



CHMI

CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Third Quarter 2019 Investor Presentation

November 12, 2019

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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.



Third Quarter 2019



Third Quarter 2019 Highlights

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Third Quarter 2019

Financial Results

\$0.40 dividend per share declared and paid¹

3.6% total quarterly gain on book value³

\$17.01 GAAP book value per common share²

\$0.41 core earnings per share⁴

- 1.3% increase, net of 3Q19 dividend

Portfolio Update

5.92x leverage ratio for aggregate portfolio

23.6% net CPR for Conventional MSRs⁵

0.87% net interest spread for RMBS

17.3% net CPR for Government MSRs⁵

10.9% CPR for RMBS⁵

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

- 1. Third Quarter 2019 \$0.40 dividend was paid in cash on October 29, 2019 to stockholders of record on September 30, 2019.*
- 2. Based on 16,896,605 common shares outstanding at September 30, 2019.*
- 3. Total return on book value for the quarter ended September 30, 2019 is defined as the increase in book value from June 30, 2019 to September 30, 2019 of \$0.21, plus the dividend declared of \$0.40 per share, divided by June 30, 2019 book value of \$16.80 per share.*
- 4. Based on 16,896,605 fully diluted weighted average common shares outstanding at September 30, 2019.*
- 5. Weighted average CPR for the three month period ended September 30, 2019.*

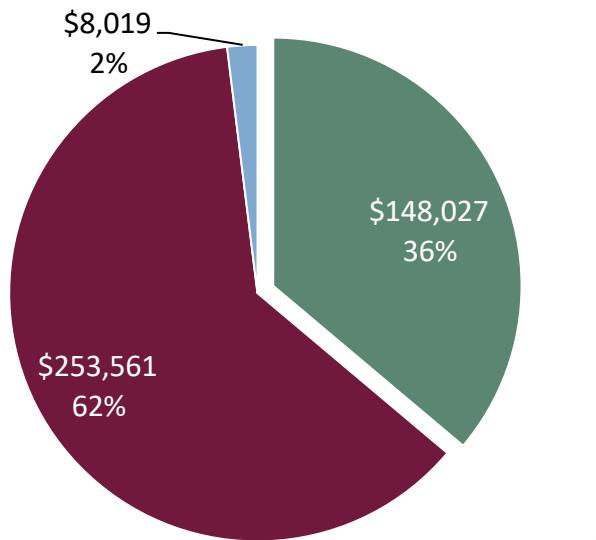
Aggregate Investment Portfolio Composition

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Third Quarter 2019

Equity Investment Composition:

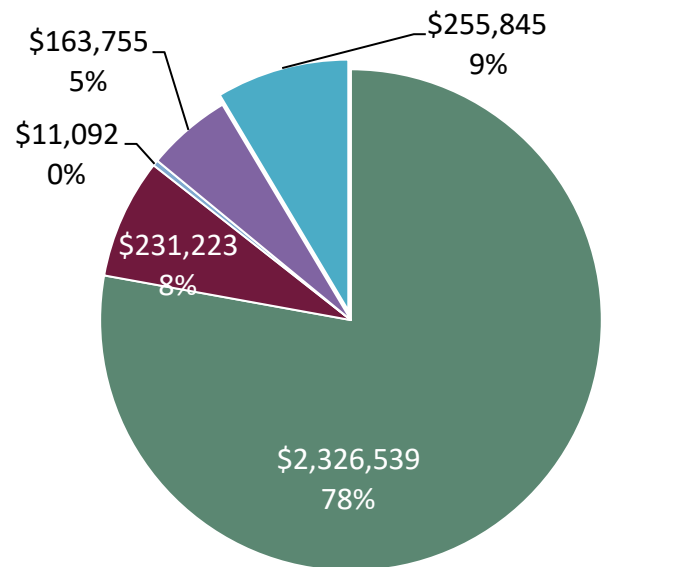
\$409,607



■ Servicing Related Assets¹ ■ RMBS² ■ All Other³

Aggregate Investment Portfolio Composition:

\$2,988,456⁴



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

Servicing Related Assets represented approximately 36% of equity and 9% of assets at quarter end.

Note: All financial information As of September 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 \$250 million.

