UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to _____
Commission file number 001-36099

CHERRY HILL MORTGAGE INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	**46-1315605**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
4000 Route 66, Suite 310 **Tinton Falls, New Jersey**	**07753**
(Address of Principal Executive Offices)	**(Zip Code)**

(877) 870 – 7005
(Registrant's Telephone Number, Including Area Code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**CHMI**	**New York Stock Exchange**
8.20% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share	**CHMI-PRA**	**New York Stock Exchange**
8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, $0.01 par value per share	**CHMI-PRB**	**New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

As of October 29, 2026, there were 36,947,394 outstanding shares of common stock, $0.01 par value per share, of Cherry Hill Mortgage Investment Corporation.

CHERRY HILL MORTGAGE INVESTMENT CORPORATION

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GLOSSARY

This glossary defines some, but not all, of the terms that we use elsewhere in this Quarterly Report on Form 10-Q. In this Quarterly Report on Form 10-Q, unless specifically stated otherwise or the context otherwise indicates, references to "we", "us", "our", the "Company" or "CHMI" refer to Cherry Hill Mortgage Investment Corporation, a Maryland corporation, together with its consolidated subsidiaries; and references to the "Operating Partnership" refer to Cherry Hill Operating Partnership, LP, a Delaware limited partnership.

"Agency" means a U.S. Government agency, such as Ginnie Mae, or a GSE.

"Agency RMBS" means RMBS issued by an Agency or for which an Agency guarantees payments of principal and interest on the securities.

"ARM" means an adjustable-rate residential mortgage loan.

"ASC" means an Accounting Standards Codification.

"ASU" means the Accounting Standards Update issued by the FASB.

"CFTC" means the U.S. Commodity Futures Trading Commission.

"CMO" means a collateralized mortgage obligation. CMOs are either loss share securities issued by a GSE or structured debt instruments representing interests in specified pools of mortgage loans subdivided into multiple classes, or tranches, of securities, with each tranche having different maturities or risk profiles.

"Code" means the Internal Revenue Code of 1986, as amended.

"credit enhancement" means techniques to improve the credit ratings of securities, including overcollateralization, creating retained spread, creating subordinated tranches and insurance.

"ESG" means environmental, social, and governance.

"Excess MSR" means an interest in an MSR, representing a portion of the interest payment collected from a pool of mortgage loans, net of a basic servicing fee paid to the mortgage servicer.

"Fannie Mae" means the Federal National Mortgage Association.

"FASB" means the Financial Accounting Standards Board.

"Federal Reserve" means the U.S. Federal Reserve.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation.

"GAAP" means U.S. generally accepted accounting principles.

"Ginnie Mae" means the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the U.S. Department of Housing and Urban Development.

"GSE" means a government-sponsored enterprise. When we refer to GSEs, we mean Fannie Mae or Freddie Mac.

"hybrid ARM" means a residential mortgage loan that has an interest rate that is fixed for a specified period of time (typically three, five, seven or ten years) and thereafter adjusts to an increment over a specified interest rate index.

"inverse IO" means an inverse interest-only security, which is a type of stripped security. These debt securities receive no principal payments and have a coupon rate which has an inverse relationship to its reference index.

"IO" means an interest-only security, which is a type of stripped security. IO strips receive a specified portion of the interest on the underlying assets.

"MBS" means mortgage-backed securities.

"mortgage loan" means a loan secured by real estate together with the right to receive the payment of principal and interest on the loan (including the servicing fee).

"MSR" means a mortgage servicing right. An MSR provides a mortgage servicer with the right to service a mortgage loan or a pool of mortgages in exchange for a portion of the interest payments made on the mortgage or the underlying mortgages. An MSR is made up of two components: a basic servicing fee and an Excess MSR. The basic servicing fee is the amount of compensation for the performance of servicing duties.

"non-Agency RMBS" means CMOs that either are loss share securities issued by a GSE or are not issued or guaranteed by an Agency, including investment grade (AAA through BBB rated) and non-investment grade (BB rated through unrated) classes.

"REIT" means a real estate investment trust under the Code.

"residential mortgage pass-through certificate" is a MBS that represents an interest in a "pool" of mortgage loans secured by residential real property where payments of both interest and principal (including principal prepayments) on the underlying residential mortgage loans are made monthly to holders of the security, in effect "passing through" monthly payments made by the individual borrowers on the mortgage loans that underlie the security, net of fees paid to the issuer/guarantor and servicer.

"RMBS" means an Agency residential MBS or a non-Agency residential MBS.

"Servicing Related Assets" means Excess MSRs and MSRs.

"SIFMA" means the Securities Industry and Financial Markets Association.

"stripped security" is an RMBS structured with two or more classes that receives different distributions of principal or interest on a pool of RMBS. Stripped securities include IOs and inverse IOs.

"TBA" means a forward-settling Agency RMBS where the pool is "to-be-announced." In a TBA, a buyer will agree to purchase, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered is not identified until shortly before the TBA settlement date.

"TRS" means a taxable REIT subsidiary.

"UPB" means unpaid principal balance.

"U.S. Treasury" means the U.S. Department of Treasury.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

Cherry Hill Mortgage Investment Corporation (together with its consolidated subsidiaries, the "Company", "we", "our" or "us") makes forward-looking statements in this Quarterly Report on Form 10-Q within the meaning of the Private Securities Litigation Reform Act of 1995 (as set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). For these statements, the Company claims the protections of the safe harbor for forward-looking statements contained in such Sections. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the Company's control. These forward-looking statements include information about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. When the Company uses the words "believe", "expect", "anticipate", "estimate", "plan", "continue", "intend", "should", "could", "would", "may", "potential" or the negative of these terms or other comparable terminology, the Company intends to identify forward-looking statements. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ materially from our beliefs, expectations, estimates and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Statements regarding the following subjects, among others, may be forward-looking:

- the Company's investment objectives and business strategy;
- the Company's exposure to future litigation, regulatory proceedings and governmental investigations;
- the Company's ability to raise capital through the sale of its equity and debt securities and to invest the net proceeds of any such offering in the target assets, if any, identified at the time of the offering;
- the Company's ability to obtain future financing arrangements and refinance existing financing arrangements as they mature;
- the Company's expected leverage;
- the Company's expected investments and the timing thereof;
- the Company's ability to acquire Servicing Related Assets and mortgage and real estate-related securities;
- the Company's ability to make distributions to holders of the Company's common and preferred stock;
- the Company's ability to compete in the marketplace;
- the Company's ability to hedge interest rate risk and prepayment risk associated with its assets;
- market, industry and economic trends;
- recent market developments and actions taken and to be taken by the U.S. Government, the U.S. Treasury, the Board of Governors of the Federal Reserve System, Fannie Mae, Freddie Mac, Ginnie Mae and the U.S. Securities and Exchange Commission ("SEC");
- mortgage loan modification programs and future legislative actions;
- the Federal Reserve's potential changes in interest rates;
- the Company's ability to qualify and maintain qualification as a REIT under the Code and limitations on the Company's business due to compliance with requirements for maintaining its qualification as a REIT under the Code;
- the Company's ability to maintain an exception from the definitions of "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"), or otherwise not fall within those definitions;
- projected capital and operating expenditures;
- availability of qualified personnel; and
- projected prepayment and/or default rates.

The Company's beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to it or are within its control. If any such change occurs, the Company's business, financial condition, liquidity and results of operations may vary materially from those expressed in, or implied by, the Company's forward-looking statements. Important factors, among others, that may cause the Company's actual results, performance, liquidity or achievements to differ materially from those expressed or implied by the Company's forward-looking statements include:

- the factors discussed under "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q and "Part I, Item 1. Business" and "Part I, Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2025;
- general volatility of the capital markets;
- deterioration in domestic and global economic conditions or failure of conditions to improve as anticipated;
- regulatory and legal developments;
- inflationary trends could result in further interest rate increases or sustained higher interest rates for longer than expected periods of time, which could lead to increased market volatility;
- changes in the Company's investment objectives and business strategy;
- availability, terms and deployment of capital;
- availability of suitable investment opportunities;
- the Company's ability to operate its licensed mortgage servicing subsidiary and oversee the activities of such subsidiary;
- the Company's ability to manage various operational and regulatory risks associated with its business;
- changes in the Company's assets, interest rates or the general economy;
- increased rates of default and/or decreased recovery rates on the Company's investments, including as a result of the effects of more severe weather and changes in traditional weather patterns;
- changes in interest rates, interest rate spreads, the yield curve, prepayment rates or recapture rates;
- limitations on the Company's business due to compliance with requirements for maintaining its qualification as a REIT under the Code and the Company's exception from the definitions of "investment company" under the Investment Company Act (or of otherwise not falling within those definitions);
- the degree and nature of the Company's competition, including competition for the residential mortgage assets in which the Company invests; and
- the risks and uncertainties associated with: TPG Mortgage Investment Trust, Inc, a Maryland corporation ("MITT") and the Company's ability to consummate the Mergers on the proposed terms or on the anticipated timeline, or at all, including risks and uncertainties related to obtaining the necessary approvals of the Company's and MITT's respective common stockholders and satisfaction of other closing conditions to consummate the Mergers; the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement; risks related to diverting the attention of MITT's and the Company's management from ongoing business operations; failure to realize the expected benefits of the Mergers; significant transaction costs and/or unknown or inestimable liabilities; the risk of stockholder litigation in connection with the Mergers, including resulting expense or delay; the risk that MITT's and the Company's respective businesses will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; and effects relating to the announcement of the Mergers or any further announcements or the consummation of the Mergers on the market price of MITT's or the Company's common stock;
- other risks associated with acquiring, investing in and managing residential mortgage assets.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements apply only as of the date of this Quarterly Report on Form 10-Q. Except as otherwise may be required by law, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Cherry Hill Mortgage Investment Corporation and Subsidiaries
Consolidated Balance Sheets
(in thousands — except share and par value data)

	(unaudited) September 30, 2026	December 31, 2025
Assets		
RMBS, at fair value (including pledged assets of $983,899 and $1,189,714, respectively)	$ 1,008,499	$ 1,213,851
Investments in Servicing Related Assets, at fair value (including pledged assets of $215,199 and $214,831, respectively)	215,199	214,831
Cash and cash equivalents	41,163	54,946
Restricted cash	32,434	7,523
Derivative assets	34,339	14,757
Receivables and other assets	23,855	34,648
Total Assets	**$ 1,355,489**	**$ 1,540,556**
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	$ 964,859	$ 1,137,200
Derivative liabilities	13,427	2,275
Notes payable	138,751	145,191
Dividends payable	5,943	5,919
Accrued expenses and other liabilities	19,755	11,439
Total Liabilities	**$ 1,142,735**	**$ 1,302,024**
Stockholders' Equity		
Preferred stock, par value $0.01 per share, 100,000,000 shares authorized:		
8.20% Series A Cumulative Redeemable Preferred stock, 2,781,635 shares issued and outstanding as of September 30, 2026 and December 31, 2025, $69,541 liquidation preference as of September 30, 2026 and December 31, 2025	$ 67,311	$ 67,311
8.25% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred stock, 1,604,103 shares issued and outstanding as of September 30, 2026 and December 31, 2025, $40,103 liquidation preference as of September 30, 2026 and December 31, 2025	38,553	38,553
Common stock, $0.01 par value per share, 500,000,000 shares authorized and 36,947,394 shares issued and outstanding as of September 30, 2026 and 500,000,000 shares authorized and 36,739,538 shares issued and outstanding as of December 31, 2025	382	373
Additional paid-in capital	397,295	396,516
Accumulated Deficit	(286,054)	(270,381)
Accumulated other comprehensive income (loss)	(7,041)	3,669
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	**$ 210,446**	**$ 236,041**
Non-controlling interests in Operating Partnership	2,308	2,491
Total Stockholders' Equity	**$ 212,754**	**$ 238,532**
Total Liabilities and Stockholders' Equity	**$ 1,355,489**	**$ 1,540,556**

See accompanying notes to consolidated financial statements.

