



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

JMP Financial Services and Real Estate Conference

September 21, 2015

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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.



Cherry Hill Overview



Investment Highlights

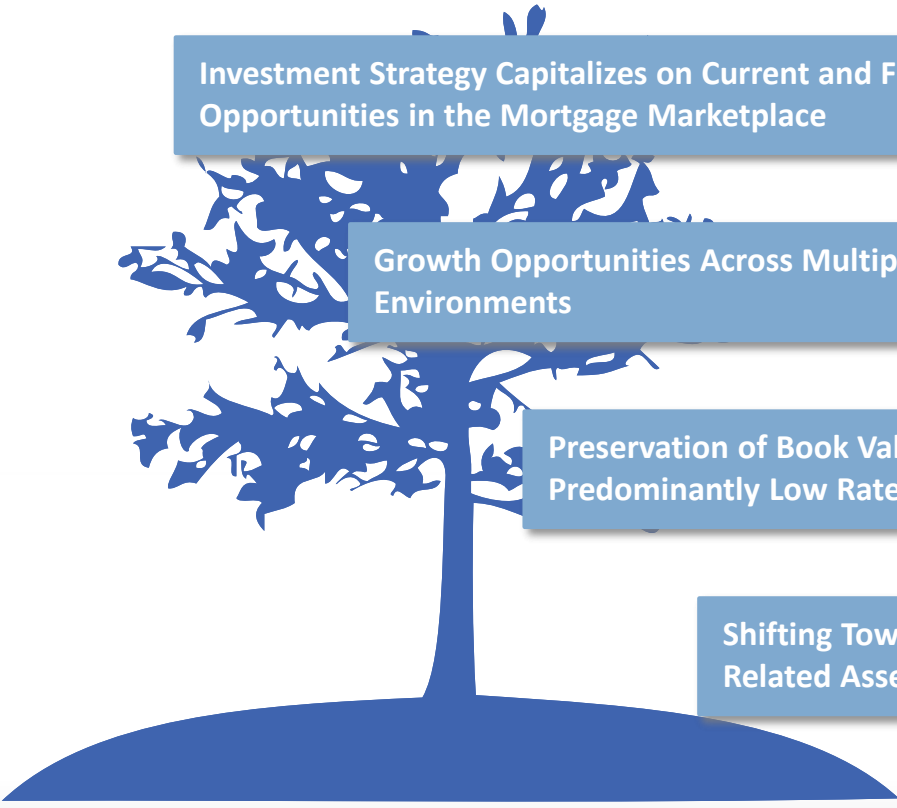
Experienced Management Team with 20+ Years of Experience Originating, Servicing and Investing in Residential Mortgages

Investment Strategy Capitalizes on Current and Future Opportunities in the Mortgage Marketplace

Growth Opportunities Across Multiple Interest Rate Environments

Preservation of Book Value Despite High Volatility in a Predominantly Low Rate Environment over the Last Two Years

Shifting Toward More Operational Business, Focus on Servicing Related Assets



Management Team



Jay Lown
*President &
Chief Investment
Officer*

- Joined Freedom in 2012 as Executive Vice President responsible for the Capital Markets group
- 20+ years of experience in the financial services industry and the residential mortgage market
- Prior to joining Freedom, held senior roles in mortgage trading, banking and risk management at UBS and Citigroup, and served as a senior advisor to the Office of Thrift Supervision during the financial crisis



Martin Levine
*Chief Financial
Officer,
Secretary &
Treasurer*

- Joined Freedom in 2012 as Executive Vice President in charge of servicing oversight and financial reporting
- Prior to joining Freedom, built a 20+ year career in senior officer positions, managing the operations of privately held and publicly traded residential and commercial real estate related investment companies
- CPA and a member of the American Institute of Certified Public Accountants



Julian Evans
*Senior Portfolio
Manager*

- Joined Freedom in 2013 as a Senior Vice President and has 20+ years of experience in financial services
- Prior to joining Freedom, served as Head of the MBS Sector Team and Senior Portfolio Manager for Deutsche Asset Management from April 2004 to September 2012
- Led a team that managed RMBS assets for institutional, insurance and retail clients

