



CHMI

CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Second Quarter 2018 Investor Presentation

August 8, 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.



Second Quarter 2018



Second Quarter 2018 Highlights

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Second Quarter 2018

Financial Results

\$0.49 dividend per share declared and paid¹	1.5% total quarterly loss on book value⁴
\$19.36 GAAP book value per common share²	\$0.50 core earnings per share³
<ul style="list-style-type: none">▪ 3.9% decrease, net of 2Q18 dividend	

Portfolio Update

4.7x leverage ratio for aggregate portfolio	7.5% net CPR for full Conventional MSR⁵
0.94% net interest spread for RMBS	11.5% net CPR for full Government MSR⁵
7.7% CPR for RMBS⁵	

2Q 2018 Milestones

Acquired approximately \$3.9 billion in UPB of MSR⁵ during the quarter

MSR portfolio of \$19.1 billion in UPB at June 30, 2018 (11% of assets and 39% of capital)

In June, issued ~3.1 million shares of Common Stock for net proceeds of approximately \$53.8 million before expenses

Note: Figures presented, except per share data, are rounded. As of June 30, 2018.

- 1. Second Quarter 2018 \$0.49 dividend was paid in cash on July 31, 2018 to stockholders of record on June 29, 2018.*
- 2. Based on 15,818,577 common shares outstanding at June 30, 2018.*
- 3. Based on 13,624,676 fully diluted weighted average common shares outstanding at June 30, 2018.*
- 4. Total return on book value for the quarter ended June 30, 2018 is defined as the decrease in book value from March 31, 2018 to June 30, 2018 of \$0.79, plus the dividend declared of \$0.49 per share, divided by June 30, 2018 book value of \$19.36 per share.*
- 5. Weighted average CPR for the three month period ended June 30, 2018.*

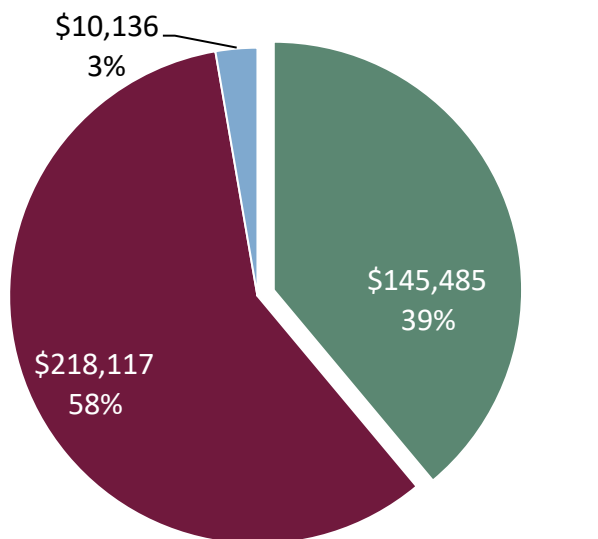
Aggregate Investment Portfolio Composition

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Second Quarter 2018

Equity Investment Composition:

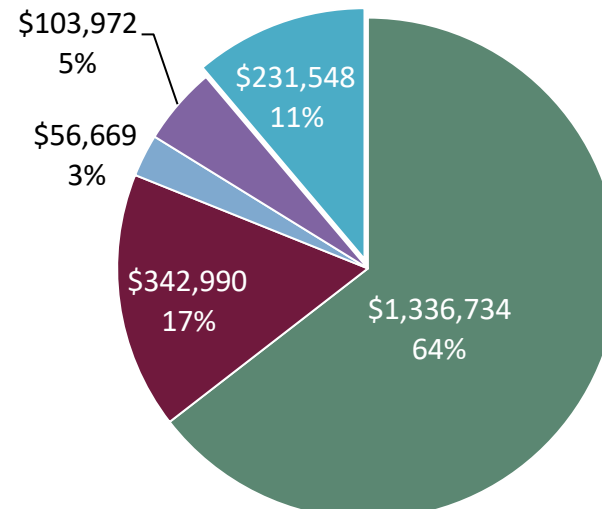
\$373,738



■ Servicing Related Assets¹ ■ RMBS² ■ All Other³

Aggregate Investment Portfolio Composition:

\$2,071,913⁴



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

Servicing Related Assets represented approximately 39% of equity and 11% of assets at quarter end.

