



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Fourth Quarter 2017 Investor Presentation

March 16, 2018

Legal Disclaimer

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 ("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, 2017, 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.



Fourth Quarter 2017



Fourth Quarter 2017 Highlights

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Fourth Quarter 2017

Financial Results

\$0.49 dividend per share declared and paid¹

4.4% total quarterly return on book value⁴

\$20.44 GAAP book value per common share²

\$0.57 core earnings per share³

- 1.9% increase, net of 4Q17 dividend

Portfolio Update

5.3x leverage ratio for aggregate portfolio

7.7% net CPR for full Conventional MSR⁶

1.27% net interest spread for RMBS

12.1% net CPR for full Government MSR⁶

6.4% CPR for RMBS⁵

Note: Figures presented, except per share data, are rounded. As of December 31, 2017.

- 1. Fourth Quarter 2017 \$0.49 dividend was paid in cash on January 30, 2018 to stockholders of record on December 29, 2017.*
- 2. Based on 12,721,464 common shares outstanding at December 31, 2017.*
- 3. Based on 12,721,464 fully diluted weighted average common shares outstanding at December 31, 2017.*
- 4. Total return on book value for the quarter ended December 31, 2017 is defined as the increase in book value from September 30, 2017 to December 31, 2017 of \$0.39, plus the dividend declared of \$0.49 per share, divided by September 30, 2017 book value of \$20.05 per share.*
- 5. Actual weighted average CPR for the three month period ended December 31, 2017.*
- 6. Weighted average CPR for the three month period ended December 31, 2017.*



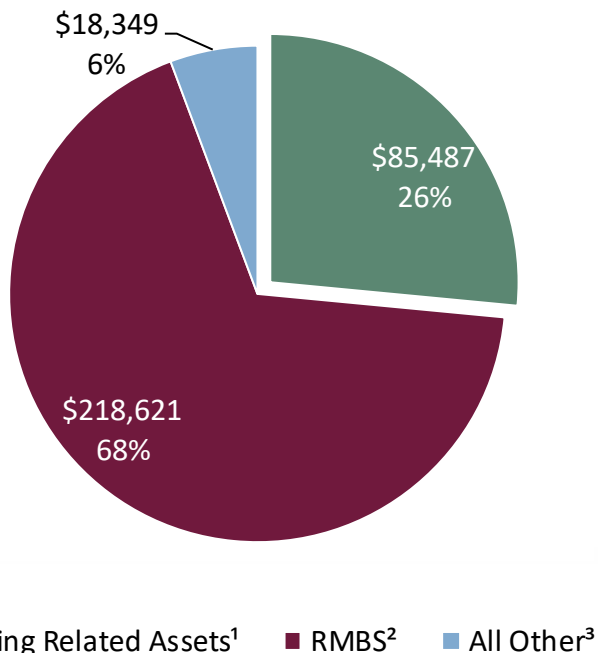
Aggregate Investment Portfolio Composition

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Fourth Quarter 2017

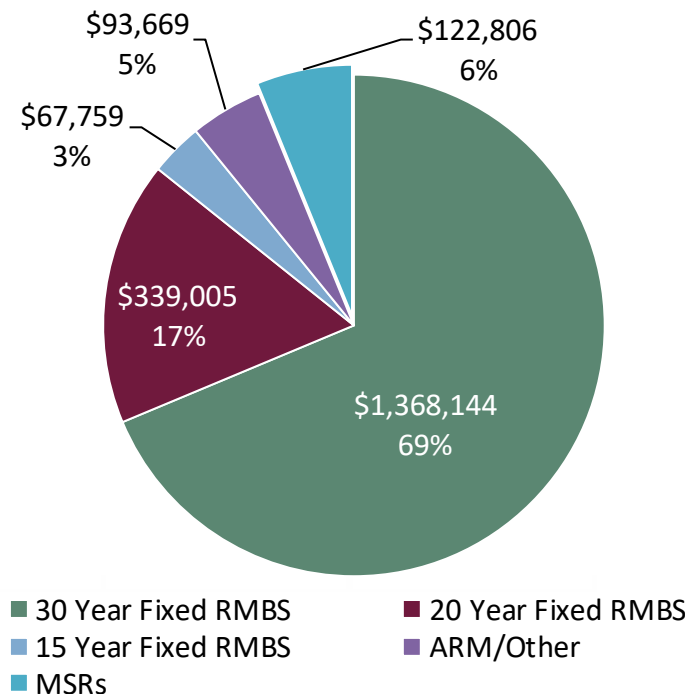
Equity Investment Composition:

\$322,457



Aggregate Investment Portfolio Composition:

\$1,991,383⁴



Servicing Related Assets represented approximately 26% of equity and 6% of assets at quarter end.