Investment Strategy Designed to Capitalize on Attractive Market Opportunity

Cherry Hill Overview

Servicing Related Assets

- ✓ Portfolio of Excess MSR from three pools of mortgage loans totaling \$16.9 billion in UPB as of June 30, 2015
- ✓ Recent acquisition of Aurora Financial Group (“Aurora”) enables CHMI to purchase full GSE MSRs going forward
- ✓ Cherry Hill expects to create Excess MSRs from full MSRs we purchase
- ✓ Net asset value appreciation possible as interest rates rise
- ✓ Strategic alliance with Freedom Mortgage continues to provide a competitive advantage

Agency RMBS

- ✓ Focus on pools of loans with favorable prepayment characteristics
- ✓ Targeting pools that exhibit a more defined duration characteristic
- ✓ Highly liquid asset used to opportunistically fund other strategies

Non-Agency Mortgage Loans

- ✓ Market for non-conforming loans is expected to grow
- ✓ U.S. Government has expressed a desire to decrease its role in the mortgage markets
- ✓ FHLB membership is key to this strategy

Note: Figures presented are rounded. As of June 30, 2015, unless noted otherwise.

Cherry Hill Invests in Servicing Related Assets and Other Residential Mortgage Assets

Cherry Hill: Attractive Investments in MSRs, Partnership with Leading Originator

Target Assets

- Excess Mortgage Servicing Rights ("Excess MSRs")
- Full MSRs
- RMBS – Agency and Private Label
- Prime Whole Loans

Objective

- Generate attractive current yields and risk-adjusted total returns through dividend distributions and secondarily through capital appreciation

What are Excess MSRs?

- Mortgage Servicing Rights (MSRs) are receivables with the contractual right to cash flows from servicing mortgage loans
- These assets are capitalized on balance sheet

- Excess MSRs are the cash flows generated by MSRs after paying a basic fee for the actual costs of servicing-related functions

Total servicing fee¹ of 25 basis points on the balance of the mortgage



Basic servicing fees of 12.5 basis points depending on the cost to service



The Excess MSR of 12.5 basis points

1. GSE fees shown are for illustrative purposes.

Growth Opportunities Across Environments

Regulatory Environment

- More stringent regulatory environment may result in banks divesting significant MSR portfolios over the next 3-5 years
- Large banks have reduced their mortgage banking presence post crisis, opening the door for non bank originators to fill the gap

Rate Environment



- **Expect increase in MSR sales on a flow and bulk basis**
 - Smaller originators may sell as margins compress and they need liquidity
 - Banks may sell as MSR values rise and push against regulatory limits
 - Non-banks can help bridge these gaps by purchasing MSRs on a bulk and flow basis



- **Origination volumes should rise creating more potential MSR acquisition opportunities**
- **Freedom Mortgage's proven recapture ability mitigates prepayment risk to CHMI's current Excess MSR position**
 - Recapture agreements with Freedom Mortgage are structured to mitigate the effects of prepayments over many years on Excess MSR co-investments between Freedom Mortgage and CHMI

Milestones to Accomplishing our Long-Term Strategy

IPO Goal – October 2013

Accomplishments through 2Q15

Preserve capital and manage a portfolio of high quality investments

✓ Seven consecutive quarters of stabilizing and preserving book value; one of the few mREITs that increased book value in 2Q15

Focus on Servicing Related Assets to take advantage of rising rate environment, including purchasing full MSR

✓ Aurora acquisition closed in 2Q15 which provides CHMI with FNMA and FHLMC seller/servicer approvals and ability to acquire full GSE MSR

Diversify sources of financing to provide CHMI with additional capital for investments

✓ Closed term loan in 2Q15, secured by CHMI's existing portfolio of Excess MSR

✓ Captive insurance subsidiary became member of FHLBI, providing access to additional financing options and services

Second Quarter 2015



Second Quarter 2015 Highlights

Second Quarter 2015

Financial Results

\$0.49 dividend per share declared and paid¹

✓ \$3.48 dividends distributed life to date

\$20.96 GAAP book value per common share²

✓ 0.9% increase, net of dividend

\$0.48 core income per share³

\$0.49 dividend eligible income per share³

Portfolio Update

2.50x leverage ratio for aggregate portfolio

6.28x leverage ratio for RMBS

1.46% net interest spread for RMBS

8.2% CPR for RMBS⁴

57% recapture on Pool 2 investment; 51% recapture across all Excess MSRs

14% Net CPR for Excess MSRs

7% CPR in June 2015 for full MSRs

Q2 2015 Milestones

CHMI's captive insurance subsidiary, CHMI Insurance Company, became a member of the Federal Home Loan Bank of Indianapolis on June 26th, 2015

In May 2015, CHMI drew down \$7.5 million of the \$25 million NexBank term loan

Note: Figures presented, except per share data, are rounded. As of June 30, 2015.

