



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Second Quarter 2014 Investor Presentation

August 12, 2014

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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 Excess MSR's, 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.



Second Quarter 2014



Market Overview

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Macroeconomic Environment

No surprises from Fed regarding continued exit from QE3

- Post-June 2014 meeting, Fed purchases have declined to \$35 billion per month
- Fed still largest buyer of MBS

Economic data remains mixed

- Stronger employment data offset by moderate GDP growth and relatively weak housing market

Rates

Theme of the quarter – range bound with downward trend in rates

- Choppy rate environment coupled with declining volatility
- Lower origination volumes and Fed reinvestments resulted in a technical squeeze on MBS

Global uncertainties pushed U.S. rates lower

3Q14 theme anticipated to be consistent with 2Q14 – US economy continues to stabilize

Real Estate Related

Origination volumes down year over year, margins remain compressed, and originators continue MSR sales to maintain profitability

Non-bank mortgage originations grow as a percentage of total originations

- Ongoing reduction of banks' presence in the space in light of regulatory environment

Mortgage Landscape

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Second Quarter 2014

Commentary

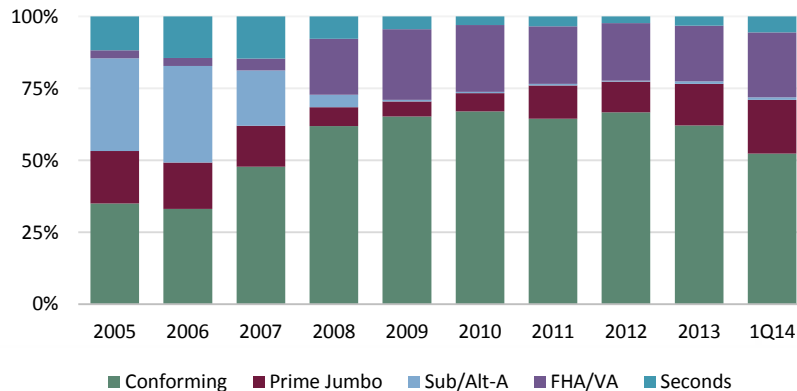
Prime jumbo origination volume levels are steadily increasing from their lows in 2009

- FHA/VA loans represent over 19% of total volume while conforming loans have declined as percentage of total mortgage originations

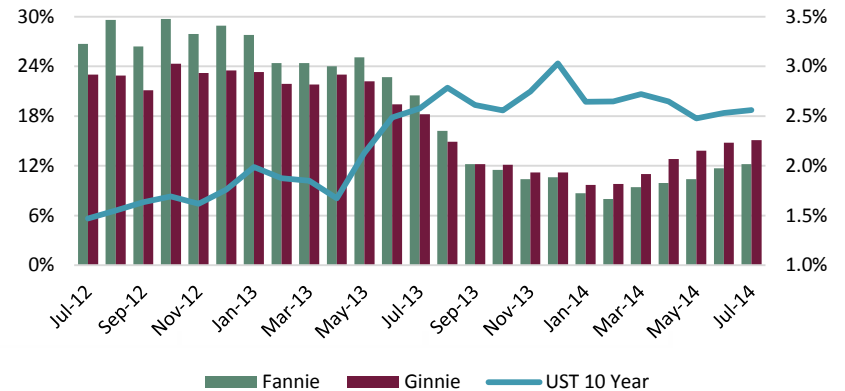
Prepay speeds are increasing given a nearly 50bp drop in the U.S. 10 Year Treasury note year to date

- Ginnie speeds remain elevated as originators look for refinance opportunities

Mortgage Originations (% Share by Balance)¹



Fannie and Ginnie Fixed Rate Monthly CPRs²



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
2Q 2014	0.4590	1.6310	2.5310	3.3600	102-25	106-00	108-07	110-31	0.5825	0.9980	1.7018	2.6308	3.0204
1Q 2014	0.4200	1.7190	2.7190	3.5590	101-17	103-31	106-23	109-01	0.5450	0.9918	1.8025	2.8420	3.5415
4Q 2013	0.3820	1.7430	3.0290	3.9020	99-11	103-00	105-31	108-23	0.4890	0.8755	1.7860	3.0860	3.9290
3Q 2013	0.3190	1.3820	2.6110	3.6860	101-29	104-29	106-27	108-16	0.4600	0.7630	1.5370	2.7650	3.6585

Source: Bloomberg, Inside Mortgage Finance, FHFA, CoreLogic, Moody's Analytics (ECCA) Forecast.

1. As of March 31, 2014. Source: Core logic, Inside Mortgage Finance.

2. Source: EMBS Mortgage-Backed Securities Online & Bloomberg, LLC.

Second Quarter 2014 Highlights

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Second Quarter 2014

Financial Results

\$0.51 dividend per share declared and paid¹

✓ \$1.46 dividends distributed life to date

\$21.62 GAAP book value per common share²

✓ 0.7% increase, net of dividend

\$0.66 comprehensive income per share³

✓ \$0.51 taxable income per share³

9.7% total return for the quarter⁴

✓ 18.6% total return year to date⁴

Portfolio Update

1.80x debt-to-equity for aggregate portfolio

6.14x debt-to-equity for RMBS

1.59% net interest spread for RMBS

4.96% CPR for RMBS⁵

Over 50% recapture on Pool 2 investment

14% Net CPR for Excess MSR

Closed on flow Excess MSR transaction with Freedom Mortgage

Key Initiatives

Obtaining licenses and agency approvals remains a top priority in order to increase investment opportunities in MSRs and residential whole loans

Setting up captive insurance subsidiary to pursue membership in a Federal Home Loan Bank

Note: Figures presented, except per share data, are rounded. As of June 30, 2014.

