



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Third Quarter 2014 Investor Presentation

November 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.

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Third Quarter 2014



Market Overview

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Third Quarter 2014

Macroeconomic Environment

Domestic vs. global recovery

- § US recovery established, however globally, uncertainty remains
- § Western European, Chinese and Japanese economic weakness weighs on financial markets

Fed ends QE3

- § Outright purchases have been eliminated, yet reinvestment of mortgage amortization continues, adding volatility to markets

Rates

Volatility steadily increased, despite a modest rally in rates over the quarter

- § Mortgages underperformed the treasury and swap hedges into the rally
- § Fed delivered mixed messages to a skittish market

Global uncertainties pushed US rates lower at quarter end

- § Persistent 3rd quarter themes continue to gain traction in 4th quarter
 - Global economic softness coupled with limited inflation

Real Estate Related

Housing recovery has been bumpy and fragile

- § Credit availability remains a constraint to the recovery
- § Home ownership levels still well below historical norms
- § Home price appreciation moderating as “Buy to Rent” trade takes a breather
- § Less distressed sales should provided support for stronger HPA

Mortgage Landscape

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Third Quarter 2014

Commentary

The long end of the treasury curve continued to rally as global growth and inflation expectations were reduced

§ Mortgages struggled to keep pace with the treasury curve flattening in the 3rd quarter

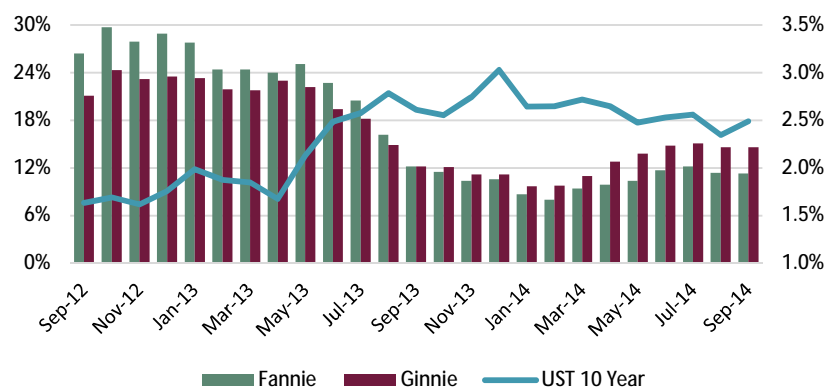
Prepayment speeds finally beginning to increase in response to rate rally over last two quarters

§ VA loans have experienced the highest increase in prepayment speeds given lower regulatory hurdles

Yield Curve Changes¹



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
3Q 2014	0.5690	1.7570	2.4900	3.1970	102-09	105-14	107-30	110-13	0.8185	1.2950	1.9329	2.6390	3.1895
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

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

1. Source: Bloomberg Data As of September 30, 2014.

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



Third Quarter 2014 Highlights

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Third Quarter 2014

Financial Results

\$0.51 dividend per share declared and paid¹

ü \$1.97 dividends distributed life to date

\$21.22 GAAP book value per common share²

ü 1.8% decrease, net of dividend

\$0.11 comprehensive income per share³

ü \$0.52 taxable income per share³

13.6% total return year to date⁴

ü 19.0% total return life to date⁴

Portfolio Update

2.06x debt-to-equity for aggregate portfolio

6.29x debt-to-equity for RMBS

1.55% net interest spread for RMBS

5.03% CPR for RMBS⁵

Over 50% recapture on Pool 2 investment

13% Net CPR for Excess MSR

LTD approximately \$1.3 billion of MSR from Pool 2 have been refinanced, and recaptured, by Freedom Mortgage into 30-year fixed rate loans

Key Initiatives

Licensing completed for 15 of 17 states⁶

Expecting agency approvals by the end of the first quarter 2015

Evaluating leverage opportunities on excess MSR and Full MSR

Implementing infrastructure necessary for whole loan strategy

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

1. *Third quarter 2014 \$0.51 dividend was paid in cash on October 28, 2014 to stockholders of record on September 30, 2014.*

2. *Based on 7,509,543 common shares outstanding at October 30, 2014.*

3. *Based on 7,508,589 fully diluted weighted average common shares outstanding at September 30, 2014.*

