA Amortized Cost	WA Fair Value	Estimated Fair Value	% of Total Estimated Fair Value
≤ 15 Years	\$71,382	3.24%	\$104.28	\$71,161	\$103.96	4%
20 Years	\$343,367	3.75%	\$105.20	\$344,017	\$105.40	20%
≥ 30 Years	\$1,251,144	3.82%	\$105.27	\$1,252,173	\$105.36	71%
MBS ARM/Other	\$83,598	5.14%	\$99.88	\$87,023	\$104.06	5%
<b>Total / WA</b>	<b>\$1,749,492</b>	<b>3.85%</b>	<b>\$104.95</b>	<b>\$1,754,374</b>	<b>\$105.25</b>	<b>100%</b>

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands, unless otherwise noted.

# Financing Highlights

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## Commentary

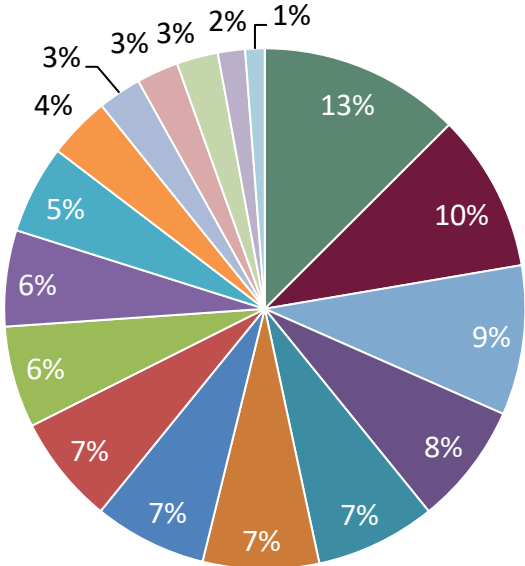
Average REPO cost was 1.37% with a weighted average days remaining to maturity of 61 days

29 REPO relationships established to date

Borrowings with 17 financing counterparties

Weighted average "haircut" of 5.1%

## Repurchase Counterparties Utilized<sup>1</sup>



Cherry Hill Repurchase Agreement and Advance Summary					
Remaining Maturity	REPO & Advances Outstanding		WA Rate	Remaining Days to Maturity	Original Days to Maturity
x < 1 Month	\$336,151	21.5%	1.35%	13	109
1 ≥ x < 3 Months	\$906,393	58.1%	1.36%	54	113
x ≥ 3 Months	\$318,530	20.4%	1.40%	134	168
<b>Total / WA</b>	<b>\$1,561,074</b>	<b>100.0%</b>	<b>1.37%</b>	<b>61</b>	<b>124</b>

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands.  
 1. Reflects the percentage of outstanding borrowings for our RMBS portfolio by counterparty.



# Balance Sheet

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<b>Consolidated Balance Sheets</b>				
	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
<b>Assets</b>				
RMBS, available-for-sale (including pledged assets of \$1,623,840 and \$608,560, respectively)	\$	1,754,374	\$	671,904
Investments in Servicing Related Assets at fair value (including pledged assets of \$97,112 and \$61,263, respectively)		97,112		61,263
Cash and cash equivalents		33,899		15,824
Restricted cash		27,956		22,469
Derivative assets		8,203		9,121
Receivables and other assets		13,861		12,297
<b>Total Assets</b>	<b>\$</b>	<b>1,935,405</b>	<b>\$</b>	<b>792,878</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>Liabilities</b>				
Repurchase agreements	\$	1,561,074	\$	594,615
Derivative liabilities		2,965		694
Notes payable		34,533		22,886
Dividends payable		6,827		4,816
Due to affiliates		3,238		1,894
Payables for unsettled trades		-		6,202
Accrued expenses and other liabilities		9,504		5,762
<b>Total Liabilities</b>	<b>\$</b>	<b>1,618,141</b>	<b>\$</b>	<b>636,869</b>
<b>Stockholders' Equity</b>				
Series A Preferred stock, \$0.01 par value, 100,000,000 shares authorized and 2,400,000 shares issued and outstanding as of September 30, 2017 and 100,000,000 shares authorized and 0 shares issued and outstanding as of December 31, 2016	\$	57,917	\$	-
Common stock, \$0.01 par value, 500,000,000 shares authorized and 12,721,464 shares issued and outstanding as of September 30, 2017 and 500,000,000 shares authorized and 7,525,348 shares issued and outstanding as of December 31, 2016		127		75
Additional paid-in capital		229,583		148,457
Retained earnings		22,753		12,093
Accumulated other comprehensive income (loss)		4,740		(6,393)
<b>Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity</b>	<b>\$</b>	<b>315,120</b>	<b>\$</b>	<b>154,232</b>
Non-controlling interests in Operating Partnership		2,144		1,777
<b>Total Stockholders' Equity</b>	<b>\$</b>	<b>317,264</b>	<b>\$</b>	<b>156,009</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$</b>	<b>1,935,405</b>	<b>\$</b>	<b>792,878</b>