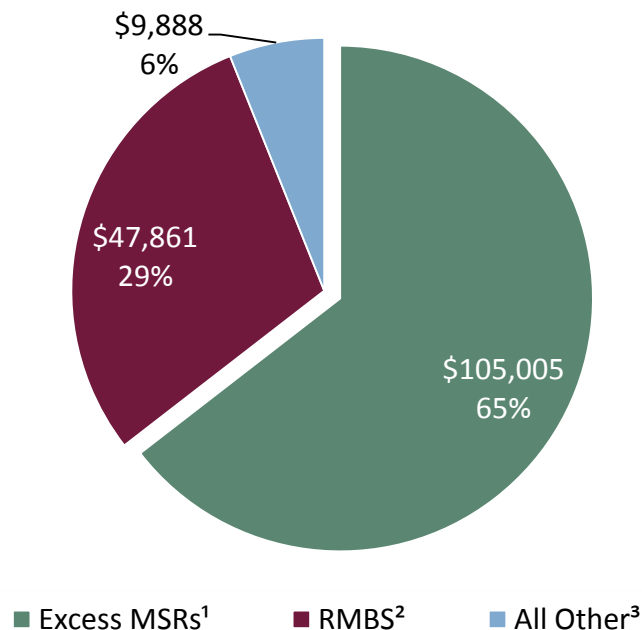
- 1. Second quarter 2014 \$0.51 dividend was paid in cash on July 29, 2014 to stockholders of record on June 30, 2014.*
- 2. Based on 7,509,543 common shares outstanding at July 30, 2014.*
- 3. Based on 7,506,680 fully diluted weighted average common shares outstanding at June 30, 2014.*
- 4. Source: SNL Financial.*
- 5. Actual weighted average CPR for the three month period ended June 30, 2014.*

Aggregate Investment Portfolio Composition

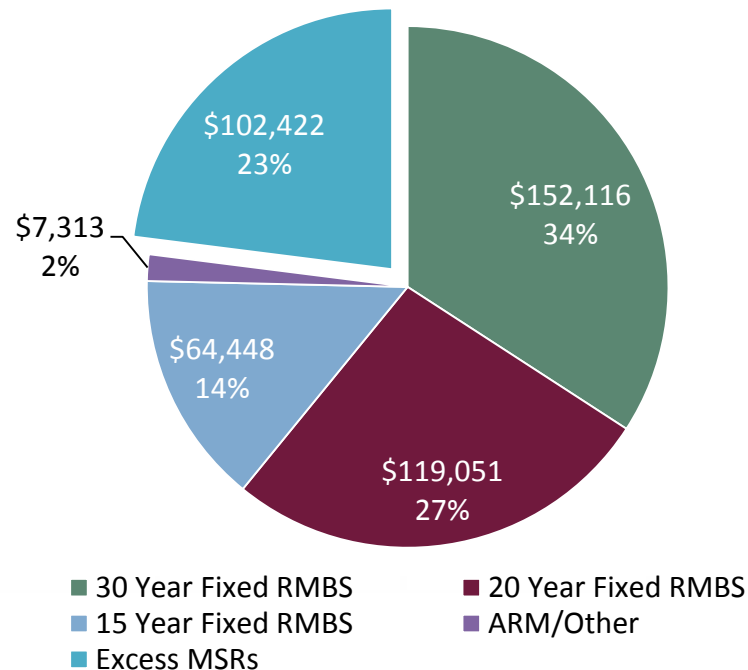
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Second Quarter 2014

Equity Investment Composition: \$162,754



Aggregate Investment Portfolio Composition: \$445,350⁴



Excess MSR represented approximately 65% of equity and 23% of assets at quarter end.

Note: All financial information as of June 30, 2014, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of 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. Includes TBAs with a fair market value of approximately \$5.3 million; excludes cash and other derivatives.

Excess MSR 2Q14 Overview

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Second Quarter 2014

Commentary

Recapture activity remained robust as mortgage rates declined

- 14% Net CPR and 29% recapture on total portfolio
- \$568 million of loans recaptured on total portfolio with Pool 2 making up 98% of recapture activity
- Produced \$8.1 million in cash flow, including \$3.6 million in interest income
- Closed on \$98 million UPB of fixed rate, VA flow transaction with Freedom Mortgage on 6/30: 3.8% WAC, 350 months WAM; initial investment was approx. \$661 for an 85% interest in 19 bps of excess servicing fee

Characteristics

	Initial						Current (6/30/14) ¹					Net CPR		Recapture Rate	
	UPB	WAC	WAM	WALA	FICO	30+ DQ	UPB	WAC	WAM	WALA	30+ DQ	2Q14	1Q14	2Q14	1Q14
Pool 1	\$10,026,722	3.5%	338	9	706	3.0%	\$9,359,357	3.5%	329	18	4.1%	9%	5%	4%	2%
Pool 2	10,704,024	2.6%	343	15	682	6.9%	9,198,786	2.8%	337	21	9.5%	18%	15%	55%	50%
Pool 2014	334,672	3.7%	349	8	692	3.4%	329,059	3.7%	347	10	4.3%	7%	0%	20%	0%
Total / WA	\$21,065,418	3.1%	341	12	694	5.0%	\$18,887,201	3.2%	333	19	6.7%	14%	10%	29%	26%