Cherry Hill Mortgage Investment Corporation and Subsidiaries
Consolidated Statements of Income (Loss)
(Unaudited)
(in thousands — except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Income				
Interest income	$ 14,203	$ 15,643	$ 44,793	$ 45,257
Interest expense	9,672	12,343	31,070	37,150
Net interest income	4,531	3,300	13,723	8,107
Servicing fee income	9,757	10,764	29,668	32,670
Servicing costs	2,235	2,297	6,843	6,794
Net servicing income	7,522	8,467	22,825	25,876
Other income (loss)				
Realized loss on RMBS, net	-	-	(1,047)	(6,045)
Realized gain (loss) on derivatives, net	10,588	(10,496)	22,657	8,976
Realized gain on acquired assets, net	-	2	2	2
Unrealized gain (loss) on RMBS, measured at fair value through earnings, net	(51,776)	10,730	(65,072)	29,018
Unrealized gain (loss) on derivatives, net	32,098	2,482	28,920	(39,406)
Unrealized gain (loss) on investments in Servicing Related Assets	4,095	(5,912)	383	(14,968)
Credit loss and impairment on other assets	(500)	-	(3,315)	-
Total other loss	(5,495)	(3,194)	(17,472)	(22,423)
Total Income	**6,558**	**8,573**	**19,076**	**11,560**
Expenses				
General and administrative expense	4,636	2,154	8,457	6,160
Compensation and benefits	1,835	1,620	5,303	4,738
Total Expenses	**6,471**	**3,774**	**13,760**	**10,898**
Income Before Income Taxes	**87**	**4,799**	**5,316**	**662**
Provision for corporate business taxes	1,560	284	2,566	1,578
Net Income (Loss)	**(1,473)**	**4,515**	**2,750**	**(916)**
Net (income) loss allocated to non-controlling interests in Operating Partnership	21	(83)	(40)	16
Dividends on preferred stock	(2,419)	(2,477)	(7,213)	(7,393)
Net Income (Loss) Applicable to Common Stockholders	**$ (3,871)**	**$ 1,955**	**$ (4,503)**	**$ (8,293)**
Net Income (Loss) Per Share of Common Stock				
Basic	$ (0.11)	$ 0.05	$ (0.12)	$ (0.25)
Diluted	$ (0.11)	$ 0.05	$ (0.12)	$ (0.25)
Weighted Average Number of Shares of Common Stock Outstanding				
Basic	36,779,326	36,134,925	36,660,030	33,691,377
Diluted	36,779,326	36,148,929	36,660,030	33,691,377

See accompanying notes to consolidated financial statements.

Cherry Hill Mortgage Investment Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income (loss)	$ (1,473)	$ 4,515	$ 2,750	$ (916)
Other comprehensive income (loss):				
Unrealized gain (loss) on RMBS, available-for-sale, net	(8,928)	2,561	(10,868)	9,731
Net other comprehensive income (loss)	(8,928)	2,561	(10,868)	9,731
Comprehensive income (loss)	**$ (10,401)**	**$ 7,076**	**$ (8,118)**	**$ 8,815**
Comprehensive (income) loss attributable to non-controlling interests in Operating Partnership	151	(119)	118	(151)
Dividends on preferred stock	(2,419)	(2,477)	(7,213)	(7,393)
Comprehensive income (loss) attributable to common stockholders	$ (12,669)	$ 4,480	$ (15,213)	$ 1,271

See accompanying notes to consolidated financial statements.

Cherry Hill Mortgage Investment Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
(in thousands — except share and per share data)

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Non-Controlling Interest in Operating Partnership	Total Stockholders' Equity
Balance, December 31, 2024	**31,625,073**	**$ 322**	**4,385,738**	**$ 105,864**	**$ 381,069**	**$ (7,270)**	**$ (249,643)**	**$ 3,280**	**$ 233,622**
Issuance of common stock	1,005,846	10	-	-	3,606	-	-	-	3,616
Net Loss	-	-	-	-	-	-	(6,859)	(133)	(6,992)
Other Comprehensive Income (Loss)	-	-	-	-	-	6,850	-	(85)	6,765
LTIP-OP Unit awards	-	-	-	-	-	-	-	84	84
Distribution paid on LTIP-OP Units	-	-	-	-	-	-	-	(90)	(90)
Common dividends declared, $0.15 per share	-	-	-	-	-	-	(4,919)	-	(4,919)
Preferred Series A dividends declared, $0.5125 per share	-	-	-	-	-	-	(1,432)	-	(1,432)
Preferred Series B dividends declared, $0.6372 per share	-	-	-	-	-	-	(1,022)	-	(1,022)
Balance, March 31, 2025	**32,630,919**	**$ 332**	**4,385,738**	**$ 105,864**	**$ 384,675**	**$ (420)**	**$ (263,875)**	**$ 3,056**	**$ 229,632**
Issuance of common stock	3,414,173	33	-	-	8,892	-	-	-	8,925
Redemption of OP units	-	-	-	-	437	-	-	(539)	(102)
Net Income	-	-	-	-	-	-	1,527	34	1,561
Other Comprehensive Income	-	-	-	-	-	320	-	-	320
LTIP-OP Unit awards	-	-	-	-	-	-	-	60	60
Distribution paid on LTIP-OP Units	-	-	-	-	-	-	-	(90)	(90)
Common dividends declared, $0.15 per share	-	-	-	-	-	-	(5,431)	-	(5,431)
Preferred Series A dividends declared, $0.5125 per share	-	-	-	-	-	-	(1,432)	-	(1,432)
Preferred Series B dividends declared, $0.6413 per share	-	-	-	-	-	-	(1,030)	-	(1,030)
Balance, June 30, 2025	**36,045,092**	**$ 365**	**4,385,738**	**$ 105,864**	**$ 394,004**	**$ (100)**	**$ (270,241)**	**$ 2,521**	**$ 232,413**
Issuance of common stock	694,446	8	-	-	2,057	-	-	-	2,065
Redemption of OP units	-	-	-	-	301	-	-	(300)	1
Net Income	-	-	-	-	-	-	4,432	83	4,515
Other Comprehensive Income	-	-	-	-	-	2,609	-	37	2,646
LTIP-OP Unit awards	-	-	-	-	-	-	-	72	72
Distribution paid on LTIP-OP Units	-	-	-	-	-	-	-	(83)	(83)
Common dividends declared, $0.10 per share	-	-	-	-	-	-	(3,692)	-	(3,692)
Preferred Series A dividends declared, $0.5125 per share	-	-	-	-	-	-	(1,432)	-	(1,432)
Preferred Series B dividends declared, $0.6523 per share	-	-	-	-	-	-	(1,046)	-	(1,046)
Balance, September 30, 2025	**36,739,538**	**$ 373**	**4,385,738**	**$ 105,864**	**$ 396,362**	**$ 2,509**	**$ (271,979)**	**$ 2,330**	**$ 235,459**
Balance, December 31, 2025	**36,739,538**	**$ 373**	**4,385,738**	**$ 105,864**	**$ 396,516**	**$ 3,669**	**$ (270,381)**	**$ 2,491**	**$ 238,532**
Issuance of common stock	-	-	-	-	165	-	-	-	165
Net Income	-	-	-	-	-	-	423	6	429
Other Comprehensive Loss	-	-	-	-	-	(2,407)	-	(35)	(2,442)
LTIP-OP Unit awards	-	-	-	-	-	-	-	31	31
Distribution paid on LTIP-OP Units	-	-	-	-	-	-	-	(53)	(53)
Common dividends declared, $0.10 per share	-	-	-	-	-	-	(3,685)	-	(3,685)
Preferred Series A dividends declared, $0.5125 per share	-	-	-	-	-	-	(1,432)	-	(1,432)
Preferred Series B dividends declared, $0.5978 per share	-	-	-	-	-	-	(959)	-	(959)
Balance, March 31, 2026	**36,739,538**	**$ 373**	**4,385,738**	**$ 105,864**	**$ 396,681**	**$ 1,262**	**$ (276,034)**	**$ 2,440**	**$ 230,586**
Issuance of common stock	207,856	5	-	-	208	-	-	-	213
Net Income	-	-	-	-	-	-	3,739	55	3,794
Other Comprehensive Income	-	-	-	-	-	495	-	7	502
LTIP-OP Unit awards	-	-	-	-	-	-	-	32	32
Distribution paid on LTIP-OP Units	-	-	-	-	-	-	-	(53)	(53)
Common dividends declared, $0.10 per share	-	-	-	-	-	-	(3,748)	-	(3,748)
Preferred Series A dividends declared, $0.5125 per share	-	-	-	-	-	-	(1,432)	-	(1,432)
Preferred Series B dividends declared, $0.6045 per share	-	-	-	-	-	-	(970)	-	(970)
Balance, June 30, 2026	**36,947,394**	**$ 378**	**4,385,738**	**$ 105,864**	**$ 396,889**	**$ 1,757**	**$ (278,445)**	**$ 2,481**	**$ 228,924**
Issuance of common stock	-	4	-	-	406	-	-	-	410
Net Loss	-	-	-	-	-	-	(1,452)	(21)	(1,473)
Other Comprehensive Loss	-	-	-	-	-	(8,798)	-	(130)	(8,928)
LTIP-OP Unit awards	-	-	-	-	-	-	-	31	31
Distribution paid on LTIP-OP Units	-	-	-	-	-	-	-	(53)	(53)
Common dividends declared, $0.10 per share	-	-	-	-	-	-	(3,736)	-	(3,736)
Preferred Series A dividends declared, $0.5125 per share	-	-	-	-	-	-	(1,432)	-	(1,432)
Preferred Series B dividends declared, $0.6162 per share	-	-	-	-	-	-	(989)	-	(989)
Balance, September 30, 2026	**36,947,394**	**$ 382**	**4,385,738**	**$ 105,864**	**$ 397,295**	**$ (7,041)**	**$ (286,054)**	**$ 2,308**	**$ 212,754**

See accompanying notes to consolidated financial statements.

Cherry Hill Mortgage Investment Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash Flows From Operating Activities		
Net income (loss)	$ 2,750	$ (916)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized loss on RMBS, net	1,047	6,045
Unrealized (gain) loss on investments in Servicing Related Assets	(383)	14,968
Realized gain on acquired assets, net	(2)	(2)
Realized gain on derivatives, net	(22,657)	(8,976)
Unrealized (gain) loss on RMBS, measured at fair value through earnings, net	65,072	(29,018)
Unrealized (gain) loss on derivatives, net	(28,920)	39,406
Credit loss and impairment on other assets	3,315	-
Accretion of premiums on RMBS	(2,137)	(2,583)
Amortization of deferred financing costs	311	234
LTIP-OP Unit awards	94	216
Changes in operating assets and liabilities:		
Decrease in receivables and other assets	7,478	2,934
Increase (decrease) in accrued expenses and other liabilities	8,316	(11,565)
Net cash provided by operating activities	**$ 34,284**	**$ 10,743**
Cash Flows From Investing Activities		
Purchase of RMBS	(63,598)	(189,188)
Principal paydown of RMBS	98,011	70,660
Proceeds from sale of RMBS	96,090	99,844
Acquisition of MSRs	15	2
Proceeds from settlement of derivatives	43,147	(5,705)
Net cash provided by (used in) investing activities	**$ 173,665**	**$ (24,387)**
Cash Flows From Financing Activities		
Borrowings under repurchase agreements	8,675,063	7,926,607
Repayments of repurchase agreements	(8,847,404)	(7,896,724)
Payments for derivative financing	-	(9,992)
Principal paydown of bank loans	(6,750)	(4,100)
Dividends paid	(18,359)	(22,497)
LTIP-OP Units distributions paid	(159)	(263)
Redemption of OP units	-	(101)
Issuance of common stock, net of offering costs	788	14,606
Net cash provided by (used in) financing activities	**$ (196,821)**	**$ 7,536**
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**$ 11,128**	**$ (6,108)**
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	**62,469**	**70,759**
Cash, Cash Equivalents and Restricted Cash, End of Period	**$ 73,597**	**$ 64,651**
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents	$ 41,163	$ 55,447
Restricted cash	32,434	9,204
Total cash and cash equivalents and restricted cash	**$ 73,597**	**$ 64,651**
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest expense	$ 39,545	$ 28,298
Cash paid during the period for income taxes	30	38
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Dividends declared but not paid	$ 5,943	$ 5,950
Purchase of RMBS, settled after period end	-	15,087

See accompanying notes to consolidated financial statements.

Cherry Hill Mortgage Investment Corporation and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2026
(Unaudited)

Note 1 — Organization and Operations

Cherry Hill Mortgage Investment Corporation (together with its consolidated subsidiaries, the "Company") was incorporated in Maryland on October 31, 2012 and was organized to invest in residential mortgage assets in the United States. Under the Company's charter, the Company is authorized to issue up to 500,000,000 shares of common stock and 100,000,000 shares of preferred stock, each with a par value of $0.01 per share.

On August 9, 2026, the Company, the Operating Partnership, TPG Mortgage Investment Trust, Inc, a Maryland corporation ("MITT"), MIT Merger Sub II, LLC, a Delaware limited liability company and a subsidiary of MITT ("Merger Sub"), AG REIT Management, LLC, a Delaware limited liability company and MITT's external manager (the "MITT Manager"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which, among other things, (a) CHOP will merge with and into the Company, with the Company surviving such merger (the "Partnership Merger") and, (b) following the Partnership Merger Effective Time, the Company will merge with and into Merger Sub, with Merger Sub being the surviving entity of such merger (the "Company Merger", and together with the Partnership Merger, the "Mergers").