MSR Overview

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Third Quarter 2019

Commentary

Investments in MSRs totaled \$255.8 million, related to \$27.9 billion in UPB of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans As of September 30, 2019

Acquired approximately \$2.0 billion in Fannie Mae/Freddie Mac MSRs during the quarter

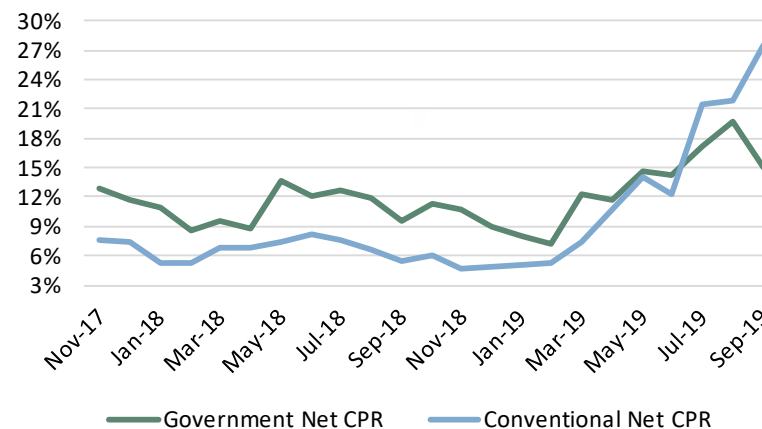
Added \$100 million of uncommitted MSR financing capacity during the quarter

Amended the Ginnie Mae MSR Term Facility subsequent to quarter end to provide an additional \$10 million of borrowing capacity to fund advances on the pledged Ginnie Mae MSRs

9/30/2019 MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	15,123,941,955	9,670,876,316	3,069,391,655	27,864,209,925
Avg UPB (\$'000)	238,124	249,816	201,867	237,284
WAC	4.30	4.44	3.37	4.25
Net Servicing Fee	0.25	0.25	0.31	0.26
WAM (Mths)	318	332	313	322
WALA (Mths)	25	18	41	24
Original FICO	754	753	698	750
Original LTV	80.5	80.6	93.2	81.9
ARM %	0.2%	0.4%	0.0%	0.2%
60+ DQ	0.4%	0.3%	4.1%	0.7%

Cherry Hill Historical Prepayment Rates



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

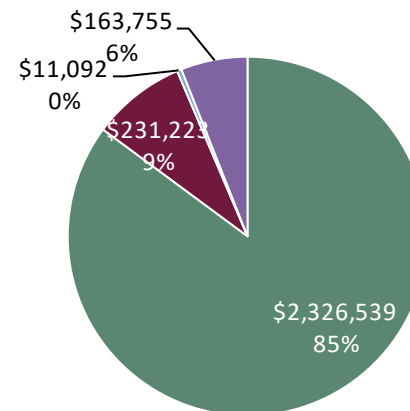
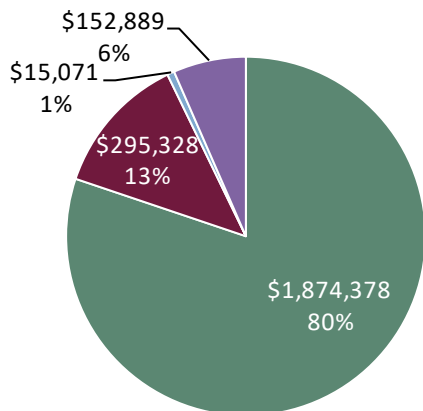
Third Quarter 2019 RMBS Highlights

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Third Quarter 2019

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

9/30/2019 RMBS Portfolio: \$2,732,611 (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: 85% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$2,076,943	89%	3.80	23	10.93	16.24
TBA	249,596	11%	3.26	N/A	N/A	N/A
Total 30 year MBS Collateral	\$2,326,539	100%	3.74	23	10.93	-
≤ 20 Year Collateral: 15% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$242,316	60%	3.76	32	10.37	12.08
Other	163,755	40%	5.08	28	25.92	15.37
Total 15 and 20 Year MBS	\$406,071	100%	4.29	30	16.64	13.41