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands.

# Income Statement

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## Consolidated Statements of Income

	Three Months Ended September 30,	
	2017	2016
<b>Income</b>		
Interest income	\$ 11,932	\$ 7,157
Interest expense	6,096	1,877
Net interest income	5,836	5,280
Servicing fee income	6,307	2,365
Servicing costs	1,626	641
Net servicing income (loss)	4,681	1,724
Other income (loss)		
Realized gain (loss) on RMBS, net	(169)	770
Realized gain (loss) on derivatives, net	(1,480)	(2,147)
Unrealized gain (loss) on derivatives, net	1,684	3,199
Unrealized gain (loss) on investments in Excess MSR	-	117
Unrealized gain (loss) on investments in MSR	(2,334)	(1,847)
<b>Total Income</b>	<b>\$ 8,218</b>	<b>\$ 7,096</b>
<b>Expenses</b>		
General and administrative expense	948	864
Management fee to affiliate	948	802
<b>Total Expenses</b>	<b>\$ 1,896</b>	<b>\$ 1,666</b>
<b>Income (Loss) Before Income Taxes</b>	<b>6,322</b>	<b>5,430</b>
(Benefit from) provision for corporate business taxes	(537)	(89)
<b>Net Income (Loss)</b>	<b>\$ 6,859</b>	<b>\$ 5,519</b>
Net (income) loss allocated to noncontrolling interests in Operating Partnership	(93)	(77)
Dividends on preferred stock	593	-
<b>Net Income (Loss) Applicable to Common Stockholders</b>	<b>\$ 6,173</b>	<b>\$ 5,442</b>
<b>Net income (Loss) Per Share of Common Stock</b>		
Basic	\$ 0.49	\$ 0.72
Diluted	\$ 0.49	\$ 0.72
<b>Weighted Average Number of Shares of Common Stock Outstanding</b>		
Basic	12,700,348	7,511,653
Diluted	12,711,776	7,528,188

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands, except per-share figures.



# Comprehensive Income

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<b>Consolidated Statement of Comprehensive Income</b>		
	<b>Three Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
Net income (loss)	\$ 6,859	\$ 5,519
<b>Other comprehensive income (loss):</b>		
Net unrealized gain on RMBS	3,405	1,110
Reclassification of net realized (gain) loss on RMBS included in earnings	169	(770)
Other comprehensive income	3,574	340
<b>Comprehensive income</b>	<b>\$ 10,433</b>	<b>\$ 5,859</b>
Comprehensive income attributable to noncontrolling interests in Operating Partnership	\$ 142	\$ 99
Dividends on preferred stock	593	-
Comprehensive income attributable to common stockholders	\$ 9,698	\$ 5,760

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands.