Note: All financial information As of June 30, 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 -\$20.8 million.

MSR Overview

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Second Quarter 2018

Commentary

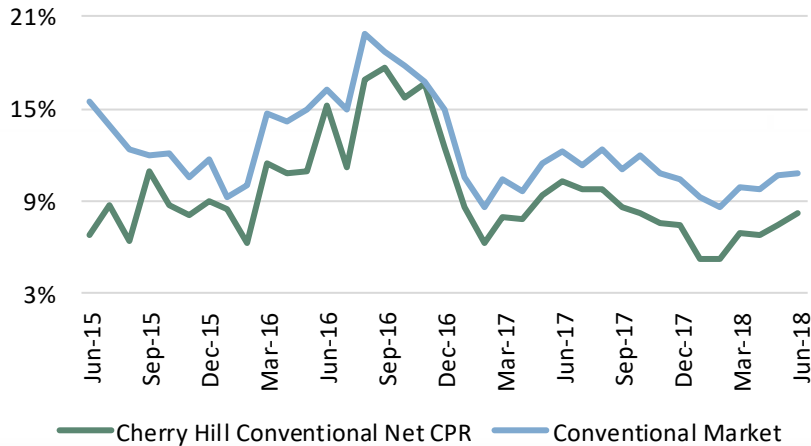
Investments in MSRs totaled \$231.5 million, related to \$19.1 billion in UPB of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of June 30, 2018

Acquired approximately \$3.9 billion in Fannie Mae/ Freddie Mac MSRs during 2Q18

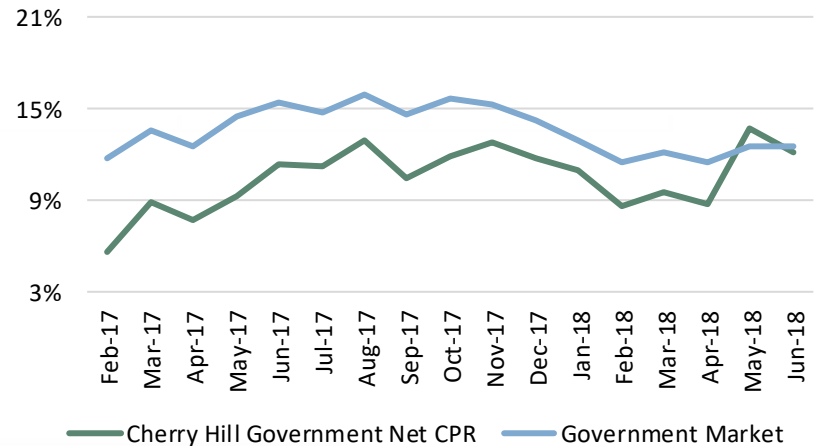
MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	9,773	5,605	3,727	19,105
Avg UPB (\$'000)	229,635	257,745	209,758	232,780
WAC	4.11	4.25	3.36	4.00
Net Servicing Fee	0.25	0.25	0.31	0.26
WAM (Mths)	317	336	327	324
WALA (Mths)	22	10	26	19
Original FICO	752	752	698	745
Original LTV	78.5	79.3	93.1	81.6
ARM %	0.4%	0.4%	0.0%	0.3%
60+ DQ	0.3%	0.1%	3.1%	0.8%

Historical Conventional Prepayment



Historical Government Prepayment



Note: Figures presented are rounded. As of June 30, 2018. CPR values presented are annualized. CPR values are net of recapture.

