



CHMI

CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Fourth Quarter 2016 Investor Presentation

March 14, 2017

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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.



Fourth Quarter 2016



Mortgage Commentary

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Fourth Quarter 2016

Fourth Quarter Market Highlights

Trump's win dramatically impacted the investment markets, investor sentiment and core US philosophies.

- Post election, tax reform and fiscal policy rhetoric have generated economic optimism
- US outlook has moved from stagnant to one with increased potential growth and inflationary pressures

Mortgage performance suffered during the quarter

- Mortgage basis widened meaningfully during the quarter as rates sold off
- Mortgage specified pools underperformed their generic cohorts during the quarter, as investors assumed future prepayment speed convergence at higher rate levels
- Mortgage technicals remain on firm footing given continued Fed reinvestment

Mortgage servicing rights activity was lackluster going into year end.

Market Considerations

With a December rate hike under the Fed's belt- the market has turned its attention to 2017

- Yellen and the FOMC dot plot highlighted the possibility for three rate hikes in 2017, with March almost certain
- Rhetoric surrounding the size of the Fed's balance sheet and the reduction of its balance sheet has begun.

Freddie Mac primary mortgage rates rose to 4.20% from 3.46% quarter over quarter, driving MSR valuations higher

Relevant Market Data

	U.S. Treasuries				30 Year MBS				Swap Rates				
	2 Year	5 Year	10 Year	30 Year	3.5%	4.0%	4.5%	5.0%	2 Year	3 Year	5 Year	10 Year	30 Year
4Q 2016	1.1900	1.9280	2.4450	3.0660	99-06	102-10	104-31	107-12	1.4523	1.6898	1.9752	2.3367	2.5925
3Q 2016	0.7640	1.1500	1.5950	2.3160	103-31	105-17	107-13	109-17	1.0130	1.0685	1.1813	1.4555	1.7794
2Q 2016	0.5840	1.0000	1.4710	2.2850	105-17	107-07	109-05	111-03	0.7570	0.8078	0.9830	1.3640	1.8280
1Q 2016	0.7230	1.2060	1.7700	2.6120	104-29	106-29	108-27	110-20	0.8413	0.9480	1.1720	1.6385	2.1368

Source: Bloomberg. Values presented are as of period end.

Fourth Quarter 2016 Highlights

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Fourth Quarter 2016

Financial Results

\$0.49 dividend per share declared and paid¹

\$20.49 GAAP book value per common share²

- 2.0% increase, net of dividend

\$0.56 dividend eligible income per share³

\$0.51 core earnings per share³

5.2% total quarterly return on book value⁴

\$0.15 special dividend per share declared and paid¹

Portfolio Update

3.96x leverage ratio for aggregate portfolio

1.66% net interest spread for RMBS⁵

7.7% CPR for RMBS⁶

14% Net CPR for Pool 2 Excess MSR

15% Net CPR for full MSR

4Q 2016 Milestones

Announced the sale of the Excess MSR portfolio back to Freedom

- Completed sale of Pool 1 & Pool 2014

Note: Figures presented, except per share data, are rounded. As of December 31, 2016.

1. Fourth Quarter 2016 \$0.64 dividend was paid in cash on January 31, 2017 to stockholders of record on December 31, 2016.

2. Based on 7,525,348 common shares outstanding at December 31, 2016.

3. Based on 7,528,188 fully diluted weighted average common shares outstanding at December 31, 2016.

4. Total return on book value for the quarter ended December 31, 2016 is defined as the increase in book value from September 30, 2016 to December 31, 2016 of \$0.40, plus the dividend declared of \$0.64 per share, divided by September 30, 2016 book value of \$20.09 per share.

5. 1.49% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.