Investment Details

	Initial		Current Cash Flows (6/30/14) 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 1	\$10,026,722	\$60,561	\$2,033	\$2,059	\$4,092	\$100,265	\$54,615	\$7,755	\$62,370	14%	14%
Pool 2	10,704,024	38,407	2,411	1,517	3,928	50,457	31,002	7,011	38,013	18%	18%
Pool 2014	334,672	2,174	41	43	84	3,958	2,134	(96)	2,038	12%	12%
Total / WA	\$21,065,418	\$101,142	\$4,486	\$3,619	\$8,105	\$154,680	\$87,752	\$14,670	\$102,422	16%	16%

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands, unless otherwise noted.

- Current data reflective of recaptured loans.
- For assumptions on underwritten projected cash flows, see detailed footnotes at the end of this presentation, on page 26.
- Weighted by initial investment.

Excess MSR Performance

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Second Quarter 2014

Commentary

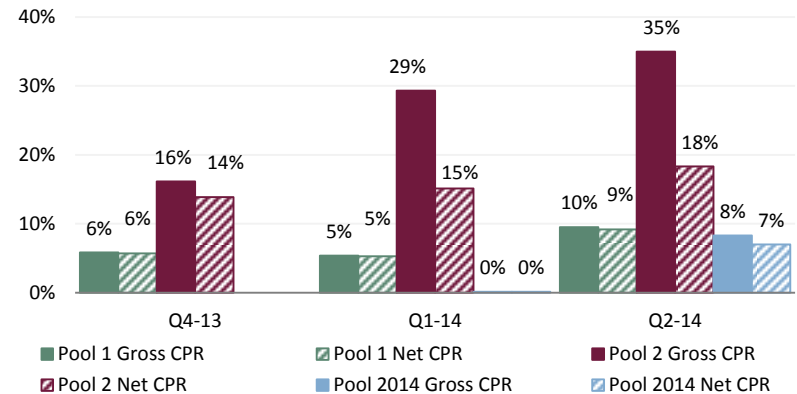
Gross CPRs increased as mortgage rates decreased over the quarter

- Government mortgage rates fell 20 bps during 2Q14¹

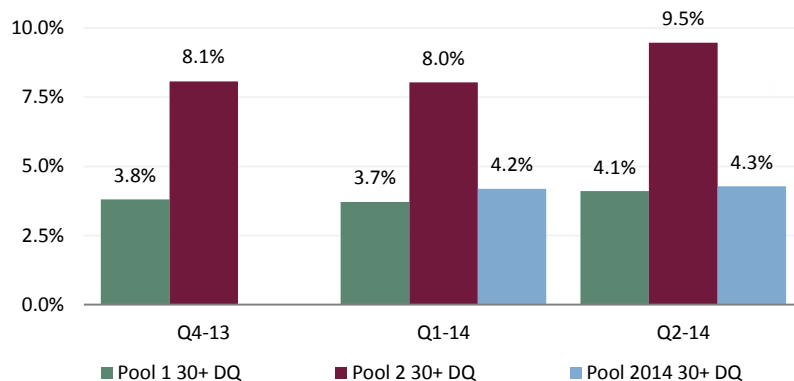
Net CPRs benefited from strong recapture activity, primarily driven by Pool 2

Delinquency rates remain within current expectations

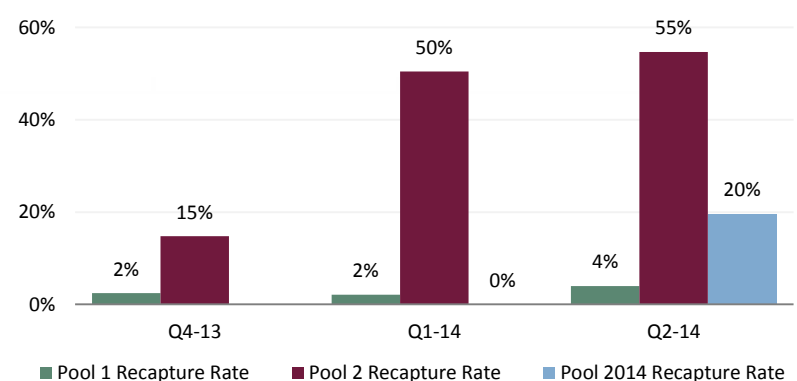
Historical CPR



Historical Delinquency Performance



Historical Recapture Performance



Note: Figures presented are rounded. As of June 30, 2014.

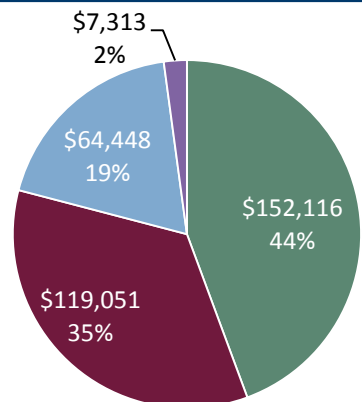
1. Based on Bankrate.com US Home Mortgage 30 Year FHA National Average rate.