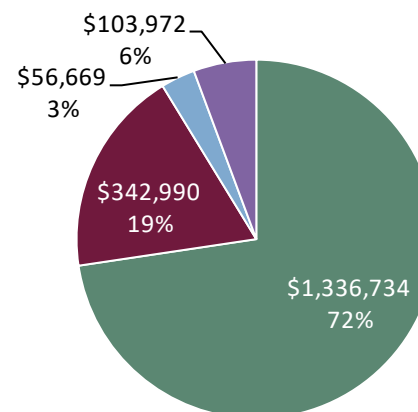
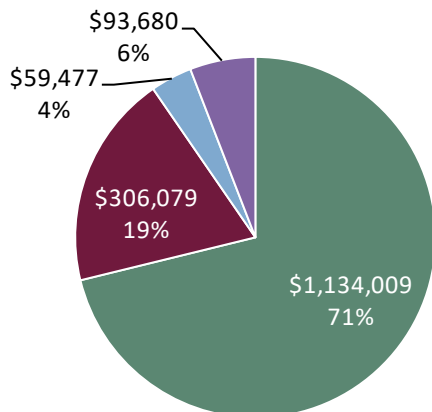
Second Quarter 2018 RMBS Highlights

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Second Quarter 2018

03/31/2018 RMBS Portfolio: \$1,593,245 (Incl. TBAs)

06/30/2018 RMBS Portfolio: \$1,840,365 (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: 73% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,357,549	102%	3.85	18	7.57	9.13
TBA	(\$20,816)	(2%)	3.86	N/A	N/A	N/A
Total 30 year MBS Collateral	\$1,336,734	100%	3.85	18	7.57	9.13
≤ 20 Year Collateral: 27% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$399,659	80%	3.70	22	8.01	9.64
Other	\$103,972	20%	5.87	23	0.42	3.52
Total 15 and 20 Year MBS	\$503,631	100%	4.14	22	6.46	8.39

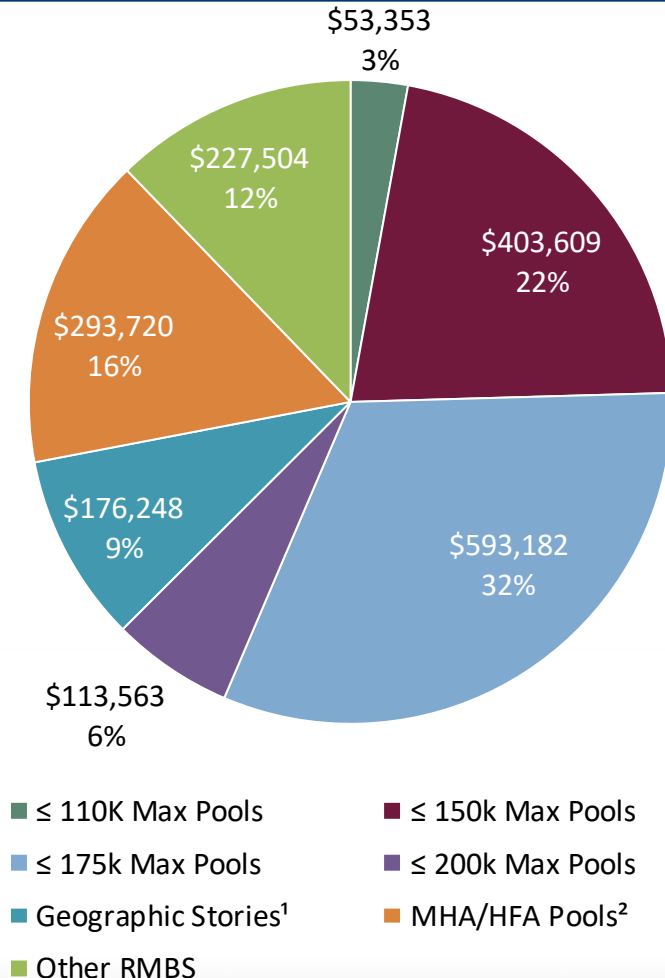
Note: Figures presented are rounded. As of June 30, 2018. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.
Source: CHMI management and The Yield Book Inc.