4. *Source: SNL Financial.*

5. *Actual weighted average CPR for the three month period ended September 30, 2014.*

6. *As of November 7, 2014.*



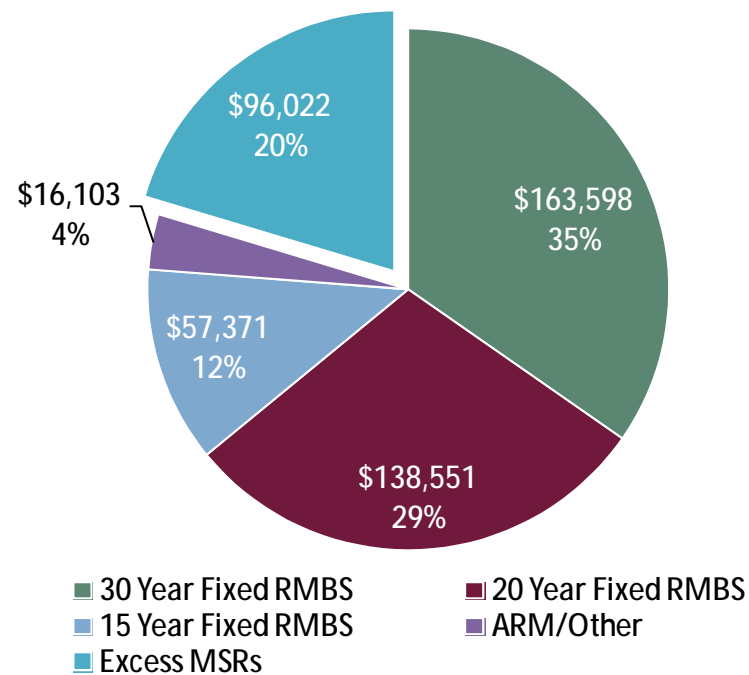
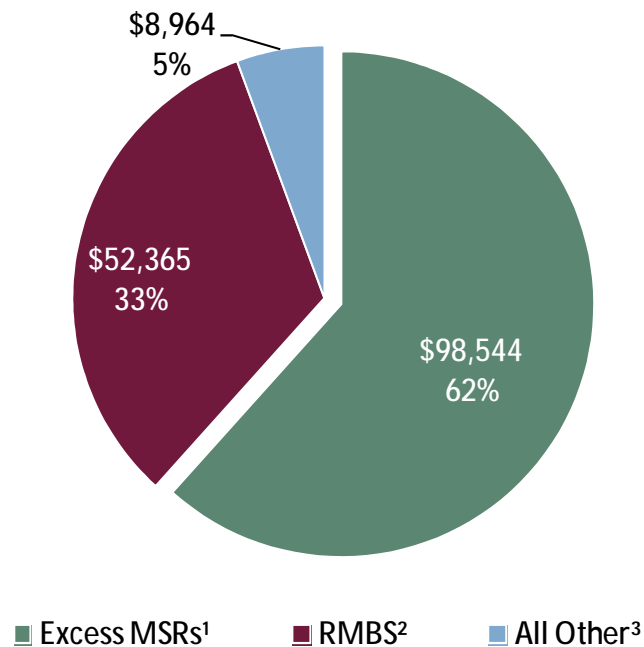
Aggregate Investment Portfolio Composition

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Third Quarter 2014

Equity Investment Composition:
\$159,873

Aggregate Investment Portfolio Composition:
\$471,644⁴



Excess MSR represented approximately 62% of equity and 20% of assets at quarter end.

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

1. Comprised of Excess MSR 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 (\$21); excludes cash and other derivatives.



Excess MSR 3Q14 Overview

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Third Quarter 2014

Commentary

Recapture activity remained robust as mortgage rates declined

- § 13% Net CPR and 34% recapture on total portfolio
- § \$671 million of loans recaptured on total portfolio with Pool 2 making up 92% of recapture activity
- § Produced \$7.8 million in cash flow, including \$3.5 million in interest income