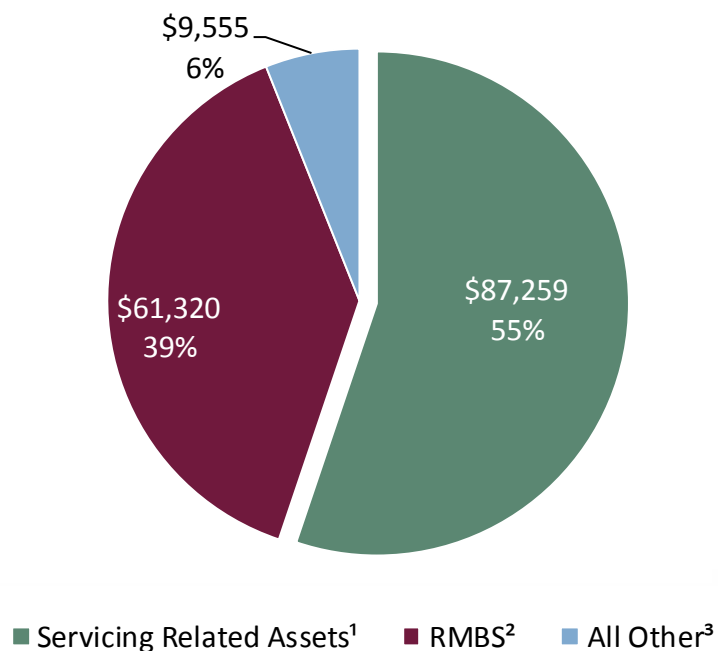
- 1. Second quarter 2015 \$0.49 dividend was paid in cash on July 28, 2015 to stockholders of record on June 30, 2015.*
- 2. Based on 7,509,543 common shares outstanding at June 30, 2015.*
- 3. Based on 7,509,543 fully diluted weighted average common shares outstanding at June 30, 2015.*
- 4. Actual weighted average CPR for the three month period ended June 30, 2015.*

Aggregate Investment Portfolio Composition

Second Quarter 2015

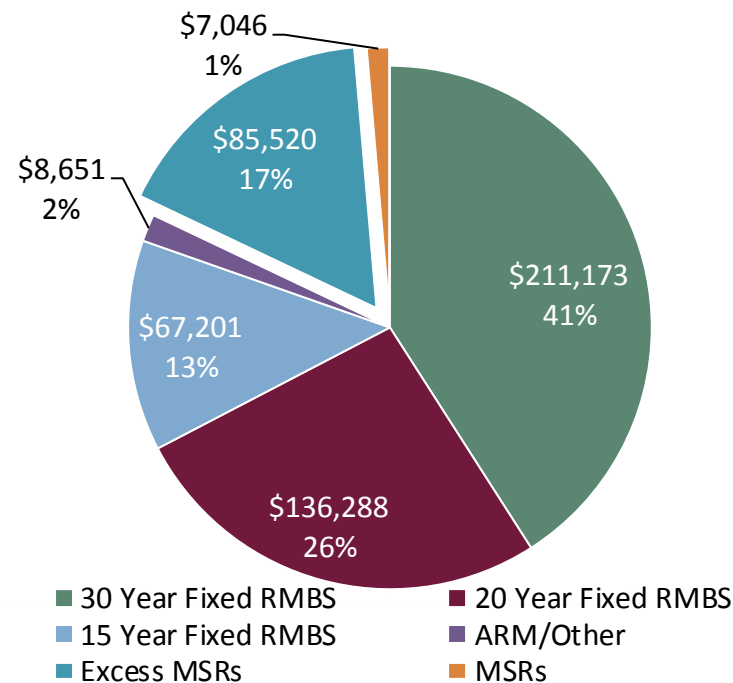
Equity Investment Composition:

\$158,134



Aggregate Investment Portfolio Composition:

\$515,879⁴



Servicing Related Assets represented approximately 55% of equity and 18% of assets at quarter end

Note: All financial information as of June 30, 2015, 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. Includes TBAs with a fair market value of approximately (\$10) million; excludes cash and other derivatives.