6. Actual weighted average CPR for the three month period ended December 31, 2016.



Full Year 2016 Highlights

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Fourth Quarter 2016

Financial Results

\$2.11 dividend per share declared and paid¹

- Includes a \$0.15 special dividend
- \$6.57 dividends distributed life to date

\$20.49 GAAP book value per common share²

- 1.8% annual increase, net of dividends paid

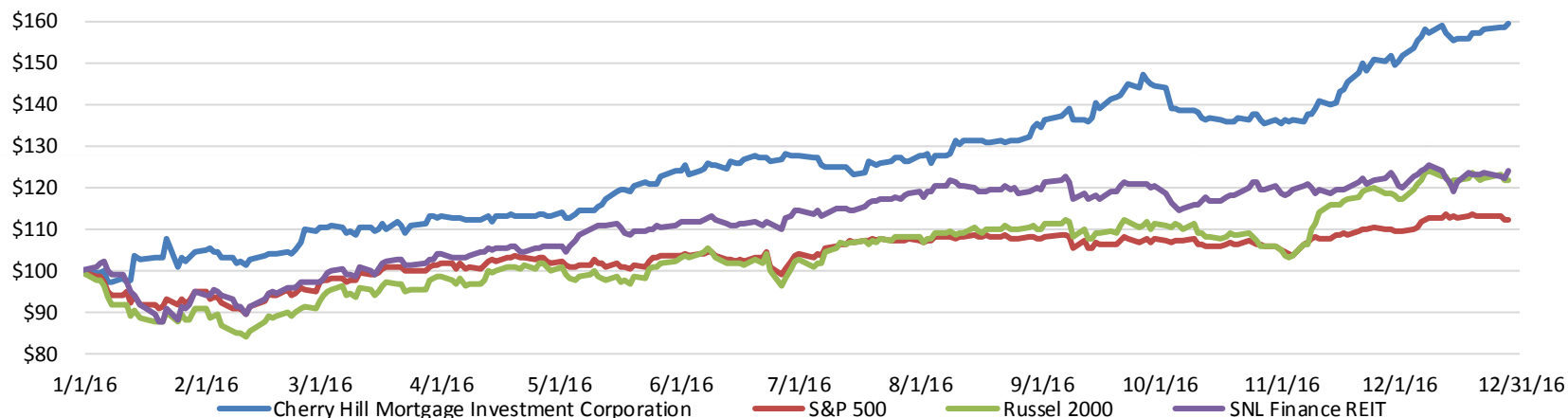
12% total annual return on book value³

60% total return for 2016

Core earnings of \$2.19 per share⁴

MSR Portfolio grew by approximately 62% year over year⁵

CHMI Total Return Performance



Note: Figures presented, except per share data, are rounded. As of December 31, 2016. Source: SNL Financial LC.

1. Fourth Quarter 2016 \$0.64 dividend was paid in cash on January 31, 2017 to stockholders of record on December 31, 2016.
2. Based on 7,525,348 common shares outstanding at December 31, 2016.
3. Total return on book value for the year ended December 31, 2016 is defined as the increase in book value from December 31, 2015 to December 31, 2016 of \$0.37, plus the dividends paid and declared of \$2.11 per share, divided by December 31, 2015 book value of \$20.13 per share.
4. Based on 7,528,188 fully diluted weighted average common shares outstanding at December 31, 2016.
5. Based on \$2.016 billion UPB as of December 31, 2015 and \$3.262 billion UPB as of December 31, 2016.



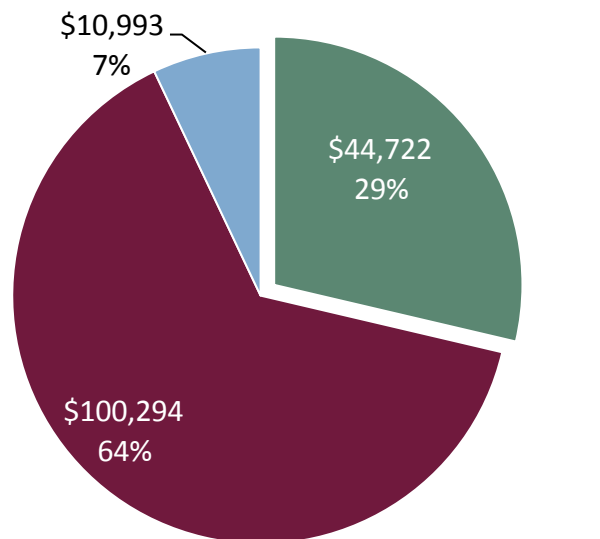
Aggregate Investment Portfolio Composition

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Fourth Quarter 2016

Equity Investment Composition:

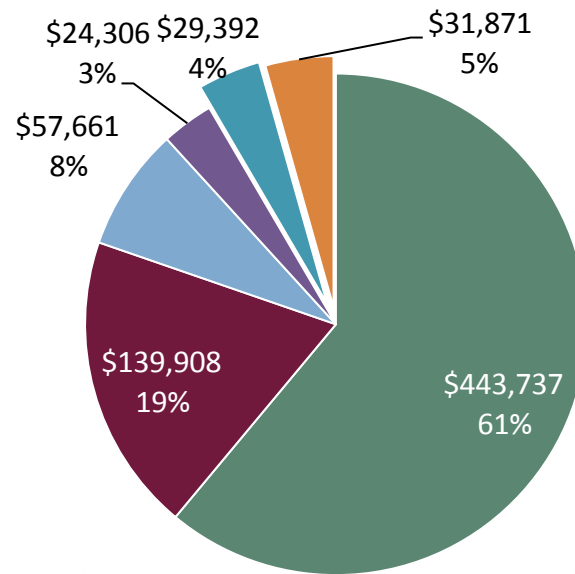
\$156,009



■ Servicing Related Assets¹ ■ RMBS² ■ All Other³

Aggregate Investment Portfolio Composition:

\$726,874⁴



■ 30 Year Fixed RMBS ■ 20 Year Fixed RMBS
 ■ 15 Year Fixed RMBS ■ ARM/Other
 ■ Excess MSRs ■ MSRs

Servicing Related Assets represented approximately 29% of equity and 8% of assets at quarter end.

Note: All financial information as of December 31, 2016, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of MSRs, Excess 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 with an approximate value of (\$6,300).