Second Quarter 2014 RMBS Highlights

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Second Quarter 2014

RMBS Portfolio: \$342,928¹



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

Commentary

RMBS portfolio totaled approximately \$343 million¹

Investment strategy focused on shorter duration assets

- 15 year and 20 year assets represented 54% of the RMBS portfolio
- Majority of purchases were comprised of 20 year collateral

Current Portfolio Composition

30 Year Collateral: 46% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Collateral	\$152,116	97%	4.01	11.77	3.48	11.62
Hybrid Arm	5,009	3%	3.14	5.00	46.96	20.26
Total 30 Year MBS	\$157,125	100%	3.99	11.55	4.87	11.90
≤ 20 Year Collateral: 54% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Collateral	\$178,233	96%	3.68	9.48	6.34	11.31
Other	2,305	1%	3.82	15.51	4.06	8.08
Total 15 and 20 Year MBS	\$180,537	97%	3.64	10.15	6.30	10.95
TBAs - Net Long Position	5,266	3%	3.50	NA	NA	NA
Total 15 and 20 Year Collateral	\$185,804	100%	3.63	NA	NA	NA

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands, unless otherwise noted.

Source: CHMI management and The Yield Book Inc.

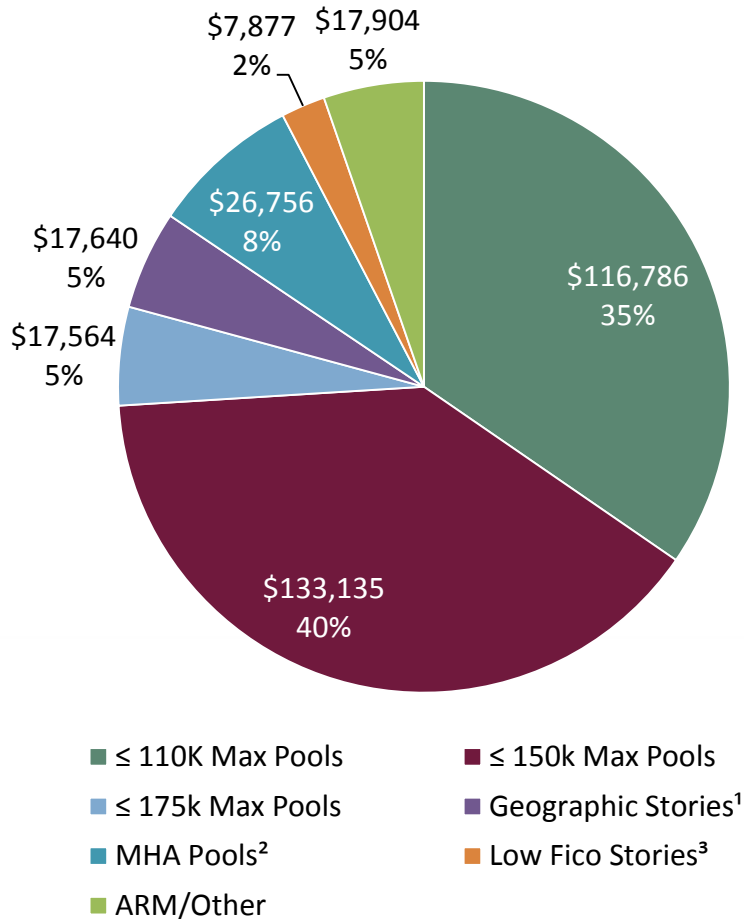
1. Includes TBAs with a fair market value of approximately \$5.3 million.

RMBS Portfolio with Prepayment Protection

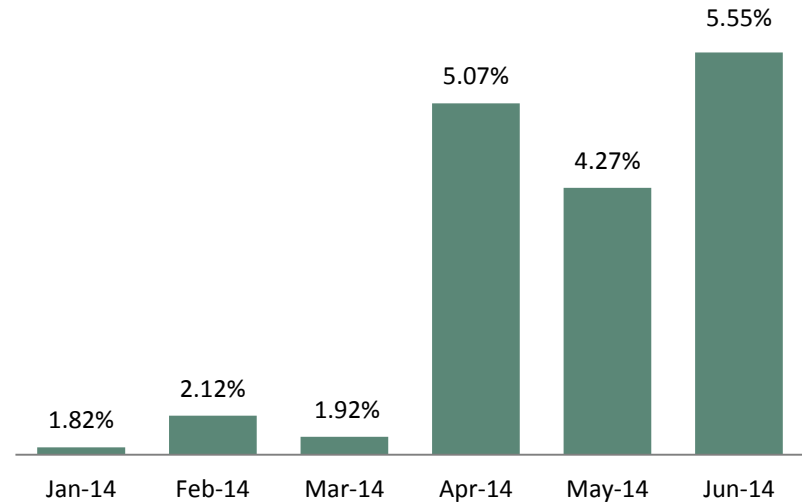
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Second Quarter 2014

RMBS Portfolio (Excludes TBAs): \$337,662



Monthly CPR Performance



Commentary

RMBS portfolio posted a WAVG three month CPR of 4.96% for the second quarter 2014

- Six month WAVG CPR of 3.55%

Portfolio is primarily comprised of loan balance collateral

Note: Figures noted are rounded. As of June 30, 2014. Dollars in thousands.