Aggregate Portfolio Rate Sensitivity Analysis

Second Quarter 2015

Duration Gap Sensitivity on Current Portfolio				
	June 30, 2015	+50 Bps	+100 Bps	+200 Bps
Assets				
RMBS Portfolio	3.20	3.70	4.06	4.44
Servicing Related Assets Portfolio	(2.02)	(1.16)	(0.60)	(0.47)
Total Assets	1.18	2.55	3.46	3.97
Liabilities, Swaps and Treasuries	(2.35)	(2.35)	(2.35)	(2.35)
Net Duration Gap (before Swaptions)	(1.17)	0.19	1.11	1.61
Swaptions	(0.01)	(0.41)	(0.91)	(1.46)
Net Duration Gap (including Swaptions)	(1.18)	(0.22)	0.20	0.15
Difference from Duration Gap as of June 30,2015		0.96	1.38	1.34

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 June 30, 2015, the duration gap stood at -1.18 years

Assuming an instantaneous shift of +200 basis points in interest rates, the duration gap would move from -1.18 years to +0.15 years

Note: Figures presented are rounded. As of June 30, 2015.

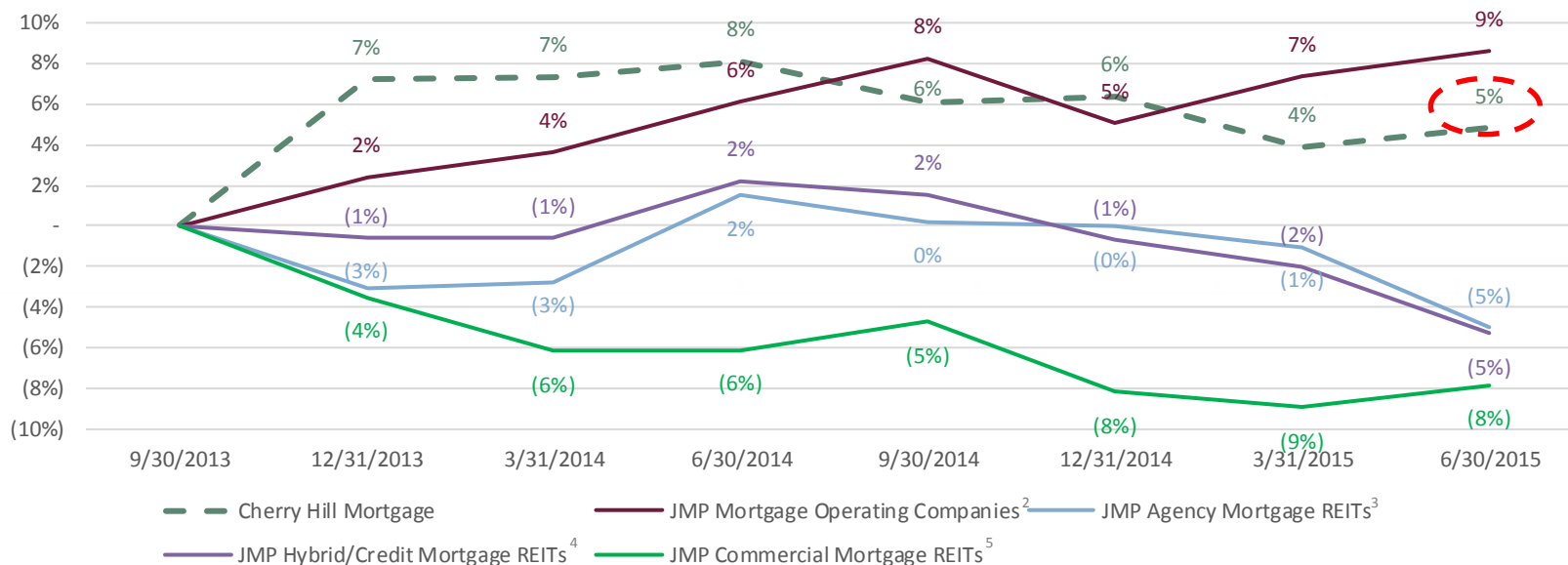
Stewards of Book Value – High Quality Portfolio in Difficult Macro Environment

Second Quarter 2015

Commentary

- Cherry Hill has protected and defended Book Value every quarter since inception
- Our portfolio composition has consistently provided stable cash flows in a volatile market
- Strong recapture results have helped to stabilize prepay speeds on the Excess MSR's, which contributed to capital preservation

Book Value Change since Cherry Hill IPO¹



Source: SNL Financial.