Excess MSR Overview

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Fourth Quarter 2016

Commentary

Pool 1/Pool 2014 sold in November

\$478 million of loans recaptured on Pool 2 during the quarter

Pool 2 subsequently swapped for GNMA Full MSR in February 2017

Characteristics

	Initial							Current (12/31/16) ¹					Net CPR		Recapture Rate	
	UPB	WAC	WAM	WALA	FICO	30+ DQ	UPB	WAC	WAM	WALA	30+ DQ	Q4 '16	Q3 '16	Q4 '16	Q3 '16	
Pool 2	10,704,024	2.6%	343	15	682	6.9%	6,053,142	3.0%	315	38	13.6%	14%	17%	71%	58%	
Total / WA	\$10,704,024	2.6%	343	15	682	6.9%	\$6,053,142	3.0%	315	38	13.6%	14%	17%	71%	58%	

Investment Details

	Initial		Current Cash Flows (12/31/16) ¹							IRR ^{2,3}	
	UPB	Investment	Return of Capital	Interest Income	Total QTD Cashflow	Projected Future Cashflow ²	Cost Basis	Adj. for Market	Market Value	Initial	Updated
Pool 2	10,704,024	38,407	451	2,232	2,683	57,224	20,985	8,407	29,392	18%	22%
Total / WA	\$10,704,024	\$38,407	\$451	\$2,232	\$2,683	\$57,224	\$20,985	\$8,407	\$29,392	18%	22%

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

1. Current data reflective of recaptured loans.
2. For assumptions on underwritten projected cash flows, see detailed footnotes on page 15.
3. Weighted by initial investment.

Excess MSR Performance

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Fourth Quarter 2016

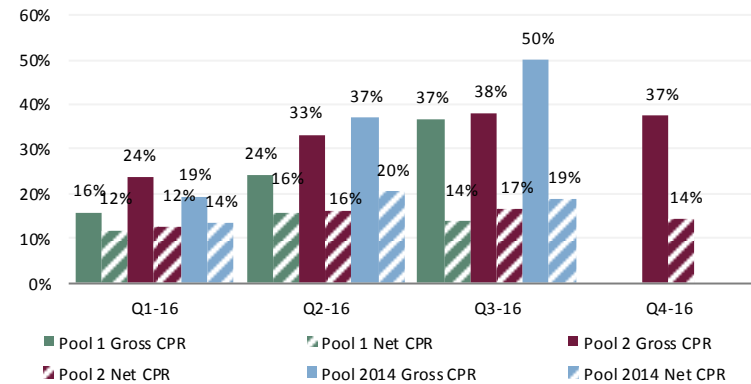
Commentary

Q4 data shows only Pool 2 as Pool 1/Pool 2014 were sold in November

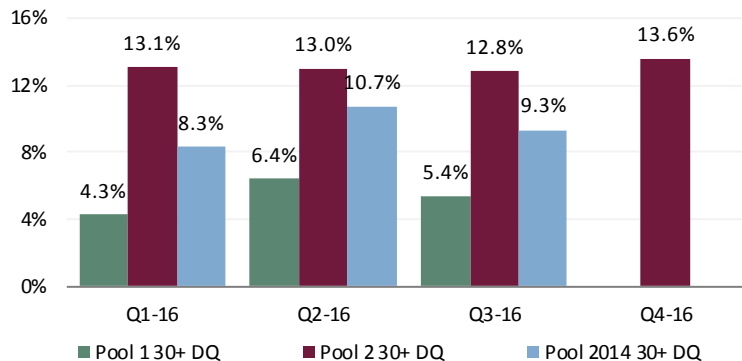
Gross CPRs remained elevated during the quarter; however, recapture improved providing for continued low net CPRs

Delinquencies increased going into the holidays from 12.8% to 13.6% on Pool 2

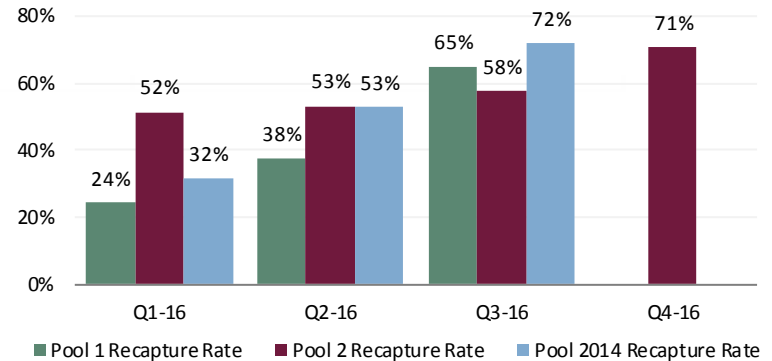
Historical CPR



Historical Delinquency Performance



Historical Recapture Performance



Note: Figures presented are rounded. As of December 31, 2016. CPR values presented are annualized.

MSR Overview

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Fourth Quarter 2016

Commentary

Investments in MSRs totaled \$31.9 million, related to \$3.2 billion of underlying Fannie Mae and Freddie Mac loans as of December 31, 2016

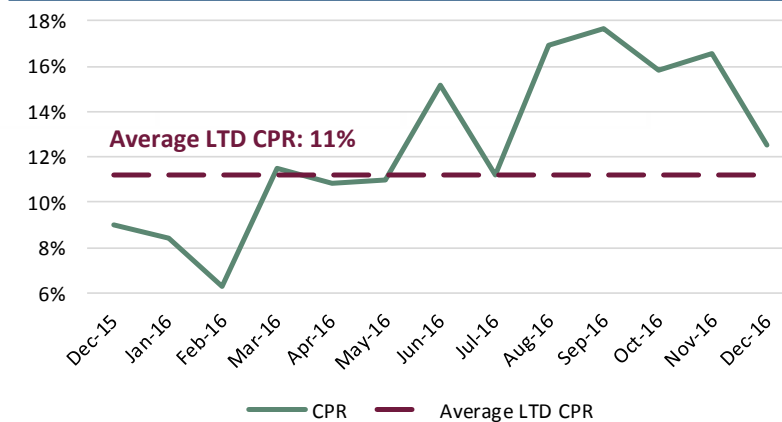
Post election, as rates sold off, prepayments subsided as the population of loans eligible for refinancing dwindled. December speeds for the portfolio came in at 12.5% net CPR

