



CHMI  
CHERRY HILL MORTGAGE  
INVESTMENT CORPORATION

Second Quarter 2019 Investor Presentation

August 8, 2019

# Legal Disclaimer

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**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, 2018, 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.



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**Second Quarter 2019**



# Second Quarter 2019 Highlights

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Second Quarter 2019

## Financial Results

**\$0.49 dividend per share declared and paid<sup>1</sup>**

**1.4% total quarterly loss on book value<sup>3</sup>**

**\$16.80 GAAP book value per common share<sup>2</sup>**

**\$0.52 core earnings per share<sup>4</sup>**

- 4.2% decrease, net of 2Q19 dividend

## Portfolio Update

**5.16x leverage ratio for aggregate portfolio**

**12.3% net CPR for Conventional MSR<sup>5</sup>**

**0.84% net interest spread for RMBS**

**13.6% net CPR for Government MSR<sup>5</sup>**

**8.9% CPR for RMBS<sup>5</sup>**

*Note: Figures presented, except per share data, are rounded. As of June 30, 2019.*

- 1. Second Quarter 2019 \$0.49 dividend was paid in cash on July 30, 2019 to stockholders of record on June 28, 2019.*
- 2. Based on 16,896,605 common shares outstanding at June 30, 2019.*
- 3. Total return on book value for the quarter ended June 30, 2019 is defined as the decrease in book value from March 31, 2019 to June 30, 2019 of \$0.74, plus the dividend declared of \$0.49 per share, divided by March 31, 2019 book value of \$17.54 per share.*
- 4. Based on 16,789,261 fully diluted weighted average common shares outstanding at June 30, 2019.*
- 5. Weighted average CPR for the three month period ended June 30, 2019.*

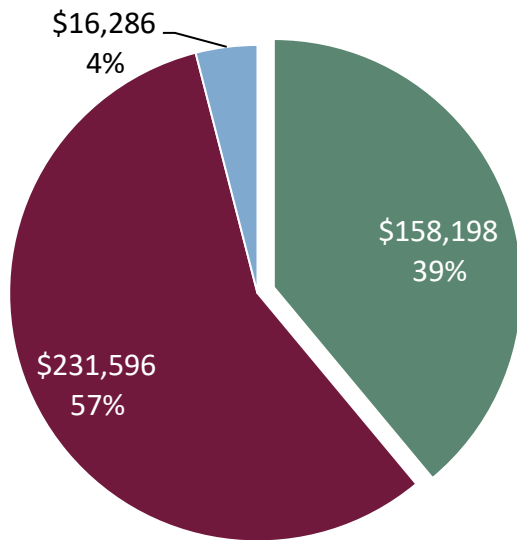
# Aggregate Investment Portfolio Composition

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Second Quarter 2019

## Equity Investment Composition:

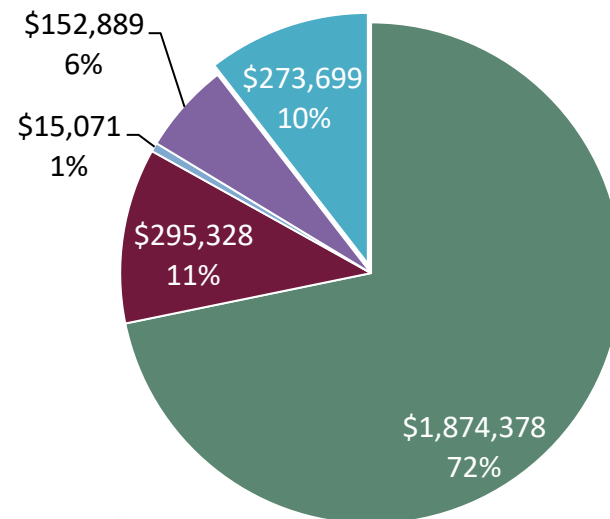
\$406,080



■ Servicing Related Assets<sup>1</sup> ■ RMBS<sup>2</sup> ■ All Other<sup>3</sup>

## Aggregate Investment Portfolio Composition:

\$2,611,365<sup>4</sup>



■ 30 Year Fixed RMBS ■ 20 Year Fixed RMBS  
 ■ 15 Year Fixed RMBS ■ Other  
 ■ MSR

Servicing Related Assets represented approximately 39% of equity and 10% of assets at quarter end.

Note: All financial information As of June 30, 2019, 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 \$185 million.