Note: All financial information As of December 31, 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 \$(27.7) million.

MSR Overview

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Fourth Quarter 2017

Commentary

Investments in MSRs totaled \$122.8 million, related to \$11.7 billion of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of December 31, 2017

Acquired over \$2 billion in Fannie Mae/Freddie Mac MSRs during 4Q17

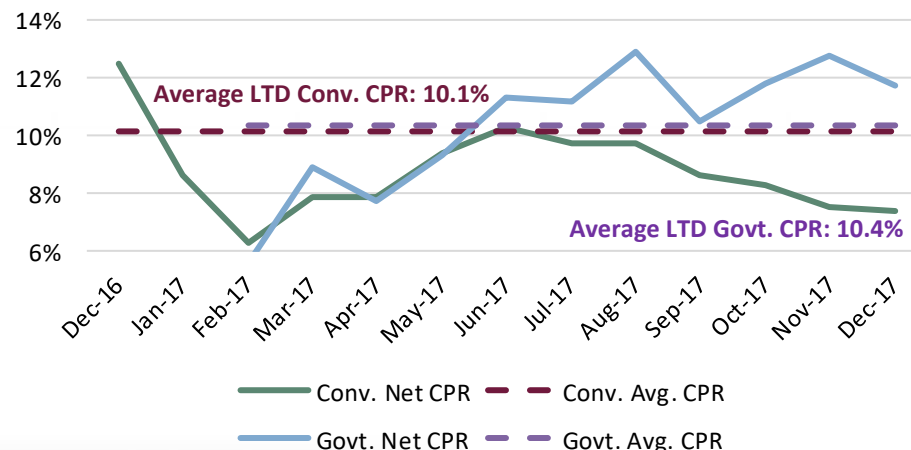
Total portfolio prepayment speeds continued to decline over the quarter

Portfolio experienced minimal increase in delinquency due to hurricane-related events

MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	5,723,640,567	2,000,756,192	3,986,254,429	11,710,651,189
Avg UPB (\$'000)	212,482	247,007	212,532	217,698
WAC	3.86	3.96	3.36	3.71
Net Servicing Fee	0.25	0.25	0.31	0.27
WAM (Mths)	297	318	333	313
WALA (Mths)	28	12	20	23
Original FICO	756	749	698	741
Original LTV	77.7	78.7	93.0	83.0
ARM %	0.1%	0.4%	0.0%	0.1%
60+ DQ	0.5%	0.1%	3.0%	1.3%

Historical Prepayment



Note: Figures presented are rounded. As of December 31, 2017. CPR values presented are annualized. CPR values are net of recapture.

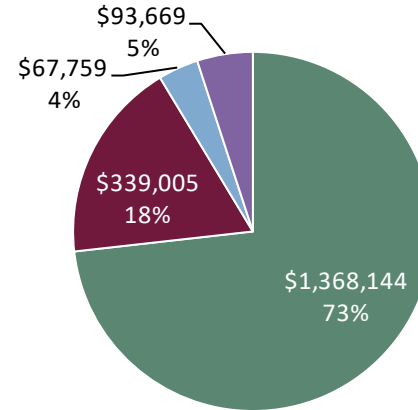
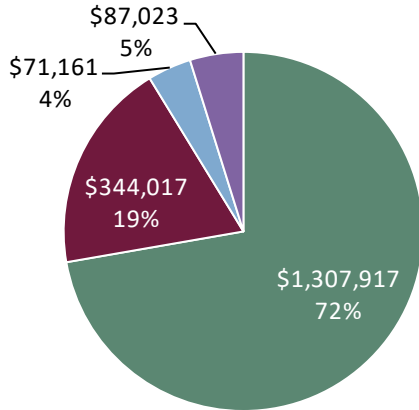
Fourth Quarter 2017 RMBS Highlights

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Fourth Quarter 2017

09/30/2017 RMBS Portfolio: \$1,810,118 (Incl. TBAs)