Average LTD CPR's for the aggregate portfolio averaged 11% at quarter end

MSR Characteristics

Characteristics	FNMA	FHLMC	Total
UPB (\$MM)	3,172,029,570	88,728,188	3,262,180,603
Avg UPB (\$'000)	194,412	195,007	194,467
WAC	3.81	3.89	3.81
Net Servicing Fee	0.25	0.25	0.25
WAM (Mths)	284	278	284
WALA (Mths)	31	31	31
Original FICO	760	757	760
Original LTV	75.8	79.5	75.9
ARM %	0.1%	2.2%	0.2%
60+ DQ	0.7%	0.8%	0.7%

Historical Prepayment



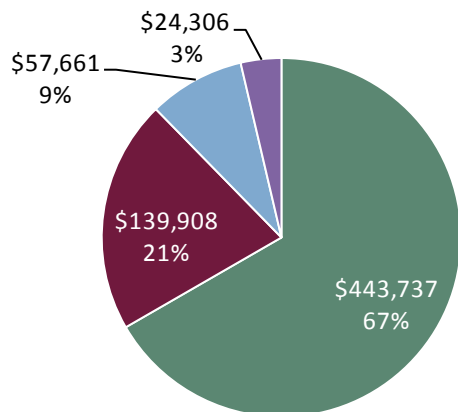
Note: Figures presented are rounded. As of December 31, 2016. CPR values presented are annualized.

Fourth Quarter 2016 RMBS Highlights

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Fourth Quarter 2016

RMBS Portfolio: \$665,611 (Including TBAs)



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

Commentary

RMBS portfolio totaled approximately \$666 million (including TBAs)

During the quarter, the portfolio grew as the proceeds from the sale of Excess MSR Pool 1 and Pool 2014 were invested in RMBS until we redeploy into additional whole MSRs

Similar to previous quarters, 30 year and the Other sector grew relative to the 15 year sector

Current Portfolio Composition (Including TBAs)

30 Year Collateral: 67% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$450,029	101%	3.79	19.00	4.80	10.53
TBA	(\$6,293)	(1%)	3.50	N/A	N/A	N/A
Total 30 year MBS Collateral	\$443,737	100%	3.79	19.00	4.80	10.53
≤ 20 Year Collateral: 33% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$197,010	89%	3.51	28.00	6.74	10.15
Other	\$24,865	11%	4.89	16.00	0.02	10.16
Total 15 and 20 Year MBS	\$221,875	100%	3.66	26.66	5.99	10.15

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

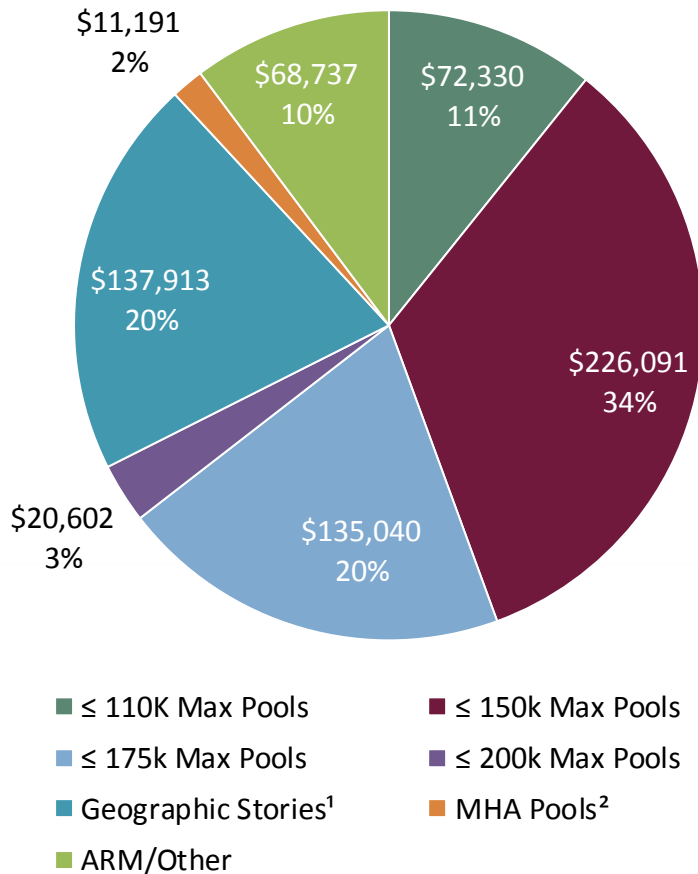
Source: CHMI management and The Yield Book Inc.