Prior to the Partnership Merger, the Company will take all actions necessary to convert all outstanding partnership units of CHOP ("Company Partnership Units") that are designated as an "LTIP Unit" ("Company LTIP Units" or "LTIP OP Units") into Company Partnership Units designated as common units of CHOP ("Company Common Units"). Each Company Common Unit outstanding immediately prior to the effective time of the Partnership Merger (other than Canceled Units (as defined below)) will convert into the right to receive the Common Stock Merger Consideration (as defined below). Company Partnership Units held by the Company, MITT or their respective subsidiaries (the "Canceled Units"), and the Company's general partnership interest in CHOP, will be cancelled for no consideration at the effective time of the Partnership Merger.

At the effective time of the Company Merger, (i) each share of the Company's common stock, par value $0.01 per share, issued and outstanding immediately prior to the effective time of the Company Merger (other than shares of the Company's common stock and preferred stock held by the Company, MITT or any direct or indirect subsidiary of MITT or the Company, in each case, immediately prior to the effective time of the Company Merger ("Cancelled Shares")) will convert into the right to receive a fixed combination of stock and cash, consisting of (A) from MITT, (x) that number of validly issued, fully paid and non-assessable shares of common stock, par value $0.01 per share, of MITT ("MITT Common Stock") equal to 0.3063x (the "Per Share MITT Stock Consideration") and (y) $0.41 per share in cash, without interest (the "Per Share MITT Cash Consideration"), and (B) from MITT Manager, $0.52 per share in cash (the "Per Share Additional Manager Consideration," and together with the Per Share MITT Stock Consideration and the Per Share MITT Cash Consideration, the "Common Stock Merger Consideration"), (ii) each share of the Company's 8.20% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share (the "Company Series A Preferred Stock"), issued and outstanding immediately prior to the effective time of the Company Merger (excluding Cancelled Shares) will convert into the right to receive one newly issued share of MITT's 8.20% Series D Cumulative Redeemable Preferred Stock, having the rights, preferences, privileges and voting powers substantially the same as those of the Company Series A Preferred Stock and (iii) each share of the Company's 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, $0.01 par value per share ("Company Series B Preferred Stock" and together with the Company Series A Preferred Stock, the "Company Preferred Stock"), issued and outstanding immediately prior to the effective time of the Company Merger Effective Time (excluding Cancelled Shares) will automatically convert into the right to receive one newly issued share of MITT's 8.250% Series E Floating Rate Cumulative Redeemable Preferred Stock, having the rights, preferences, privileges and voting powers substantially the same as those of the Company Series B Preferred Stock.

The Mergers are expected to close in the fourth quarter of 2026, subject to the approval of the Company's common stockholders and MITT's common stockholders and the satisfaction of other customary closing conditions.

The accompanying consolidated financial statements include the accounts of the Company's subsidiaries, Cherry Hill Operating Partnership, LP (the "Operating Partnership"), CHMI Sub-REIT, Inc. (the "Sub-REIT"), Cherry Hill QRS I, LLC, Cherry Hill QRS II, LLC, Cherry Hill QRS III, LLC ("QRS III"), Cherry Hill QRS IV, LLC ("QRS IV"), Cherry Hill QRS V, LLC ("QRS V"), CHMI Solutions, Inc. ("CHMI Solutions") and Aurora Financial Group, Inc. ("Aurora").

The Company has elected to be taxed as a real estate investment trust ("REIT"), as defined under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its short taxable year ended December 31, 2013. As long as the Company continues to comply with a number of requirements under federal tax law and maintains its qualification as a REIT, the Company generally will not be subject to U.S. federal income taxes to the extent that the Company distributes its taxable income to its stockholders on an annual basis and does not engage in prohibited transactions. However, certain activities that the Company may perform may cause it to earn income that will not be qualifying income for REIT purposes.

The Company conducts substantially all of its operations and owns substantially all of its assets through its Operating Partnership. The Company is the sole general partner of its Operating Partnership. As of September 30, 2026, the Company owned 98.5% of the Operating Partnership. The Operating Partnership, in turn, owns all of the outstanding common stock of the Sub-REIT. The Sub-REIT elected to be taxed as a REIT under the Code commencing with the taxable year ended December 31, 2020.

Note 2 — Basis of Presentation and Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated. The Company consolidates those entities in which it has an investment of 50% or more and has control over significant operating, financial and investing decisions of the entity. The consolidated financial statements reflect all necessary and recurring adjustments for fair presentation of the results for the periods presented herein.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make a number of significant estimates and assumptions. These include estimates of the fair value of mortgage servicing rights ("MSRs" or "Servicing Related Assets"); residential mortgage-backed securities ("RMBS" or "securities") and derivatives; credit losses and other estimates that affect the reported amounts of certain assets, revenues, liabilities and expenses as of the date of, and for the periods covered by, the consolidated financial statements. It is likely that changes in these estimates will occur in the near term. The Company's estimates are inherently subjective. Actual results could differ from the Company's estimates, and the differences may be material.

Risks and Uncertainties

In the normal course of business, the Company encounters primarily two significant types of economic risk: credit and market. Credit risk is the risk of default on the Company's investments in RMBS, Servicing Related Assets and derivatives that results from a borrower's or derivative counterparty's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments in RMBS, Servicing Related Assets and derivatives due to changes in interest rates, spreads or other market factors, including prepayment speeds on the Company's RMBS and Servicing Related Assets. The Company is subject to the risks involved with real estate and real estate-related debt instruments. These include, among others, the risks normally associated with changes in the general economic climate, changes in the mortgage market, changes in tax laws, interest rate levels, and the availability of financing.

The Company also is subject to certain risks relating to its status as a REIT for U.S. federal income tax purposes. If the Company were to fail to qualify as a REIT in any taxable year, the Company would be subject to U.S. federal income tax on its REIT income, which could be material. Unless entitled to relief under certain statutory provisions, the Company would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost.

Investments in RMBS

Classification – The Company reports all of its investments in RMBS at fair value on its consolidated balance sheets. Pursuant to Accounting Standards Codification ("ASC") 320, Investments – Debt and Equity Securities, the Company may designate a security as held-to-maturity, available-for-sale or trading, at the time of purchase, depending on the Company's ability and intent to hold the security to maturity. Alternatively, the Company may elect the fair value option of accounting for securities pursuant to ASC 825, Financial Instruments. Prior to January 1, 2023, the Company designated its RMBS as available-for sale. On January 1, 2023, the Company elected the fair value option of accounting for all RMBS acquired after such date. Unrealized gains and losses on securities classified as available-for sale are reported in "Other comprehensive income (loss)" within the consolidated statements of comprehensive income (loss), whereas unrealized gains and losses on securities for which the Company elected the fair value option are reported in "Unrealized gain (loss) on RMBS, measured at fair value through earnings, net" within the consolidated statements of income (loss).

Fair value is determined under the guidance of ASC 820, Fair Value Measurements and Disclosures ("ASC 820"). Management's judgment is used to arrive at the fair value of the Company's RMBS investments, taking into account prices obtained from third-party pricing providers and other applicable market data. The third-party pricing providers use pricing models that generally incorporate such factors as coupons, primary and secondary mortgage rates, rate reset periods, issuer, prepayment speeds, credit enhancements and expected life of the security. The Company's application of ASC 820 guidance is discussed in further detail in Note 8.

Investment securities transactions are recorded on the trade date. At disposition, the net realized gain or loss on securities is determined on the basis of the cost of the specific investment and for securities designated as available-for-sale, the unrealized gain or loss is reclassified out of accumulated other comprehensive income into earnings. All RMBS purchased and sold during the nine-month period ended September 30, 2026 and the year ended December 31, 2025, were settled prior to period-end.

Revenue Recognition – Interest income from coupon payments is accrued based on the outstanding principal amount of the RMBS and their contractual terms. Premiums and discounts associated with the purchase of the RMBS are amortized and accreted, respectively, into interest income over the projected lives of the securities using the effective interest method. The Company's policy for estimating prepayment speeds for calculating the effective yield is to evaluate historical performance, consensus on prepayment speeds, and current market conditions. Adjustments are made for actual prepayment activity. We recognized interest receivable of approximately $4.5 million and $5.0 million at September 30, 2026 and December 31, 2025, respectively. Interest income receivable has been classified within "Receivables and other assets" on the consolidated balance sheets. For further discussion of Receivables and other assets, see Note 12.

Impairment – When the fair value of an available-for-sale designated security is less than its amortized cost basis as of the balance sheet date, the security's cost basis is considered impaired. If the Company determines that it intends to sell the security or it is more likely than not that it will be required to sell before recovery, the Company recognizes the difference between the fair value and amortized cost as a loss in the consolidated statements of income (loss). If the Company determines it does not intend to sell the security or it is more likely than not it will not be required to sell the security before recovery, the Company must evaluate the decline in the fair value of the impaired security and determine whether such decline resulted from a credit loss or non-credit related factors. In its assessment of whether a credit loss exists, the Company performs a qualitative assessment around whether a credit loss exists and if necessary, it compares the present value of estimated future cash flows of the impaired security with the amortized cost basis of such security. The estimated future cash flows reflect those that a "market participant" would use and typically include assumptions related to fluctuations in interest rates, prepayment speeds, default rates, collateral performance, and the timing and amount of projected credit losses, as well as incorporating observations of current market developments and events. Cash flows are discounted at an interest rate equal to the current yield used to accrete interest income. If the present value of estimated future cash flows is less than the amortized cost basis of the security, an expected credit loss exists and is included in provision for credit losses on securities in the consolidated statements of income (loss). The Company's RMBS do not require an allowance for credit losses because the Company has the ability and intent to hold the investments to maturity or for a period of time sufficient for a forecasted market price recovery up to or beyond the cost of the investments, and it is not more likely than not that the Company will be required to sell the investments before recovery of the amortized cost basis, which may be maturity. The Company is also guaranteed payment of principal and interest amounts of the securities by the respective issuing agency.

Impairment Loss

Equity method and other strategic investments are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. If the decline in value is determined to be other than temporary, the investment is written down to its estimated fair value, with the impairment loss recognized in earnings. Management's impairment analysis requires significant judgment and considers a variety of factors, including the investee's operating performance, liquidity, financial condition, access to capital, and estimated recoverable value.

The Company did not record an impairment charge related to a strategic investment in preferred equity units during the three-month periods ended September 30, 2026 and September 30, 2025, respectively and recognized an impairment charge of $0.5 million and $0 during the nine-month periods ended September 30, 2026 and September 30, 2025, respectively based on management's assessment of the investment's estimated recoverable value.

Credit Loss

ASC 326, Financial Instruments - Credit Losses, establishes the current expected credit loss ("CECL") methodology for estimating lifetime expected credit losses on financial assets measured at amortized cost. The Company applies the CECL model to its held-for-investment promissory note receivable and estimates expected credit losses by considering relevant quantitative and qualitative factors, including historical loss experience, current economic conditions, reasonable and supportable forecasts, and expected recoveries. Expected recoveries may be estimated using collateral values, liquidation analyses, or other recovery methodologies, as appropriate based on the nature of the asset. The Company has elected the practical expedient permitted under ASC 326 not to measure an allowance for accrued interest receivable and instead writes off accrued interest deemed uncollectible through the reversal of interest income and/or the suspension of further interest accruals. There were no accrued interest write-offs during the three and nine-months ended September 30, 2026.

As a result of management's reassessment of the estimated recoverable value of the promissory note receivable and related recovery expectations, the Company recorded a $0.5 million and $0 provision for credit losses during the three-month periods ended September 30, 2026 and September 30, 2025, respectively and a $2.8 million and $0 provision for credit losses during the nine-month periods ended September 30, 2026 and September 30, 2025, respectively.

The below table summarizes information about the allowance for credit losses for the periods indicated (dollars in thousands):

Allowance for Credit Losses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Balance at beginning of period	$ (2,315)	$ -	$ -	$ -
Provision for expected credit losses	(500)	-	(2,815)	-
Write-offs charged against the allowance	-	-	-	-
Recoveries collected	-	-	-	-
Balance at end of period	**$ (2,815)**	$ -	**$ (2,815)**	$ -

Investments in MSRs

Classification – MSRs represent the contractual right to service mortgage loans. The Company has elected the fair value option to record its investments in MSRs in order to provide users of the consolidated financial statements with better information regarding the effects of prepayment risk and other market factors on the MSRs. Under this election, the Company records a valuation adjustment on its investments in MSRs on a quarterly basis to recognize the changes in fair value of its MSRs in net income as described below.

Although transactions in MSRs are observable in the marketplace, the valuation includes unobservable market data inputs (prepayment speeds, costs to service and discount rates). Changes in the fair value of MSRs are reported on the consolidated statements of income (loss). Fluctuations in the fair value of MSRs are recorded within "Unrealized gain (loss) on investments in Servicing Related Assets" on the consolidated statements of income (loss). Fair value is generally determined by discounting the expected future cash flows using discount rates that incorporate the market risks and liquidity premium specific to the MSRs and, therefore, may differ from their effective yields. In determining the valuation of MSRs in accordance with ASC 820, management uses internally developed pricing models that are based on certain unobservable market-based inputs. The Company classifies these valuations as Level 3 in the fair value hierarchy. The Company's application of ASC 820 guidance is discussed in further detail in Note 8.