RMBS Portfolio with Prepayment Protection

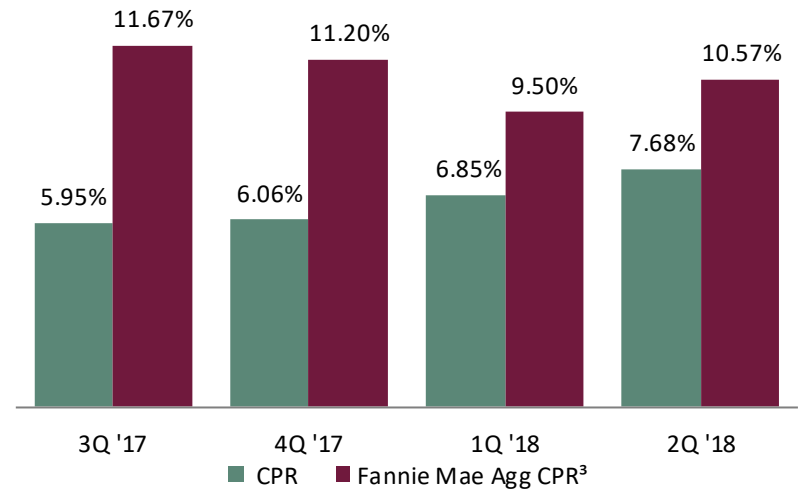
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Second Quarter 2018

RMBS Portfolio: \$1,861,180 (Ex. TBAs)



Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 7.7% for the three months ended June 30, 2018

- 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 June 30, 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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Second Quarter 2018

Duration Gap Sensitivity on Current Portfolio					
	June 30, 2018	- 25bps	+ 25bps	+50 bps	+ 100 bps
Assets					
RMBS Portfolio	3.88	3.46	4.22	4.54	5.10
Servicing Related Assets Portfolio	(1.93)	(2.55)	(1.44)	(1.07)	(0.60)
Total Assets	1.95	0.92	2.78	3.47	4.50
Liabilities, Swaps and Treasuries	(3.08)	(3.08)	(3.08)	(3.08)	(3.08)
Net Duration Gap (before Swaptions)	(1.14)	(2.17)	(0.31)	0.39	1.42
Swaptions	(0.39)	(0.22)	(0.53)	(0.60)	(0.64)
Net Duration Gap (including Swaptions)	(1.53)	(2.39)	(0.83)	(0.21)	0.78
Difference from Duration Gap as of June 30, 2018		(0.86)	0.70	1.32	2.31

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, 2018, the duration gap stood at -1.53 years

Assuming an instantaneous shift of +100 basis points in interest rates, the duration gap would move from -1.53 years to 0.78 years

Note: Figures presented are rounded. As of June 30, 2018.

Appendix

MSR – Conventional Sensitivity

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Appendix

MSRs Conventional Sensitivity Analysis¹

	June 30, 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	\$205,240	\$196,620	\$188,644	\$181,246	\$174,370	\$88,812	\$85,361	\$82,149	\$79,154	\$76,354
Change in FV	\$16,596	\$7,976		(\$7,397)	(\$14,274)	\$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	\$200,473	\$194,794	\$188,644	\$182,473	\$176,480	\$89,240	\$85,583	\$82,149	\$78,814	\$75,678
Change in FV	\$11,829	\$6,150		(\$6,170)	(\$12,164)	\$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	\$193,512	\$191,078	\$188,644	\$186,209	\$183,775	\$84,518	\$83,334	\$82,149	\$80,965	\$79,781
Change in FV	\$4,869	\$2,434		(\$2,434)	(\$4,869)	\$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 June 30, 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.
- June 30, 2018 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 8.9%; 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

	June 30, 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	\$47,388	\$45,043	\$42,904	\$40,946	\$39,149	\$45,133	\$42,790	\$40,656	\$38,707	\$36,920
Change in FV	\$4,484	\$2,139		(\$1,958)	(\$3,755)	\$4,477	\$2,134		(\$1,949)	(\$3,736)
% Change in FV	10.0%	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	\$45,314	\$44,154	\$42,904	\$41,655	\$40,442	\$42,910	\$41,872	\$40,656	\$39,383	\$38,112
Change in FV	\$2,410	\$1,249		(\$1,249)	(\$2,462)	\$2,253	\$1,216		(\$1,273)	(\$2,544)
% Change in FV	6.0%	3.0%		(3.0)%	(6.0)%	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	\$44,590	\$43,747	\$42,904	\$42,061	\$41,219	\$42,309	\$41,483	\$40,656	\$39,830	\$39,003
Change in FV	\$1,686	\$843		(\$843)	(\$1,686)	\$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 June 30, 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.
- June 30, 2018 analysis assumes weighted avg. discount rate of 12.0%; weighted avg. prepayment rate of 9.0%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$105 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.