RMBS Portfolio with Prepayment Protection

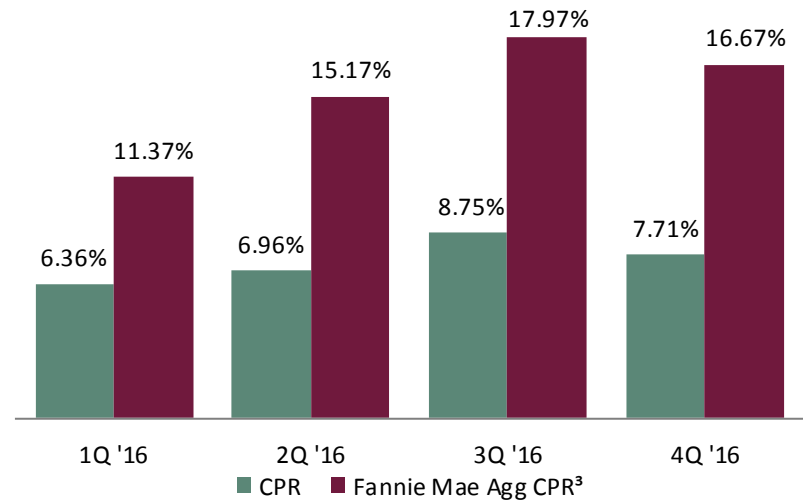
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Fourth Quarter 2016

RMBS Portfolio (Excludes TBAs): \$671,904



Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 7.7% for the fourth quarter

- Six month weighted average CPR of 8.2%
- The portfolio continues to benefit from its collateral composition
- We expect the benefits to diminish versus the Fannie Aggregate as mortgage rates move higher, slowing aggregate prepay speeds

Note: Figures noted are rounded. As of December 31, 2016. 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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Fourth Quarter 2016

Duration Gap Sensitivity on Current Portfolio				
	12.30.2016	+50 bps	+ 100 bps	+ 150 bps
Assets				
RMBS Portfolio	3.59	4.26	4.72	4.99
Servicing Related Assets Portfolio	(1.31)	(0.78)	(0.41)	(0.23)
Total Assets	2.28	3.48	4.31	4.76
Liabilities, Swaps and Treasuries	(2.92)	(2.92)	(2.92)	(2.92)
Net Duration Gap (before Swaptions)	(0.64)	0.55	1.38	1.84
Swaptions	(0.32)	(0.50)	(0.57)	(0.59)
Net Duration Gap (including Swaptions)	(0.96)	0.06	0.82	1.25
Difference from Duration Gap as of 12.30.2016		1.02	1.78	2.20

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 December 31, 2016, the duration gap stood at -0.96 years

Assuming an instantaneous shift of +150 basis points in interest rates, the duration gap would move from -0.96 years to 1.25 years

Note: Figures presented are rounded. As of December 31, 2016.

Appendix

Pool 2: Overview

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Appendix

Commentary

Received \$43.8 million of LTD cash flow, representing 113.9% of initial investment through December 31, 2016

Experienced 14% Net CPR in 4Q16; 14% Net CPR life to date

Freedom recaptured \$478 million of loans in Pool 2 during the three month period ended December 31, 2016

Pool 2 Characteristics

Collateral Overview	Initial UPB	Current UPB	WAM		WALA		Uncollected				
	(\$BN)	(\$BN)	WAC	(months)	(months)	30+ DQ	Payments	% FHA	% VA	% Fixed	% ARM
	Original	10.7	3.7	2.6%	304	54	17.5%	12.0%	-	100%	-
Recaptured	-	2.4	3.6%	333	12	7.5%	4.9%	1%	99%	100%	0%
Total / WA	10.7	6.1	3.0%	315	38	13.6%	9.2%	0%	100%	39%	61%

Cash Flow & Prepayment Performance ¹	Cash Flows (\$MM)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	Q4 '16	Q3 '16	Q4 '16	Q3 '16	Q4 '16	Q3 '16	Q4 '16	Q3 '16	Q4 '16	Q3 '16	Q4 '16	Q3 '16
	Original	1.6	1.7	27%	20%	5%	5%	30%	24%	67%	44%	14%
Recaptured	1.1	1.2	48%	63%	1%	2%	48%	63%	76%	82%	15%	17%
Total / WA	2.7	2.9	35%	35%	3%	4%	37%	38%	71%	58%	14%	17%

Investment Performance ²	Projected						Excess			
	Initial	Future Cash	LTD Cash	Cost	Market			Servicing		
	Investment	Flow	Flow	Basis	Value	Initial	Updated	Fee		
	(\$MM)	(\$MM)	(\$MM)	(\$MM)	(\$MM)	IRR	IRR	Acquired	(bps)	Ownership
Pool 2³	38.4	57.2	43.8	21.0	29.4	18%	22%	10/9/2013	17	50%

Note: Figures presented are rounded. As of December 31, 2016.

1. Weighted averages by current UPB.
2. Underwritten projected cash flows assume: (a) weighted average lifetime 8% uncollected payment rate, (b) weighted average lifetime CPR of 24% by applying the following vector: Months 1-36: ramp from 18% to 24%, Months 37+: 24% and (c) 15% recapture rate starting in Oct 2013. Recaptured loans assume: 0% recapture rate, 17bps Excess MSR, and same assumptions for CPR and uncollected payment rate as original pool. Actual cash flows may differ materially.
3. Investment was completed in October 2013 and based on the September 30, 2013 UPB of the pool.

