



CHMI

CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

First Quarter 2018 Investor Presentation

May 9, 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.



First Quarter 2018



First Quarter 2018 Highlights

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First Quarter 2018

Financial Results

\$0.49 dividend per share declared and paid¹

1.0% total quarterly return on book value⁴

\$20.15 GAAP book value per common share²

\$0.52 core earnings per share³

- 1.4% decrease, net of 1Q18 dividend

Portfolio Update

4.9x leverage ratio for aggregate portfolio

5.8% net CPR for full Conventional MSR⁶

1.14% net interest spread for RMBS

9.7% net CPR for full Government MSR⁶

6.8% CPR for RMBS⁵

1Q 2018 Milestones

Acquired approximately \$4.3 billion in UPB of MSR⁶ during the quarter

MSR portfolio of \$15.7 billion in UPB at March 31, 2018 (11% of assets and 34% of capital)

Note: Figures presented, except per share data, are rounded. As of March 31, 2018.

- 1. First Quarter 2018 \$0.49 dividend was paid in cash on April 24, 2018 to stockholders of record on March 29, 2018.*
- 2. Based on 12,721,464 common shares outstanding at March 31, 2018.*
- 3. Based on 12,721,464 fully diluted weighted average common shares outstanding at March 31, 2018.*
- 4. Total return on book value for the quarter ended March 31, 2018 is defined as the decrease in book value from December 31, 2017 to March 31, 2018 of \$0.29, plus the dividend declared of \$0.49 per share, divided by March 31, 2018 book value of \$20.15 per share.*
- 5. Actual weighted average CPR for the three month period ended March 31, 2018.*
- 6. Weighted average CPR for the three month period ended March 31, 2018.*



Aggregate Investment Portfolio Composition

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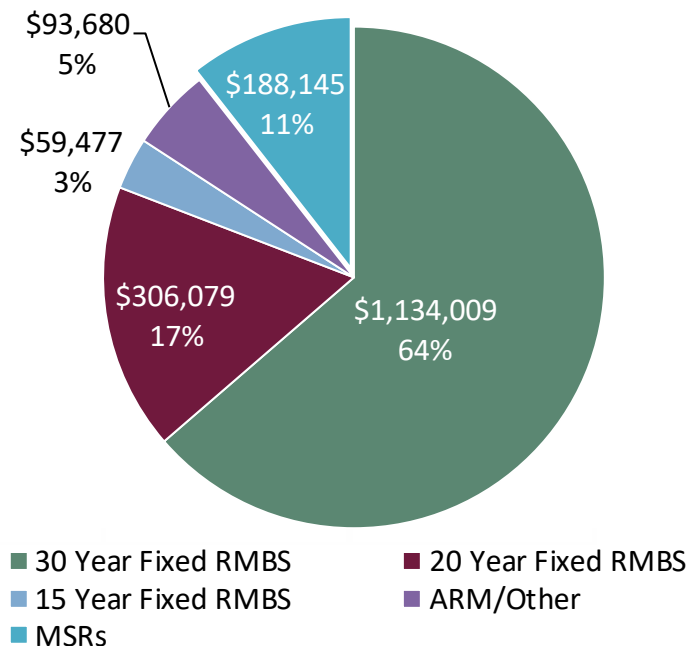
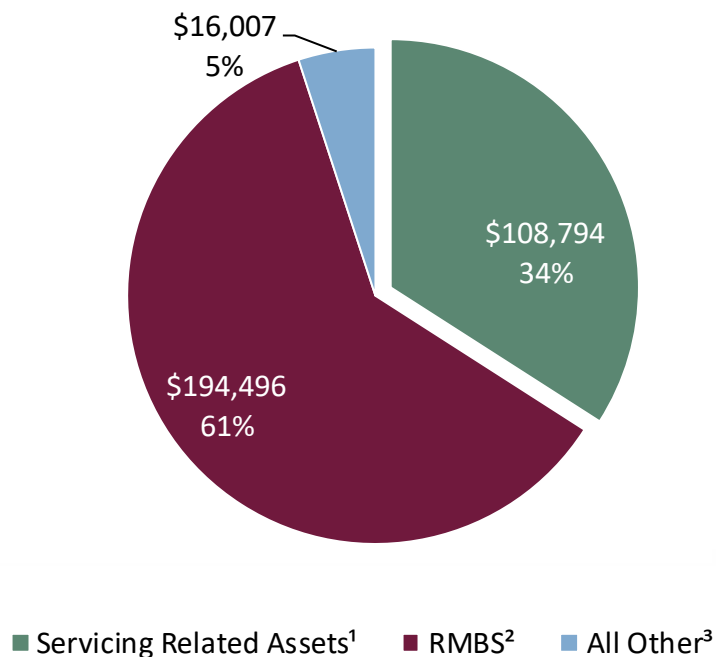
First Quarter 2018