12/31/2017 RMBS Portfolio: \$1,868,577 (Incl. TBAs)



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

Current Portfolio Composition

30 Year Collateral: 73% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,340,479	98%	3.82	15.19	6.10	11.98
TBA	\$27,665	2%	3.58	N/A	N/A	N/A
Total 30 year MBS Collateral	\$1,368,144	100%	3.81	15.00	6.10	11.98
≤ 20 Year Collateral: 27% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$406,764	81%	3.66	20.74	8.37	11.20
Other	\$93,669	19%	5.26	18.69	0.60	4.93
Total 15 and 20 Year MBS	\$500,433	100%	3.96	20.36	6.92	10.03

Note: Figures presented are rounded. As of December 31, 2017. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

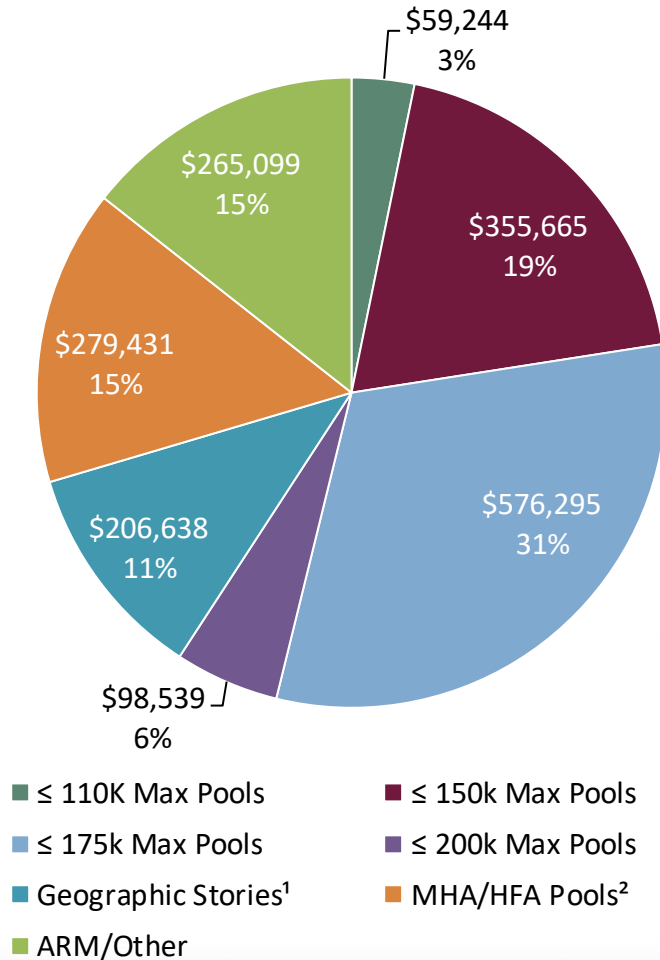
Source: CHMI management and The Yield Book Inc.

RMBS Portfolio with Prepayment Protection

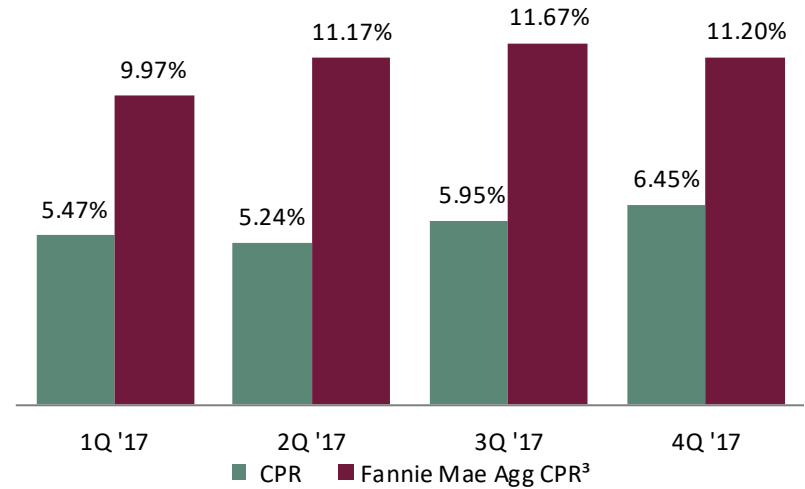
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Fourth Quarter 2017