# Core Earnings

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Appendix

## Core Earnings

	Three Months Ended September 30,	
	2017	2016
Net income (loss)	\$ 6,859	\$ 5,519
<b>Other comprehensive income (loss):</b>		
+ Realized (gain) loss on RMBS, net	169	(770)
+ Realized (gain) loss on investments in Excess MSRs, net	-	-
+ Realized loss on derivatives, net	1,480	2,147
+ Unrealized (gain) loss on derivatives, net	(1,684)	(3,199)
+ Unrealized (gain) loss on investments in Excess MSRs	-	(117)
+ Unrealized (gain) loss on investments in MSRs	2,334	1,847
+ Tax (benefit) expense on unrealized (gain) loss on MSRs	(643)	(91)
+ Estimated 'catch up' premium amortization cost	-	21
+ Changes due to realization of expected cash flows	(1,975)	(1,228)
+ Reversal of loss on acquired assets, net	-	-
+ Yield maintenance income	750	-
<b>Total core earnings:</b>	<b>\$ 7,290</b>	<b>\$ 4,129</b>
Core earnings attributable to noncontrolling interests in Operating Partnership	(100)	(76)
Dividends on preferred stock	593	-
<b>Core Earnings Attributable to Common Stockholders</b>	<b>\$ 6,597</b>	<b>\$ 4,053</b>
<b>Core Earnings Attributable to Common Stockholders, per Share</b>	<b>\$ 0.52<sup>1</sup></b>	<b>\$ 0.54<sup>2</sup></b>
<b>GAAP Net income (Loss) Per Share of Common Stock</b>	<b>\$ 0.49</b>	<b>\$ 0.72</b>

Note: Core earnings is a non-GAAP financial measure and is defined by the Company as GAAP net income (loss) applicable to common stockholders, excluding realized gain (loss) on RMBS, realized and unrealized (gain) loss on investments in Excess MSRs and MSRs realized and unrealized gain (loss) on derivatives, realized (gain) loss on acquired assets, and changes in fair value of MSRs primarily due to realization of expected cashflows (runoff). Core earnings is adjusted to exclude outstanding LTIP-OP units in our Operating Partnership and dividends paid on preferred stock. Additionally, core earnings excludes (i) any tax (benefit) expense on unrealized (gain) loss on MSRs and (ii) any estimated catch up premium authorization (benefit) cost due to the use of current rather than historical estimates of constant prepayment rates for amortization of Excess MSRs. Core earnings include yield maintenance payments received in connection with the sale of the Company's Excess MSRs. Core earnings are provided for purposes of comparability to other issuers that invest in residential mortgage-related assets. The Company believes providing investors with core earnings, in addition to related GAAP financial measures, gives investors greater transparency into the Company's ongoing operational performance. The concept of core earnings does have significant limitations, including the exclusion of realized and unrealized gains (losses), and may not be comparable to similarly-titled measures of other peers, which may use different calculations. As a result, core earnings should not be considered a substitute for the Company's GAAP net income (loss) or as a measure of the Company's liquidity.

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of September 30, 2017.

1. Reflects revised method of calculating MSR amortization.
2. In 4Q 2016 the Company refined its method of calculating amortization of its MSRs to reflect expected cashflows (runoff) from the portfolio. Using this revised method of calculating MSR amortization, core earnings per share for 3Q16 would have been \$0.55.

# Segment Results

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Appendix

Results of Operations				
	Servicing Related			
	Assets	RMBS	All Other	Total
<b>Three Months Ended September 30, 2017</b>				
Interest income	\$ -	\$ 11,932	\$ -	\$ 11,932
Interest expense	185	5,911	-	6,096
<b>Net interest income</b>	<b>(185)</b>	<b>6,021</b>	-	<b>5,836</b>
Servicing fee income	6,307	-	-	6,307
Servicing costs	1,626	-	-	1,626
<b>Net servicing income</b>	<b>4,681</b>	-	-	<b>4,681</b>
Other income	(2,334)	35	-	(2,299)
Other operating expenses	-	-	1,896	1,896
(Benefit from) provision for corporate business taxes	(537)	-	-	(537)
<b>Net income (loss)</b>	<b>\$ 2,699</b>	<b>\$ 6,056</b>	<b>\$ (1,896)</b>	<b>\$ 6,859</b>
<b>September 30, 2017</b>				
Investments	\$ 97,112	\$ 1,754,374	\$ -	\$ 1,851,486
Other assets	5,486	41,459	36,974	83,919
<b>Total assets</b>	<b>102,598</b>	<b>1,795,833</b>	<b>36,974</b>	<b>1,935,405</b>
Debt	34,533	1,561,074	-	1,595,607
Other liabilities	3,962	6,529	12,043	22,534
<b>Total liabilities</b>	<b>38,495</b>	<b>1,567,603</b>	<b>12,043</b>	<b>1,618,141</b>
<b>GAAP book value</b>	<b>\$ 64,103</b>	<b>\$ 228,230</b>	<b>\$ 24,931</b>	<b>\$ 317,264</b>
<b>Leverage</b>				
<b>September 30, 2017</b>	<b>0.54x</b>	<b>6.84x</b>	<b>-x</b>	<b>5.03x</b>

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands.