Equity Investment Composition:

\$319,297

Aggregate Investment Portfolio Composition:

\$1,781,390⁴



Servicing Related Assets represented approximately 34% of equity and 11% of assets at quarter end.

Note: All financial information As of March 31, 2018, 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 -\$49.4 million.

MSR Overview

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First Quarter 2018

Commentary

Investments in MSRs totaled \$188.1 million, related to \$15.7 billion of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of March 31, 2018

Acquired approximately \$4.3 billion in Fannie Mae/ Freddie Mac MSRs during 1Q18

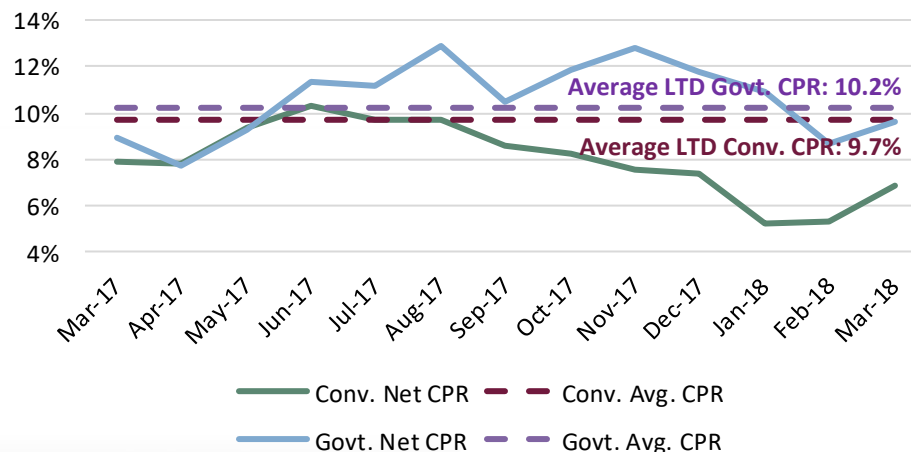
Total portfolio prepayment speeds declined by approximately 2% CPR quarter over quarter

Ginnie Mae speeds aided in part by recent congressional focus on VA loan refinance practices and shortage in more affordable housing

MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	8,003,186,932	3,806,404,306	3,864,093,312	15,673,684,550
Avg UPB (\$'000)	226,219	262,692	211,141	229,924
WAC	3.98	4.08	3.36	3.85
Net Servicing Fee	0.26	0.25	0.31	0.27
WAM (Mths)	312	333	330	322
WALA (Mths)	23	11	23	20
Original FICO	754	754	698	745
Original LTV	77.3	77.2	93.1	81.2
ARM %	0.4%	0.6%	0.0%	0.4%
60+ DQ	0.3%	0.1%	2.6%	0.8%

Historical Prepayment



Note: Figures presented are rounded. As of March 31, 2018. CPR values presented are annualized. CPR values are net of recapture.

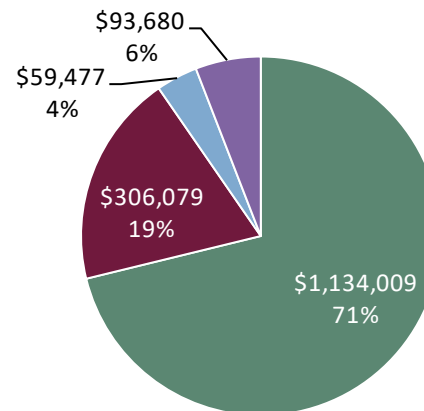
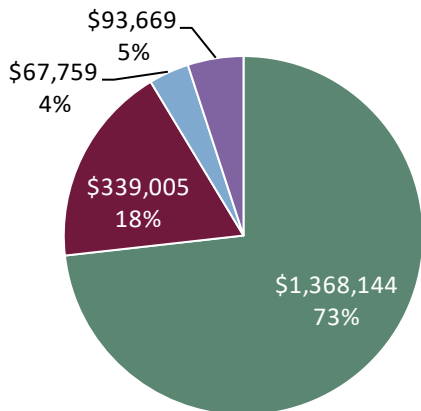
First Quarter 2018 RMBS Highlights