# MSR Overview

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## Commentary

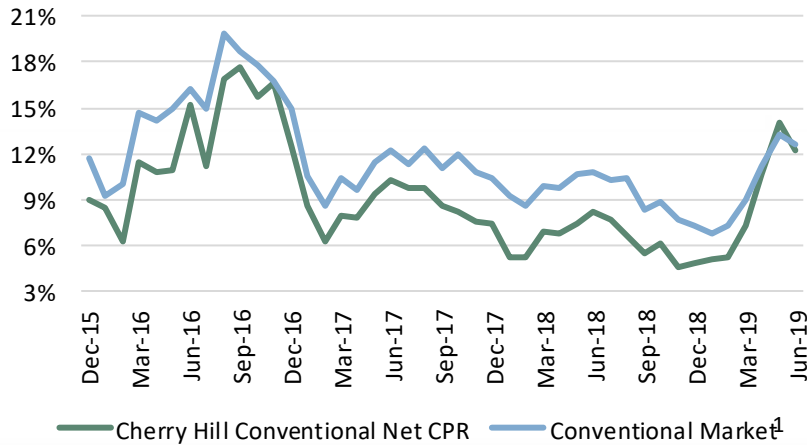
Investments in MSRs totaled \$273.7 million, related to \$27.8 billion in UPB of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans As of June 30, 2019

Acquired approximately \$1.35 billion in Fannie Mae/Freddie Mac MSRs during 2Q19

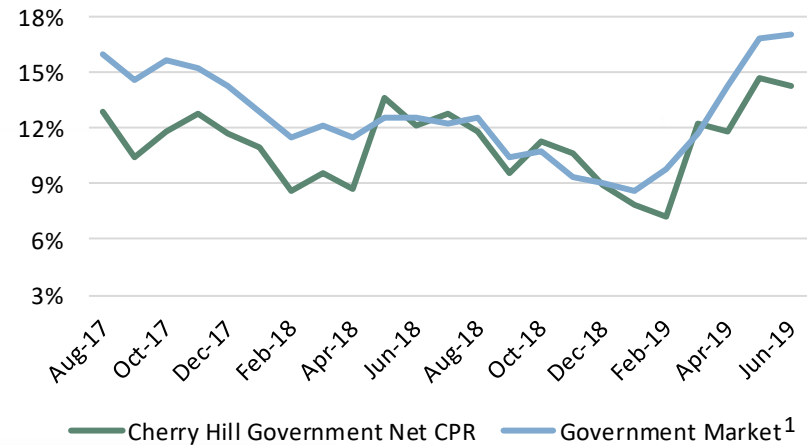
## MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	14,814,927,986	9,749,826,138	3,238,384,359	27,803,138,483
Avg UPB (\$'000)	238,159	252,331	203,941	238,196
WAC	4.35	4.48	3.37	4.28
Net Servicing Fee	0.25	0.25	0.31	0.26
WAM (Mths)	320	334	315	324
WALA (Mths)	24	16	38	23
Original FICO	753	753	698	749
Original LTV	80.7	80.7	93.2	82.2
ARM %	0.2%	0.4%	0.0%	0.3%
60+ DQ	0.3%	0.2%	3.9%	0.7%

## Historical Conventional Prepayment



## Historical Government Prepayment



Note: Figures presented are rounded. As of June 30, 2019. CPR values presented are annualized. CPR values are net of recapture.

1. Source: eMBS Mortgage Backed Securities OnLine.

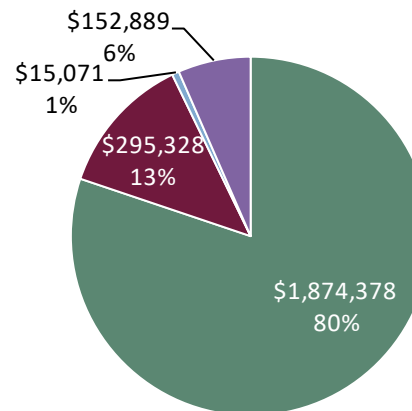
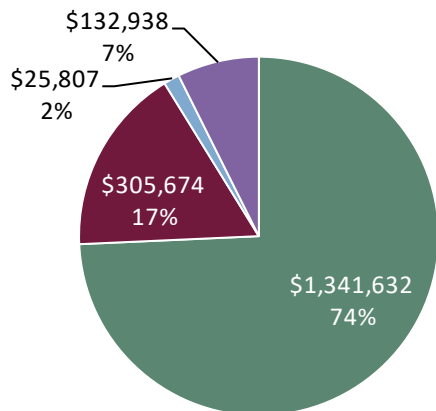
# Second Quarter 2019 RMBS Highlights