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

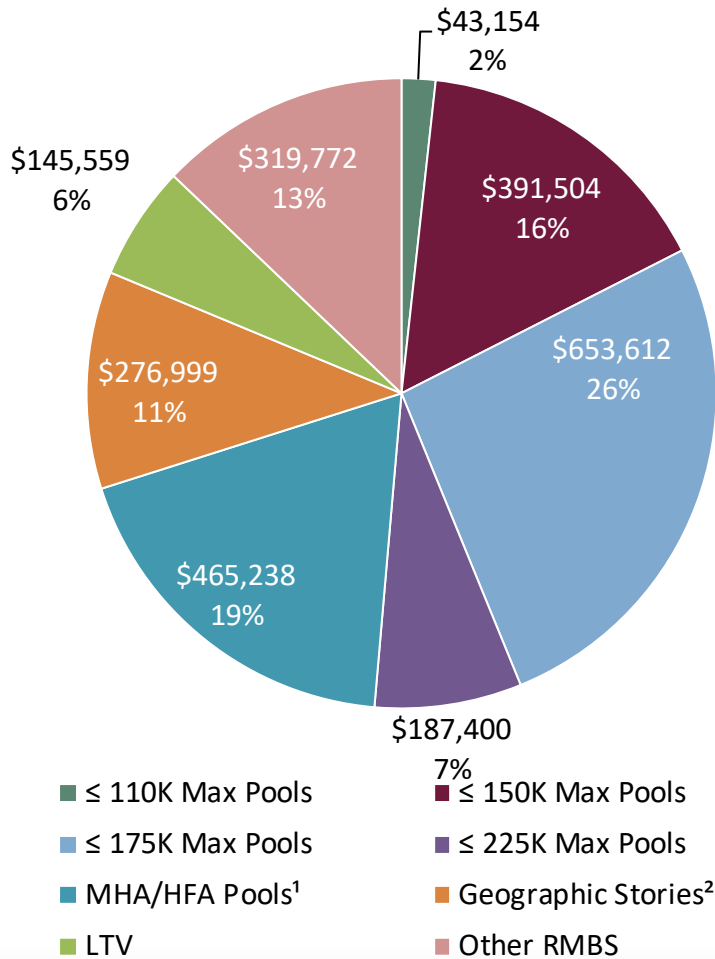
Source: CHMI management and The Yield Book Inc.

RMBS Portfolio with Prepayment Protection

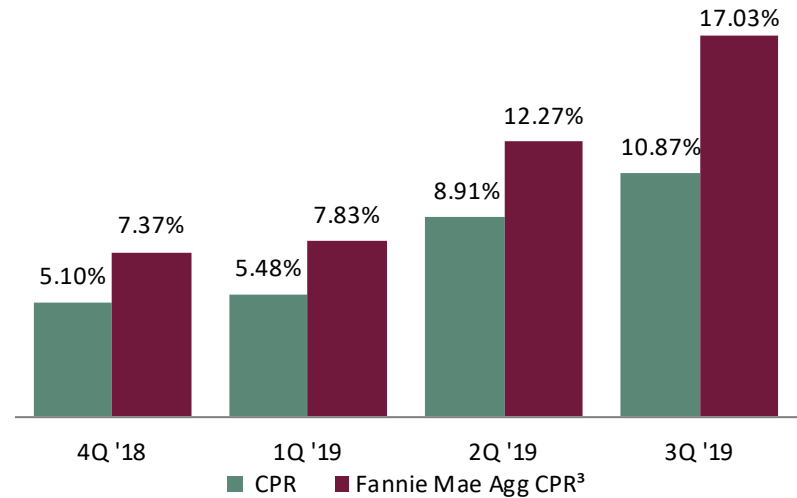
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Third Quarter 2019

RMBS Portfolio: \$2,483,237 (Ex. TBAs)



Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 10.9% for the three months ended September 30, 2019

- Six month weighted average CPR of 9.9%
- RMBS portfolio CPRs increased as interest and mortgage rates continued to decline during the third quarter

Note: Figures noted are rounded. As of September 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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Third Quarter 2019