Characteristics

	Initial						Current (9/30/14) ¹					Net CPR		Recapture Rate	
	UPB	WAC	WAM	WALA	FICO	30+ DQ	UPB	WAC	WAM	WALA	30+ DQ	Q3 '14	Q2 '14	Q3 '14	Q2 '14
Pool 1	\$10,026,722	3.5%	338	9	706	3.0%	\$9,033,778	3.5%	326	21	4.6%	11%	9%	14%	4%
Pool 2	10,704,024	2.6%	343	15	682	6.9%	8,764,331	2.8%	335	23	10.5%	15%	18%	53%	55%
Pool 2014	334,672	3.7%	349	8	692	3.4%	318,369	3.7%	344	13	5.4%	10%	7%	63%	20%
Total / WA	\$21,065,418	3.1%	341	12	694	5.0%	\$18,116,478	3.2%	331	22	7.5%	13%	14%	34%	29%

Investment Details

	Initial		Current Cash Flows (9/30/14) 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	\$2,006	\$1,997	\$4,003	\$96,359	\$52,609	\$5,146	\$57,755	14%	14%
Pool 2	10,704,024	38,407	2,284	1,416	3,700	46,753	28,719	7,658	36,376	18%	18%
Pool 2014	334,672	2,174	59	64	123	3,839	2,076	(185)	1,891	12%	12%
Total / WA	\$21,065,418	\$101,142	\$4,349	\$3,477	\$7,826	\$146,952	\$83,403	\$12,619	\$96,022	16%	16%

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

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

Excess MSR Performance

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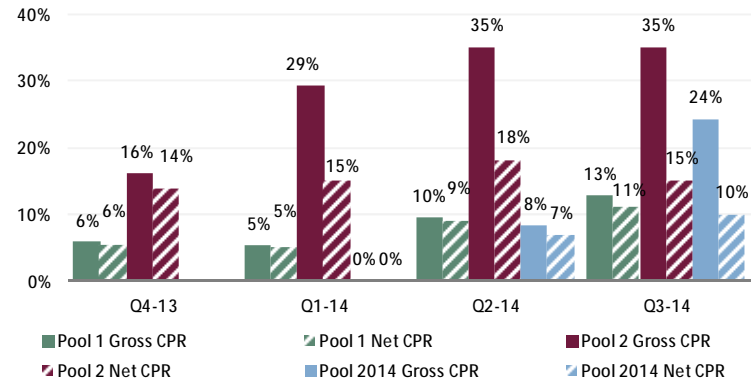
Commentary

Recapture rate increased by 16% over prior quarter resulting in a decrease of Net CPR from prior quarter

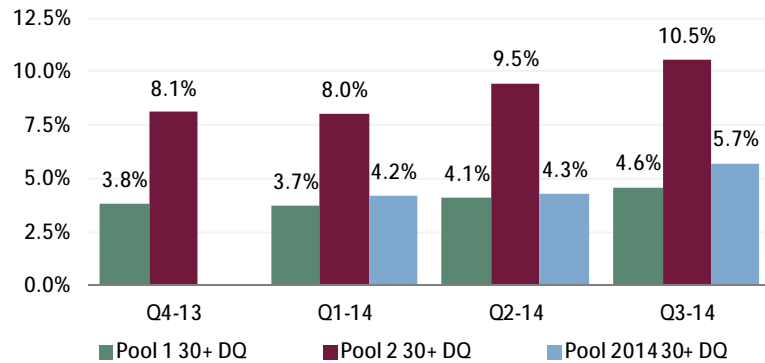
Gross CPR remained elevated as borrowers took advantage of the continued low rate environment and summer seasonality

Delinquency continues to increase in large part due to portfolio runoff and long liquidation timelines