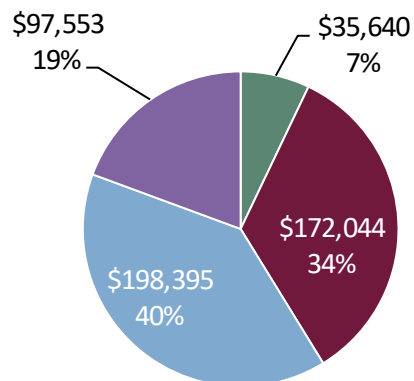
RMBS Portfolio Coupon Composition

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\$503,631 15/20 Year RMBS (Excludes TBAs)

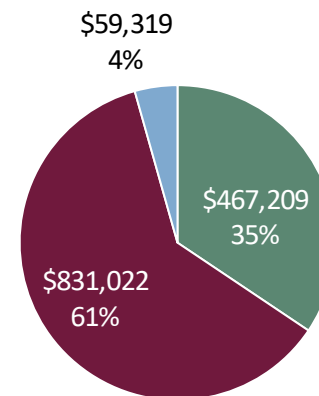
27% of Total RMBS Portfolio



■ 3.00 coupon ■ 3.50 coupon ■ 4.00 coupon ■ 6.01 coupon

\$1,357,549 30 Year RMBS (Excludes TBAs)

73% of Total RMBS Portfolios



■ 3.50 coupon ■ 4.00 coupon ■ 4.50 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	\$58,575	3.23%	\$104.10	\$56,669	\$100.68	3%
20 Years	\$351,410	3.76%	\$104.49	\$342,990	\$101.97	18%
≥ 30 Years	\$1,395,724	3.85%	\$104.62	\$1,357,548	\$101.64	73%
Other RMBS	\$96,739	5.86%	\$100.05	\$103,972	\$107.69	6%
Total / WA	\$1,902,448	3.93%	\$104.32	\$1,861,180	\$102.01	100%

Note: Figures presented are rounded. As of June 30, 2018. Dollars in thousands, unless otherwise noted.

Financing Highlights

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Commentary

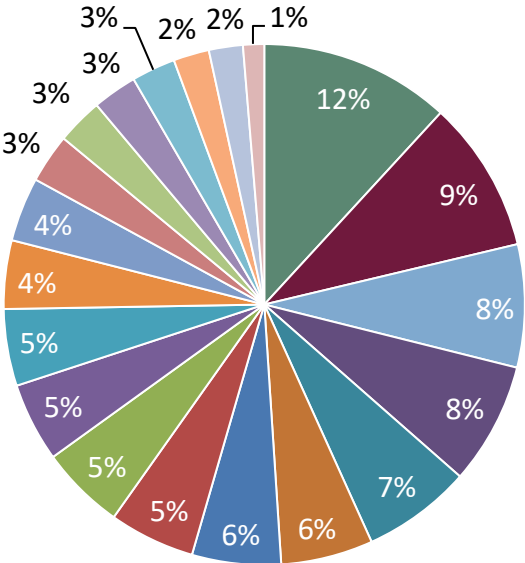
Average REPO cost was 2.12% with a weighted average days remaining to maturity of 57 days

31 REPO relationships established as of June 30, 2018

Borrowings with 20 financing counterparties

Weighted average "haircut" of 4.6%

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	\$547,663	32.3%	2.04%	16	90
1 ≥ x < 3 Months	\$734,276	43.4%	2.13%	62	97
x ≥ 3 Months	\$411,370	24.3%	2.19%	102	117
Total / WA	\$1,693,309	100.0%	2.12%	57	99