Revenue Recognition – Mortgage servicing fee income represents revenue earned for servicing mortgage loans. The servicing fees are based on a contractual percentage of the outstanding principal balance and are recognized as revenue as the related mortgage payments are collected. Corresponding costs to service are charged to expense as incurred. Servicing fee income received and servicing expenses incurred are reported on the consolidated statements of income (loss). Float income from custodial accounts associated with MSRs is included in "Net interest income" on the consolidated statements of income (loss). Late fees and ancillary income are included in "Servicing fee income" on the consolidated statements of income (loss).

As an owner of MSRs, the Company may be obligated to fund advances of principal and interest payments due to third-party owners of the loans underlying the MSRs but not yet received from the individual borrowers. These advances are reported as servicing advances within the "Receivables and other assets" line item on the consolidated balance sheets. Reimbursable servicing advances, other than principal and interest advances, also have been classified within "Receivables and other assets" on the consolidated balance sheets. Advances on Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac") MSRs made in accordance with the relevant guidelines are generally recoverable. The Company's Servicing Related Assets were composed entirely of Fannie Mae and Freddie Mac MSRs as of September 30, 2026 and December 31, 2025. As a result, the Company has determined that no reserves for unrecoverable advances for the related underlying loans are necessary at September 30, 2026 and December 31, 2025. For further discussion on the Company's receivables and other assets, including the Company's servicing advances, see Note 12.

Derivatives and Hedging Activities

Derivative transactions include swaps, swaptions, Eris SOFR swap futures, U.S. Treasury futures and "to-be-announced" securities ("TBAs"). A TBA contract is an agreement to purchase or sell, for future delivery, an Agency RMBS with a specified issuer, term and coupon. Swaps, swaptions, and Eris SOFR swap futures are entered into by the Company solely for interest rate risk management purposes. Eris SOFR Swap futures are exchange-traded futures contracts that economically replicate the cash flows of SOFR-indexed interest rate swaps and are used as an alternative to over-the-counter swaps to manage exposure to changes in interest rates. TBAs and U.S. Treasury futures are used to manage duration risk as well as basis risk and pricing risk on the Company's financing facilities for MSRs. The decision as to whether or not a given transaction/position (or portion thereof) is economically hedged is made on a case-by-case basis, based on the risks involved and other factors as determined by senior management, including restrictions imposed by the Code on REITs. In determining whether to economically hedge a risk, the Company may consider whether other assets, liabilities, firm commitments and anticipated transactions already offset or reduce the risk. All transactions undertaken as economic hedges are entered into with a view towards minimizing the potential for economic losses that could be incurred by the Company. Derivatives entered into are not intended to qualify as hedges under GAAP, unless specifically stated otherwise.

From time to time, the Company enters into a TBA dollar roll which represents a transaction where TBA contracts with the same terms but different settlement dates are simultaneously bought and sold. The TBA contract settling in the later month typically prices at a discount to the earlier month contract with the difference in price commonly referred to as the "drop". The drop is a reflection of the expected net interest income from an investment in similar Agency RMBS, net of an implied financing cost, that would be foregone as a result of settling the contract in the later month rather than in the earlier month. The drop between the current settlement month price and the forward settlement month price occurs because in the TBA dollar roll market, the party providing the financing retains all principal and interest payments accrued during the financing period. Accordingly, drop income on TBA dollar rolls generally represents the economic equivalent of the net interest income earned on the underlying Agency RMBS less an implied financing cost. TBA dollar roll transactions are accounted for under GAAP as a series of derivatives transactions.

The Company's bi-lateral derivative financial instruments contain credit risk to the extent that its counterparties may be unable to meet the terms of the agreements. The Company reduces such risk by limiting its exposure to any one counterparty. In addition, the potential risk of loss with any one party resulting from this type of credit risk is monitored. The Company's interest rate swaps, Eris SOFR swap futures and U.S. Treasury futures are required to be cleared on an exchange, which further mitigates, but does not eliminate, credit risk. Management does not expect any material losses as a result of default by other parties to its derivative financial instruments.

Classification – All derivatives, including TBAs, are recognized as either assets or liabilities on the consolidated balance sheets and measured at fair value. The fair value of TBA derivatives is determined using methods similar to those used to value Agency RMBS. Due to the nature of these instruments, they may be in a receivable/asset position or a payable/liability position at the end of an accounting period. Derivative amounts payable to, and receivable from, the same party under a contract may be offset as long as the following conditions are met: (i) each of the two parties owes the other determinable amounts; (ii) the reporting party has the right to offset the amount owed with the amount owed by the other party; (iii) the reporting party intends to offset; and (iv) the right to offset is enforceable by law. The Company reports derivative instruments at fair value, gross of cash paid or received pursuant to credit support agreements. For further discussion on offsetting assets and liabilities, see Note 7.

Revenue Recognition – With respect to derivatives that have not been designated as hedges, any payments under, or fluctuations in the fair value of, such derivatives have been recognized currently in "Realized gain (loss) on derivatives, net" and "Unrealized gain (loss) on derivatives, net", respectively, in the consolidated statements of income (loss). Interest rate swap periodic interest income (expense) is included in "Realized gain (loss) on derivatives, net" in the consolidated statements of income (loss).

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid short-term investments with maturities of 90 days or less when purchased to be cash equivalents. Substantially all amounts on deposit with major financial institutions exceed insured limits. Restricted cash represents the Company's cash held by counterparties which primarily consists of (i) as collateral against the Company's derivatives (approximately $15.7 million and $4.7 million at September 30, 2026 and December 31, 2025, respectively) and (ii) as collateral for borrowings under its repurchase agreements (approximately $16.7 million and $2.9 million at September 30, 2026 and December 31, 2025, respectively).

The Company's centrally cleared interest rate swaps require that the Company post an "initial margin" amount determined by the clearing exchange, which is generally intended to be set at a level sufficient to protect the exchange from the interest rate swap's maximum estimated single-day price movement. The Company also exchanges "variation margin" based upon daily changes in fair value, as measured by the exchange. As a result of amendments to rules governing certain central clearing activities, the exchange of variation margin is a settlement of the interest rate swap, as opposed to pledged collateral. The Company has accounted for the receipt or payment of variation margin on interest rate swaps as a direct reduction or increase to the carrying value of the interest rate swap asset or liability. At September 30, 2026 and December 31, 2025, approximately $43.7 million and $34.3 million, respectively, of variation margin was reported as a decrease to the interest rate swap asset, at fair value. The receipt or payment of initial margin is accounted for separate from the derivative asset or liability and is netted on a counterparty basis and classified within restricted cash or due to counterparty on the Company's consolidated balance sheets.

Income Taxes

The Company elected to be taxed as a REIT under Code Sections 856 through 860 beginning with its short taxable year ended December 31, 2013. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate income tax rates to the extent that it annually distributes less than 100% of its taxable income. The Company's taxable REIT subsidiary ("TRS"), CHMI Solutions, as well as CHMI Solutions' wholly-owned subsidiary, Aurora, are subject to U.S. federal income taxes on their taxable income. To maintain qualification as a REIT, the Company must distribute at least 90% of its annual REIT taxable income to its stockholders and meet certain other requirements such as assets it may hold, income it may generate and its stockholder composition. In 2017, the Internal Revenue Service issued a revenue procedure permitting "publicly offered" REITs to make elective stock dividends (i.e., dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. In December 2021, the Internal Revenue Service issued a revenue procedure that temporarily reduced the minimum amount of the total distribution that must be paid in cash to 10% for distributions declared on or after November 1, 2021, and on or before June 30, 2022, provided certain other parameters detailed in the Revenue Procedure are satisfied. Pursuant to these revenue procedures, the Company has in the past elected to make distributions of its taxable income in a mixture of stock and cash.

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. ASC 740 requires the recording of deferred income taxes that reflect the net tax effect of temporary differences between the carrying amounts of the Company's assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, including operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date. The Company assesses its tax positions for all open tax years and determines if it has any material unrecognized liabilities in accordance with ASC 740. The Company records these liabilities to the extent it deems them more-likely-than-not to be incurred. The Company records interest and penalties related to income taxes within the provision for income taxes in the consolidated statements of income (loss). The Company has not incurred any interest or penalties.

Realized Gain (Loss) on RMBS

The following table presents realized gains or losses on RMBS for the periods indicated (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Realized gain (loss) on RMBS, net				
Loss on RMBS, available-for-sale, measured at fair value through OCI [(A)]	$ -	$ -	$ (498)	$ (3,074)
Gain on RMBS measured at fair value through earnings	-	-	9	-
Loss on RMBS measured at fair value through earnings	-	-	(558)	(2,971)
Realized loss on RMBS, net	**$ -**	**$ -**	**$ (1,047)**	**$ (6,045)**

(A) Reclassified from accumulated other comprehensive income into earnings.

Repurchase Agreements and Interest Expense

The Company finances its investments in RMBS with short-term borrowings under master repurchase agreements. Borrowings under the repurchase agreements are generally short-term debt due within one year. These borrowings generally bear interest rates offered by the "lending" counterparty from time to time for the term of the proposed repurchase transaction (e.g. 30 days, 60 days etc.) of a specified margin over the overnight SOFR rate. The repurchase agreements represent uncommitted financing. Borrowings under these agreements are treated as collateralized financing transactions and are carried at their contractual amounts, as specified in the respective agreements. Interest is recorded at the contractual amount on an accrual basis. Securities financed through repurchase transactions remain on our consolidated balance sheets as an asset and cash received from the purchaser is recorded on our consolidated balance sheet as a liability. The Company retains beneficial ownership of the pledged assets including the right to receive principal and interest.

Dividends Payable

Because the Company is organized as a REIT under the Code, it is required by law to distribute annually at least 90% of its REIT taxable income, which it does in the form of quarterly dividend payments. The Company accrues the dividend payable on outstanding shares on the accounting date, which causes an offsetting reduction in retained earnings.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period resulting from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. For the Company's purposes, comprehensive income represents net income (loss), as presented in the consolidated statements of income (loss), adjusted for unrealized gains or losses on RMBS, which are designated as available for sale.

Recent Accounting Pronouncements

Disaggregation of Income Statement Expenses - In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income Expense Disaggregation Disclosures (Subtopic 220- 40)*, and in January 2025, the FASB issued ASU 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. This standard requires public companies to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The new standard, as clarified by ASU 2025-01, is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the potential impact upon adoption but does not expect the adoption of the new standard to have a material effect on its consolidated financial statements.

Interim Reporting (Topic 270): Narrow-Scope Improvements - In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which clarifies interim disclosure requirements and the applicability of Topic 270. This ASU is effective for the Company on January 1, 2028, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

Changes in Presentation

Certain prior period amounts have been reclassified to conform to the current period presentation.

Note 3 — Segment Reporting

Public companies are required to disclose certain information about their reportable operating segments, which are defined as significant components of an enterprise for which separate financial information is available and is evaluated on a regular basis by the chief operating decision maker ("CODM") in assessing performance of the segment and in deciding how to allocate resources to an individual segment. The structure of the Company's reportable segments is determined based on the financial information used by the Company's CODM to assess performance and allocate resources. The Company's CODM is its Chief Executive Officer.

The two reportable segments that the Company conducts its business through are investments in RMBS and investments in Servicing Related Assets, which are the primary revenue generating assets of the Company. Activities that are not directly attributable or not allocated to any of the reportable segments are reported under the "All Other" category as a reconciling item to the Company's consolidated financial statements. The activities within the "All Other" category consists of certain corporate level expenses including general and administrative expenses and compensation and benefits. The Company's segments align with its primary business operations and how the CODM reviews its operating results. The primary measure of profitability used to evaluate segment performance and allocate resources is comprehensive income (loss). Analysis of the information presented in the tables below is presented to the CODM on a regular basis to assess segment profitability as well as to identify risks and opportunities to determine resource allocation.

The accounting principles applied at the operating segment level in determining comprehensive income (loss) are the same as those applied at the consolidated financial statement level. Compensation and benefits as well as general and administrative expenses are allocated to the reportable segments using a reasonable allocation key that takes into account the activities giving rise to such expenses.