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First Quarter 2018

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

03/31/2018 RMBS Portfolio: \$1,593,245 (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: 71% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,183,447	104%	3.82	18	6.27	3.84
TBA	(\$49,438)	(4%)	3.29	N/A	N/A	N/A
Total 30 year MBS Collateral	\$1,134,009	100%	3.85	18	6.27	3.84
≤ 20 Year Collateral: 29% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$365,556	80%	3.65	23	6.98	9.86
Other	\$93,680	20%	5.83	23	0.42	3.54
Total 15 and 20 Year MBS	\$459,236	100%	4.10	23	5.64	8.57

Note: Figures presented are rounded. As of March 31, 2018. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.
Source: CHMI management and The Yield Book Inc.

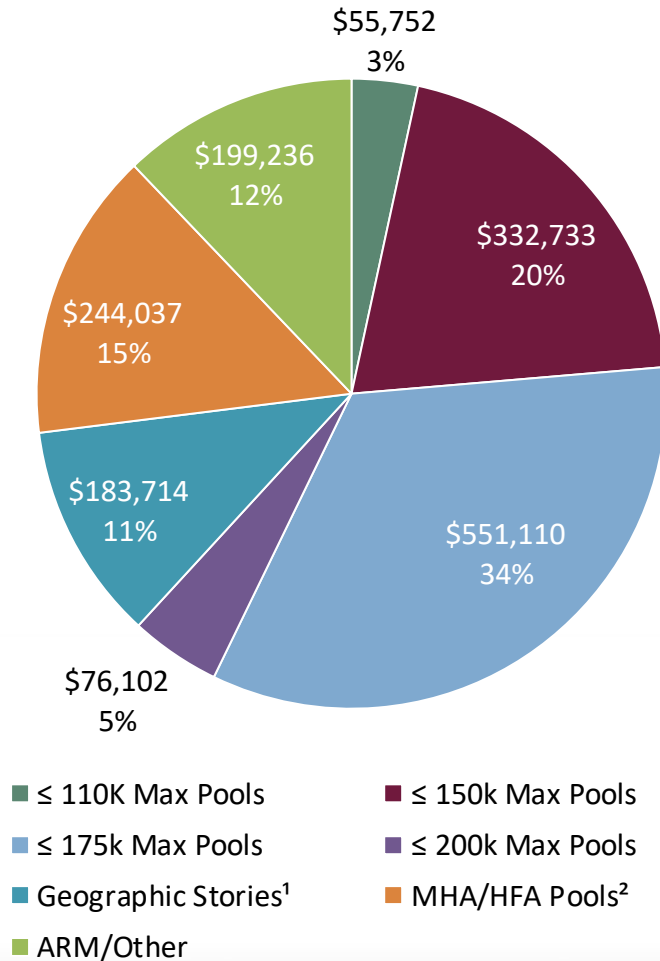


RMBS Portfolio with Prepayment Protection

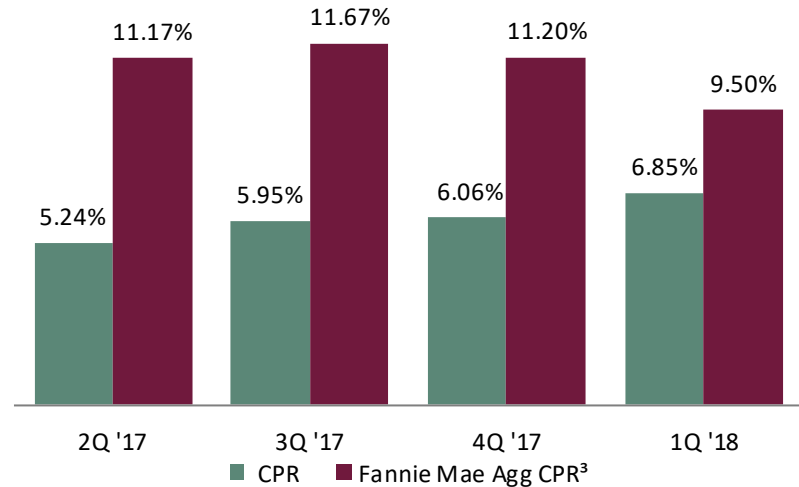
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First Quarter 2018