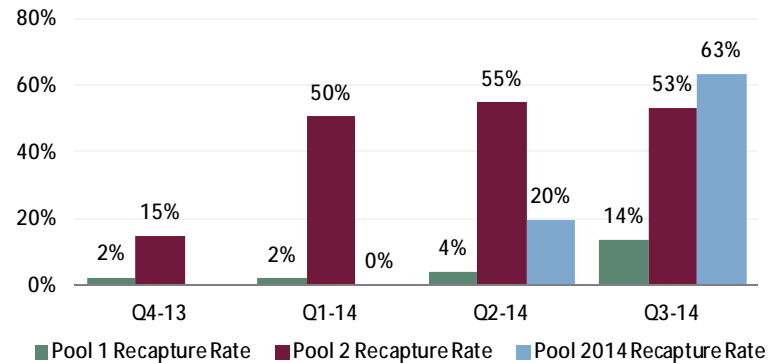
Historical CPR



Historical Delinquency Performance



Historical Recapture Performance



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

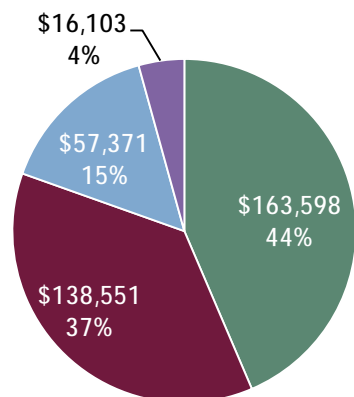


Third Quarter 2014 RMBS Highlights

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Third Quarter 2014

RMBS Portfolio: \$375,622¹



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

Commentary

RMBS portfolio totaled approximately \$376 million¹

Investment strategy focused on shorter duration assets

- § 15 year and 20 year assets represented 54% of the RMBS portfolio
- § During the quarter, portfolio composition shifted from 15 year collateral to 20 year, 30 year and ARM/Other collateral

Current Portfolio Composition

30 Year Collateral: 46% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Collateral	\$163,598	94%	4.04	16.00	6.23	11.62
Hybrid Arm	10,421	6%	3.01	2.00	1.34	20.26
Total 30 Year MBS	\$174,019	100%	3.97	15.17	5.94	12.14
≤ 20 Year Collateral: 54% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Collateral	\$195,921	97%	3.71	11.76	7.24	11.31
Other	5,682	3%	4.04	14.81	3.12	8.08
Total 15 and 20 Year MBS	\$201,603	100%	3.72	11.85	7.13	11.22

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

Source: CHMI management and The Yield Book Inc.

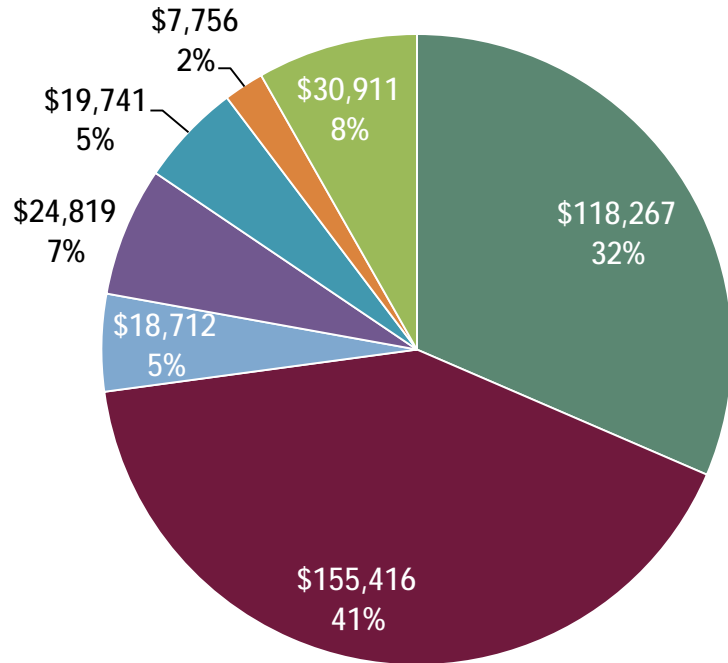
1. Includes TBAs with a fair market value of approximately (\$21).

RMBS Portfolio with Prepayment Protection

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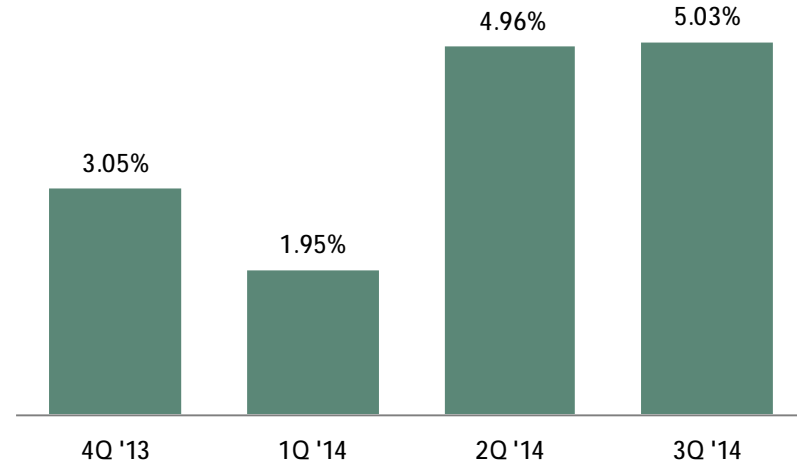
Third Quarter 2014