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. Securities collateralized by loans held by lower credit borrowers as defined by Fair Isaac Corporation's scoring model.



Aggregate Portfolio Rate Sensitivity Analysis

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Second Quarter 2014

Duration Gap Sensitivity on Current Portfolio				
	June 30, 2014	+50 Bps	+100 Bps	+200 Bps
Assets				
RMBS Portfolio	3.58	3.95	4.12	4.32
MSR Portfolio	(1.37)	(0.73)	(0.44)	(0.18)
Total Assets	2.21	3.22	3.68	4.14
Liabilities, Swaps and Treasuries	(2.27)	(2.27)	(2.27)	(2.27)
Net Duration Gap (before Swaptions)	(0.05)	0.95	1.41	1.88
Swaptions	(0.09)	(0.43)	(1.03)	(1.73)
Net Duration Gap (including Swaptions)	(0.15)	0.52	0.38	0.14
Difference from Duration Gap as of June 30, 2014		0.67	0.53	0.29

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

Aggregate portfolio currently running a conservative duration gap of approximately -0.15 years

If rates rise 100 basis points instantaneously, duration gap would extend to +0.38 years, an increase of 0.53 years

Note: Figures presented are rounded. As of June 30, 2014.

Appendix

Pool 1: Overview

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Appendix

Commentary

Received \$12.1 million of LTD cash flow, 19.9% of initial investment through June 30, 2014

Experienced 9% Net CPR in 2Q14, 7% Net CPR over the last six months

Updated IRR unchanged from initial projection; \$112 million of Total Cash Flow

Pool 1 Characteristics

Collateral Overview	Initial UPB	Current UPB	WAM		WALA		Uncollected				
	(\$BN)	(\$BN)	WAC	(months)	(months)	30+ DQ	Payments	% FHA	% VA	% Fixed	% ARM
	Original	10.0	9.3	3.5%	329	18	4.1%	2.7%	44%	56%	99%
Recaptured	-	0.0	4.4%	349	1	3.6%	2.9%	96%	4%	100%	-
Total / WA	10.0	9.4	3.5%	329	18	4.1%	2.7%	44%	56%	99%	1%

Cash Flow & Prepayment Performance ¹	Cash Flows (\$MM)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14
	Original	4.1	4.2	9%	5%	1%	1%	10%	5%	4%	2%	9%
Recaptured	0.0	0.0	14%	0%	0%	0%	14%	0%	100%	0%	0%	0%
Total / WA	4.1	4.2	9%	5%	1%	1%	10%	5%	4%	2%	9%	5%

Investment Performance ²	Projected					Initial			Updated		Excess Servicing	
	Initial Investment	Future Cash Flow	LTD Cash Flow	Cost Basis	Market Value	Initial IRR	Updated IRR	Acquired	Fee (bps)	Ownership		
	(\$MM)	(\$MM)	(\$MM)	(\$MM)	(\$MM)	IRR	IRR	Acquired	(bps)	Ownership		
Pool 1³	60.6	100.3	12.1	54.6	62.4	14%	14%	10/9/2013	17	85%		

Note: Figures presented are rounded. As of June 30, 2014. Detailed footnotes are included at the end of this presentation, on page 26.

Pool 2: Overview

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Commentary

Received \$12.1 million of LTD cash flow, represents 31.5% of initial investment through June 30, 2014

Experienced 18% Net CPR in 2Q14, 17% Net CPR over the last six months

Updated IRR unchanged from initial projection; \$62.5 million of Total Cash Flow

Freedom recaptured \$559 million of loans in Pool 2 during the three month period ended June 30, 2014

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	8.2	2.6%	335	23	10.3%	9.0%	-	100%	-
Recaptured	-	1.0	4.3%	354	2	2.7%	2.0%	-	100%	100%	-
Total / WA	10.7	9.2	2.8%	337	21	9.5%	8.3%	-	100%	11%	89%

Cash Flow & Prepayment Performance ¹	Cash Flows (\$MM)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14
	Original	3.6	4.1	33%	31%	2%	0%	34%	31%	52%	54%	19%
Recaptured	0.3	0.0	42%	1%	0%	0%	42%	1%	80%	0%	14%	1%
Total / WA	3.9	4.1	34%	29%	1%	0%	35%	29%	55%	50%	18%	15%

Investment Performance ²	Projected					Initial		Updated		Excess Servicing	
	Initial Investment	Future Cash Flow	LTD Cash Flow	Cost Basis	Market Value	IRR	IRR	Acquired	Fee (bps)	Ownership	
	(\$MM)	(\$MM)	(\$MM)	(\$MM)	(\$MM)						
Pool 2³	38.4	50.5	12.1	31.0	38.0	18%	18%	10/9/2013	17	50%	

Note: Figures presented are rounded. As of June 30, 2014. Detailed footnotes are included at the end of this presentation, on page 26.