RMBS Portfolio: \$1,840,912 (Ex. TBAs)



Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 6.4% for the Fourth Quarter

- Six month weighted average CPR of 6.2%
- Over the past twelve months, speeds on the RMBS portfolio outperformed FNMA aggregate speeds largely due to collateral composition

Note: Figures noted are rounded. As of December 31, 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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Fourth Quarter 2017

Duration Gap Sensitivity on Current Portfolio					
	December 31, 2017	- 25bps	+ 25bps	+50 bps	+ 100 bps
Assets					
RMBS Portfolio	3.46	2.87	3.97	4.43	5.18
Servicing Related Assets Portfolio	(1.73)	(2.38)	(1.50)	(1.16)	(0.64)
Total Assets	1.73	0.49	2.47	3.27	4.53
Liabilities, Swaps and Treasuries	(2.49)	(2.49)	(2.49)	(2.49)	(2.49)
Net Duration Gap (before Swaptions)	(0.77)	(2.00)	(0.02)	0.77	2.04
Swaptions	(0.14)	(0.07)	(0.24)	(0.36)	(0.52)
Net Duration Gap (including Swaptions)	(0.91)	(2.07)	(0.26)	0.41	1.52
Difference from Duration Gap as of December 31, 2017		(1.17)	0.64	1.32	2.42

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, 2017, the duration gap stood at -0.91 years

Assuming an instantaneous shift of +100 basis points in interest rates, the duration gap would move from -0.91 years to 1.52 years

Note: Figures presented are rounded. As of December 31, 2017.

Appendix



MSR – Conventional Sensitivity

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Appendix

MSRs Conventional Sensitivity Analysis¹

	December 31, 2017 ²					December 31, 2016 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$88,812	\$85,361	\$82,149	\$79,154	\$76,354	\$34,443	\$33,110	\$31,871	\$30,716	\$29,638
Change in FV	\$6,662	\$3,212		(\$2,996)	(\$5,796)	\$2,573	\$1,239		(\$1,155)	(\$2,232)
% Change in FV	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%
Estimated FV	\$89,240	\$85,583	\$82,149	\$78,814	\$75,678	\$34,963	\$33,355	\$31,871	\$30,497	\$29,222
Change in FV	\$7,090	\$3,434		(\$3,335)	(\$6,471)	\$3,093	\$1,485		(\$1,374)	(\$2,648)
% Change in FV	9.0%	4.0%		(4.0)%	(8.0)%	9.7%	4.7%		(4.3)%	(8.3)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$84,518	\$83,334	\$82,149	\$80,965	\$79,781	\$32,915	\$32,393	\$31,871	\$31,348	\$30,826
Change in FV	\$2,368	\$1,184		(\$1,184)	(\$2,368)	\$1,044	\$522		(\$522)	(\$1,044)
% Change in FV	3.0%	1.0%		(1.0)%	(3.0)%	3.3%	1.6%		(1.6)%	(3.3)%

Note: Figures noted are rounded. As of December 31, 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.
- December 31, 2017 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 10.5%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$70 per loan.
- 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 ¹					
December 31, 2017 ²					
Base Case					
Discount Rate Shift in %					
	(20)%	(10)%	-%	10%	20%
Estimated FV	\$45,133	\$42,790	\$40,656	\$38,707	\$36,920
Change in FV	\$4,477	\$2,134		(\$1,949)	(\$3,736)
% Change in FV	11.0%	5.0%		(5.0)%	(9.0)%
Voluntary Prepayment Rate Shift in %					
	(20)%	(10)%	-%	10%	20%
Estimated FV	\$42,910	\$41,872	\$40,656	\$39,383	\$38,112
Change in FV	\$2,253	\$1,216		(\$1,273)	(\$2,544)
% Change in FV	6.0%	3.0%		(3.0)%	(6.0)%
Servicing Cost Shift in %					
	(20)%	(10)%	-%	10%	20%
Estimated FV	\$42,309	\$41,483	\$40,656	\$39,830	\$39,003
Change in FV	\$1,653	\$827		(\$827)	(\$1,653)
% Change in FV	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of December 31, 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.
- December 31, 2017 analysis assumes weighted avg. discount rate of 12.0%; weighted avg. prepayment rate of 8.1%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$96 per loan.