RMBS Portfolio (Excludes TBAs): \$375,662



- ≤ 110K Max Pools
- ≤ 150k Max Pools
- ≤ 175k Max Pools
- MHA Pools²
- ARM/Other
- Geographic Stories¹
- Low Fico Stories³

Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 5.03% for the third quarter 2014

- § Six month weighted average CPR of 5.00%
- § Recent downward pressure on interest rates may result in increased prepayment speeds in the near term
- § We expect the portfolio's loan balance collateral to help dampen the effects of lower interest rates

Note: Figures noted are rounded. As of September 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.



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Aggregate Portfolio Rate Sensitivity Analysis

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Duration Gap Sensitivity on Current Portfolio				
	September 30, 2014	+50 Bps	+100 Bps	+200 Bps
Assets				
RMBS Portfolio	3.43	3.81	4.02	4.26
MSR Portfolio	(0.98)	(0.55)	(0.43)	(0.20)
Total Assets	2.45	3.26	3.59	4.06
Liabilities, Swaps and Treasuries				
	(2.31)	(2.31)	(2.31)	(2.31)
Net Duration Gap (before Swaptions)	0.14	0.95	1.28	1.75
Swaptions				
	(0.23)	(0.40)	(0.74)	(1.71)
Net Duration Gap (including Swaptions)	(0.09)	0.55	0.54	0.04
Difference from Duration Gap as of September 30, 2014		0.63	0.63	0.13

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

Net duration gap was near neutral throughout the third quarter

At September 30, 2014, the duration gap stood at -0.09 years

Assuming an instantaneous shift of +100 basis points in interest rates, the duration gap would extend +0.54 years

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

Appendix



Pool 1: Overview

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Appendix

Commentary

Received \$16.1 million of LTD cash flow, representing 26.6% of initial investment through September 30, 2014

Experienced 11% Net CPR in 3Q14; 8% Net CPR life to date

Recapture rate increased by over 240%, quarter-over-quarter

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	9.0	3.5%	326	21	4.6%	2.8%	44%	56%	99%
Recaptured	-	0.0	4.1%	350	2	2.8%	0.7%	26%	74%	100%	-
Total / WA	10.0	9.0	3.5%	326	21	4.6%	2.7%	44%	56%	99%	1%

Cash Flow & Prepayment Performance ¹	Cash Flows (\$MM)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14
	Original	4.0	4.1	11%	9%	2%	1%	13%	10%	13%	4%	11%
Recaptured	0.0	0.0	34%	14%	0%	0%	34%	14%	58%	100%	15%	0%
Total / WA	4.0	4.1	11%	9%	2%	1%	13%	10%	14%	4%	11%	9%

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 1 ³	60.6	96.4	16.1	52.6	57.8	14%	14%	10/9/2013	17	85%		

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

Pool 2: Overview

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Commentary

Received \$15.8 million of LTD cash flow, representing 41.1% of initial investment through September 30, 2014

Experienced 15% Net CPR in 3Q14; 16% Net CPR life to date

Freedom recaptured \$616 million of loans in Pool 2 during the three month period ended September 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	7.5	2.6%	332	26	11.6%	9.4%	-	100%	-
Recaptured	-	1.2	4.1%	352	3	3.9%	2.7%	1%	100%	100%	-
Total / WA	10.7	8.8	2.8%	335	23	10.5%	8.4%	0%	100%	14%	86%

Cash Flow & Prepayment Performance ¹	Cash Flows (\$MM)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14
	Original	3.3	3.6	27%	33%	2%	2%	29%	34%	45%	52%	18%
Recaptured	0.4	0.3	74%	42%	0%	0%	74%	42%	100%	80%	0%	14%
Total / WA	3.7	3.9	34%	34%	2%	1%	35%	35%	53%	55%	15%	18%

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 2 ³	38.4	46.8	15.8	28.7	36.4	18%	18%	10/9/2013	17	50%	