Note: Figures presented are rounded. As of June 30, 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>June 30, 2018</u>	<u>December 31, 2017</u>
Assets		
RMBS, available-for-sale (including pledged assets of \$1,765,246 and \$1,728,564, respectively)	\$ 1,861,180	\$ 1,840,912
Investments in Servicing Related Assets at fair value (including pledged assets of \$231,548 and \$122,806, respectively)	231,548	122,806
Cash and cash equivalents	23,942	27,327
Restricted cash	23,573	29,168
Derivative assets	26,016	13,830
Receivables and other assets	18,657	16,642
Total Assets	\$ 2,184,916	\$ 2,050,685
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 1,693,309	\$ 1,666,537
Derivative liabilities	1,117	344
Notes payable	79,282	39,025
Dividends payable	8,859	7,273
Due to affiliates	3,706	3,035
Accrued expenses and other liabilities	24,905	12,014
Total Liabilities	\$ 1,811,178	\$ 1,728,228
Stockholders' Equity		
Series A Preferred stock, \$0.01 par value, 100,000,000 shares authorized and 2,568,212 shares issued and outstanding as of June 30, 2018 and 100,000,000 shares authorized and 2,400,000 shares issued and outstanding as of December 31, 2017, liquidation preference of \$64,205 as of June 30, 2018 and liquidation preference of \$60,000 as of December 31, 2017	\$ 61,898	\$ 57,917
Common stock, \$0.01 par value, 500,000,000 shares authorized and 15,818,577 shares issued and outstanding as of June 30, 2018 and 500,000,000 shares authorized and 12,721,464 shares issued and outstanding as of December 31, 2017	158	127
Additional paid-in capital	283,230	229,642
Retained earnings	67,169	35,238
Accumulated other comprehensive income (loss)	(41,966)	(2,942)
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$ 370,489	\$ 319,982
Non-controlling interests in Operating Partnership	3,249	2,475
Total Stockholders' Equity	\$ 373,738	\$ 322,457
Total Liabilities and Stockholders' Equity	\$ 2,184,916	\$ 2,050,685

Note: Figures presented are rounded. As of June 30, 2018. Dollars in thousands.

Income Statement

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Consolidated Statements of Income

	Three Months Ended June 30,	
	2018	2017
Income		
Interest income	\$ 12,019	\$ 10,002
Interest expense	7,324	4,292
Net interest income	4,695	5,710
Servicing fee income	11,535	5,493
Servicing costs	2,394	991
Net servicing income	9,141	4,502
Other income (loss)		
Realized loss on RMBS, net	(121)	(77)
Realized loss on derivatives, net	(2,033)	(1,797)
Unrealized gain (loss) on derivatives, net	6,009	(4,633)
Unrealized gain (loss) on investments in MSRs	(365)	(4,507)
Total Income	\$ 17,326	\$ (802)
Expenses		
General and administrative expense	937	1,045
Management fee to affiliate	1,383	1,162
Total Expenses	\$ 2,320	\$ 2,207
Income (Loss) Before Income Taxes	15,006	(3,009)
Provision for (Benefit from) corporate business taxes	1,161	(1,344)
Net Income (Loss)	\$ 13,845	\$ (1,665)
Net (income) loss allocated to noncontrolling interests in Operating Partnership	(173)	116
Dividends on preferred stock	1,317	-
Net Income (Loss) Applicable to Common Stockholders	\$ 12,355	\$ (1,549)
Net Income (Loss) Per Share of Common Stock		
Basic	\$ 0.91	\$ (0.12)
Diluted	\$ 0.91	\$ (0.12)
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	13,616,461	12,695,090
Diluted	13,624,676	12,701,715

Note: Figures presented are rounded. As of June 30, 2018. Dollars in thousands, except per-share figures.

Comprehensive Income

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Consolidated Statement of Comprehensive Income		
	Three Months Ended June 30,	
	2018	2017
Net income (loss)	\$ 13,845	\$ (1,665)
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	(8,102)	5,810
Reclassification of net realized gain on RMBS included in earnings	121	77
Other comprehensive income (loss)	(7,981)	5,887
Comprehensive income	\$ 5,864	\$ 4,222
Comprehensive income (loss) attributable to noncontrolling interests in Operating Partnership	\$ 75	\$ (40)
Dividends on preferred stock	1,317	-
Comprehensive income attributable to common stockholders	\$ 4,472	\$ 4,262

Note: Figures presented are rounded. As of June 30, 2018. Dollars in thousands.