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Second Quarter 2019

**3/31/2019 RMBS Portfolio: \$2,151,162 (Incl. TBAs)**

**6/30/2019 RMBS Portfolio: \$2,337,666 (Incl. TBAs)**



■ 30 Year Collateral ■ 20 Year Collateral ■ 15 Year Collateral ■ Other RMBS ■ 30 Year Collateral ■ 20 Year Collateral ■ 15 Year Collateral ■ Other RMBS

## Current Portfolio Composition

30 Year Collateral: 80% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,689,052	90%	3.87	25	8.97	14.63
TBA	185,326	10%	3.00	N/A	N/A	N/A
<b>Total 30 year MBS Collateral</b>	<b>\$1,874,378</b>	<b>100%</b>	<b>3.78</b>	<b>25</b>	<b>8.97</b>	<b>-</b>
≤ 20 Year Collateral: 20% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$310,399	67%	3.75	32	8.15	11.13
Other	152,889	33%	5.47	27	6.90	12.99
<b>Total 15 and 20 Year MBS</b>	<b>\$463,288</b>	<b>100%</b>	<b>4.32</b>	<b>30</b>	<b>7.74</b>	<b>11.74</b>

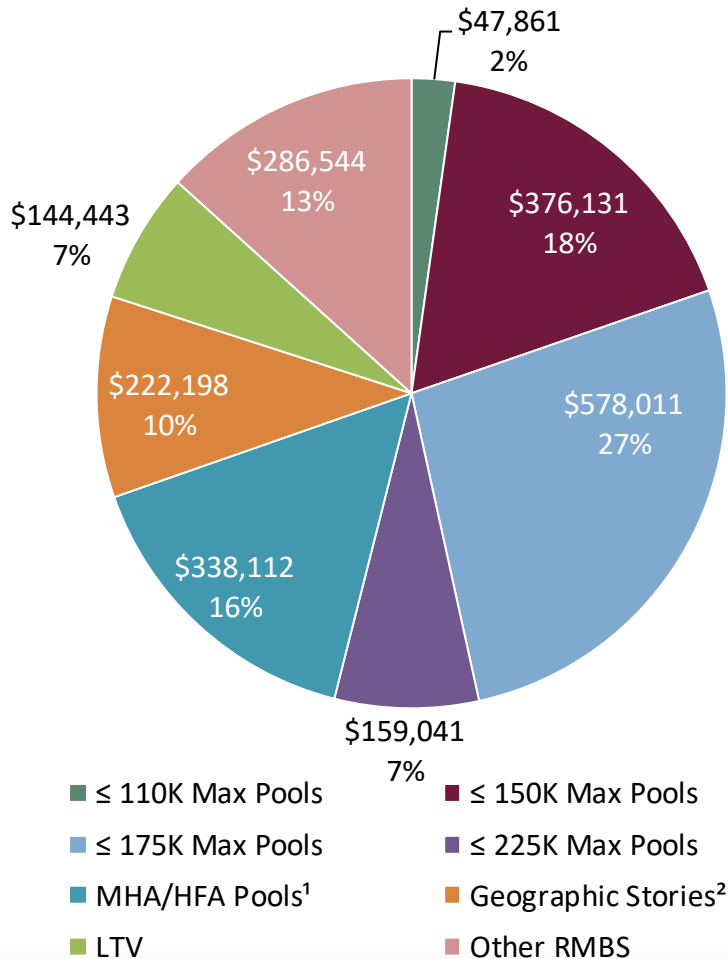
Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.  
Source: CHMI management and The Yield Book Inc.