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

Pool 2014: Overview

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Commentary

Received \$217 thousand of LTD cash flow, representing 10% of initial investments through September 30, 2014

Experienced 10% Net CPR in 3Q14; 9% Net CPR life to date

Recapture rate increased by over 220%, quarter-over-quarter

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	299.0	3.7%	343	14	5.7%	2.9%	41%	59%	100%
Recaptured	-	19.4	4.0%	352	1	0.0%	0.0%	-	100%	100%	-
Total / WA	334.7	318.4	3.7%	344	13	5.4%	2.7%	39%	61%	100%	-

Cash Flow & Prepayment Performance ¹	Cash Flows (\$000)		Gross CRR		CDR		Gross CPR		Recapture		Net CPR	
	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14	Q3 '14	Q2 '14
	Original	119.1	84.0	25%	8%	0%	0%	26%	8%	67%	20%	11%
Recaptured	3.7	-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total / WA	122.8	84.0	24%	8%	0%	0%	24%	8%	63%	20%	10%	7%

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)	(\$000)	(\$MM)	(\$MM)						
Pool 2014 ³	2.2	3.8	217.0	2.1	1.9	12%	12%	Various	15	79%	

Note: Figures presented are rounded. As of September 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 Analysis ¹										
September 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	\$105,902	\$100,727	\$96,022	\$91,730	\$87,798	\$123,178	\$116,396	\$110,306	\$104,812	\$99,831
Change in FV	\$9,879	\$4,705		(\$4,293)	(\$8,225)	\$12,872	\$6,090		(\$5,495)	(\$10,475)
% Change in FV	10.3%	4.9%		(4.5)%	(8.6)%	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	\$103,774	\$99,522	\$96,022	\$92,750	\$89,682	\$117,814	\$113,940	\$110,306	\$106,889	\$103,668
Change in FV	\$7,752	\$3,500		(\$3,272)	(\$6,340)	\$7,508	\$3,634		(\$3,417)	(\$6,639)
% Change in FV	8.1%	3.6%		(3.4)%	(6.6)%	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	\$94,549	\$95,847	\$96,022	\$96,199	\$96,374	\$109,442	\$109,874	\$110,306	\$110,739	\$111,171
Change in FV	(\$1,474)	(\$175)		\$176	\$352	(\$865)	(\$432)		\$432	\$865
% Change in FV	(1.5)%	(0.2)%		0.2%	0.4%	(1.0)%	-%		-%	1.0%

Note: Figures noted are rounded. As of September 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.

1. Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
2. September 30, 2014 analysis assumes weighted average discount rate of 15.4%; weighted average prepayment rate of 13.6%; and weighted average recapture rate of 4.3% for base case.
3. 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.