# RMBS Net Interest Spread

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Appendix

RMBS Net Interest Spread				
	At September 30, 2017	At June 30, 2017	At March 31, 2017	At December 31, 2016
Weighted Average Asset Yield	2.91%	3.44%	2.77%	3.22%
Weighted Average Interest Expense	1.65%	1.66%	1.35%	1.56%
<b>Net Interest Spread</b>	<b>1.26%</b>	<b>1.78%</b>	<b>1.42%</b>	<b>1.66%<sup>1</sup></b>

Note: Figures presented are rounded. As of September 30, 2017.

1. 1.49% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.

# Hedging Summary

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Appendix

Interest Rate Swaps					
Commentary	Characteristics				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
Approximately \$995 million notional fixed pay swaps	x ≤ 3 Years	\$279,600	1.45%	1.31%	1.7
4.7 years weighted average duration	3 > x ≤ 5 Years	262,000	1.78%	1.31%	4.6
Covers 64% of aggregate REPO borrowings	5 > x ≤ 7 Years	284,550	1.96%	1.31%	6.5
	7 > x ≤ 10 Years	164,500	2.15%	1.31%	9.5
	x > 10 Years	4,000	2.00%	1.31%	14.3
	<b>Total / WA:</b>	<b>\$994,650</b>	<b>1.80%</b>	<b>1.31%</b>	<b>5.2</b>

Interest Rate Swaptions
\$130 million notional
Options to enter into fixed pay swaps prior to September 2018
1.7 year weighted average duration

Note: Figures presented are rounded. As of September 30, 2017. Dollars in thousands, unless otherwise noted.

# Abbreviations

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Appendix

Abbreviations: This presentation may include the below abbreviations, which have the following meanings:

- **30+ DQ** – Percentage of loans that are delinquent by 30 days or more
- **Age (mths) or Loan Age (mths)** – Weighted average number of months loans are outstanding
- **Carrying Value** – represents Cost Basis plus adjustment for mark to market
- **Cost Basis** – Initial investment less return of capital received life to date
- **CDR** – Constant Default Rate
- **CLTV** – ratio of current loan balance to estimated current asset value.
- **COUP** – coupon or interest rate
- **CPR** – Constant Prepayment Rate, expressed as the sum of the CDR and CRR
- **CRR** – Constant Repayment Rate
- **FHLMC** – Freddie Mac / Federal Home Loan Mortgage Corporation
- **FMV** – Fair Mark Value
- **FNMA** – Fannie Mae / Federal National Mortgage Association
- **FICO** – A borrower's credit metric generated by the credit scoring model created by the Fair Isaac Corporation
- **Flow Arrangements** – contractual recurring agreements, often monthly or quarterly, to purchase servicing of newly originated or highly delinquent loans
- **GNMA** – Ginnie Mae / Government National Mortgage Association
- **Gross CPR** – Gross CPR is CPR prior to factoring in recapture
- **Gross CRR** – Gross CRR is CRR prior to factoring in recapture
- **HPA** – Home price appreciation
- **LT** – Long Term
- **LTD Cash Flows** – Actual life to date cash flow collected from the investment as of the end of the current month
- **LTD** – Life to Date
- **Net CPR** – CPR after taking into account recapture activity
- **OCI** – Other comprehensive income
- **Projected Future Cash Flows** – Future cash flow expected per the current market valuation
- **Recapture Rate** – Percentage of voluntarily prepaid loans that are refinanced by Freedom Mortgage Corp.
- **Total Cash Flow** – Sum of all LTD cash flows and all projected future cash flows
- **Uncollected Payments** – Percentage of loans that missed their most recent payment
- **UPB** – Unpaid Principal Balance
- **Updated IRR** – Internal rate of return calculated based on the cash flow received to date through the current month and the expected future cash flow based on our original underwriting assumptions.
- **U/W LTD** – Underwritten life-to-date
- **WA/WAVG** – Weighted Average
- **WAL** – Weighted Average Life to Maturity
- **WALA** – Weighted Average Loan Age
- **WAC** – Weighted Average Coupon