# RMBS Portfolio with Prepayment Protection

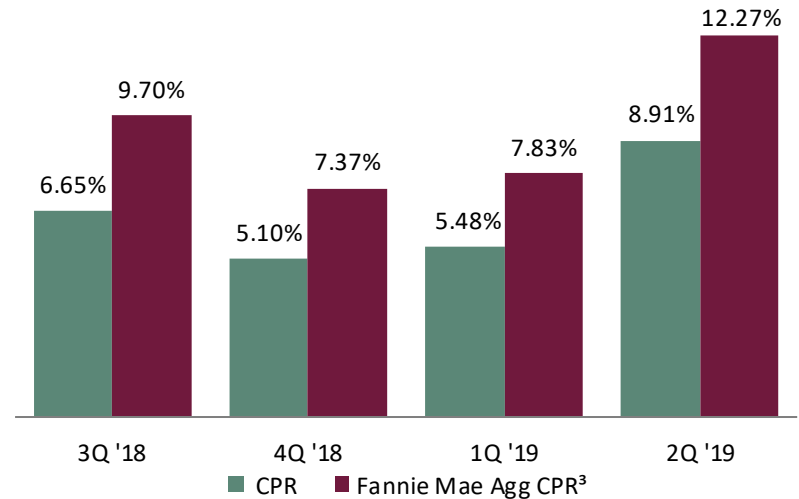
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Second Quarter 2019

## RMBS Portfolio: \$2,152,340 (Ex. TBAs)



## Quarterly CPR Performance



## Commentary

RMBS portfolio posted a weighted average three month CPR of 8.91% for the three months ended June 30, 2019

- Six month weighted average CPR of 7.28%
- Mortgage refinancing has accelerated, given lower interest and mortgage rates

Note: Figures noted are rounded. As of June 30, 2019. Dollars in thousands. CPR values presented are annualized.

1. 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.
2. Geographic stories are single state pools such as NY or PR.
3. Source: eMBS Mortgage-Backed Securities OnLine.



# Aggregate Portfolio Rate Sensitivity Analysis

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Second Quarter 2019

Duration Gap Sensitivity on Current Portfolio					
	June 30, 2019	- 25bps	+ 25bps	+50 bps	+ 100 bps
<b>Assets</b>					
RMBS Portfolio	2.56	2.22	3.08	3.52	4.32
Servicing Related Assets Portfolio	(2.75)	(3.10)	(2.47)	(2.10)	(1.47)
<b>Total Assets</b>	<b>(0.19)</b>	<b>(0.88)</b>	<b>0.61</b>	<b>1.42</b>	<b>2.85</b>
Liabilities, Swaps and Treasuries	0.69	0.69	0.69	0.69	0.69
<b>Net Duration Gap (before Swaptions)</b>	<b>0.50</b>	<b>(0.19)</b>	<b>1.29</b>	<b>2.11</b>	<b>3.54</b>
Swaptions	(0.01)	(0.00)	(0.02)	(0.02)	(0.04)
<b>Net Duration Gap (including Swaptions)</b>	<b>0.49</b>	<b>(0.20)</b>	<b>1.28</b>	<b>2.09</b>	<b>3.50</b>
Difference from Duration Gap as of June 30, 2019		(0.69)	0.79	1.60	3.01

*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, 2019, the duration gap stood at 0.49 years

Assuming an instantaneous shift of +50 basis points in interest rates, the duration gap would move from 0.49 years to 2.09 years

*Note: Figures presented are rounded. As of June 30, 2019.*

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## Appendix

# MSR – Conventional Sensitivity

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## MSRs Conventional Sensitivity Analysis<sup>1</sup>

	June 30, 2019 <sup>2</sup>					December 31, 2018 <sup>3</sup>				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$253,659	\$246,445	\$239,622	\$233,162	\$227,035	\$277,424	\$265,607	\$254,692	\$244,585	\$235,204
<b>Change in FV</b>	\$14,036	\$6,822		(\$6,461)	(\$12,587)	\$22,732	\$10,915		(\$10,107)	(\$19,487)
<b>% Change in FV</b>	6.0%	3.0%		(3.0)%	(5.0)%	9.0%	4.0%		(4.0)%	(8.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$271,604	\$254,843	\$239,622	\$225,845	\$213,377	\$272,688	\$263,879	\$254,692	\$245,554	\$236,729
<b>Change in FV</b>	\$31,982	\$15,220		(\$13,777)	(\$26,246)	\$17,996	\$9,187		(\$9,138)	(\$17,963)
<b>% Change in FV</b>	13.0%	6.0%		(6.0)%	(11.0)%	7.0%	4.0%		(4.0)%	(7.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$246,250	\$242,936	\$239,622	\$236,309	\$232,995	\$261,205	\$257,949	\$254,692	\$251,435	\$248,178
<b>Change in FV</b>	\$6,627	\$3,314		(\$3,314)	(\$6,627)	\$6,514	\$3,257		(\$3,257)	(\$6,514)
<b>% Change in FV</b>	3.0%	1.0%		(1.0)%	(3.0)%	3.0%	1.0%		(1.0)%	(3.0)%