Summary financial data with respect to the Company's reportable segments is given below, together with the data for the Company as a whole (dollars in thousands):

	Servicing Related Assets	RMBS	All Other	Total
Income Statement				
Three Months Ended September 30, 2026				
Interest income	$ (11)	$ 14,214	$ -	$ 14,203
Interest expense	34	9,638	-	9,672
Net interest income (expense)	(45)	4,576	-	4,531
Servicing fee income	9,757	-	-	9,757
Servicing costs	2,235	-	-	2,235
Net servicing income	7,522	-	-	7,522
Other income (expense) [A]	2,873	(8,368)	-	(5,495)
Other operating expenses [B]	(1,246)	(804)	(4,421)	(6,471)
Provision for corporate business taxes	(1,560)	-	-	(1,560)
Net other comprehensive income (loss)	-	(8,928)	-	(8,928)
Comprehensive income (loss)	$ 7,544	$ (13,524)	$ (4,421)	$ (10,401)
Three Months Ended September 30, 2025				
Interest income	$ 54	$ 15,589	$ -	$ 15,643
Interest expense	(21)	12,364	-	12,343
Net interest income	75	3,225	-	3,300
Servicing fee income	10,764	-	-	10,764
Servicing costs	2,297	-	-	2,297
Net servicing income	8,467	-	-	8,467
Other income (expense) [A]	(5,470)	2,276	-	(3,194)
Other operating expenses [B]	(887)	(665)	(2,222)	(3,774)
Provision for corporate business taxes	(284)	-	-	(284)
Net other comprehensive income (loss)	-	2,561	-	2,561
Comprehensive income (loss)	$ 1,901	$ 7,397	$ (2,222)	$ 7,076
Nine Months Ended September 30, 2026				
Interest income	$ 94	$ 44,699	$ -	$ 44,793
Interest expense	883	30,187	-	31,070
Net interest income (expense)	(789)	14,512	-	13,723
Servicing fee income	29,668	-	-	29,668
Servicing costs	6,843	-	-	6,843
Net servicing income	22,825	-	-	22,825
Other expense [A]	(4,326)	(13,146)	-	(17,472)
Other operating expenses [B]	(3,154)	(2,221)	(8,385)	(13,760)
Provision for corporate business taxes	(2,566)	-	-	(2,566)
Net other comprehensive income (loss)	-	(10,868)	-	(10,868)
Comprehensive income (loss)	$ 11,990	$ (11,723)	$ (8,385)	$ (8,118)
Nine Months Ended September 30, 2025				
Interest income	$ 80	$ 45,177	$ -	$ 45,257
Interest expense	1,065	36,085	-	37,150
Net interest income (expense)	(985)	9,092	-	8,107
Servicing fee income	32,670	-	-	32,670
Servicing costs	6,794	-	-	6,794
Net servicing income	25,876	-	-	25,876
Other expense [A]	(14,190)	(8,233)	-	(22,423)
Other operating expenses [B]	(2,644)	(2,096)	(6,158)	(10,898)
Provision for corporate business taxes	(1,578)	-	-	(1,578)
Net other comprehensive income (loss)	-	9,731	-	9,731
Comprehensive income (loss)	$ 6,479	$ 8,494	$ (6,158)	$ 8,815

(A) Included in other income (expense) are realized and unrealized gains (losses) on Servicing Related Assets, RMBS and derivatives and credit loss and impairment on other asset.
(B) Included in other operating expenses are general and administrative expenses and compensation and benefits.

	Servicing Related Assets	RMBS	All Other	Total
Balance Sheet				
September 30, 2026				
Investments	$ 215,199	$ 1,008,499	$ -	$ 1,223,698
Other assets	16,860	73,654	41,277	131,791
Total assets	232,059	1,082,153	41,277	1,355,489
Debt	138,751	964,859	-	1,103,610
Other liabilities	1,623	28,720	8,782	39,125
Total liabilities	140,374	993,579	8,782	1,142,735
Net Assets	$ 91,685	$ 88,574	$ 32,495	$ 212,754
December 31, 2025				
Investments	$ 214,831	$ 1,213,851	$ -	$ 1,428,682
Other assets	28,904	27,293	55,677	111,874
Total assets	243,735	1,241,144	55,677	1,540,556
Debt	145,191	1,137,200	-	1,282,391
Other liabilities	2,575	9,504	7,554	19,633
Total liabilities	147,766	1,146,704	7,554	1,302,024
Net Assets	$ 95,969	$ 94,440	$ 48,123	$ 238,532

Note 4 — Investments in RMBS

At September 30, 2026 and December 31, 2025, the Company's investments in RMBS consisted solely of Agency RMBS. The Company's investments in RMBS may also include, from time to time, any of the following: Collateralized mortgage obligations ("CMOs"), which are either loss share securities issued by Fannie Mae or Freddie Mac; or non-Agency RMBS, sometimes called "private label MBS", which are structured debt instruments representing interests in specified pools of mortgage loans subdivided into multiple classes, or tranches, of securities, with each tranche having different maturities or risk profiles and different ratings by one or more nationally recognized statistical rating organizations.

The following is a summary of the Company's investments in RMBS as of the dates indicated (dollars in thousands):

Summary of RMBS Assets

As of September 30, 2026

			Gross Unrealized				Weighted Average			
Asset Type	Original Face Value	Book Value	Gains	Losses	Carrying Value[(A)]	Number of Securities	Rating	Coupon	Yield[(C)]	Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI										
Fannie Mae	$ 125,830	$ 85,373	$ -	$ (3,305)	$ 82,068	9	(B)	5.00%	5.13%	25
Freddie Mac	99,397	67,500	-	(3,811)	63,689	8	(B)	4.94%	4.99%	26
RMBS, measured at fair value through earnings										
Fannie Mae	457,173	368,311	68	(16,861)	351,518	34	(B)	5.04%	5.13%	27
Freddie Mac	673,686	533,616	397	(22,789)	511,224	52	(B)	5.14%	5.22%	27
Total/weighted average RMBS	**$ 1,356,086**	**$ 1,054,800**	**$ 465**	**$ (46,766)**	**$ 1,008,499**	**103**		**5.08%**	**5.17%**	**27**

As of December 31, 2025

			Gross Unrealized				Weighted Average			
Asset Type	Original Face Value	Book Value	Gains	Losses	Carrying Value[(A)]	Number of Securities	Rating	Coupon	Yield[(C)]	Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI										
Fannie Mae	$ 150,782	$ 110,321	$ 3,094	$ (232)	$ 113,183	10	(B)	4.67%	4.83%	26
Freddie Mac	125,240	92,829	1,149	(259)	93,719	10	(B)	4.67%	4.76%	26
RMBS, measured at fair value through earnings										
Fannie Mae	469,667	408,260	10,506	(121)	418,645	35	(B)	5.04%	5.14%	28
Freddie Mac	676,854	572,802	15,578	(76)	588,304	52	(B)	5.05%	5.14%	27
Total/weighted average RMBS	**$ 1,422,543**	**$ 1,184,212**	**$ 30,327**	**$ (688)**	**$ 1,213,851**	**107**		**4.98%**	**5.08%**	**27**

(A) See Note 8 regarding the estimation of fair value, which approximates carrying value for all securities.
(B) The Company used an implied AA+ rating for the Agency RMBS.
(C) The weighted average yield is based on the most recent gross monthly interest income, which is then annualized and divided by the book value of settled securities.

Summary of RMBS Assets by Maturity

As of September 30, 2026

Years to Maturity	Original Face Value	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value[(A)]	Number of Securities	Weighted Average Rating	Weighted Average Coupon	Weighted Average Yield[(C)]	Weighted Average Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI										
Over 10 Years	$ 225,227	$ 152,873	$ -	$ (7,116)	$ 145,757	17	(B)	4.97%	5.07%	26
RMBS, measured at fair value through earnings										
Over 10 Years	1,130,859	901,927	465	(39,650)	862,742	86	(B)	5.10%	5.19%	27
Total/weighted average RMBS	**$ 1,356,086**	**$ 1,054,800**	**$ 465**	**$ (46,766)**	**$ 1,008,499**	**103**		**5.08%**	**5.17%**	**27**

As of December 31, 2025

Years to Maturity	Original Face Value	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value[(A)]	Number of Securities	Weighted Average Rating	Weighted Average Coupon	Weighted Average Yield[(C)]	Weighted Average Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI										
Over 10 Years	$ 276,022	$ 203,150	$ 4,243	$ (491)	$ 206,902	20	(B)	4.67%	4.79%	26
RMBS, measured at fair value through earnings										
Over 10 Years	1,146,521	981,062	26,084	(197)	1,006,949	87	(B)	5.05%	5.14%	28
Total/weighted average RMBS	**$ 1,422,543**	**$ 1,184,212**	**$ 30,327**	**$ (688)**	**$ 1,213,851**	**107**		**4.98%**	**5.08%**	**27**

(A) See Note 8 regarding the estimation of fair value, which approximates carrying value for all securities.
(B) The Company used an implied AA+ rating for the Agency RMBS.
(C) The weighted average yield is based on the most recent gross monthly interest income, which is then annualized and divided by the book value of settled securities.

At September 30, 2026 and December 31, 2025, the Company pledged Agency RMBS with a carrying value of approximately $983.9 million and $1,189.7 million, respectively, as collateral for borrowings under repurchase agreements. At September 30, 2026 and December 31, 2025, the Company did not have any securities purchased from and financed with the same counterparty that did not meet the conditions of ASC 860, Transfers and Servicing, to be considered linked transactions and, therefore, classified as derivatives.

Based on management's analysis of the Company's available-for-sale designated securities, the performance of the underlying loans and changes in market factors, management determined that unrealized losses as of the balance sheet date on the Company's available-for-sale designated securities were primarily the result of changes in market factors, rather than issuer-specific credit impairment. The Company performed analyses in relation to such securities, using management's best estimate of their cash flows, which support its belief that the carrying values of such securities were fully recoverable over their expected holding periods. Such market factors include changes in market interest rates and credit spreads and certain macroeconomic events, none of which will directly impact the Company's ability to collect amounts contractually due. Management continually evaluates the credit status of each of the Company's securities and the collateral supporting those securities. This evaluation includes a review of the credit of the issuer of the security (if applicable), the credit rating of the security (if applicable), the key terms of the security (including credit support), debt service coverage and loan to value ratios, the performance of the pool of underlying loans and the estimated value of the collateral supporting such loans, including the effect of local, industry and broader economic trends and factors. All of the Company's available-for-sale designated investments in RMBS are guaranteed by Agencies or U.S. government sponsored enterprises.

Both credit related and non-credit related unrealized losses on available-for-sale securities that the Company (i) intends to sell, or (ii) will more likely than not be required to sell before recovering their cost basis, are recognized in earnings. The Company did not record an allowance for credit losses on the balance sheet at September 30, 2026 and December 31, 2025, nor any impairment charges in earnings related to its available-for-sale securities during the nine-month periods ended September 30, 2026 and September 30, 2025.

The following tables summarize the Company's available-for-sale securities measured at fair value through OCI in an unrealized loss position as of the dates indicated (dollars in thousands):

Available-For-Sale RMBS Unrealized Loss Positions

As of September 30, 2026

Duration in Loss Position	Original Face Value	Book Value	Gross Unrealized Losses	Carrying Value[A]	Number of Securities	Weighted Average Rating	Weighted Average Coupon	Weighted Average Yield[C]	Weighted Average Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI									
Less than Twelve Months	$225,227	$152,873	$ (7,116)	$ 145,757	17	(B)	4.97%	5.07%	26
Total/weighted average RMBS, available-for-sale, measured at fair value through OCI	**$225,227**	**$152,873**	**$ (7,116)**	**$ 145,757**	**17**		**4.97%**	**5.07%**	**26**

As of December 31, 2025

Duration in Loss Position	Original Face Value	Book Value	Gross Unrealized Losses	Carrying Value[A]	Number of Securities	Weighted Average Rating	Weighted Average Coupon	Weighted Average Yield[C]	Weighted Average Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI									
Twelve or More Months	$ 64,386	$ 46,482	$ (491)	$ 45,991	4	(B)	3.55%	3.75%	26
Total/weighted average RMBS, available-for-sale, measured at fair value through OCI	**$ 64,386**	**$ 46,482**	**$ (491)**	**$ 45,991**	**4**		**3.55%**	**3.75%**	**26**

(A) See Note 8 regarding the estimation of fair value, which approximates carrying value for all securities.
(B) The Company used an implied AA+ rating for the Agency RMBS.
(C) The weighted average yield is based on the most recent gross monthly interest income, which is then annualized and divided by the book value of settled securities.

The following table summarizes the Company's realized gains and losses from the sale of available-for-sale securities which are recorded within the realized loss on RMBS, net line item in the Company's consolidated statements of income (loss) as of the dates indicated (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Proceeds from sales of available-for-sale securities	$ -	$ -	$ 34,416	$ 29,844
Amortized cost of available-for-sale securities sold	-	-	(34,914)	(32,918)
Total realized losses on sales, net	**$ -**	$ -	**$ (498)**	**$ (3,074)**
Gross realized gains, RMBS available-for-sale	$ -	$ -	$ -	$ -
Gross realized losses, RMBS available-for-sale	-	-	(498)	(3,074)
Realized loss on RMBS, available-for-sale, net	**$ -**	**$ -**	**$ (498)**	**$ (3,074)**

Note 5 — Investments in Servicing Related Assets

The Company's portfolio of Servicing Related Assets consists of Fannie Mae and Freddie Mac MSRs with an aggregate UPB of approximately $14.9 billion as of September 30, 2026.