RMBS Portfolio: \$1,642,682 (Ex. TBAs)



Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 6.8% for the Fourth Quarter

- Six month weighted average CPR of 6.6%
- RMBS portfolio continues to outperform FNMA aggregate speeds based on collateral composition

Note: Figures noted are rounded. As of March 31, 2018. 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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First Quarter 2018

Duration Gap Sensitivity on Current Portfolio					
	March 31, 2018	- 25bps	+ 25bps	+50 bps	+ 100 bps
Assets					
RMBS Portfolio	3.77	3.35	4.13	4.44	5.01
Servicing Related Assets Portfolio	(2.03)	(2.59)	(1.48)	(1.10)	(0.61)
Total Assets	1.74	0.77	2.64	3.33	4.40
Liabilities, Swaps and Treasuries	(3.24)	(3.24)	(3.24)	(3.24)	(3.24)
Net Duration Gap (before Swaptions)	(1.50)	(2.47)	(0.60)	0.09	1.16
Swaptions	(0.36)	(0.22)	(0.49)	(0.59)	(0.67)
Net Duration Gap (including Swaptions)	(1.86)	(2.69)	(1.09)	(0.49)	0.49
Difference from Duration Gap as of March 31, 2018		(0.83)	0.77	1.37	2.35

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 March 31, 2018, the duration gap stood at -1.86 years

Assuming an instantaneous shift of +100 basis points in interest rates, the duration gap would move from -1.86 years to 0.49 years

Note: Figures presented are rounded. As of March 31, 2018.

Appendix

MSR – Conventional Sensitivity

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Appendix

MSRs Conventional Sensitivity Analysis¹

	March 31, 2018 ²					December 31, 2017 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$157,903	\$151,201	\$145,001	\$139,254	\$133,913	\$88,812	\$85,361	\$82,149	\$79,154	\$76,354
Change in FV	\$12,902	\$6,200		(\$5,748)	(\$11,088)	\$6,662	\$3,212		(\$2,996)	(\$5,796)
% Change in FV	9.0%	4.0%		(4.0)%	(8.0)%	8.0%	4.0%		(4.0)%	(7.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$153,408	\$149,437	\$145,001	\$140,438	\$135,945	\$89,240	\$85,583	\$82,149	\$78,814	\$75,678
Change in FV	\$8,407	\$4,436		(\$4,563)	(\$9,057)	\$7,090	\$3,434		(\$3,335)	(\$6,471)
% Change in FV	6.0%	3.0%		(3.0)%	(6.0)%	9.0%	4.0%		(4.0)%	(8.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$148,810	\$146,906	\$145,001	\$143,097	\$141,192	\$84,518	\$83,334	\$82,149	\$80,965	\$79,781
Change in FV	\$3,809	\$1,904		(\$1,904)	(\$3,809)	\$2,368	\$1,184		(\$1,184)	(\$2,368)
% Change in FV	3.0%	1.0%		(1.0)%	(3.0)%	3.0%	1.0%		(1.0)%	(3.0)%

Note: Figures noted are rounded. As of March 31, 2018. 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.
- March 31, 2018 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 8.6%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$71 per loan.
- 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.



MSR – Government Sensitivity

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Appendix

MSRs Government Sensitivity Analysis¹

	March 31, 2018 ²					December 31, 2017 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$47,851	\$45,387	\$43,144	\$41,096	\$39,221	\$45,133	\$42,790	\$40,656	\$38,707	\$36,920
Change in FV	\$4,707	\$2,243		(\$2,048)	(\$3,923)	\$4,477	\$2,134		(\$1,949)	(\$3,736)
% Change in FV	11.0%	5.0%		(5.0)%	(9.0)%	11.0%	5.0%		(5.0)%	(9.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$44,413	\$43,919	\$43,144	\$42,202	\$41,166	\$42,910	\$41,872	\$40,656	\$39,383	\$38,112
Change in FV	\$1,269	\$776		(\$942)	(\$1,978)	\$2,253	\$1,216		(\$1,273)	(\$2,544)
% Change in FV	3.0%	2.0%		(2.0)%	(5.0)%	6.0%	3.0%		(3.0)%	(6.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$44,852	\$43,998	\$43,144	\$42,290	\$41,436	\$42,309	\$41,483	\$40,656	\$39,830	\$39,003
Change in FV	\$1,708	\$854		(\$854)	(\$1,708)	\$1,653	\$827		(\$827)	(\$1,653)
% Change in FV	4.0%	2.0%		(2.0)%	(4.0)%	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of March 31, 2018. 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.
- March 31, 2018 analysis assumes weighted avg. discount rate of 12.0%; weighted avg. prepayment rate of 7.4%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$96 per loan.
- 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.