Duration Gap Sensitivity on Current Portfolio					
	September 30, 2019	- 25bps	+ 25bps	+50 bps	+ 100 bps
Assets					
RMBS Portfolio	2.16	1.86	2.57	2.98	3.77
Servicing Related Assets Portfolio	(2.65)	(2.71)	(2.49)	(2.46)	(2.12)
Total Assets	(0.49)	(0.86)	0.07	0.52	1.65
Liabilities, Swaps and Treasuries	0.73	0.77	0.71	0.66	0.59
Net Duration Gap (before Swaptions)	0.24	(0.09)	0.78	1.18	2.24
Swaptions	0.00	0.00	0.00	0.00	0.00
Net Duration Gap (including Swaptions)	0.24	(0.09)	0.78	1.18	2.24
Difference from Duration Gap as of September 30, 2019		(0.33)	0.54	0.94	2.00

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 September 30, 2019, the duration gap stood at 0.24 years

Assuming an instantaneous shift of +50 basis points in interest rates, the duration gap would move from 0.24 years to 1.18 years

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

Appendix

MSR – Conventional Sensitivity

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Appendix

MSRs Conventional Sensitivity Analysis¹

	September 30, 2019 ²					December 31, 2018 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$241,043	\$234,090	\$227,522	\$221,307	\$215,421	\$277,424	\$265,607	\$254,692	\$244,585	\$235,204
Change in FV	\$13,521	\$6,569		(\$6,214)	(\$12,100)	\$22,732	\$10,915		(\$10,107)	(\$19,487)
% Change in FV	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%
Estimated FV	\$262,400	\$244,075	\$227,522	\$212,559	\$199,020	\$272,688	\$263,879	\$254,692	\$245,554	\$236,729
Change in FV	\$34,879	\$16,554		(\$14,962)	(\$28,502)	\$17,996	\$9,187		(\$9,138)	(\$17,963)
% Change in FV	15.0%	7.0%		(7.0)%	(13.0)%	7.0%	4.0%		(4.0)%	(7.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$233,995	\$230,758	\$227,522	\$224,285	\$221,048	\$261,205	\$257,949	\$254,692	\$251,435	\$248,178
Change in FV	\$6,474	\$3,237		(\$3,237)	(\$6,474)	\$6,514	\$3,257		(\$3,257)	(\$6,514)
% 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 September 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.
- September 30, 2019 analysis assumes weighted avg. discount rate of 7.0%; weighted avg. prepayment rate of 14.7%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$73 per loan.¹¹
- 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 Analysis¹

	September 30, 2019 ²					December 31, 2018 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$30,347	\$29,300	\$28,323	\$27,410	\$26,555	\$44,591	\$42,299	\$40,216	\$38,314	\$36,572
Change in FV	\$2,024	\$977		(\$913)	(\$1,769)	\$4,375	\$2,084		(\$1,902)	(\$3,644)
% Change in FV	7.0%	3.0%		(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%
Estimated FV	\$31,795	\$29,985	\$28,323	\$26,796	\$25,388	\$42,763	\$41,522	\$40,216	\$38,912	\$37,646
Change in FV	\$3,471	\$1,661		(\$1,528)	(\$2,936)	\$2,547	\$1,306		(\$1,303)	(\$2,569)
% Change in FV	12.0%	6.0%		(5.0)%	(10.0)%	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	\$29,731	\$29,027	\$28,323	\$27,620	\$26,916	\$41,930	\$41,073	\$40,216	\$39,358	\$38,501
Change in FV	\$1,407	\$704		(\$704)	(\$1,407)	\$1,715	\$857		(\$857)	(\$1,715)
% Change in FV	5.0%	2.0%		(2.0)%	(5.0)%	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of September 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.
- September 30, 2019 analysis assumes weighted avg. discount rate of 9.1%; weighted avg. prepayment rate of 14.0%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$110 per loan.^{1,2}
- 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.