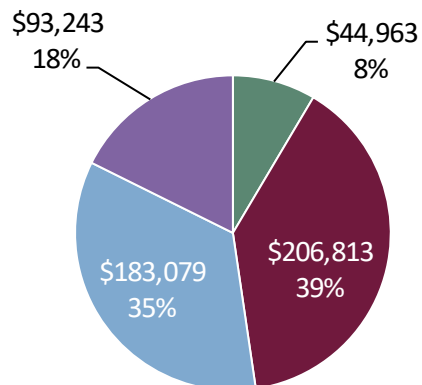
RMBS Portfolio Coupon Composition

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\$528,098 15/20 Year RMBS (Incl. TBAs)

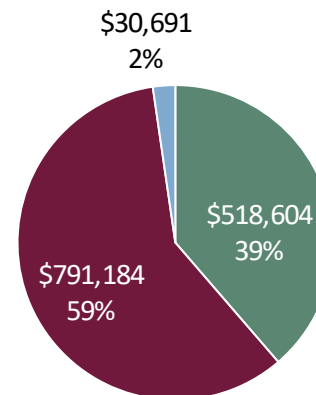
28% of Total RMBS Portfolio



■ 3.0 coupon ■ 3.5 coupon ■ 4.0 coupon ■ 5.27 coupon

\$1,340,479 30 Year RMBS (Incl. TBAs)

72% 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	\$68,568	3.24%	\$104.20	\$67,759	\$102.97	4%
20 Years	\$340,388	3.75%	\$105.18	\$339,005	\$104.75	18%
≥ 30 Years	\$1,347,525	3.82%	\$105.18	\$1,340,479	\$104.64	73%
MBS ARM/Other	\$87,232	5.26%	\$99.94	\$93,669	\$107.30	5%
Total / WA	\$1,843,714	3.86%	\$104.88	\$1,840,913	\$104.73	100%

Note: Figures presented are rounded. As of December 31, 2017. Dollars in thousands, unless otherwise noted.

Financing Highlights

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Commentary

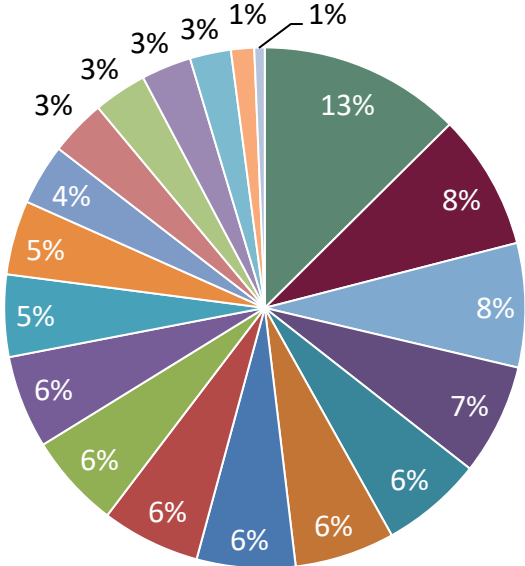
Average REPO cost was 1.47% with a weighted average days remaining to maturity of 46 days

30 REPO relationships established to date

Borrowings with 19 financing counterparties

Weighted average "haircut" of 5.2%

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	\$429,573	25.8%	1.44%	14	97
1 ≥ x < 3 Months	\$1,231,687	73.9%	1.48%	57	110
x ≥ 3 Months	\$5,277	0.3%	1.52%	127	185
Total / WA	\$1,666,537	100.0%	1.47%	46	107