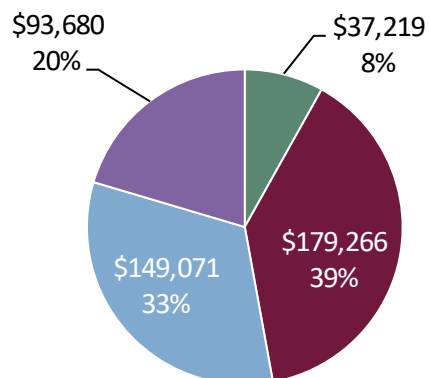
RMBS Portfolio Coupon Composition

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\$459,236 15/20 Year RMBS (Incl. TBAs)

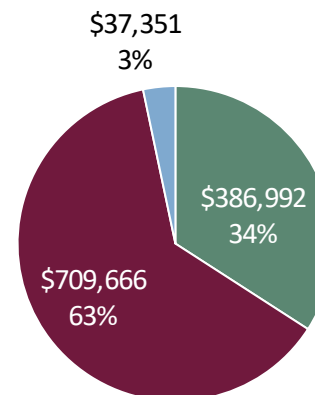
29% of Total RMBS Portfolio



■ 3.0 coupon ■ 3.5 coupon ■ 4.0 coupon ■ 5.80 coupon

\$1,134,009 30 Year RMBS (Incl. TBAs)

71% 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	\$61,162	3.26%	\$104.19	\$59,477	\$101.32	4%
20 Years	\$312,686	3.73%	\$104.95	\$306,079	\$102.74	19%
≥ 30 Years	\$1,216,208	3.82%	\$105.16	\$1,183,447	\$102.34	72%
MBS ARM/Other	\$87,042	5.83%	\$99.98	\$93,680	\$107.60	6%
Total / WA	\$1,677,098	3.90%	\$104.79	\$1,642,683	\$102.67	100%

Note: Figures presented are rounded. As of March 31, 2018. Dollars in thousands, unless otherwise noted.

Financing Highlights

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Commentary

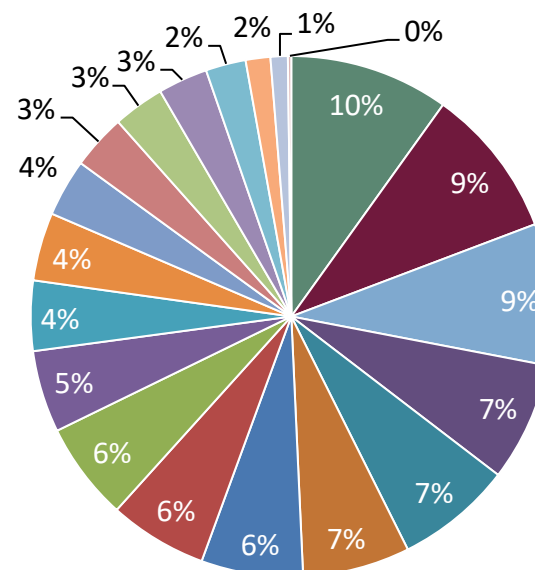
Average REPO cost was 1.80% with a weighted average days remaining to maturity of 52 days

30 REPO relationships established as of March 31, 2018

Borrowings with 20 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	\$424,559 28.3%	1.72%	14	81
1 ≥ x < 3 Months	\$976,149 65.1%	1.83%	61	94
x ≥ 3 Months	\$99,854 6.7%	1.95%	118	130
Total / WA	\$1,500,562 100.0%	1.80%	52	93