Note: Figures noted are rounded. As of June 30, 2019. 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.
- June 30, 2019 analysis assumes weighted avg. discount rate of 7.0%; weighted avg. prepayment rate of 14.2%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$73 per loan.
- December 31, 2018 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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## MSRs Government Sensitivity Analysis<sup>1</sup>

	June 30, 2019 <sup>2</sup>					December 31, 2018 <sup>3</sup>				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$36,564	\$35,277	\$34,076	\$32,954	\$31,904	\$44,591	\$42,299	\$40,216	\$38,314	\$36,572
<b>Change in FV</b>	\$2,488	\$1,201		(\$1,122)	(\$2,172)	\$4,375	\$2,084		(\$1,902)	(\$3,644)
<b>% Change in FV</b>	7.0%	4.0%		(3.0)%	(6.0)%	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%
<b>Estimated FV</b>	\$37,585	\$35,762	\$34,076	\$32,522	\$31,085	\$42,763	\$41,522	\$40,216	\$38,912	\$37,646
<b>Change in FV</b>	\$3,509	\$1,686		(\$1,555)	(\$2,991)	\$2,547	\$1,306		(\$1,303)	(\$2,569)
<b>% Change in FV</b>	10.0%	5.0%		(5.0)%	(9.0)%	6.0%	3.0%		(3.0)%	(6.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
<b>Estimated FV</b>	\$35,666	\$34,871	\$34,076	\$33,282	\$32,487	\$41,930	\$41,073	\$40,216	\$39,358	\$38,501
<b>Change in FV</b>	\$1,589	\$795		(\$795)	(\$1,589)	\$1,715	\$857		(\$857)	(\$1,715)
<b>% Change in FV</b>	5.0%	2.0%		(2.0)%	(5.0)%	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of June 30, 2019. 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.
- June 30, 2019 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 12.5%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$111 per loan.
- December 31, 2018 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.



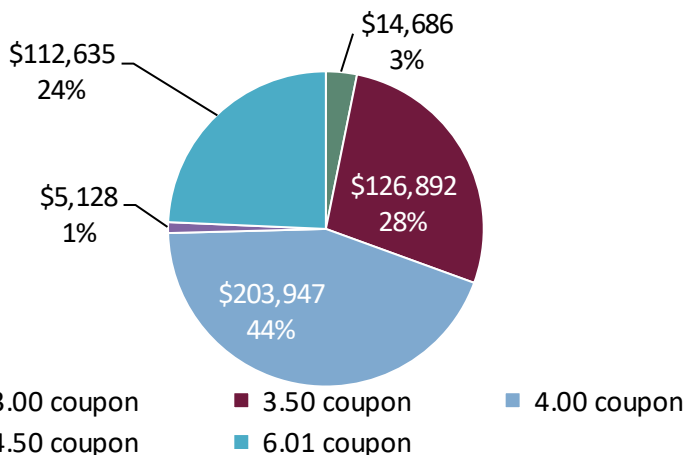
# RMBS Portfolio Coupon Composition

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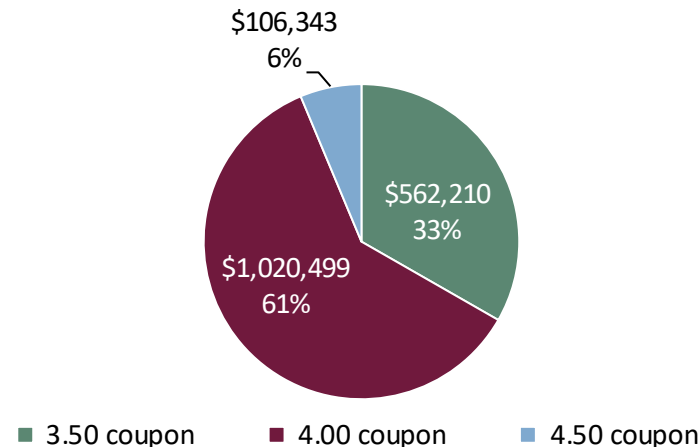
**\$463,288 15/20 Year RMBS (Excludes TBAs)**

22% of Total RMBS Portfolio



**\$1,689,052 Year RMBS (Excludes TBAs)**

78% of Total RMBS Portfolios



## 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	\$15,105	3.26%	\$103.33	\$15,071	\$103.10	1%
20 Years	294,159	3.77%	104.22	295,328	104.64	14%
≥ 30 Years	1,676,633	3.87%	103.98	1,689,052	104.75	78%
Other RMBS	146,506	5.47%	100.18	152,889	104.63	7%
<b>Total / WA</b>	<b>\$2,132,403</b>	<b>3.96%</b>	<b>\$103.74</b>	<b>\$2,152,340</b>	<b>\$104.72</b>	<b>100%</b>

Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands, unless otherwise noted.