Note: Figures presented are rounded. As of December 31, 2017. 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, 2017		December 31, 2016	
Assets				
RMBS, available-for-sale (including pledged assets of \$1,728,564 and \$608,560, respectively)	\$	1,840,912	\$	671,904
Investments in Servicing Related Assets at fair value (including pledged assets of \$122,806 and \$61,263, respectively)		122,806		61,263
Cash and cash equivalents		27,327		15,824
Restricted cash		29,168		22,469
Derivative assets		13,830		9,121
Receivables and other assets		16,642		12,297
Total Assets	\$	2,050,685	\$	792,878
Liabilities and Stockholders' Equity				
Liabilities				
Repurchase agreements	\$	1,666,537	\$	594,615
Derivative liabilities		344		694
Notes payable		39,025		22,886
Dividends payable		7,273		4,816
Due to affiliates		3,035		1,894
Payables for unsettled trades		-		6,202
Accrued expenses and other liabilities		12,014		5,762
Total Liabilities	\$	1,728,228	\$	636,869
Stockholders' Equity				
Series A Preferred stock, \$0.01 par value, 100,000,000 shares authorized and 2,400,000 shares issued and outstanding as of December 31, 2017 and 100,000,000 shares authorized and 0 shares issued and outstanding as of December 31, 2016, liquidation preference of \$60,000 as of December 31, 2017	\$	57,917	\$	-
Common stock, \$0.01 par value, 500,000,000 shares authorized and 12,721,464 shares issued and outstanding as of December 31, 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		229,642		148,457
Retained earnings		35,238		12,093
Accumulated other comprehensive income (loss)		(2,942)		(6,393)
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$	319,982	\$	154,232
Non-controlling interests in Operating Partnership		2,475		1,777
Total Stockholders' Equity	\$	322,457	\$	156,009
Total Liabilities and Stockholders' Equity	\$	2,050,685	\$	792,878

Note: Figures presented are rounded. As of December 31, 2017. Dollars in thousands.

Income Statement

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Consolidated Statements of Income

	Year Ended December 31,		
	2017	2016	2015
Income			
Interest income	\$ 42,049	\$ 30,722	\$ 27,712
Interest expense	19,881	7,808	5,983
Net interest income	22,168	22,914	21,729
Servicing fee income	24,034	7,579	1,719
Servicing costs	5,783	2,562	761
Net servicing income	18,251	5,017	958
Other income (loss)			
Realized gain (loss) on RMBS, net	(503)	1,399	854
Realized gain (loss) on derivatives, net	(5,554)	(7,963)	(3,913)
Unrealized gain (loss) on derivatives, net	6,580	12,080	(59)
Unrealized gain (loss) on investments in Excess MSRs	-	249	(19)
Unrealized gain (loss) on investments in MSRs	9,159	(3,285)	(1,123)
Total Income	\$ 56,779	\$ 31,931	\$ 18,876
Expenses			
General and administrative expense	3,817	3,284	3,081
Management fee to affiliate	4,347	2,946	2,783
Total Expenses	\$ 8,164	\$ 6,230	\$ 5,864
Income Before Income Taxes	48,615	25,701	13,012
(Benefit from) provision for corporate business taxes	601	458	(343)
Net Income	\$ 48,014	\$ 25,243	\$ 13,355
Net (income) loss allocated to noncontrolling interests in Operating Partnership	(655)	(411)	(141)
Dividends on preferred stock	1,833	-	-
Net Income Applicable to Common Stockholders	\$ 45,526	\$ 24,832	\$ 13,214
Net income Per Share of Common Stock			
Basic	\$ 3.98	\$ 3.31	\$ 1.76
Diluted	\$ 3.98	\$ 3.30	\$ 1.76
Weighted Average Number of Shares of Common Stock Outstanding			
Basic	11,443,493	7,512,444	7,509,543
Diluted	11,450,831	7,523,297	7,512,444

Note: Figures presented are rounded. As of December 31, 2017. Dollars in thousands, except per-share figures.

Comprehensive Income

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Consolidated Statement of Comprehensive Income			
	Year Ended December 31,		
	2017	2016	2015
Net income (loss)	\$ 48,014	\$ 25,243	\$ 13,355
Other comprehensive income (loss):			
Net unrealized gain on RMBS	2,948	(4,797)	(5,984)
Reclassification of net realized (gain) loss on RMBS included in earnings	503	(1,399)	(854)
Other comprehensive income	3,451	(6,196)	(6,838)
Comprehensive income	\$ 51,465	\$ 19,047	\$ 6,517
Comprehensive income attributable to noncontrolling interests in Operating Partnership	\$ 702	\$ 311	\$ 69
Dividends on preferred stock	\$ 1,833	\$ -	\$ -
Comprehensive income attributable to common stockholders	\$ 48,930	\$ 18,736	\$ 6,448

Note: Figures presented are rounded. As of December 31, 2017. Dollars in thousands.