Pool 2014: Overview

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Commentary

Received \$94 thousand of LTD cash flow, 4.3% of initial investments through June 30, 2014

Experienced 7% Net CPR in 2Q14

Updated IRR unchanged from initial projection; \$4.1 million of Total Cash Flow

Pool 2014 Characteristics

Collateral Overview	Initial UPB	Current UPB	WAM		WALA		Uncollected				
	(\$MM)	(\$MM)	WAC	(months)	(months)	30+ DQ	Payments	% FHA	% VA	% Fixed	% ARM
	Original	334.7	328.0	3.7%	347	11	4.3%	2.1%	38%	62%	100%
Recaptured	-	1.1	4.1%	351	-	-	-	-	100%	100%	-
Total / WA	334.7	329.1	3.7%	347	10	4.3%	2.1%	38%	62%	100%	-

Cash Flow & Prepayment Performance ¹	Cash Flows (\$000)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14
	Original	84.0	10.2	8%	0%	0%	0%	8%	0%	20%	0%	7%
Recaptured	0.0	-	0%	-	0%	-	0%	-	0%	-	0%	-
Total / WA	84.0	10.2	8%	0%	0%	-	8%	0%	20%	0%	7%	0%

Investment Performance ²	Projected					Initial		Updated		Excess Servicing	
	Initial Investment	Future Cash Flow	LTD Cash Flow	Cost Basis	Market Value	IRR	IRR	Acquired	Fee (bps)	Ownership	
	(\$MM)	(\$MM)	(\$000)	(\$MM)	(\$MM)						
	Pool 2014 ³	2.2	4.0	94.2	2.1	2.0	12%	12%	Various	15	79%

Note: Figures presented are rounded. As of June 30, 2014. Detailed footnotes are included at the end of this presentation, on page 26.

Excess MSR Sensitivity

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Excess MSRs Sensitivity Analysis¹

	June 30, 2014 ²					December 31, 2013 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$113,433	\$107,672	\$102,422	\$97,706	\$93,370	\$123,178	\$116,396	\$110,306	\$104,812	\$99,831
Change in FV	\$10,980	\$5,219		(\$4,748)	(\$9,083)	\$12,872	\$6,090		(\$5,495)	(\$10,475)
% Change in FV	10.7%	5.1%		(4.6)%	(8.9)%	12.0%	6.0%		(5.0)%	(9.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$109,911	\$106,056	\$102,422	\$99,076	\$95,902	\$117,814	\$113,940	\$110,306	\$106,889	\$103,668
Change in FV	\$7,457	\$3,603		(\$3,378)	(\$6,552)	\$7,508	\$3,634		(\$3,417)	(\$6,639)
% Change in FV	7.3%	3.5%		(3.3)%	(6.4)%	7.0%	3.0%		(3.0)%	(6.0)%
	Recapture Rate Shift in %					Recapture Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$102,085	\$102,275	\$102,422	\$102,655	\$102,845	\$109,442	\$109,874	\$110,306	\$110,739	\$111,171
Change in FV	(\$380)	(\$190)		\$190	\$380	(\$865)	(\$432)		\$432	\$865
% Change in FV	(0.4)%	(0.2)%		0.2%	0.4%	(1.0)%	-%		-%	1.0%

Note: Figures noted are rounded. As of June 30, 2014. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-Q to be filed with the SEC on or about the date of this presentation.

- 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.
- June 30, 2014 analysis assumes weighted average discount rate of 15.3%; weighted average prepayment rate of 13.2%; and weighted average recapture rate of 4.5% for base case.
- December 31, 2013 analysis assumes weighted average discount rate of 16.4%; weighted average prepayment rate of 12.8%; and weighted average recapture rate of 10.1% for base case.



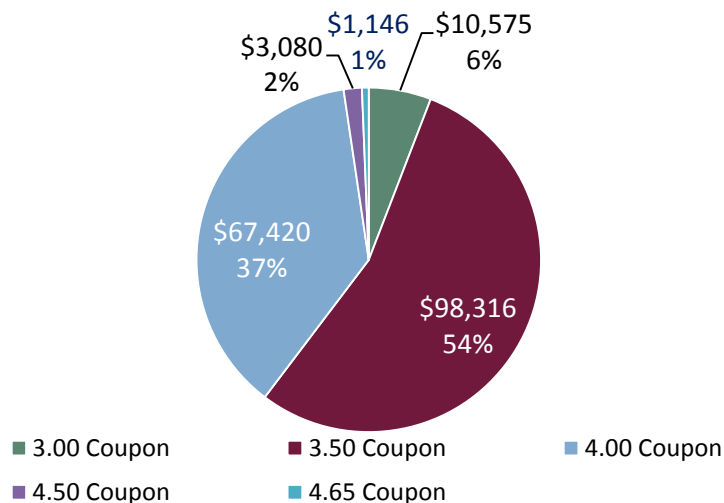
RMBS Portfolio Coupon Composition

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Appendix

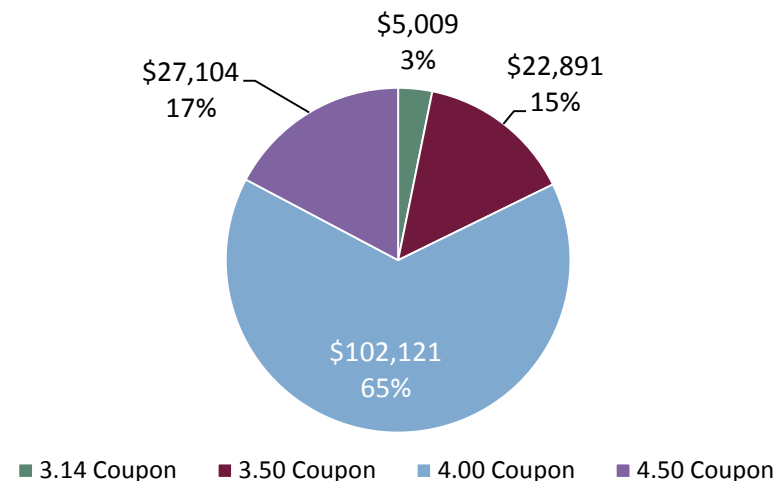
\$180,537 15/20 Year RMBS (Excludes TBAs)