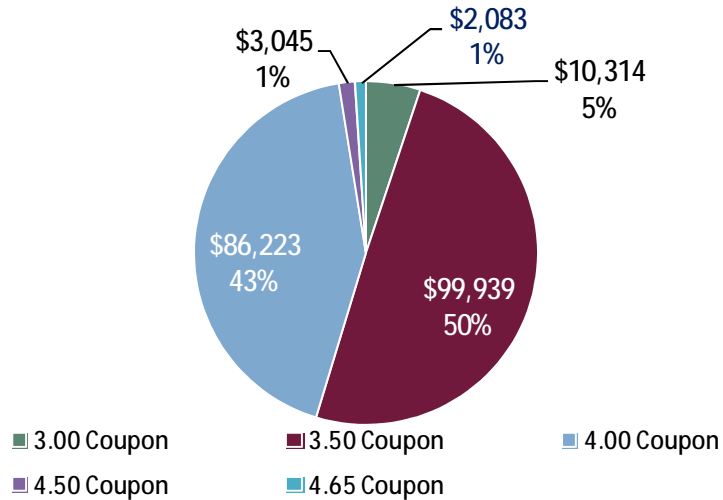
RMBS Portfolio Coupon Composition

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Appendix

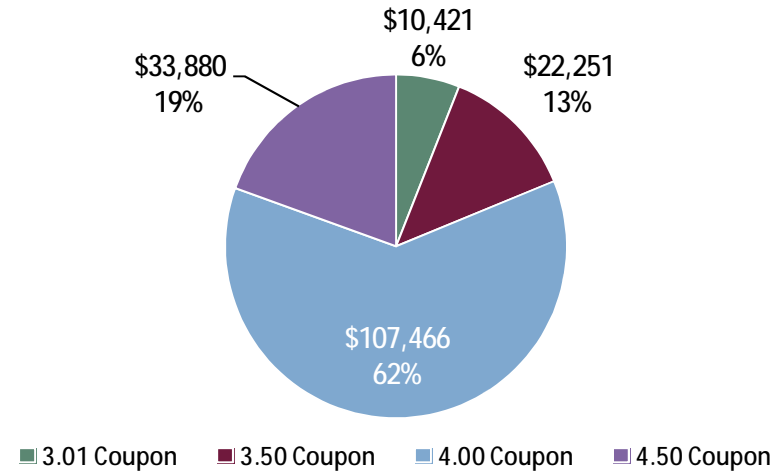
\$201,603 15/20 Year RMBS (Excludes TBAs)

54% of Total RMBS Portfolio



\$174,019 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	\$57,217	3.42%	\$104.86	\$105.13	\$57,371	15%
20 Years	138,115	3.82%	105.22	105.60	138,551	37%
≥ 30 Years	162,237	4.04%	105.19	106.08	163,598	43%
MBS ARM/Other	16,107	3.38%	84.23	84.36	16,103	4%
Total / WA	\$373,676	3.84%	\$104.25	\$104.82	\$375,622	100%

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

Financing Highlights

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Commentary	Repo Counterparties Utilized ¹
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Average repo cost was 0.36%

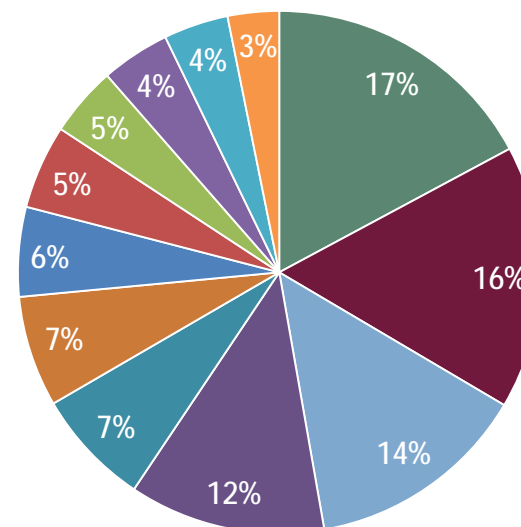
14 repo relationships established to date

Borrowings with 12 repo counterparties

Extended repo terms across multiple counterparties

Weighted average "haircut" of 5.4%

Weighted average days to maturity of 61 days



Cherry Hill Repurchase Agreement Summary					
Remaining Maturity	REPO Outstanding		REPO Rate	Remaining Days to Maturity	Original Days to Maturity
	\$	%			
x < 1 Month	\$112,650	34.2%	0.34%	14	78
1 ≥ x < 3 Months	128,128	38.9%	0.37%	53	123
x ≥ 3 Months	88,461	26.9%	0.38%	133	156
Total / WA	\$329,239	100.0%	0.36%	61	117

Note: Figures presented are rounded. As of September 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

	September 30, 2014	December 31, 2013
Assets		
RMBS, available-for-sale	\$ 375,622	\$ 286,979
Investments in Excess MSR's at fair value	96,022	110,306
Cash and cash equivalents	13,486	10,375
Restricted cash	6,299	3,744
Derivative assets	481	4,613
Receivables from unsettled trades	-	7,239
Receivables and other assets	3,753	4,142
Total Assets	\$ 495,663	\$ 427,398
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 329,239	\$ 261,302
Derivative liabilities	1,804	592
Dividends payable	3,830	3,375
Due to affiliates	530	616
Accrued expenses and other liabilities	387	391
Total Liabilities	\$ 335,790	\$ 266,276
Stockholders' Equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of September 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 September 30, 2014 and 7,500,000 shares issued and outstanding at December 31, 2013	75	75
Additional paid-in capital	148,221	148,078
Retained earnings	9,146	17,695
Accumulated other comprehensive income (loss)	1,947	(5,033)
Total CHMI Stockholders' Equity	\$ 159,389	\$ 160,815
Non-controlling interests in operating partnership	484	307
Total Stockholders' Equity	\$ 159,873	\$ 161,122
Total Liabilities and Stockholders' Equity	\$ 495,663	\$ 427,398