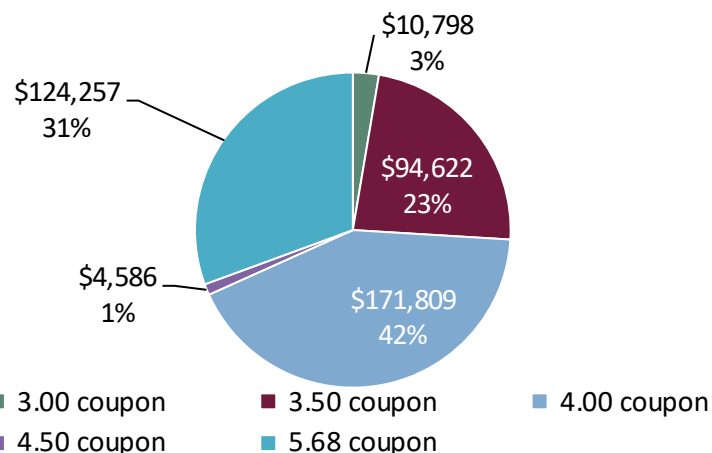
RMBS Portfolio Coupon Composition

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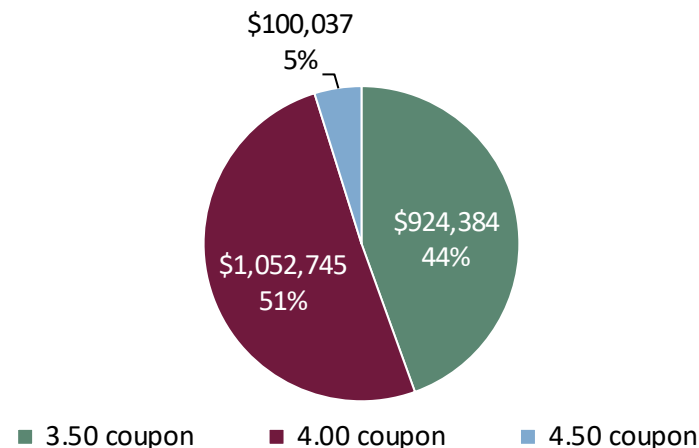
\$406,071 15/20 Year RMBS (Excludes TBAs)

16% of Total RMBS Portfolio



\$2,077,166 Year RMBS (Excludes TBAs)

84% 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	\$11,083	3.34%	\$103.64	\$11,092	\$103.73	0%
20 Years	228,107	3.78%	104.11	231,223	105.54	9%
≥ 30 Years	2,051,168	3.80%	103.96	2,077,167	105.27	84%
Other RMBS	157,306	5.08%	100.27	163,755	104.49	7%
Total / WA	\$2,447,664	3.88%	\$103.73	\$2,483,237	\$105.24	100%

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

Financing Highlights

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Commentary

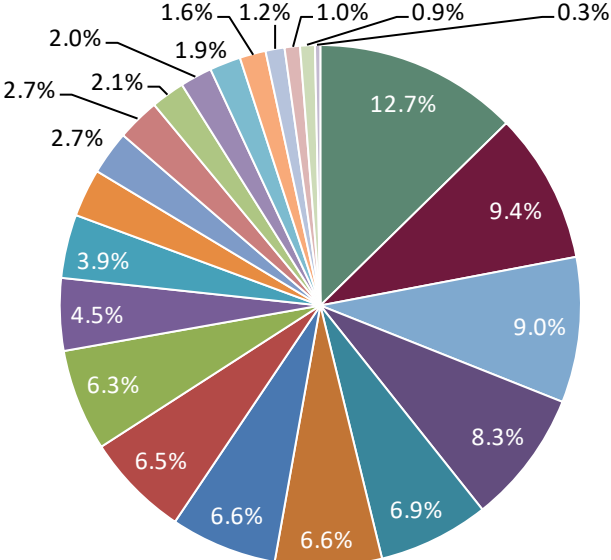
Average REPO cost was 2.36% with a weighted average days remaining to maturity of 54 days

30 REPO relationships established As of September 30, 2019

Borrowings with 22 financing counterparties

Weighted average "haircut" of 4.3%

Repurchase Counterparties Utilized¹



Remaining Maturity	REPO Outstanding	Percentage	WA Rate	Remaining Days to Maturity	Original Days to Maturity
Less than one month	\$623,936	27.5%	2.50%	18	82
One to three months	1,215,235	53.6%	2.29%	51	96
Greater than three months	427,670	18.9%	2.33%	117	192
Total / WA	\$2,266,841	100.0%	2.36%	54	110