The following is a summary of the Company's Servicing Related Assets as of the dates indicated (dollars in thousands):

Servicing Related Assets Summary

As of September 30, 2026

	Unpaid Principal Balance	Carrying Value[A]	Weighted Average Coupon	Weighted Average Maturity (Years)[B]	Year to Date Changes in Fair Value Recorded in Other Income (Loss)
MSRs	$ 14,864,041	$ 215,199	3.49%	23.0	$ 383
MSR Total/Weighted Average	**$ 14,864,041**	**$ 215,199**	**3.49%**	**23.0**	**$ 383**

As of December 31, 2025

	Unpaid Principal Balance	Carrying Value[A]	Weighted Average Coupon	Weighted Average Maturity (Years)[B]	Year to Date Changes in Fair Value Recorded in Other Income (Loss)
MSRs	$ 15,891,266	$ 214,831	3.49%	23.6	$ (18,825)
MSR Total/Weighted Average	**$ 15,891,266**	**$ 214,831**	**3.49%**	**23.6**	**$ (18,825)**

(A) See Note 8 regarding the estimation of fair value, which approximates carrying value for all pools.
(B) Weighted average maturity of the underlying residential mortgage loans in the pool is based on the unpaid principal balance.

The tables below summarize the geographic distribution for the states representing 5% or greater of the aggregate UPB of the residential mortgage loans underlying the Servicing Related Assets as of the dates indicated:

Geographic Concentration of Servicing Related Assets

As of September 30, 2026

	Percentage of Total Outstanding Unpaid Principal Balance
California	15.0%
Virginia	8.8%
New York	8.6%
Maryland	6.8%
Texas	5.8%
Florida	5.2%
All other	49.8%
Total	100.0%

As of December 31, 2025

	Percentage of Total Outstanding Unpaid Principal Balance
California	14.8%
Virginia	8.8%
New York	8.5%
Maryland	6.8%
Texas	5.8%
Florida	5.3%
North Carolina	5.0%
All other	45.0%
Total	100.0%

Geographic concentrations of investments expose the Company to the risk of economic downturns within the relevant states. Any such downturn in a state where the Company holds significant investments could affect the underlying borrower's ability to make the mortgage payment and, therefore, could have a meaningful, negative impact on the Company's Servicing Related Assets.

Note 6 — Equity and Earnings per Common Share

Redeemable Preferred Stock

The Company's charter provides that it has authority to issue up to 100,000,000 shares of preferred stock, $0.01 par value per share, of which 2,781,635 shares are classified as shares of 8.20% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock") and 1,604,103 shares are classified as shares of 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock").

The Company's Series A Preferred Stock ranks senior to the Company's common stock with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up. The Series A Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by the Company or converted by the holders of the Series A Preferred Stock into the Company's common stock in connection with certain changes of control. Beginning on August 17, 2022, the Company may, at its option, redeem any or all of the shares of Series A Preferred Stock, at any time or from time to time, for cash at a redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption of the shares of Series A Preferred Stock. The Company did not redeem any shares of Series A Preferred Stock during the three and nine-month periods ended September 30, 2026 and the year ended December 31, 2025. If the Company does not exercise its option redemption right, upon certain changes in control, the holders of the Series A Preferred Stock have the right to convert some or all of their shares of Series A Preferred Stock into a number of shares of the Company's common stock based on a defined formula, subject to a share cap, or alternative consideration. The share cap on each share of Series A Preferred Stock is 2.62881 shares of common stock, subject to certain adjustments. The Company pays cumulative cash dividends at the rate of 8.20% per annum of the $25.00 per share liquidation preference (equivalent to $2.05 per annum per share) on the Series A Preferred Stock, in arrears, on or about the 15th day of January, April, July and October of each year.

The Company's Series B Preferred Stock ranks senior to the Company's common stock with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up, and on parity with the Company's Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up. The Series B Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by the Company or converted by the holders of the Series B Preferred Stock into the Company's common stock in connection with certain changes of control. The Series B Preferred Stock was not redeemable by the Company prior to April 15, 2024, except under circumstances intended to preserve the Company's qualification as a REIT for U.S. federal income tax purposes and except upon the occurrence of certain changes of control. Since April 15, 2024, the Company may, at its option, redeem the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption. The Company did not redeem any shares of Series B Preferred Stock during the three and nine-month periods ended September 30, 2026 and the year ended December 31, 2025. If the Company does not exercise its rights to redeem the Series B Preferred Stock upon certain changes in control, the holders of the Series B Preferred Stock have the right to convert some or all of their shares of Series B Preferred Stock into a number of shares of the Company's common stock based on a defined formula, subject to a share cap, or alternative consideration. The share cap on each share of Series B Preferred Stock is 2.68962 shares of common stock, subject to certain adjustments. Holders of shares of Series B Preferred Stock are entitled to receive, when, as and if authorized by the Company's board of directors and declared by the Company, out of funds legally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series B Preferred Stock from, and including, the date of original issuance to, but excluding, April 15, 2024 was 8.250% of the $25.00 per share liquidation preference per annum (equivalent to $2.0625 per annum per share). During the floating rate period, dividends on the Series B Preferred Stock accumulate at a percentage of the $25.00 liquidation preference equal to an annual floating rate of the three-month CME Term SOFR plus a spread of 5.89261%.

Dividends on the Series A Preferred Stock and Series B Preferred Stock are payable quarterly in arrears on the 15th day of each January, April, July and October, when and as authorized by the Company's board of directors and declared by the Company.

Common Stock ATM Program

In August 2018, the Company instituted an at-the-market offering program for its common stock (the "Common Stock ATM Program") of up to $50.0 million of its common stock. In November 2022 and August 2024, the Company entered into amendments to the existing At Market Issuance Sales Agreements, increasing the aggregate offering price to up to an aggregate of $150.0 million of its common stock, of which, approximately $34.6 million was remaining as of September 30, 2026. Under the Common Stock ATM Program, the Company may, but is not obligated to, sell shares of common stock from time to time through one or more selling agents. The Common Stock ATM Program has no set expiration date and may be renewed or terminated by the Company at any time. During the three and nine-month period ended September 30, 2026, the Company did not issue or sell any shares pursuant to the Common Stock ATM Program. During the year ended December 31, 2025, the Company issued and sold 4,909,053 shares of common stock under the Common Stock ATM Program. The shares were sold at a weighted average price of $3.00 per share for aggregate gross proceeds of approximately $14.7 million before fees of approximately $293,000.

Common Stock Repurchase Program

In September 2019, the Company instituted a common stock repurchase program that allows for the repurchase of up to an aggregate of $10.0 million of its common stock. Shares of common stock may be repurchased from time to time through privately negotiated transactions or open market transactions, pursuant to a trading plan in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, or by any combination of such methods. The manner, price, number and timing of share repurchases are subject to a variety of factors, including market conditions and applicable SEC rules. The common stock repurchase program does not require the purchase of any minimum number of shares of common stock, and, subject to SEC rules, purchases may be commenced or suspended at any time without prior notice. During the three and nine-month periods ended September 30, 2026 and the year ended December 31, 2025, the Company did not repurchase any shares of its common stock pursuant to the common stock repurchase program.

Preferred Stock Repurchase Program

In December 2023, the Company initiated a preferred stock repurchase program that allows for the repurchase of up to an aggregate of $50.0 million of its shares of preferred stock. Shares of preferred stock may be repurchased from time to time through privately negotiated transactions or open market transactions, pursuant to a trading plan in accordance with Rules 10b5-1 under the Exchange Act. The manner, price, number and timing of share repurchases are subject to a variety of factors, including market conditions and applicable SEC rules. The preferred stock repurchase program does not require the purchase of any minimum number of shares of preferred stock, and, subject to SEC rules, purchases may be commenced or suspended at any time without prior notice. During the three and nine-month periods ended September 30, 2026 and the year ended December 31, 2025, the Company did not repurchase any shares of its preferred stock pursuant to the preferred stock repurchase program. Shares of preferred stock that are repurchased by the Company cease to be outstanding but remain authorized for future issuance.

Equity Incentive Plan

During 2013, the board of directors approved and the Company adopted the Cherry Hill Mortgage Investment Corporation 2013 Equity Incentive Plan (the “2013 Plan”). The 2013 Plan, which expired by its terms in October 2023, provided for the grant of options to purchase shares of the Company’s common stock, stock awards, stock appreciation rights (“SARs”), performance units, incentive awards and other equity-based awards, including long term incentive plan units of the Operating Partnership (the “LTIP-OP Units”).

In April 2023, the Company’s board of directors adopted the Cherry Hill Mortgage Investment Corporation 2023 Equity Incentive Plan (the “2023 Plan”). The 2023 Plan, which expires by its term in April 2033, permits the Company to provide equity-based compensation in the form of options to purchase shares of the Company’s common stock, stock awards, SARs, performance units, incentive awards and other equity-based awards (including LTIP-OP Units).

The maximum aggregate number of shares of common stock issuable pursuant to the 2023 Plan by the exercise of options and SARs, the grant of stock awards or other equity-based awards (including LTIP-OP Units) and the settlement of incentive awards and performance units is 2,830,000 shares. Other equity-based awards that are LTIP-OP Units will reduce the maximum aggregate number of shares of common stock issuable pursuant to the 2023 Plan on a one-for-one basis—that is, each such LTIP-OP Unit will be treated as an award of common stock; provided, however, for the avoidance of doubt, the conversion of any such LTIP-OP Units at a later date into a share of common stock will not count as an award of common stock under the 2023 Plan for purposes of determining the aggregate limit to avoid any double counting of the same award. In connection with stock splits, dividends, recapitalizations and certain other events, the Company’s board of directors will make equitable adjustments that it deems appropriate in the aggregate number of shares of common stock issuable pursuant to the 2023 Plan and the terms of outstanding awards.

If any options or stock appreciation rights terminate, expire or are cancelled, forfeited, exchanged or surrendered without having been exercised or are paid in cash without delivery of common stock or if any stock awards, performance units or other equity-based awards (including LTIP-OP Units) are forfeited, the shares of common stock subject to such awards will again be available for purposes of the 2023 Plan. Shares of common stock tendered or withheld to satisfy the exercise price or for tax withholding are not available for future grants under the 2023 Plan. The Company has elected to account for forfeitures as they occur.

LTIP-OP Units are a special class of partnership interest in the Operating Partnership. LTIP-OP Units may be issued to eligible participants for the performance of services to or for the benefit of the Operating Partnership. Initially, LTIP-OP Units do not have full parity with the Operating Partnership's common units of limited partnership interest ("OP Units") with respect to liquidating distributions; however, LTIP-OP Units receive, whether vested or not, the same per-unit distributions as OP Units and are allocated their pro-rata share of the Operating Partnership's net income or loss. Under the terms of the LTIP-OP Units, the Operating Partnership will revalue its assets upon the occurrence of certain specified events, and any increase in the Operating Partnership's valuation from the time of grant of the LTIP-OP Units until such event will be allocated first to the holders of LTIP-OP Units to equalize the capital accounts of such holders with the capital accounts of the holders of OP Units. Upon equalization of the capital accounts of the holders of LTIP-OP Units with the other holders of OP Units, the LTIP-OP Units will achieve full parity with OP Units for all purposes, including with respect to liquidating distributions. If such parity is reached, vested LTIP-OP Units may be converted into an equal number of OP Units at any time and, thereafter, enjoy all the rights of OP Units, including redemption rights.

An LTIP-OP Unit and a share of common stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Operating Partnership. Holders of LTIP-OP Units that have reached parity with OP Units have the right to redeem their LTIP-OP Units, subject to certain restrictions. The redemption is required to be satisfied in cash, or at the Company's option, the Company may purchase the OP Units for common stock, calculated as follows: one share of the Company's common stock, or cash equal to the fair value of a share of the Company's common stock at the time of redemption, for each LTIP-OP Unit. When an LTIP-OP Unit holder redeems an OP Unit (as described above), non-controlling interest in the Operating Partnership is reduced and the Company's equity is increased.

LTIP-OP Units vest ratably over the first three annual anniversaries of the grant date. The fair value of each LTIP-OP Unit was determined based on the closing price of the Company's common stock on the applicable grant date in all other cases.

On May 30, 2024, the Company granted certain eligible participants of the 2023 Plan other equity-based awards in the form of a total of 181,942 restricted stock units ("RSUs") under the 2023 Plan. Each granted RSU represents the right to receive one share of common stock. Subject to the terms and conditions of an RSU award agreement and the 2023 Plan, each award of RSUs vests ratably over a three-year period beginning on the one-year anniversary of the grant date of the RSUs. To the extent the RSUs have not otherwise been forfeited or canceled prior to the applicable settlement date, each award recipient will be paid a cash payment on the applicable settlement date equal to the number of shares of common stock delivered multiplied by the total amount of dividend payments made in relation to one share of common stock with respect to record dates occurring during the period between the grant date and the applicable settlement date. On May 30, 2026, 60,041 of these RSU units vested and were settled with a grant of 60,041 units of common stock to the participants. Of the 60,041 shares of common stock granted, 20,253 shares of common stock were withheld by the Company to satisfy tax withholding requirements on the grant. On May 30, 2025, 60,041 of these RSU units vested and were settled with a grant of 60,041 units of common stock to the participants. Of the 60,041 shares of common stock granted, 21,391 shares of common stock were withheld by the Company to satisfy tax withholding requirements on the grant.