Note: Figures presented are rounded. As of March 31, 2018. 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		
	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Assets		
RMBS, available-for-sale (including pledged assets of \$1,560,765 and \$1,728,564, respectively)	\$ 1,642,682	\$ 1,840,912
Investments in Servicing Related Assets at fair value (including pledged assets of \$188,145 and \$122,806, respectively)	188,145	122,806
Cash and cash equivalents	24,276	27,327
Restricted cash	35,245	29,168
Derivative assets	16,105	13,830
Receivables and other assets	17,724	16,642
Total Assets	\$ 1,924,177	\$ 2,050,685
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 1,500,562	\$ 1,666,537
Derivative liabilities	1,097	344
Notes payable	74,749	39,025
Dividends payable	7,257	7,273
Due to affiliates	4,438	3,035
Accrued expenses and other liabilities	16,777	12,014
Total Liabilities	\$ 1,604,880	\$ 1,728,228
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 March 31, 2018 and 100,000,000 shares authorized and 2,400,000 shares issued and outstanding as of December 31, 2017, liquidation preference of \$60,000 as of March 31, 2018	\$ 57,917	\$ 57,917
Common stock, \$0.01 par value, 500,000,000 shares authorized and 12,721,464 shares issued and outstanding as of March 31, 2018 and 500,000,000 shares authorized and 12,721,464 shares issued and outstanding as of December 31, 2017	127	127
Additional paid-in capital	229,679	229,642
Retained earnings	62,573	35,238
Accumulated other comprehensive income (loss)	(33,985)	(2,942)
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$ 316,311	\$ 319,982
Non-controlling interests in Operating Partnership	2,986	2,475
Total Stockholders' Equity	\$ 319,297	\$ 322,457
Total Liabilities and Stockholders' Equity	\$ 1,924,177	\$ 2,050,685

Note: Figures presented are rounded. As of March 31, 2018. Dollars in thousands.

Income Statement

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Consolidated Statements of Income

	Three Months Ended March 31,	
	2018	2017
Income		
Interest income	\$ 13,415	\$ 6,078
Interest expense	7,543	2,431
Net interest income	5,872	3,647
Servicing fee income	8,650	4,574
Servicing costs	1,712	1,227
Net servicing income	6,938	3,347
Other income (loss)		
Realized gain (loss) on RMBS, net	(4,881)	(256)
Realized gain (loss) on derivatives, net	13	(1,017)
Unrealized gain on derivatives, net	19,626	1,082
Unrealized gain on investments in MSRs	12,498	12,312
Total Income	\$ 40,066	\$ 25,793
Expenses		
General and administrative expense	877	975
Management fee to affiliate	1,315	892
Total Expenses	\$ 2,192	\$ 1,867
Income Before Income Taxes	37,874	23,926
Provision for corporate business taxes	2,635	1,339
Net Income	\$ 35,239	\$ 22,587
Net (income) loss allocated to noncontrolling interests in Operating Partnership	(456)	(409)
Dividends on preferred stock	1,213	-
Net Income Applicable to Common Stockholders	\$ 33,570	\$ 22,178
Net income Per Share of Common Stock		
Basic	\$ 2.64	\$ 2.91
Diluted	\$ 2.64	\$ 2.90
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	12,713,265	7,634,038
Diluted	12,721,464	7,640,348

Note: Figures presented are rounded. As of March 31, 2018. Dollars in thousands, except per-share figures.

Comprehensive Income

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Consolidated Statement of Comprehensive Income		
	Three Months Ended March 31,	
	2018	2017
Net income	\$ 35,239	\$ 22,587
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	(35,924)	1,416
Reclassification of net realized loss on RMBS included in earnings	4,881	256
Other comprehensive income (loss)	(31,043)	1,672
Comprehensive income	\$ 4,196	\$ 24,259
Comprehensive income attributable to noncontrolling interests in Operating Partnership	\$ 54	\$ 440
Dividends on preferred stock	1,213	-
Comprehensive income attributable to common stockholders	\$ 2,929	\$ 23,819

Note: Figures presented are rounded. As of March 31, 2018. Dollars in thousands.

Core Earnings

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Core Earnings

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 35,239	\$ 22,587
Other comprehensive income (loss):		
+ Realized loss on RMBS, net	4,881	256
+ Realized (gain) loss on investments in Excess MSRs, net	-	(6,678)
+ Realized (gain) loss on derivatives, net	(13)	1,017
+ Unrealized (gain) loss on derivatives, net	(19,626)	(1,082)
+ Unrealized (gain) loss on investments in MSRs	(12,498)	(12,312)
+ Tax expense on unrealized gain on MSRs	2,444	1,351
+ Changes due to realization of expected cash flows	(2,493)	(953)
+ Yield maintenance income	-	750
Total core earnings:	\$ 7,934	\$ 4,936
Core earnings attributable to noncontrolling interests in Operating Partnership	(103)	(90)
Dividends on preferred stock	1,213	-
Core Earnings Attributable to Common Stockholders	\$ 6,618	\$ 4,846
Core Earnings Attributable to Common Stockholders, per Share	\$ 0.52	\$ 0.63
GAAP Net income Per Share of Common Stock	\$ 2.64	\$ 2.90

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 March 31, 2018.