Note: Figures presented are rounded. As of September 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		
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Assets		
RMBS, available-for-sale (including pledged assets of \$2,363,218 and \$1,698,688, respectively)	\$ 2,483,237	\$ 1,770,110
Investments in Servicing Related Assets at fair value (including pledged assets of \$255,845 and \$294,907, respectively)	255,845	294,907
Cash and cash equivalents	21,355	31,834
Restricted cash	48,714	8,185
Derivative assets	26,751	24,258
Receivables and other assets	40,109	23,983
Total Assets	\$ 2,876,011	\$ 2,153,277
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 2,266,841	\$ 1,598,592
Derivative liabilities	16,916	3,816
Notes payable	157,951	157,543
Dividends payable	8,851	11,847
Due to affiliates	3,139	2,003
Accrued expenses and other liabilities	12,706	15,545
Total Liabilities	\$ 2,466,404	\$ 1,789,346
Stockholders' Equity		
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 September 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 September 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 September 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 September 30, 2019 and liquidation preference of \$0 as of December 31, 2018	\$ 48,068	\$ -
Common stock, \$0.01 par value per share, 500,000,000 shares authorized and 16,896,605 shares issued and outstanding as of September 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	302,684	298,614
(Deficit) Retained earnings	(45,860)	34,653
Accumulated other comprehensive income (loss)	34,668	(38,400)
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$ 406,943	\$ 360,673
Non-controlling interests in Operating Partnership	2,664	3,258
Total Stockholders' Equity	\$ 409,607	\$ 363,931
Total Liabilities and Stockholders' Equity	\$ 2,876,011	\$ 2,153,277

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

Income Statement

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Consolidated Statements of Income

	Three Months Ended September 30,	
	2019	2018
Income		
Interest income	\$ 19,383	\$ 15,323
Interest expense	12,635	9,257
Net interest income	6,748	6,066
Servicing fee income	18,687	14,017
Servicing costs	4,102	2,981
Net servicing income	14,585	11,036
Other income (loss)		
Realized gain (loss) on RMBS, available-for-sale, net	275	(428)
Realized gain (loss) on derivatives, net	12,627	(707)
Realized gain on acquired assets, net	54	-
Unrealized gain (loss) on derivatives, net	(2,133)	8,807
Unrealized gain (loss) on investments in Servicing Related Assets	(37,514)	6,218
Total Income	\$ (5,358)	\$ 30,992
Expenses		
General and administrative expense	1,194	1,165
Management fee to affiliate	2,042	1,599
Total Expenses	\$ 3,236	\$ 2,764
Income (Loss) Before Income Taxes	(8,594)	28,228
Provision for (Benefit from) corporate business taxes	(5,643)	729
Net Income (Loss)	\$ (2,951)	\$ 27,499
Net (income) loss allocated to noncontrolling interests in Operating Partnership	43	(364)
Dividends on preferred stock	2,459	1,372
Net Income (Loss) Applicable to Common Stockholders	\$ (5,367)	\$ 25,763
Net Income (Loss) Per Share of Common Stock		
Basic	\$ (0.32)	\$ 1.62
Diluted	\$ (0.32)	\$ 1.62
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	16,883,816	15,864,774
Diluted	16,896,605	15,873,030

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

Comprehensive Income

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	Three Months Ended September 30,	
	2019	2018
Net income (loss)	\$ (2,951)	\$ 27,499
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	15,826	(13,656)
Reclassification of net realized gain (loss) on RMBS included in earnings	(275)	428
Other comprehensive income (loss)	15,551	(13,228)
Comprehensive income	\$ 12,600	\$ 14,271
Comprehensive income attributable to noncontrolling interests in Operating Partnership	\$ 203	\$ 187
Dividends on preferred stock	2,459	1,372
Comprehensive income attributable to common stockholders	\$ 9,938	\$ 12,712
Comprehensive Income Per Share of Common Stock		
Basic	\$ 0.59	\$ 0.80
Diluted	\$ 0.59	\$ 0.80

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

Core Earnings

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	Core Earnings ¹	
	Three Months Ended September 30,	
	2019 ²	2018
Net Income (Loss)	\$ (2,951)	\$ 27,499
Other comprehensive income (loss):		
+ Realized loss (gain) on RMBS, net	(275)	428
+ Realized loss (gain) on derivatives, net	(12,627)	707
+ Realized gain on acquired assets, net	(54)	-
+ Unrealized loss (gain) on derivatives, net	2,133	(8,807)
+ Unrealized loss (gain) on investments in MSRs, net of estimated MSR amortization	29,105	(10,260)
+ Tax (benefit) expense on unrealized (loss) gain on MSRs	(5,722)	725
Total core earnings:	\$ 9,609	\$ 10,292
Core earnings attributable to noncontrolling interests in Operating Partnership	(153)	(136)
Dividends on preferred stock	2,459	1,372
Core Earnings Attributable to Common Stockholders	\$ 6,997	\$ 8,784
Core Earnings Attributable to Common Stockholders, per Diluted Share	\$ 0.41	\$ 0.55
GAAP Net Income (Loss) Per Share of Common Stock, per Diluted Share	\$ (0.32)	\$ 1.62