On February 10, 2026, the Company granted an individual participant of the 2023 Plan other equity-based awards in the form of a total of 24,414 RSUs under the 2023 Plan. Each granted RSU represents the right to receive one share of common stock. Subject to the terms and conditions of an RSU award agreement and the 2023 Plan, the award of RSUs vests on the one-year anniversary of the grant date of the RSUs. To the extent the RSUs have not otherwise been forfeited or canceled prior to the settlement date, the award recipient will be paid a cash payment on the applicable settlement date equal to the number of shares of common stock delivered multiplied by the total amount of dividend payments made in relation to one share of common stock with respect to the record dates occurring during the period between the grant date and the applicable settlement date.

On June 15, 2026, the Company granted an aggregate of 168,068 shares of restricted common stock to the Company's independent directors (42,017 shares each) subject to the terms and conditions of a restricted stock award agreement and the 2023 Plan. Unless sooner vested in accordance with the terms of the restricted stock award agreement and the 2023 Plan, each independent director's interest in the shares of common stock covered by the June 15, 2026 stock award become vested and nonforfeitable on the one-year anniversary of the grant date.

Executive Compensation Plan

On April 6, 2026, the board of directors, based upon the recommendation of its compensation committee, approved and adopted the Company's 2026 Executive Compensation Plan (the "2026 Executive Plan"), effective January 1, 2026. The purpose of the 2026 Executive Plan is to attract, retain and motivate highly-qualified executives to achieve corporate and individual performance objectives and increase stockholder value on an annual and long-term basis. The 2026 Executive Plan provides for annual base salary for the participants as well as compensation opportunities tied to length of service to the Company, individual performance objectives, and Company performance objectives. The Company's executive compensation program is comprised of short-term incentive compensation (the "STIP") and long-term equity-based awards (the "LTIP"). The LTIP is comprised of time-based equity awards (the "Time-Based LTIP") and performance-based equity awards (the "Performance-Based LTIP"). Under the STIP, participating executive officers are eligible to earn annual cash bonuses based on the achievement of specified short-term Company and individual goals. Awards under the STIP are expressed as a dollar amount that is a percentage of each participant's base salary and are determined based on a combination of Company financial metrics and individual performance objectives, with performance evaluated against defined threshold, target, and maximum levels. Awards under the LTIP are expressed as a dollar amount that is then converted to equity based on a 50/50 split between the Time-Based LTIP and the Performance-Based LTIP, each further calculated into units based on the grant date fair market value. The Time-Based LTIPs vest ratably over a three-year period based solely on length of service. The Performance-Based LTIPs are further split into absolute TSR awards and relative TSR awards and may be earned contingent on defined performance goals tied to Company performance measured over a three-year period, with performance evaluated against specified threshold, target, and maximum levels.

Dividend equivalents on the Performance-Based LTIPs are not paid unless and until the awards are earned. Upon vesting, recipients are entitled to receive cumulative dividends as if the awards had been outstanding since the beginning of the performance period. Dividends or other distributions with respect to the Time-Based LTIPs are paid currently on vested and unvested time-based awards. LTIPs granted under the 2026 Executive Plan are subject to the terms of the 2023 Plan and the Company's Clawback Policy.

Compensation expense for the STIP awards is accrued over the service period based on the estimated level of achievement of performance conditions. Such estimates are reassessed at each reporting date, and adjustments are recorded as necessary. A portion of the STIP award includes market conditions, the fair value of which is determined using a Monte Carlo simulation model. The model incorporates assumptions for expected volatility, dividend yield, risk-free interest rates, and the correlation of the Company's performance relative to the peer group. Fair value is remeasured at each quarterly reporting period and adjustments to compensation expense are recorded as necessary.

The Company accounts for share-based compensation in accordance with ASC 718, Compensation—Stock Compensation. The grant-date fair value of equity awards is recognized as compensation expense over the requisite service period. The grant-date fair value of Performance-Based LTIPs which include market conditions is determined using a Monte Carlo simulation model. The model incorporates assumptions for expected volatility, dividend yield, risk-free interest rates, and the correlation of the Company's stock returns with those of the peer group. The weighted-average grant-date fair value was $2.07 per unit for absolute TSR awards and $3.45 for relative TSR awards. Compensation expense is recognized over the requisite service period regardless of the ultimate level of TSR achieved, provided the requisite service condition is satisfied. Forfeitures are recognized as they occur.

The following table sets forth the number of shares of the Company's common stock as well as LTIP-OP Units and the values thereof (based on the closing prices on the respective dates of grant) granted under the 2013 Plan and the 2023 Plan. As noted above, effective as of June 15, 2023, (the date of the Company's 2023 annual meeting of stockholders) the 2023 Plan replaced the 2013 Plan. No further awards will be made by the Company under the 2013 Plan, and currently outstanding awards granted under the 2013 Plan will remain effective in accordance with their terms. Except as otherwise indicated, all shares shown in the table below are fully vested.

Equity Incentive Plan Information

	LTIP-OP Units			Shares of Common Stock			Restricted Stock Units					
	Issued	Forfeited/ Redeemed [A]	Converted	Issued	Forfeited [A]	Withheld [B]	Issued	Forfeited [A]	Settled	Withheld [B]	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans	Weighted Average Issuance Price
December 31, 2024	(663,492)	8,492	44,795	(283,672)	3,155	3,229	(181,942)	-	-	-	2,434,072	
Number of securities issued or to be issued upon exercise	-	-	-	-	-	-	-	-	-	-	-	
March 31, 2025	(663,492)	8,492	44,795	(283,672)	3,155	3,229	(181,942)	-	-	-	2,434,072	
Number of securities forfeited	-	14,500	-	-	-	-	-	-	-	-	14,500	
Number of securities redeemed	-	34,697	-	-	-	-	-	-	-	-	34,697	$ 2.95
Number of securities issued or to be issued upon exercise	-	-	-	(60,041)	-	21,391	-	-	60,041	-	-	
Number of securities issued or to be issued upon exercise	-	-	-	(146,520)	-	-	-	-	-	-	(146,520)	$ 2.73
June 30, 2025	(663,492)	57,689	44,795	(490,233)	3,155	24,620	(181,942)	-	60,041	-	2,336,749	
Number of securities issued or to be issued upon exercise	-	-	20,242	(20,242)	-	-	-	-	-	-	-	
September 30, 2025	(663,492)	57,689	65,037	(510,475)	3,155	24,620	(181,942)	-	60,041	-	2,336,749	
December 31, 2025	(663,492)	57,689	65,037	(510,475)	3,155	24,620	(181,942)	-	60,041	-	2,336,749	
Number of securities issued or to be issued upon exercise	-	-	-	-	-	-	(24,414)[C]	-	-	-	(24,414)	$ 2.56
March 31, 2026	(663,492)	57,689	65,037	(510,475)	3,155	24,620	(206,356)	-	60,041	-	2,312,335	
Number of securities issued or to be issued upon exercise	-	-	-	(60,041)	-	20,253	-	-	60,041	-	-	
Number of securities issued or to be issued upon exercise	-	-	-	-	-	-	(350,380)[E]	-	-	-	(350,380)	$ 2.64
Number of securities issued or to be issued upon exercise	-	-	-	-	-	-	(358,527)[F]	-	-	-	(358,527)	$ 2.58
Number of securities issued or to be issued upon exercise	-	-	-	(168,068)[D]	-	-	-	-	-	-	(168,068)	$ 2.38
June 30, 2026	(663,492)	57,689	65,037	(738,584)	3,155	44,873	(915,263)	-	120,082	-	1,435,360	
Number of securities issued or to be issued upon exercise	-	-	-	-	-	-	-	-	-	-	-	
September 30, 2026	(663,492)	57,689	65,037	(738,584)	3,155	44,873	(915,263)	-	120,082	-	1,435,360	

(A) If any award or grant under the 2023 Plan (including LTIP-OP Units) expires, is forfeited or is terminated without having been exercised or is paid in cash without a requirement for the delivery of common stock, then any common stock covered by such lapsed, cancelled, expired, unexercised or cash-settled portion of such award or grant and any forfeited, lapsed, cancelled or expired LTIP-OP Units will be available for the grant or settlement of other awards under the 2023 Plan.

(B) Any shares of common stock tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any award reduces the number of shares of common stock available under the 2023 Plan and those shares will not be available for future grants or awards under the 2023 Plan.

(C) Subject to forfeiture in certain circumstances prior to February 10, 2027.

(D) Subject to forfeiture in certain circumstances prior to June 15, 2027.

(E) Subject to forfeiture in certain circumstances prior to April 21, 2029.

(F) Subject to satisfaction of defined market-based criteria and subject to forfeiture in certain circumstances prior to December 31, 2028.

The Company recognized share-based compensation expense of approximately $378,000 and $226,000 during the three-month periods ended September 30, 2026 and September 30, 2025, respectively and $921,000 and $584,000 during the nine-month periods ended September 30, 2026 and September 30, 2025, respectively. There was approximately $2.1 million of total unrecognized share-based compensation expense as of September 30, 2026, which was related to unvested LTIP-OP Units, directors compensation paid in stock subject to forfeiture, unvested RSUs, unvested Time-Based LTIPs and Performance-Based LTIPs. This unrecognized share-based compensation expense is expected to be recognized ratably over the remaining vesting period of up to three years. The aggregate expense related to share-based compensation is presented within “Compensation and benefits” in the Company’s consolidated statements of income (loss).

Non-Controlling Interests in Operating Partnership

Non-controlling interests in the Operating Partnership in the accompanying consolidated financial statements relate to LTIP-OP Units and OP Units issued upon conversion of LTIP-OP Units, in either case, held by parties other than the Company.

As of September 30, 2026, the non-controlling interest holders in the Operating Partnership owned 531,712 LTIP-OP Units, or approximately 1.45% of the units of the Operating Partnership. Pursuant to ASC 810, *Consolidation*, changes in a parent's ownership interest (and transactions with non-controlling interest unit holders in the Operating Partnership) while the parent retains its controlling interest in its subsidiary should be accounted for as equity transactions. The carrying amount of the non-controlling interest will be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the Company.

Earnings per Common Share

The Company is required to present both basic and diluted earnings per common share ("EPS"). Basic EPS is calculated by dividing net income applicable to common stockholders by the weighted average number of shares of common stock outstanding during each period. Diluted EPS is calculated by dividing net income applicable to common stockholders by the weighted average number of shares of common stock outstanding plus the additional dilutive effect of common stock equivalents during each period. In accordance with ASC 260, *Earnings Per Share*, if there is a loss from continuing operations, the common stock equivalents are deemed anti-dilutive and earnings (loss) per share is calculated excluding the potential common shares.

The following table presents basic and diluted earnings per share of common stock for the periods indicated (dollars in thousands, except per share data):

Earnings per Common Share Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	$ (1,473)	$ 4,515	$ 2,750	$ (916)
Net (income) loss allocated to non-controlling interests in Operating Partnership	21	(83)	(40)	16
Dividends on preferred stock	(2,419)	(2,477)	(7,213)	(7,393)
Gain (loss) on repurchase and retirement of preferred stock	-	-	-	-
Net income allocated to participating securities	-	-	-	-
Numerator for basic EPS - net income (loss) applicable to common stockholders (A)	$ (3,871)	$ 1,955	$ (4,503)	$ (8,293)
Effect of dilutive securities:				
Add back net income allocated to participating securities	-	-	-	-
Numerator for diluted EPS - net income (loss) applicable to common stockholders after assumed conversion (C)	$ (3,871)	$ 1,955	$ (4,503)	$ (8,293)
Denominator:				
Denominator for basic EPS - weighted average common shares (B)	36,779,326	36,134,925	36,660,030	33,691,377
Effect of dilutive securities:				
Participating restricted stock awards	-	14,004	-	-
Participating restricted stock units	-	-	-	-
Non-participating restricted stock units	-	-	-	-
Non-participating performance stock units	-	-	-	-
Denominator for diluted EPS - adjusted weighted average common shares (D)	36,779,326	36,148,929	36,660,030	33,691,377
Basic and Diluted EPS:				
Basic (A/B)	$ (0.11)	$ 0.05	$ (0.12)	$ (0.25)
Diluted (C/D)	$ (0.11)	$ 0.05	$ (0.12)	$ (0.25)

The computation of diluted EPS for the nine-month period ended September 30, 2026 excludes 963,250 of potentially dilutive restricted stock units and restricted stock awards because their effect would have been anti-dilutive.