Excess MSR Sensitivity

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Excess MSRs Sensitivity Analysis¹

	December 31, 2016 ²					December 31, 2015 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$32,595	\$30,911	\$29,392	\$28,016	\$26,763	\$86,063	\$81,859	\$78,042	\$74,577	\$71,406
Change in FV	\$3,203	\$1,519		(\$1,376)	(\$2,629)	\$8,016	\$3,812		(\$3,470)	(\$6,642)
% Change in FV	10.9%	5.2%		(4.7)%	(8.9)%	10.3%	4.9%		(4.5)%	(8.5)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$31,710	\$30,517	\$29,392	\$28,331	\$27,336	\$85,033	\$81,428	\$78,042	\$74,886	\$71,919
Change in FV	\$2,318	\$1,125		(\$1,062)	(\$2,056)	\$6,986	\$3,380		(\$3,162)	(\$6,128)
% Change in FV	7.9%	3.8%		(3.6)%	(7.0)%	9.0%	4.3%		(4.1)%	(7.9)%
	Recapture Rate Shift in %					Recapture Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$29,219	\$29,306	\$29,392	\$29,479	\$29,565	\$77,775	\$77,911	\$78,042	\$78,184	\$78,320
Change in FV	(\$173)	(\$87)		\$87	\$173	(\$272)	(\$136)		\$136	\$272
% Change in FV	(0.6)%	(0.3)%		0.3%	0.6%	(0.4)%	(0.2)%		0.2%	0.4%

Note: Figures noted are rounded. As of December 31, 2016. 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.
- December 31, 2016 analysis assumes weighted avg. discount rate of 15.5%; weighted avg. prepayment rate of 13.1%; and weighted avg. recapture rate of 5.6% for base case and includes only Pool 2.
- December 31, 2015 analysis assumes weighted avg. discount rate of 14.1%; weighted avg. prepayment rate of 12.4%; and weighted avg. recapture rate of 4.0% for base case and includes Pool 1, Pool 2 and Pool 2014.



MSR Sensitivity

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Appendix

MSRs Sensitivity Analysis¹

	December 31, 2016 ²					December 31, 2015 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$34,443	\$33,110	\$31,871	\$30,716	\$29,638	\$21,261	\$20,486	\$19,761	\$19,084	\$18,450
Change in FV	\$2,573	\$1,239		(\$1,155)	(\$2,232)	\$1,500	\$724		(\$677)	(\$1,312)
% Change in FV	8.1%	3.9%		(3.6)%	(7.0)%	7.6%	3.7%		(3.4)%	(6.6)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$34,963	\$33,355	\$31,871	\$30,497	\$29,222	\$21,656	\$20,672	\$19,761	\$18,916	\$18,130
Change in FV	\$3,093	\$1,485		(\$1,374)	(\$2,648)	\$1,894	\$911		(\$845)	(\$1,631)
% Change in FV	9.7%	4.7%		(4.3)%	(8.3)%	9.6%	4.6%		(4.3)%	(8.3)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$32,915	\$32,393	\$31,871	\$31,348	\$30,826	\$20,490	\$20,126	\$19,761	\$19,397	\$19,033
Change in FV	\$1,044	\$522		(\$522)	(\$1,044)	\$728	\$364		(\$364)	(\$728)
% Change in FV	3.3%	1.6%		(1.6)%	(3.3)%	3.7%	1.8%		(1.8)%	(3.7)%

Note: Figures noted are rounded. As of December 31, 2016. 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.
- 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.¹⁷
- December 31, 2015 analysis assumes weighted avg. discount rate of 8.3%; weighted avg. prepayment rate of 9.7%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$73 per loan.



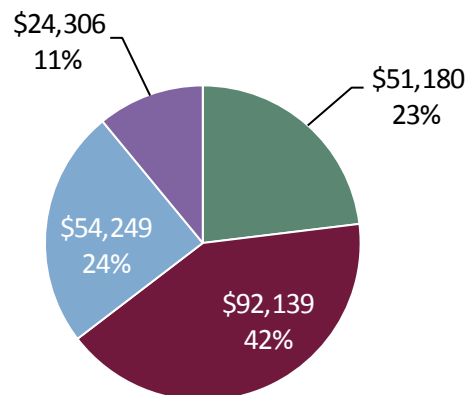
RMBS Portfolio Coupon Composition

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\$221,875 15/20 Year RMBS (Excludes TBAs)

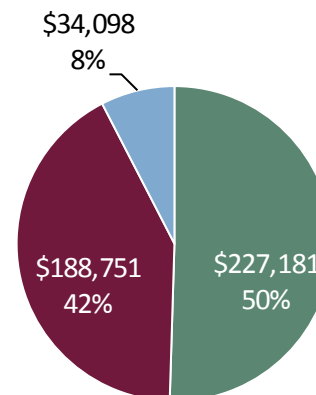
33% of Total RMBS Portfolio



■ 3.0 Coupon ■ 3.5 Coupon ■ 4.0 Coupon ■ 4.67 Coupon

\$450,029 30 Year RMBS (Excludes TBAs)

67% 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	\$67,635	3.12%	\$104.42	\$103.25	\$66,870	10%
20 Years	\$130,092	3.71%	\$105.25	\$105.29	\$130,140	19%
≥ 30 Years	\$456,489	3.79%	\$105.91	\$104.43	\$450,029	67%
MBS ARM/Other	\$24,086	4.90%	\$97.78	\$101.39	\$24,865	4%
Total / WA	\$678,303	3.75%	\$105.33	\$104.37	\$671,904	100%

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands, unless otherwise noted.