# Financing Highlights

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## Commentary

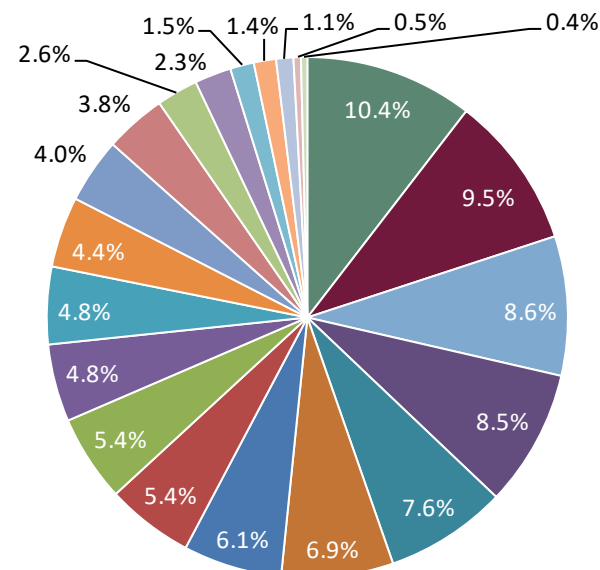
Average REPO cost was 2.66% with a weighted average days remaining to maturity of 60 days

29 REPO relationships established As of June 30, 2019

Borrowings with 21 financing counterparties

Weighted average “haircut” of 4.3%

## Repurchase Counterparties Utilized<sup>1</sup>



## Cherry Hill Repurchase Agreement Summary

Remaining Maturity	REPO Outstanding	Percentage	WA Rate	Remaining Days to Maturity	Original Days to Maturity
Less than one month	\$592,804	30.5%	2.76%	16	117
One to three months	1,066,131	54.9%	2.66%	54	123
Greater than three months	283,576	14.6%	2.46%	172	192
<b>Total / WA</b>	<b>\$1,942,511</b>	<b>100.0%</b>	<b>2.66%</b>	<b>60</b>	<b>131</b>

Note: Figures presented are rounded. As of June 30, 2019. 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

	June 30, 2019	December 31, 2018
<b>Assets</b>		
RMBS, available-for-sale (including pledged assets of \$2,047,516 and \$1,698,688, respectively)	\$ 2,152,340	\$ 1,770,110
Investments in Servicing Related Assets at fair value (including pledged assets of \$273,699 and \$294,907, respectively)	273,699	294,907
Cash and cash equivalents	30,524	31,834
Restricted cash	27,021	8,185
Derivative assets	23,117	24,258
Receivables and other assets	32,729	23,983
<b>Total Assets</b>	<b>\$ 2,539,430</b>	<b>\$ 2,153,277</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Repurchase agreements	\$ 1,942,511	\$ 1,598,592
Derivative liabilities	9,369	3,816
Notes payable	152,027	157,543
Dividends payable	10,369	11,847
Due to affiliates	2,646	2,003
Accrued expenses and other liabilities	16,428	15,545
<b>Total Liabilities</b>	<b>\$ 2,133,350</b>	<b>\$ 1,789,346</b>
<b>Stockholders' Equity</b>		
Series A Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized and 2,781,635 shares issued and outstanding as of June 30, 2019 and 100,000,000 shares authorized and 2,718,206 shares issued and outstanding as of December 31, 2018, liquidation preference of \$69,541 as of June 30, 2019 and liquidation preference of \$67,955 as of December 31, 2018	\$ 67,213	\$ 65,639
Series B Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized and 2,000,000 shares issued and outstanding as of June 30, 2019 and 100,000,000 shares authorized and 0 shares issued and outstanding as of December 31, 2018, liquidation preference of \$50,000 as of June 30, 2019 and liquidation preference of \$0 as of December 31, 2018	\$ 48,068	-
16,896,605 shares issued and outstanding as of June 30, 2019 and 500,000,000 shares authorized and 16,652,170 shares issued and outstanding as of December 31, 2018	170	167
Additional paid-in capital	302,631	298,614
(Deficit) Retained earnings	(33,734)	34,653
Accumulated other comprehensive income (loss)	19,117	(38,400)
<b>Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity</b>	<b>\$ 403,465</b>	<b>\$ 360,673</b>
Non-controlling interests in Operating Partnership	2,615	3,258
<b>Total Stockholders' Equity</b>	<b>\$ 406,080</b>	<b>\$ 363,931</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,539,430</b>	<b>\$ 2,153,277</b>

Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands.