54% of Total RMBS Portfolio



\$157,125 30 Year RMBS (Excludes TBAs)

46% of Total RMBS Portfolio



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	\$58,768	3.40%	\$104.94	\$105.70	\$59,182	18%
20 Years	117,712	3.78%	104.95	106.16	119,051	35%
≥ 30 Years	150,110	3.98%	104.97	106.39	152,116	45%
MBS ARM/Other	7,155	3.33%	45.19	46.19	7,313	2%
Total / WA	\$333,745	3.80%	\$103.68	\$104.90	\$337,662	100%

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands, unless otherwise noted.

Financing Highlights

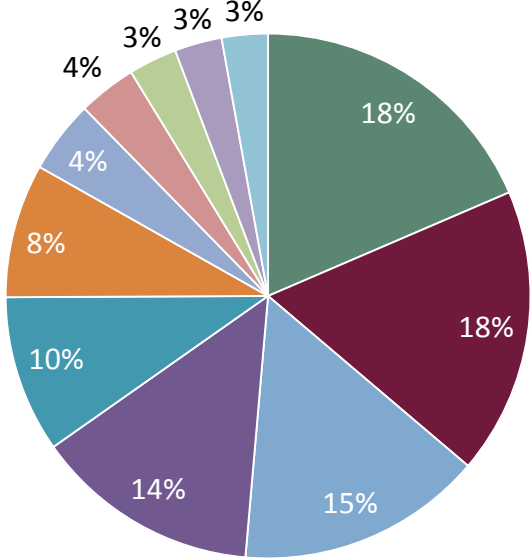
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Commentary

- Average repo cost was 0.36%
- 13 repo relationships established to date
- Borrowings with 11 repo counterparties
- Extended repo terms across multiple counterparties
- Weighted average "haircut" of 5.4%
- Weighted average days to maturity of 57 days

Repo Counterparties Utilized¹



Remaining Maturity	REPO Outstanding		REPO Rate	Remaining Days to Maturity	Original Days to Maturity
	\$	%			
x < 1 Month	\$107,205	36.5%	0.35%	13	77
1 ≥ x < 3 Months	142,298	48.4%	0.35%	63	102
x ≥ 3 Months	44,244	15.1%	0.38%	142	184
Total / WA	\$293,747	100.0%	0.36%	57	105

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands.
 1. Reflects the percentage of outstanding repo borrowings for our RMBS portfolio by counterparty.



Balance Sheet

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Consolidated Balance Sheets

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Assets		
RMBS, available-for-sale	\$ 337,662	\$ 286,979
Investments in Excess MSR at fair value	102,422	110,306
Cash and cash equivalents	14,452	10,375
Restricted cash	5,131	3,744
Derivative assets	127	4,613
Receivables from unsettled trades	-	7,239
Receivables and other assets	3,804	4,142
Total Assets	\$ 463,598	\$ 427,398
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 293,747	\$ 261,302
Derivative liabilities	2,213	592
Dividends payable	3,830	3,375
Due to affiliates	809	616
Accrued expenses and other liabilities	245	391
Total Liabilities	\$ 300,844	\$ 266,276
Stockholders' Equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of June 30, 2014 and December 31, 2013	\$ -	\$ -
Common stock, \$0.01 par value, 500,000,000 shares authorized, 7,509,543 shares issued and outstanding at June 30, 2014 and 7,500,000 shares issued and outstanding at December 31, 2013	75	75
Additional paid-in capital	148,183	148,078
Retained earnings	10,188	17,695
Accumulated other comprehensive income (loss)	3,917	(5,033)
Total CHMI Stockholders' Equity	\$ 162,363	\$ 160,815
Non-controlling interests in operating partnership	391	307
Total Stockholders' Equity	\$ 162,754	\$ 161,122
Total Liabilities and Stockholders' Equity	\$ 463,598	\$ 427,398

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands.

Income Statement

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Appendix

Consolidated Statements of Income				
	Six Months Ended June 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	
Income				
Interest income	\$ 12,148	\$ 6,137	\$ 6,011	
Interest expense	1,953	1,006	947	
Net interest income	10,195	5,131	5,064	
Other income (loss)				
Realized gain (loss) on RMBS, net	(274)	75	(349)	
Realized gain (loss) on derivatives, net	(259)	(187)	(72)	
Unrealized gain (loss) on derivatives, net	(6,148)	(2,705)	(3,443)	
Unrealized gain (loss) on investments in Excess MSRs	(978)	(1,648)	670	
Total Income	\$ 2,536	\$ 666	\$ 1,870	
Expenses				
General and administrative expense	1,099	642	457	
Management fee to affiliate	1,358	679	679	
Total Expenses	\$ 2,457	\$ 1,321	\$ 1,136	
Net Income (Loss)	\$ 79	\$ (655)	\$ 734	
Net (income) loss allocated to LTIP - OP Units	(1)	3	(4)	
Net Income (Loss) Applicable to Common Stockholders	\$ 78	\$ (652)	\$ 730	
Net Income (Loss) Per Share of Common Stock				
Basic	\$ 0.01	\$ (0.09)	\$ 0.10	
Diluted	\$ 0.01	\$ (0.09)	\$ 0.10	
Outstanding				
Basic	7,503,538	7,504,572	7,502,505	
Diluted	7,508,112	7,509,543	7,506,680	

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands, except per-share figures.