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

- 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 (net of any estimated MSR amortization), 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 any tax (benefit) expense on unrealized gain (loss) on 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.
- Beginning with this reporting period, the Company has refined the MSR amortization method utilized in determining the amount of realized and unrealized gain (loss) on investments in MSRs, used by the Company to calculate Core Earnings. MSR amortization refers to the portion of the change in fair value of the MSRs that is primarily due to the realization of cashflows or runoff. The new method increases the MSR amortization amount taken into account for the reporting period to better reflect current and expected market conditions and includes an adjustment for any gain or loss on the capital used to purchase the MSR. MSR amortization for periods that ended prior to September 30, 2019 have not been adjusted to reflect the Company's refined MSR amortization method. If the refined MSR amortization method was applied retroactively to the three-month periods ended March 31, 2019 and June 30, 2019, the Company would have reported Core Earnings attributable to common stockholders per share of \$0.50 and \$0.38, respectively.



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 September 30, 2019				
Interest income	\$ 380	\$ 19,003	\$ -	\$ 19,383
Interest expense	291	12,344	-	12,635
Net interest income	89	6,659	-	6,748
Servicing fee income	18,687	-	-	18,687
Servicing costs	4,102	-	-	4,102
Net servicing income	14,585	-	-	14,585
Other income (expense)	(29,423)	2,732	-	(26,691)
Other operating expenses	-	-	3,236	3,236
Benefit from corporate business taxes	(5,643)	-	-	(5,643)
Net Income (Loss)	\$ (9,106)	\$ 9,391	\$ (3,236)	\$ (2,951)
Balance Sheet				
Investments	\$ 255,845	\$ 2,483,237	\$ -	\$ 2,739,082
Other assets	57,259	58,191	21,479	136,929
Total assets	313,104	2,541,428	21,479	2,876,011
Debt	157,951	2,266,841	-	2,424,792
Other liabilities	7,126	21,026	13,460	41,612
Total liabilities	165,077	2,287,867	13,460	2,466,404
Book value	\$ 148,027	\$ 253,561	\$ 8,019	\$ 409,607

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

RMBS Net Interest Spread

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Appendix

RMBS Net Interest Spread				
	At September 30, 2019	At June 30, 2019	At March 31, 2019	At December 31, 2018
Weighted Average Asset Yield	3.15%	3.23%	3.48%	3.48%
Weighted Average Interest Expense	2.28%	2.39%	2.23%	2.17%
Net Interest Spread	0.87%	0.84%	1.25%	1.31%

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



Hedging Summary

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Appendix

Interest Rate Swaps					
Commentary	Characteristics				
<p>Approximately \$2.4 billion notional interest rate swaps</p> <p>3.6 years weighted average duration on Payer swaps</p> <p>8.6 years weighted average duration on Receiver swaps</p>	Payer Swaps				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
	x ≤ 3 Years	\$938,000	1.64%	2.16%	2.3
	3 > x ≤ 5 Years	444,450	1.78%	2.18%	4.5
	5 > x ≤ 7 Years	21,500	1.93%	2.26%	5.9
	7 > x ≤ 10 Years	250,400	1.90%	2.21%	8.3
	x > 10 Years	4,000	2.00%	2.18%	12.3
	Total / WA:	\$1,658,350	1.72%	2.18%	3.9
	Receiver Swaps				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
	x ≤ 3 Years	\$40,000	2.27%	2.73%	1.4
	3 > x ≤ 5 Years	-	-	-	-
	5 > x ≤ 7 Years	-	-	-	-
	7 > x ≤ 10 Years	706,000	2.19%	1.87%	9.9
	x > 10 Years	-	-	-	-
Total / WA:	\$746,000	2.19%	1.91%	9.5	

Interest Rate Swaptions
\$35 million notional
Options to enter into fixed pay swaps prior to January 2020
0.2 year weighted average duration

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