# Income Statement

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## Consolidated Statements of Income

	Three Months Ended June 30,	
	2019	2018
<b>Income</b>		
Interest income	\$ 17,216	\$ 12,019
Interest expense	11,707	7,324
Net interest income	5,509	4,695
Servicing fee income	18,362	11,535
Servicing costs	4,103	2,394
Net servicing income	14,259	9,141
Other income (loss)		
Realized loss on RMBS, available-for-sale, net	-	(121)
Realized loss on derivatives, net	(365)	(2,033)
Unrealized gain (loss) on derivatives, net	(3,819)	6,009
Unrealized gain (loss) on investments in Servicing Related Assets	(44,042)	(365)
<b>Total Income</b>	<b>\$ (28,458)</b>	<b>\$ 17,326</b>
<b>Expenses</b>		
General and administrative expense	1,138	937
Management fee to affiliate	1,934	1,383
<b>Total Expenses</b>	<b>\$ 3,072</b>	<b>\$ 2,320</b>
<b>Income (Loss) Before Income Taxes</b>	<b>(31,530)</b>	<b>15,006</b>
Provision for (Benefit from) corporate business taxes	(4,372)	1,161
<b>Net Income (Loss)</b>	<b>\$ (27,158)</b>	<b>\$ 13,845</b>
Net (income) loss allocated to noncontrolling interests in Operating Partnership	438	(173)
Dividends on preferred stock	2,593	1,317
<b>Net Income (Loss) Applicable to Common Stockholders</b>	<b>\$ (29,313)</b>	<b>\$ 12,355</b>
<b>Net Income (Loss) Per Share of Common Stock</b>		
Basic	\$ (1.75)	\$ 0.91
Diluted	\$ (1.75)	\$ 0.91
<b>Weighted Average Number of Shares of Common Stock Outstanding</b>		
Basic	16,776,472	13,616,461
Diluted	16,789,261	13,624,676

Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands, except per-share figures.



# Comprehensive Income

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Appendix

<b>Consolidated Statement of Comprehensive Income</b>		
	<b>Three Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Net income (loss)	\$ (27,158)	\$ 13,845
<b>Other comprehensive income (loss):</b>		
Net unrealized gain (loss) on RMBS	25,536	(8,102)
Reclassification of net realized gain on RMBS included in earnings	-	121
Other comprehensive income (loss)	25,536	(7,981)
<b>Comprehensive income (loss)</b>	<b>\$ (1,622)</b>	<b>\$ 5,864</b>
Comprehensive income (loss) attributable to noncontrolling interests in Operating Partnership	\$ (29)	\$ 75
Dividends on preferred stock	2,593	1,317
Comprehensive income (loss) attributable to common stockholders	\$ (4,186)	\$ 4,472

Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands.

# Core Earnings

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Appendix

## Core Earnings

	Three Months Ended June 30,	
	2019	2018
Net Income (Loss)	\$ (27,158)	\$ 13,845
<b>Other comprehensive income (loss):</b>		
+ Realized loss on RMBS, net	-	121
+ Realized loss on derivatives, net	365	2,033
+ Unrealized loss (gain) on derivatives, net	3,819	(6,009)
+ Unrealized loss (gain) on investments in MSRs	44,042	365
+ Tax (benefit) expense on unrealized (loss) gain on MSRs	(4,249)	1,085
+ Changes due to realization of expected cash flows	(5,309)	(3,263)
+ Yield maintenance income	-	-
<b>Total core earnings:</b>	<b>\$ 11,510</b>	<b>\$ 8,177</b>
Core earnings attributable to noncontrolling interests in Operating Partnership	(185)	(104)
Dividends on preferred stock	2,593	1,317
<b>Core Earnings Attributable to Common Stockholders</b>	<b>\$ 8,731</b>	<b>\$ 6,756</b>
<b>Core Earnings Attributable to Common Stockholders, per Share</b>	<b>\$ 0.52</b>	<b>\$ 0.50</b>
<b>GAAP Net Income (Loss) Per Share of Common Stock</b>	<b>\$ (1.75)</b>	<b>\$ 0.91</b>