Core Earnings

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Core Earnings

	Three Months Ended June 30,	
	2018	2017
Net Income (Loss)	\$ 13,845	\$ (1,665)
Other comprehensive income (loss):		
+ Realized loss on RMBS, net	121	77
+ Realized loss on derivatives, net	2,033	1,797
+ Unrealized gain (loss) on derivatives, net	(6,009)	4,633
+ Unrealized gain (loss) on investments in MSRs	365	4,507
+ Tax (benefit) expense on unrealized (loss) gain on MSRs	1,085	(1,491)
+ Changes due to realization of expected cash flows	(3,263)	(1,803)
+ Yield maintenance income	-	750
Total core earnings:	\$ 8,177	\$ 6,805
Core earnings attributable to noncontrolling interests in Operating Partnership	(104)	(75)
Dividends on preferred stock	1,317	-
Core Earnings Attributable to Common Stockholders	\$ 6,756	\$ 6,730
Core Earnings Attributable to Common Stockholders, per Share	\$ 0.50	\$ 0.53
GAAP Net Income (Loss) Per Share of Common Stock	\$ 0.91	\$ (0.12)

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 June 30, 2018.

Segment Results

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Appendix

Results of Operations				
	Servicing Related Assets	RMBS	All Other	Total
Three Months Ended June 30, 2018				
Interest income	\$ -	\$ 12,019	\$ -	\$ 12,019
Interest expense	424	6,900	-	7,324
Net interest income (expense)	(424)	5,119	-	4,695
Servicing fee income	11,535	-	-	11,535
Servicing costs	2,394	-	-	2,394
Net servicing income	9,141	-	-	9,141
Other income (expense)	(365)	3,855	-	3,490
Other operating expenses	-	-	2,320	2,320
(Benefit from) provision for corporate business taxes	1,161	-	-	1,161
Net income (loss)	\$ 7,191	\$ 8,974	\$ (2,320)	\$ 13,845
June 30, 2018				
Investments	\$ 231,548	\$ 1,861,180	\$ -	\$ 2,092,728
Other assets	12,609	55,481	24,098	92,188
Total assets	244,157	1,916,661	24,098	2,184,916
Debt	79,282	1,693,309	-	1,772,591
Other liabilities	19,390	5,235	13,962	38,587
Total liabilities	98,672	1,698,544	13,962	1,811,178
Book value	\$ 145,485	\$ 218,117	\$ 10,136	\$ 373,738
Leverage				
June 30, 2018	0.54x	7.76x	-x	4.74x

Note: Figures presented are rounded. As of June 30, 2018. Dollars in thousands.

RMBS Net Interest Spread

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Appendix

RMBS Net Interest Spread				
	At June 30, 2018	At March 31, 2018	At December 31, 2017	At September 30, 2017
Weighted Average Asset Yield	2.66%	2.98%	2.91%	2.91%
Weighted Average Interest Expense	1.72%	1.84%	1.64%	1.65%
Net Interest Spread	0.94%	1.14%	1.27%	1.26%

Note: Figures presented are rounded. As of June 30, 2018.



Hedging Summary

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Appendix

Interest Rate Swaps

Commentary

Approximately \$1.3 billion notional fixed pay swaps
 4.2 years weighted average duration
 Covers 78% of aggregate REPO borrowings

Characteristics

Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
x ≤ 3 Years	\$352,300	1.67%	2.34%	1.4
3 > x ≤ 5 Years	332,900	2.04%	2.33%	4.1
5 > x ≤ 7 Years	393,300	2.18%	2.33%	6.0
7 > x ≤ 10 Years	232,000	2.37%	2.34%	9.1
x > 10 Years	14,000	2.64%	2.34%	11.1
Total / WA:	\$1,324,500	2.05%	2.34%	4.9

Interest Rate Swaptions

\$195 million notional
 Options to enter into fixed pay swaps prior to June 2019
 4.4 year weighted average duration

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