Financing Highlights

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Commentary

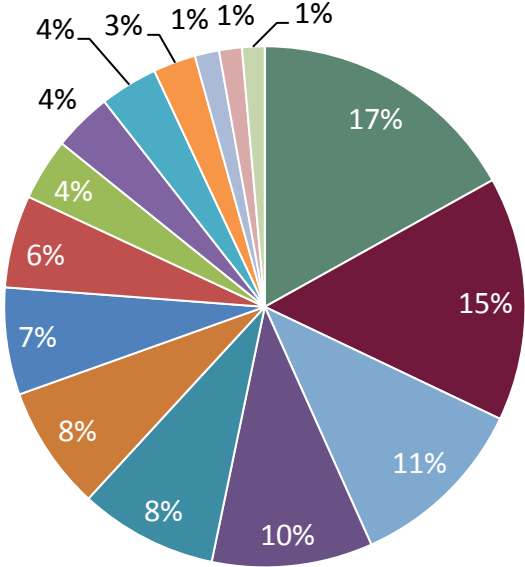
Average REPO cost was 0.93% with a weighted average days remaining to maturity of 65 days

23 REPO relationships established to date

Borrowings with 15 financing counterparties

Weighted average "haircut" of 5.4%

Repurchase Counterparties Utilized¹



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	\$60,690	10.2%	1.14%	19	66
1 ≥ x < 3 Months	\$456,502	76.8%	0.91%	63	126
x ≥ 3 Months	\$77,423	13.0%	0.90%	111	170
Total / WA	\$594,615	100.0%	0.93%	65	126

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands.
 1. Reflects the percentage of outstanding borrowings for our RMBS portfolio by counterparty.



Balance Sheet

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Consolidated Balance Sheets				
	December 31, 2016		December 31, 2015	
Assets				
RMBS, available-for-sale	\$	671,904	\$	508,242
Investments in Servicing Related Assets at fair value		61,263		97,803
Cash and cash equivalents		15,824		10,603
Restricted cash		22,469		9,942
Derivative assets		9,121		422
Receivables from unsettled trades		-		-
Receivables and other assets		12,297		9,328
Total Assets	\$	792,878	\$	636,340
Liabilities and Stockholders' Equity				
Liabilities				
Repurchase agreements	\$	594,615	\$	385,560
Federal Home Loan Bank advances		-		62,250
Derivative liabilities		694		4,595
Notes payable		22,886		24,313
Dividends payable		4,816		3,684
Due to affiliates		1,894		998
Payables for unsettled trades		6,202		-
Accrued expenses and other liabilities		5,762		2,603
Total Liabilities	\$	636,869	\$	484,003
Stockholders' Equity				
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of December 31, 2016 and December, 31, 2015	\$	-	\$	-
Common stock, \$0.01 par value, 500,000,000 shares authorized and 7,525,348 shares issued and outstanding as of December 31, 2016 and 500,000,000 shares authorized and 7,519,038 shares issued and outstanding as of December, 31, 2015		75		75
Additional paid-in capital		148,457		148,332
Retained earnings (deficit)		12,093		3,133
Accumulated other comprehensive income (loss)		(6,393)		(197)
Total CHMI Stockholders' Equity	\$	154,232	\$	151,343
Non-controlling interests in operating partnership		1,777		994
Total Stockholders' Equity	\$	156,009	\$	152,337
Total Liabilities and Stockholders' Equity	\$	792,878	\$	636,340

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands.

Income Statement

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Appendix

Consolidated Statements of Income

	Year Ended December 31,		
	2016	2015	2014
Income			
Interest income	\$ 30,722	\$ 27,712	\$ 26,497
Interest expense	7,808	5,983	4,307
Net interest income	22,914	21,729	22,190
Servicing fee income	7,579	1,719	-
Servicing costs	2,562	761	-
Net servicing income (loss)	5,017	958	-
Other income (loss)			
Realized gain (loss) on RMBS, net	1,399	854	(60)
Realized gain (loss) on investments in Excess MSRs, net	1,520	-	-
Realized gain (loss) on derivatives, net	(7,963)	(3,913)	(2,643)
Realized gain (loss) on acquired assets, net	-	449	-
Unrealized gain (loss) on derivatives, net	12,080	(59)	(6,564)
Unrealized gain (loss) on investments in Excess MSRs	249	(19)	(5,100)
Unrealized gain (loss) on investments in MSRs	(3,285)	(1,123)	-
Total Income	\$ 31,931	\$ 18,876	\$ 7,823
Expenses			
General and administrative expense	3,284	3,081	3,028
Management fee to affiliate	2,946	2,783	2,560
Total Expenses	\$ 6,230	\$ 5,864	\$ 5,588
Income (Loss) Before Income Taxes	25,701	13,012	2,235
Provision for corporate business taxes	458	(343)	(140)
Net Income (Loss)	\$ 25,243	\$ 13,355	\$ 2,375
Net (income) loss allocated to noncontrolling interests	(411)	(141)	(22)
Net Income (Loss) Applicable to Common Stockholders	\$ 24,832	\$ 13,214	\$ 2,353
Net income (Loss) Per Share of Common Stock			
Basic	\$ 3.31	\$ 1.76	\$ 0.31
Diluted	\$ 3.30	\$ 1.76	\$ 0.31
Weighted Average Number of Shares of Common Stock Outstanding			
Basic	7,512,444	7,509,543	7,505,546
Diluted	7,523,297	7,512,444	7,508,827

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands, except per-share figures.