Note: Core earnings is a non-GAAP financial measure and is currently defined by the Company as GAAP net income (loss), excluding realized gain (loss) on RMBS, realized and unrealized (gain) loss on investments in MSRs, realized and unrealized gain (loss) on derivatives and realized (gain) loss on acquired assets. 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 the excess servicing portion of the MSRs. Core earnings are provided for purposes of potential 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, may provide investors some insight into the Company's ongoing operational performance. However, the concept of core earnings does have significant limitations, including the exclusion of realized and unrealized gains (losses), and given the apparent lack of a consistent methodology among issuers for defining core earnings, it may not be comparable to similarly-titled measures of other issuers, which define core earnings differently from the Company and each other. 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 June 30, 2019.

# Segment Results

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Appendix

<b>Results of Operations</b>				
	<b>Servicing Related Assets</b>	<b>RMBS</b>	<b>All Other</b>	<b>Total</b>
<b>Three Months Ended June 30, 2019</b>				
Interest income	\$ 214	\$ 17,002	\$ -	\$ 17,216
Interest expense	445	11,262	-	11,707
<b>Net interest income (expense)</b>	<b>(231)</b>	<b>5,740</b>	<b>-</b>	<b>5,509</b>
Servicing fee income	18,362	-	-	18,362
Servicing costs	4,103	-	-	4,103
<b>Net servicing income</b>	<b>14,259</b>	<b>-</b>	<b>-</b>	<b>14,259</b>
Other (loss)	(29,136)	(19,090)	-	(48,226)
Other operating expenses	-	-	3,072	3,072
(Benefit from) provision for corporate business taxes	(4,372)	-	-	(4,372)
<b>Net income (loss)</b>	<b>\$ (10,736)</b>	<b>\$ (13,350)</b>	<b>\$ (3,072)</b>	<b>\$ (27,158)</b>
<b>Balance Sheet</b>				
Investments	\$ 273,699	\$ 2,152,340	\$ -	\$ 2,426,039
Other assets	41,081	41,568	30,742	113,391
<b>Total assets</b>	<b>314,780</b>	<b>2,193,908</b>	<b>30,742</b>	<b>2,539,430</b>
Debt	152,027	1,942,511	-	2,094,538
Other liabilities	4,555	19,801	14,456	38,812
<b>Total liabilities</b>	<b>156,582</b>	<b>1,962,312</b>	<b>14,456</b>	<b>2,133,350</b>
<b>Book value</b>	<b>\$ 158,198</b>	<b>\$ 231,596</b>	<b>\$ 16,286</b>	<b>\$ 406,080</b>

Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands.

# RMBS Net Interest Spread

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RMBS Net Interest Spread				
	At June 30, 2019	At March 31, 2019	At December 31, 2018	At September 30, 2018
Weighted Average Asset Yield	3.23%	3.48%	3.48%	3.29%
Weighted Average Interest Expense	2.39%	2.23%	2.17%	2.11%
<b>Net Interest Spread</b>	<b>0.84%</b>	<b>1.25%</b>	<b>1.31%</b>	<b>1.18%</b>

Note: Figures presented are rounded. As of June 30, 2019.



# Hedging Summary

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## Interest Rate Swaps

### Commentary

Approximately \$1.5 billion notional interest rate swaps<sup>1</sup>  
0.90 years weighted average duration

### Characteristics

Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
x ≤ 3 Years	\$486,000	1.97%	2.53%	1.7
3 > x ≤ 5 Years	466,900	2.05%	2.48%	4.2
5 > x ≤ 7 Years	89,550	2.03%	2.48%	5.5
7 > x ≤ 10 Years	495,400	2.29%	2.45%	9.2
x > 10 Years	4,000	2.00%	2.53%	12.6
<b>Total / WA:</b>	<b>\$1,541,850</b>	<b>2.10%</b>	<b>2.49%</b>	<b>5.1</b>

## Interest Rate Swaptions

\$50 million notional

Options to enter into fixed pay swaps prior to December 2019

0.40 year weighted average duration

Note: Figures presented are rounded. As of June 30, 2019. Dollars in thousands, unless otherwise noted.

1. Includes \$385 million of receiver swaps.

# 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 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