Comprehensive Income

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Consolidated Statement of Comprehensive Income			
	Six Months Ended June 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Net income (loss)	\$ 79	\$ (655)	\$ 734
Other comprehensive income (loss):			
Net unrealized gain (loss) on RMBS	8,950	5,595	3,355
Other comprehensive income (loss)	8,950	5,595	3,355
Comprehensive income (loss)	\$ 9,029	\$ 4,940	\$ 4,089

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands.

Segment Results

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Results of Operations				
	<u>Excess MSRs</u>	<u>RMBS</u>	<u>All Other</u>	<u>Total</u>
Three Months Ended June 30, 2014				
Interest income	\$ 3,629	\$ 2,508	\$ -	\$ 6,137
Interest expense	-	1,006	-	1,006
Net interest income	3,629	1,502	-	5,131
Other income	(1,648)	(2,817)	-	(4,465)
Other operating expenses	-	-	1,321	1,321
Net income (loss)	\$ 1,981	\$ (1,315)	\$ (1,321)	\$ (655)
June 30, 2014				
Investments	\$ 102,422	\$ 337,662	\$ -	\$ 440,084
Other assets	2,583	6,300 [†]	14,631	23,514
Total assets	105,005	343,962	14,631	463,598
Debt	-	293,747	-	293,747
Other liabilities	-	2,354	4,743	7,097
Total liabilities	-	296,101	4,743	300,844
GAAP book value	\$ 105,005	\$ 47,861	\$ 9,888	\$ 162,754
Leverage				
June 30, 2014	-X	6.14x	-X	1.80x

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands.

1. Cash collateral on margin for swaps is now included in restricted cash.

RMBS Net Interest Spread

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RMBS Net Interest Spread		
	At June 30, 2014	At March 31, 2014
Weighted Average Asset Yield	2.96%	3.02%
Weighted Average Interest Expense	1.37%	1.42%
Net Interest Spread	1.59%	1.59%

Note: Figures presented are rounded. As of June 30, 2014.

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 \$184 million notional fixed pay swaps					
5.37 year weighted average duration					
Covers 63% of aggregate repo borrowings					
	x ≤ 3 Years	\$29,000	0.82%	0.23%	2.4
	3 > x ≤ 5 Years	68,400	1.54%	0.23%	4.4
	5 > x ≤ 7 Years	43,950	2.18%	0.23%	6.4
	7 > x ≤ 10 Years	40,500	2.79%	0.23%	9.5
	x > 10 Years	2,000	3.31%	0.23%	14.5
	Total / WA:	\$183,850	1.87%	0.23%	5.8

Interest Rate Swaptions
\$115 million notional
Options to enter into fixed pay swaps prior to June 30, 2015
0.38 year weighted average duration

Note: Figures presented are rounded. As of June 30, 2014. Dollars in thousands, unless otherwise noted.

Excess MSR Endnotes

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Pool 1: Overview (page 14)

1. Weighted averages by current UPB.
2. Underwritten projected cash flows assume: (a) weighted average lifetime 6% uncollected payment rate, (b) weighted average lifetime CPR of 12% by applying the following vector: Months 1-36: ramp from 5% to 15%, Months 37+: 15% 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.

Pool 2: Overview (page 15)

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.

Pool 2014: Overview (page 16)

1. Weighted averages by current UPB.
2. Q1 flow transaction underwritten projected cash flows assume: (a) weighted average lifetime 3% uncollected payment rate, (b) weighted average lifetime CPR of 8% by applying the following vector: Months 1-36: ramp from 6% to 9%, Months 37+: 9% and (c) 0% recapture rate starting in Mar 2014. Actual cash flows may differ materially.

Q2 flow transaction underwritten projected cash flows assume: (a) weighted average lifetime 7% uncollected payment rate, (b) weighted average lifetime CPR of 9% by applying the following vector: Months 1-36: ramp from 6% to 9%, Months 37+: 9% and (c) 0% recapture rate starting in Jul 2014. Actual cash flows may differ materially.

Q1 bulk underwritten projected cash flows assume: (a) weighted average lifetime 7% uncollected payment rate, (b) weighted average lifetime CPR of 8% by applying the following vector: Months 1-36: ramp from 6% to 8%, Months 37+: 8% and (c) 0% recapture rate starting in Apr 2014. Actual cash flows may differ materially.
3. Investment in Q1 flow transaction was completed in February 2014 and based on the February 28, 2014 UPB of the pool. Investment in Bulk transaction was completed in March 2014 and based on the March 31, 2014 UPB of the pool. Investment in Q2 Flow transaction was completed in June 2014 and based on the June 30, 2014 UPB of the pool.

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 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
- **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 with the Company's original underwriting assumptions
- **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