Comprehensive Income

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Consolidated Statement of Comprehensive Income			
	Year Ended December 31,		
	2016	2015	2014
Net income (loss)	\$ 25,243	\$ 13,355	\$ 13,355
Other comprehensive income (loss):			
Net unrealized gain (loss) on RMBS	(4,797)	(5,984)	(5,984)
Reclassification of net realized (gain) loss on RMBS in earnings	(1,399)	(854)	(854)
Other comprehensive income (loss)	(6,196)	(6,838)	(6,838)
Comprehensive income (loss)	\$ 19,047	\$ 6,517	\$ 6,517
Comprehensive income (loss) attributable to noncontrolling interests	\$ 310	\$ 69	\$ 69
Comprehensive income (loss) attributable to common stockholders	\$ 18,737	\$ 6,448	\$ 6,448

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands.

Core Earnings

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Appendix

Core Earnings

	Year Ended December 31,	
	2016	2015
Net income (loss)	\$ 25,243	\$ 13,355
Other comprehensive income (loss):		
+ Realized (gain) loss on RMBS, net	(1,399)	(854)
+ Realized (gain) loss on investments in Excess MSRs, net	(1,520)	-
+ Realized (gain) loss on derivatives, net	7,963	3,913
+ Realized (gain) loss on acquired assets, net	-	(449)
+ Unrealized (gain) loss on derivatives, net	(12,080)	59
+ Unrealized (gain) loss on investments in Excess MSRs	(249)	19
+ Unrealized (gain) loss on investments in MSRs	3,285	1,123
+ Tax (benefit) expense on unrealized (gain) loss on MSRs	862	-
+ Estimated "catch up" premium amortization (benefit) cost	(2,358)	(1,862)
+ Changes due to realization of expected cash flows	(3,512)	(430)
+ Reversal of (gain) loss on acquired assets, net	244	-
+ Yield maintenance income	250	-
Total core earnings:	\$ 16,729	\$ 14,874
Core earnings attributable to noncontrolling interests	(272)	(157)
Core Earnings Attributable to Common Stockholders	\$ 16,457	\$ 14,717
Core Earnings Attributable to Common Stockholders, per Share	\$ 2.19¹	\$ 1.96²
GAAP Net income (Loss) Per Share of Common Stock	\$ 3.31	\$ 1.76

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). MSRs are adjusted to exclude outstanding LTIP-OP units in our Operating Partnership. 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 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 December 31, 2016.

- 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 1Q16, 2Q16 and 3Q16 would have been \$0.55, \$0.55 and \$0.57, respectively.
- Reflects revised method of calculating MSR amortization.

Segment Results

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Results of Operations				
	Servicing Related			
	Assets	RMBS	All Other	Total
Year Ended December 31, 2016				
Interest income	\$ 14,129	\$ 16,593	\$ -	\$ 30,722
Interest expense	1,371	6,437	-	7,808
Net interest income	12,758	10,156	-	22,914
Servicing fee income	7,579	-	-	7,579
Servicing costs	2,562	-	-	2,562
Net servicing income	5,017	-	-	5,017
Other income	(1,516)	5,516	-	4,000
Other operating expenses	-	-	6,230	6,230
(Benefit from) provision for corporate business taxes	458	-	-	458
Net income (loss)	\$ 15,801	\$ 15,672	\$ (6,230)	\$ 25,243
December 31, 2016				
Investments	\$ 61,263	\$ 671,904	\$ -	\$ 733,167
Other assets	8,826	32,495	18,390	59,711
Total assets	70,089	704,399	18,390	792,878
Debt	22,886	594,615	-	617,501
Other liabilities	2,481	9,490	7,397	19,368
Total liabilities	25,367	604,105	7,397	636,869
GAAP book value	\$ 44,722	\$ 100,294	\$ 10,993	\$ 156,009
Leverage				
December 31, 2016	0.51x	5.93x	-x	3.96x

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands.

RMBS Net Interest Spread

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RMBS Net Interest Spread				
	<u>At December 31, 2016</u>	<u>At September 30, 2016</u>	<u>At June 30, 2016</u>	<u>At March 31, 2016</u>
Weighted Average Asset Yield	3.22%	2.99%	3.08%	2.92%
Weighted Average Interest Expense	1.56%	1.36%	1.36%	1.19%
Net Interest Spread	1.66%¹	1.63%²	1.72%³	1.73%

Note: Figures presented are rounded. As of December 31, 2016.

1. 1.49% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.
2. 1.32% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.
3. 1.43% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.

Hedging Summary

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Interest Rate Swaps					
Commentary	Characteristics				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
Approximately \$416 million notional fixed pay swaps	x ≤ 3 Years	\$169,150	1.18%	0.91%	1.5
4.2 years weighted average duration	3 > x ≤ 5 Years	69,700	1.41%	0.90%	4.5
Covers 70% of aggregate REPO borrowings	5 > x ≤ 7 Years	107,300	1.63%	0.91%	6.6
	7 > x ≤ 10 Years	65,700	1.90%	0.83%	9.7
	x > 10 Years	4,000	2.00%	0.89%	15.1
	Total / WA:	\$415,850	1.46%	0.90%	4.8

Interest Rate Swaptions
\$70 million notional
Options to enter into fixed pay swaps prior to December 2017
3.6 year weighted average duration

Note: Figures presented are rounded. As of December 31, 2016. Dollars in thousands, unless otherwise noted.

Abbreviations

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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 Market 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