Core Earnings

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Core Earnings

	Year Ended December 31,		
	2017	2016	2015
Net income (loss)	\$ 48,014	\$ 25,243	\$ 13,355
Other comprehensive income (loss):			
+ Realized (gain) loss on RMBS, net	503	(1,399)	(854)
+ Realized (gain) loss on investments in Excess MSRs, net	(6,678)	(1,520)	-
+ Realized loss on derivatives, net	5,554	7,963	3,913
+ Realized loss on acquired assets, net	-	-	(449)
+ Unrealized (gain) loss on derivatives, net	(6,580)	(12,080)	59
+ Unrealized (gain) loss on investments in Excess MSRs	-	(249)	19
+ Unrealized (gain) loss on investments in MSRs	(9,159)	3,285	1,123
+ Tax (benefit) expense on unrealized (gain) loss on MSRs	704	862	-
+ Estimated 'catch up' premium amortization cost	2,245	(2,358)	(1,862)
+ Changes due to realization of expected cash flows	(9,666)	(3,512)	(430)
+ Reversal of loss on acquired assets, net	-	244	-
+ Yield maintenance income	2,750	250	-
Total core earnings:	\$ 27,687	\$ 16,729	\$ 14,874
Core earnings attributable to noncontrolling interests in Operating Partnership	(378)	(272)	(157)
Dividends on preferred stock	1,833	-	-
Core Earnings Attributable to Common Stockholders	\$ 25,476	\$ 16,457	\$ 14,717
Core Earnings Attributable to Common Stockholders, per Share	\$ 2.22	\$ 2.19¹	\$ 1.96²
GAAP Net income (Loss) Per Share of Common Stock	\$ 3.98	\$ 3.30	\$ 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 cash flows (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 amortization (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 December 31, 2017.

- 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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Appendix

Results of Operations				
	Servicing Related			
	Assets	RMBS	All Other	Total
Year Ended December 31, 2017				
Interest income	\$ 523	\$ 41,526	\$ -	\$ 42,049
Interest expense	506	19,375	-	19,881
Net interest income	17	22,151	-	22,168
Servicing fee income	24,034	-	-	24,034
Servicing costs	5,783	-	-	5,783
Net servicing income	18,251	-	-	18,251
Other income	15,837	523	-	16,360
Other operating expenses	-	-	8,164	8,164
(Benefit from) provision for corporate business taxes	601	-	-	601
Net income (loss)	\$ 33,504	\$ 22,674	\$ (8,164)	\$ 48,014
December 31, 2017				
Investments	\$ 122,806	\$ 1,840,912	\$ -	\$ 1,963,718
Other assets	8,281	48,631	30,055	86,967
Total assets	131,087	1,889,543	30,055	2,050,685
Debt	39,025	1,666,537	-	1,705,562
Other liabilities	6,575	4,385	11,706	22,666
Total liabilities	45,600	1,670,922	11,706	1,728,228
Book value	\$ 85,487	\$ 218,621	\$ 18,349	\$ 322,457
Leverage				
December 31, 2017	0.46x	7.62x	-x	5.29x

Note: Figures presented are rounded. As of December 31, 2017. Dollars in thousands.

RMBS Net Interest Spread

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Appendix

RMBS Net Interest Spread				
	At December 31, 2017	At September 30, 2017	At June 30, 2017	At March 31, 2017
Weighted Average Asset Yield	2.91%	2.91%	3.44%	2.75%
Weighted Average Interest Expense	1.64%	1.65%	1.66%	1.33%
Net Interest Spread	1.27%	1.26%	1.78%	1.42%

Note: Figures presented are rounded. As of December 31, 2017.

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 \$1.1 billion notional fixed pay swaps	x ≤ 3 Years	\$313,600	1.52%	1.45%	1.6
4.4 years weighted average duration	3 > x ≤ 5 Years	274,300	1.80%	1.42%	4.4
	5 > x ≤ 7 Years	304,050	1.98%	1.46%	6.3
Covers 64% of aggregate REPO borrowings	7 > x ≤ 10 Years	172,000	2.16%	1.44%	9.3
	x > 10 Years	4,000	2.00%	1.41%	14.1
	Total / WA:	\$1,067,950	1.83%	1.44%	4.9

Interest Rate Swaptions
\$155 million notional
Options to enter into fixed pay swaps prior to December 2018
1.9 year weighted average duration

Note: Figures presented are rounded. As of December 31, 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 recapture partner
- **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