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

Income Statement

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Consolidated Statements of Income				
	Nine Months Ended September 30, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	
Income				
Interest income	\$ 18,392	\$ 6,244	\$ 6,137	
Interest expense	3,117	1,164	1,006	
Net Interest Income	15,275	5,080	5,131	
Other Income (Loss)				
Realize gain (loss) on RMBS, net	(226)	48	75	
Realized gain (loss) on derivatives, net	(1,284)	(1,025)	(187)	
Unrealized gain (loss) on derivatives, net	(4,123)	2,025	(2,705)	
Unrealized gain (loss) on Excess MSRs	(3,028)	(2,050)	(1,648)	
Total Income	\$ 6,614	\$ 4,078	\$ 666	
Expenses				
General and administrative expense	1,843	744	642	
Management fee to affiliate	1,878	520	679	
Total Expenses	\$ 3,721	\$ 1,264	\$ 1,321	
Net Income (Loss)	\$ 2,893	\$ 2,814	\$ (655)	
Net income allocated to LTIP-OP Units	(27)	(26)	3	
Net income Applicable to Common Stockholders	\$ 2,866	\$ 2,788	\$ (652)	
Net income (Loss) Per Share of Common Stock				
Basic	\$ 0.38	\$ 0.37	\$ (0.09)	
Diluted	\$ 0.38	\$ 0.37	\$ (0.09)	
Outstanding				
Basic	7,504,546	7,506,560	7,504,572	
Diluted	7,508,589	7,509,543	7,509,543	

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

Comprehensive Income

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Consolidated Statement of Comprehensive Income			
	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014	Three Months Ended June 30, 2014
Net Income	\$ 2,814	\$ 2,893	\$ (655)
Other Comprehensive Income (Loss):			
Net unrealized gain (loss) on RMBS	(1,970)	6,980	5,595
Other comprehensive income (loss)	(1,970)	6,980	5,595
Comprehensive Income (Loss)	\$ 844	\$ 9,873	\$ 4,940

Note: Figures presented are rounded. As of September 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 September 30, 2014				
Interest income	\$ 3,477	\$ 2,767	\$ -	\$ 6,244
Interest expense	-	1,164	-	1,164
Net interest income	3,477	1,603	-	5,080
Other income	(2,050)	1,048	-	(1,002)
Other operating expenses	-	-	1,264	1,264
Net income (loss)	\$ 1,427	\$ 2,651	\$ (1,264)	\$ 2,814
September 30, 2014				
Investments	\$ 96,022	\$ 375,622	\$ -	\$ 471,644
Other assets	2,522	7,969	13,528	24,019
Total assets	98,544	383,591	13,528	495,663
Debt	-	329,239	-	329,239
Other liabilities	-	1,987	4,564	6,551
Total liabilities	-	331,226	4,564	335,790
GAAP book value	\$ 98,544	\$ 52,365	\$ 8,964	\$ 159,873
Leverage				
September 30, 2014	-X	6.29x	-X	2.06x

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

RMBS Net Interest Spread

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RMBS Net Interest Spread			
	At September 31, 2014	At June 30, 2014	At March 31, 2014
Weighted Average Asset Yield	3.03%	2.96%	3.02%
Weighted Average Interest Expense	1.48%	1.37%	1.42%
Net Interest Spread	1.55%	1.59%	1.59%

Note: Figures presented are rounded. As of September 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 \$210 million notional fixed pay swaps					
5.13 year weighted average duration	x ≤ 3 Years	\$41,250	0.89%	0.23%	2.3
	3 > x ≤ 5 Years	68,400	1.54%	0.23%	4.2
	5 > x ≤ 7 Years	46,950	2.17%	0.22%	6.1
	7 > x ≤ 10 Years	51,750	2.77%	0.23%	9.4
Covers 64% of aggregate repo borrowings	x > 10 Years	2,000	3.31%	0.23%	14.2
	Total / WA:	\$210,350	1.87%	0.23%	5.6

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

Note: Figures presented are rounded. As of September 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 September 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
- 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 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