1. Quarterly data presented with September 30, 2013 as base year. Cherry Hill Mortgage Investment Corporation IPO on October 4, 2013 with Book Value of \$20.00 per share.
2. JMP Mortgage Operating Companies include CHMI, NRZ, NSM, OCN, PFSI, PHH, PMT, RWT, SGM, WAC, WD and ZFC.
3. JMP Agency Mortgage REITs include AGNC, ANH, ARR, CMO, CYS, EARN, HTS, NLY and ORC.
4. JMP Hybrid/Credit Mortgage REITs include AI, AJX, AMTG, CIM, DX, EFC, IVR, JMI, MFA, MITT, MTGE, NYMT, OAKS, TWO and WMC.
5. JMP Commercial Mortgage REITs include AI, AJX, AMTG, CIM, DX, EFC, IVR, JMI, MFA, MITT, MTGE, NYMT and OAKS.



Outlook for Cherry Hill



Current Market Opportunity

Economic Considerations

- The 3rd quarter to date can only be described as agitated: global growth concerns, flight to quality trades and increased volatility have been the main themes of the quarter
- China's weaker than expected growth and currency devaluation spurred a flight to quality and questioned central bank policies
- The US recovery is on track and remains the single bright spot globally. European and Asian economies, however, continue to search for stability
- Global bond market liquidity is struggling as volatility has increased regarding the Fed and ECB policies

Interest Rate Considerations

- Last week, all eyes were on the Fed as they evaluated the timeframe around a rate hike
- Global equity and commodity asset declines are having the Fed question its ability to raise rates in 2015
- The immediate reaction to the Fed's decision not to raise rates due to global concerns has investors minimizing risk. Fed may have caused more harm than good as investors are questioning if there are bigger concerns to be worried about.
- Rates saw a healthy rise in second quarter 2015, but have subsided during the 3rd quarter aided by macro concerns

Origination Considerations

- A gradual increase in rates over near term will not shut down the origination refinance engine
- Non-bank mortgage originations, as a percentage of total originations, continues to grow
- Banks and thrifts have reduced their MSR holdings – creating significant opportunities for non bank servicers

Servicing Related Assets Represent our Most Attractive Near Term Investment Opportunity

Outlook for Cherry Hill

CHMI has always viewed Servicing Related Assets as an attractive investment opportunity, especially in a rising rate environment

Recently acquired Aurora, which provided CHMI with FNMA and FHLMC seller/servicer approvals and ability to acquire full GSE MSR

Having flexibility to purchase the whole MSR gives us a wider potential market with the ability to create Excess MSR organically

Actively evaluating and bidding on full MSR portfolios that meet our investment criteria

MSR ownership represents a focus on becoming a more servicing-centric business and diversifies our sources of income and investment opportunities

Cherry Hill Going Forward

Overall Long-Term Strategy: Make Quality Investments Focused on Maximizing Long-Term Shareholder Value

Diversified Asset Base	<ul style="list-style-type: none">▪ Focus on diversifying sources of income<ul style="list-style-type: none">• Grow Servicing Related Assets portfolio▪ Utilize Agency RMBS as a funding source for investments in other asset classes<ul style="list-style-type: none">• Servicing Related Assets• Non Agency RMBS• Prime Jumbo whole loans
Consistent and Stable Earnings	<ul style="list-style-type: none">▪ Expect diversification efforts to result in stable cashflows▪ Foundation in place to pursue opportunities to generate sustainable, attractive risk-adjusted returns
Built to Withstand Varied Markets	<ul style="list-style-type: none">▪ Cherry Hill is positioned to grow and diversify business over multiple economic and interest rate environments; remain positioned to take advantage of a rising rate environment

Capital preservation will continue to be paramount for Cherry Hill as we work to protect and defend book value.