Segment Results

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Appendix

Results of Operations				
	<u>Servicing Related Assets</u>	<u>RMBS</u>	<u>All Other</u>	<u>Total</u>
Three Months Ended March 31, 2018				
Interest income	\$ -	\$ 13,415	\$ -	\$ 13,415
Interest expense	213	7,330	-	7,543
Net interest income	(213)	6,085	-	5,872
Servicing fee income	8,650	-	-	8,650
Servicing costs	1,712	-	-	1,712
Net servicing income	6,938	-	-	6,938
Other income	12,498	14,758	-	27,256
Other operating expenses	-	-	2,192	2,192
Provision for corporate business taxes	2,635	-	-	2,635
Net income (loss)	\$ 16,588	\$ 20,843	\$ (2,192)	\$ 35,239
March 31, 2018				
Investments	\$ 188,145	\$ 1,642,682	\$ -	\$ 1,830,827
Other assets	7,746	56,436	29,168	93,350
Total assets	195,891	1,699,118	29,168	1,924,177
Debt	74,749	1,500,562	-	1,575,311
Other liabilities	12,348	4,060	13,161	29,569
Total liabilities	87,097	1,504,622	13,161	1,604,880
GAAP book value	\$ 108,794	\$ 194,496	\$ 16,007	\$ 319,297
Leverage				
March 31, 2018	0.69x	7.72x	-x	4.93x

Note: Figures presented are rounded. As of March 31, 2018. Dollars in thousands.

RMBS Net Interest Spread

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Appendix

RMBS Net Interest Spread				
	At March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017
Weighted Average Asset Yield	2.98%	2.91%	2.91%	3.44%
Weighted Average Interest Expense	1.84%	1.64%	1.65%	1.66%
Net Interest Spread	1.14%	1.27%	1.26%	1.78%

Note: Figures presented are rounded. As of March 31, 2018.



Hedging Summary

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Appendix

Interest Rate Swaps					
Commentary	Characteristics				
<p>Approximately \$1.1 billion notional fixed pay swaps</p> <p>4.21 years weighted average duration</p> <p>Covers 76% of aggregate REPO borrowings</p> <p>Given the increase in 3 month LIBOR, our swap portfolio has offset some of the increase in REPO costs</p>					
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
	x ≤ 3 Years	\$333,800	1.60%	1.90%	1.5
	3 > x ≤ 5 Years	275,400	1.84%	1.85%	4.2
	5 > x ≤ 7 Years	336,550	2.05%	1.90%	6.1
	7 > x ≤ 10 Years	172,000	2.16%	1.88%	9.0
	x > 10 Years	24,000	2.66%	2.23%	10.8
Total / WA:	\$1,141,750	1.90%	1.89%	4.9	

Interest Rate Swaptions
<p>\$180 million notional</p> <p>Options to enter into fixed pay swaps prior to March 2019</p> <p>3.76 year weighted average duration</p>

Note: Figures presented are rounded. As of March 31, 2018. 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 Market Value
- **FNMA** – Fannie Mae / Federal National Mortgage Association
- **FICO** – A borrower's credit metric generated by the credit scoring model created by the Fair Isaac Corporation
- **Flow Arrangements** – contractual recurring agreements, often monthly or quarterly, to purchase servicing of newly originated or highly delinquent loans
- **GNMA** – Ginnie Mae / Government National Mortgage Association
- **Gross CPR** – Gross CPR is CPR prior to factoring in recapture
- **Gross CRR** – Gross CRR is CRR prior to factoring in recapture
- **HPA** – Home price appreciation
- **LT** – Long Term
- **LTD Cash Flows** – Actual life to date cash flow collected from the investment as of the end of the current month
- **LTD** – Life to Date
- **Net CPR** – CPR after taking into account recapture activity
- **OCI** – Other comprehensive income
- **Projected Future Cash Flows** – Future cash flow expected per the current market valuation
- **Recapture Rate** – Percentage of voluntarily prepaid loans that are refinanced by 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