Note 7 — Derivative Instruments

Interest Rate Swap Agreements, Swaptions, TBAs and U.S. Treasury Futures

In order to help mitigate exposure to higher short-term interest rates in connection with borrowings under its repurchase agreements, the Company enters into interest rate swap agreements, Eris SOFR swap futures and swaption agreements. Interest rate swap agreements establish an economic fixed rate on related borrowings because the variable-rate payments received on the interest rate swap agreements largely offset interest accruing on the related borrowings, leaving the fixed-rate payments to be paid on the interest rate swap agreements as the Company's effective borrowing rate, subject to certain adjustments including changes in spreads between variable rates on the interest rate swap agreements and actual borrowing rates. A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap. Eris SOFR swap futures are exchange-traded contracts that mirror the economics of an interest rate swap, where one party pays a fixed rate and the other pays a floating rate based on the SOFR. Eris SOFR swap futures are marked-to-market daily, with prices published by the CME Group. The Company's interest rate swap agreements, Eris SOFR swap futures, TBAs and swaptions have not been designated as qualifying hedging instruments for GAAP purposes.

In order to help mitigate duration risk and manage basis risk and the pricing risk under the Company's financing facilities, the Company utilizes U.S. Treasury futures and forward-settling purchases and sales of RMBS where the underlying pools of mortgage loans are TBAs. Pursuant to these TBA transactions, the Company agrees to purchase or sell, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered is not identified until shortly before the TBA settlement date. Unless otherwise indicated, references to U.S. Treasury futures include options on U.S. Treasury futures.

For discussion on the fair value measurements of the derivative instruments, see Note 8.

The following table summarizes the outstanding notional amounts of derivative instruments as of the dates indicated (dollars in thousands):

Derivatives	**September 30, 2026**	**December 31, 2025**
Notional amount of interest rate swaps	$ 767,300	$ 828,700
Notional amount of TBAs, net	(415,435)	(409,475)
Notional amount of U.S. treasury futures	(68,100)	19,500
Notional amount of Eris SOFR swap futures	(91,700)	(16,800)
Total notional amount	**$ 192,065**	**$ 421,925**

Cash flow activity related to derivative instruments is reflected within the operating activities, investing activities and financing activities sections of the consolidated statements of cash flows. Realized gains and losses are reflected within the realized gain (loss) on derivatives, net line item and derivative fair value adjustments are reflected within the unrealized (gain) loss on derivatives, net line item within the operating activities section of the consolidated statements of cash flows. The remaining cash flow activity related to derivative instruments is reflected within the proceeds from (payments for) settlement of derivatives line item of the investing activities section and the proceeds from derivative financing line item within the financing activities section of the consolidated statements of cash flows.

The following table presents information about the Company's interest rate swap agreements as of the dates indicated (dollars in thousands):

	Notional Amount [(A)]	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
September 30, 2026	$ 767,300	$ -	1.76%	3.98%	2.9
December 31, 2025	$ 828,700	$ 12,154	1.76%	3.95%	3.1

(A) Includes $651.3 million notional of receive SOFR and pay fixed of 1.4% and $116.0 million notional of receive fixed of 3.4% and pay SOFR with weighted average maturities of 3.1 years and 1.8 years, respectively, as of September 30, 2026. Includes $712.7 million notional of receive SOFR and pay fixed of 1.4% and $116.0 million notional of receive fixed of 3.4% and pay SOFR with weighted average maturities of 3.2 years and 2.5 years, respectively, as of December 31, 2025.

The following table presents information about the Company's Eris SOFR swap futures as of the dates indicated (dollars in thousands):

As of September 30, 2026

Maturity	Notional Amount - Long	Notional Amount - Short	Fair Value
3 years	$ -	$ (26,000)	$ 133
5 years	-	(19,000)	275
7 years	-	(31,800)	625
10 years	-	(14,900)	354
Total	$ -	$ (91,700)	$ 1,387

As of December 31, 2025

Maturity	Notional Amount - Long	Notional Amount - Short	Fair Value
7 years	$ -	$ (16,800)	$ 36
Total	$ -	$ (16,800)	$ 36

The following tables present information about the Company's TBA derivatives as of the dates indicated (dollars in thousands):

As of September 30, 2026

Purchase and sale contracts for derivative TBAs	Notional	Cost Basis	Fair Value	Net Carrying Value
Purchase contracts	$ 513,250	$ 505,518	$ 493,608	$ (11,910)
Sale contracts	(928,685)	(900,625)	(873,376)	27,249
Net TBA derivatives	**$ (415,435)**	**$ (395,107)**	**$ (379,768)**	**$ 15,339**

As of December 31, 2025

Purchase and sale contracts for derivative TBAs	Notional	Cost Basis	Fair Value	Net Carrying Value
Purchase contracts	$ 193,125	$ 193,318	$ 193,942	$ 624
Sale contracts	(602,600)	(600,954)	(602,654)	(1,700)
Net TBA derivatives	**$ (409,475)**	**$ (407,636)**	**$ (408,712)**	**$ (1,076)**

The following tables present information about the Company's U.S. Treasury futures agreements as of the dates indicated (dollars in thousands):

As of September 30, 2026

Maturity	Notional Amount - Long	Notional Amount - Short	Fair Value
5 years	$ 76,500	$ -	$ (1,478)
10 years [A]	-	(144,600)	5,664
Total	**$ 76,500**	**$ (144,600)**	**$ 4,186**

As of December 31, 2025

Maturity	Notional Amount - Long	Notional Amount - Short	Fair Value
5 years	$ 171,200	$ -	$ (655)
10 years [A]	-	(151,700)	2,023
Total	**$ 171,200**	**$ (151,700)**	**$ 1,368**

(A) Includes 10-year Ultra futures and Long Bond futures contracts.

The Company did not have any U.S. Treasury futures options at September 30, 2026 and December 31, 2025.

The following table presents information about realized gain (loss) on derivatives, which is included on the consolidated statements of income (loss) for the periods indicated (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives	2026	2025	2026	2025
Interest rate swaps [A]	$ -	$ 6	$ -	$ (1,161)
TBAs	5,583	(13,710)	7,617	(6,415)
U.S. Treasury futures	(943)	(1,517)	87	710
U.S. Treasury futures options	-	(33)	-	-
Eris SOFR swap futures	2,265	-	3,721	-
Total	**$ 6,905**	**$ (15,254)**	**$ 11,425**	**$ (6,866)**

(A) Excludes interest rate swap periodic interest income of $3.7 million and $4.8 million, for the three-month periods ended September 30, 2026 and September 30, 2025, respectively and $11.2 million and $15.8 million, for the nine-month periods ended September 30, 2026 and September 30, 2025, respectively.

The following table presents information about unrealized gain (loss) on derivatives, which is included on the consolidated statements of income (loss) for the periods indicated (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives	2026	2025	2026	2025
Interest rate swaps	$ 9,099	$ (4,661)	$ 8,382	$ (24,375)
TBAs	16,059	7,151	16,415	(10,989)
U.S. Treasury futures	5,078	(8)	2,818	(4,009)
U.S. Treasury futures options	-	-	-	(33)
Eris SOFR swap futures	1,862	-	1,305	-
Total	**$ 32,098**	**$ 2,482**	$ 28,920	$ (39,406)

Offsetting Assets and Liabilities

Certain of the Company's repurchase agreements are governed by underlying agreements that provide for a right of setoff in the event of default by either party to the agreement. The Company presents repurchase transactions in this section even though they are not derivatives because they are subject to master netting arrangements. The Company also has netting arrangements in place with all of its derivative counterparties pursuant to standard documentation developed by the International Swaps and Derivatives Association and the SIFMA. We present our assets and liabilities subject to such arrangements on a gross basis in our consolidated balance sheets.

Under U.S. GAAP, if the Company has a valid right of setoff, it may offset the related asset and liability and report the net amount. The Company's centrally cleared interest rate swaps require that the Company post an "initial margin" amount determined by the clearing exchange, which is generally intended to be set at a level sufficient to protect the exchange from the interest rate swap's maximum estimated single-day price movement. The Company also exchanges "variation margin" based upon daily changes in fair value, as measured by the exchange. As a result of amendments to rules governing certain central clearing activities, the exchange of variation margin is a settlement of the interest rate swap, as opposed to pledged collateral. The Company has accounted for the receipt or payment of variation margin on interest rate swaps as a direct reduction or increase to the carrying value of the interest rate swap asset or liability. The receipt or payment of initial margin is accounted for separate from the derivative asset or liability.

The following tables present information about the Company's assets and liabilities that are subject to master netting arrangements or similar agreements and can potentially be offset on the Company's consolidated balance sheets as of the dates indicated (dollars in thousands):

Offsetting Assets and Liabilities

As of September 30, 2026

	Gross Amounts of Recognized Assets or Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets and Liabilities Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received/ Pledged [(A)]	
Assets						
TBAs	$ 27,288	$ -	$ 27,288	$ (11,949)	$ (12,807)	$ 2,532
U.S. treasury futures	5,664	-	5,664	(1,478)	-	4,186
Eris SOFR swap futures	1,387	-	1,387	-	-	1,387
Total Assets	**$ 34,339**	**$ -**	**$ 34,339**	**$ (13,427)**	**$ (12,807)**	**$ 8,105**
Liabilities						
Repurchase agreements	$ (964,859)	$ -	$ (964,859)	$ 964,859	$ -	$ -
TBAs	(11,949)	-	(11,949)	11,949	-	-
U.S. treasury futures	(1,478)	-	(1,478)	1,478	-	-
Total Liabilities	**$ (978,286)**	**$ -**	**$ (978,286)**	**$ 978,286**	**$ -**	**$ -**

As of December 31, 2025

	Gross Amounts of Recognized Assets or Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets and Liabilities Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received/ Pledged [(A)]	
Assets						
Interest rate swaps	$ 47,642	$ (34,289)	$ 13,353	$ (1,199)	$ -	$ 12,154
TBAs	650	(650)	-	-	-	-
U.S. treasury futures	1,368	-	1,368	-	(1,368)	-
Eris SOFR swap futures	36	-	36	-	-	36
Total Assets	**$ 49,696**	**$ (34,939)**	**$ 14,757**	**$ (1,199)**	**$ (1,368)**	**$ 12,190**
Liabilities						
Repurchase agreements	$ (1,137,200)	$ -	$ (1,137,200)	$ 1,137,200	$ -	$ -
Interest rate swaps	(1,199)	-	(1,199)	1,199	-	-
TBAs	(1,726)	650	(1,076)	-	312	(764)
Total Liabilities	**$ (1,140,125)**	**$ 650**	**$ (1,139,475)**	**$ 1,138,399**	**$ 312**	**$ (764)**

(A) Includes cash pledged / received as collateral. Amounts presented are limited to collateral pledged sufficient to reduce the net amount to zero for individual counterparties, as applicable. Excess cash collateral or financial assets that are pledged to counterparties may exceed the financial liabilities subject to a master netting arrangement or similar agreement, or counterparties may have pledged excess cash collateral to the Company that exceed the corresponding financial assets. These excess amounts are excluded from the table above, although separately reported within restricted cash or accrued expenses and other liabilities in the Company's consolidated balance sheets.

Note 8 — Fair Value

Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). Additionally, ASC 820 requires an entity to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring the fair value of a liability.

ASC 820 establishes a three-level hierarchy to be used when measuring and disclosing fair value. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Following is a description of the three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date under current market conditions. Additionally, the entity must have the ability to access the active market and the quoted prices cannot be adjusted by the entity.
- Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full-term of the assets or liabilities.
- Level 3 unobservable inputs are supported by little or no market activity. The unobservable inputs represent the assumptions that management believes market participants would use to price the assets and liabilities, including risk. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.

Recurring Fair Value Measurements

The following is a description of the methods used to estimate the fair values of the Company's assets and liabilities measured at fair value on a recurring basis, as well as the basis for classifying these assets and liabilities as Level 1, 2 or 3 within the fair value hierarchy. The Company's valuations consider assumptions that it believes a market participant would consider in valuing the assets and liabilities, the most significant of which are disclosed below. The Company reassesses and periodically adjusts the underlying inputs and assumptions used in the valuations for recent historical experience, as well as for current and expected relevant market conditions.

RMBS

The Company holds a portfolio of RMBS that are carried at fair value in the consolidated balance sheets. The Company determines the fair value of its RMBS based upon prices obtained from third-party pricing providers. The third-party pricing providers develop their pricing based on transaction prices of recent trades for similar financial instruments. If recent trades for similar financial instruments are unavailable, the third-party pricing providers use cash flow or other pricing models, which utilize observable inputs. As a result, the Company classified 100% of its RMBS as Level 2 fair value assets at September 30, 2026 and December 31, 2025.

MSRs

The Company, through its subsidiary Aurora, holds a portfolio of MSRs that are reported at fair value in the consolidated balance sheets. The Company uses a discounted cash flow model to estimate the fair value of these assets. Although MSR transactions are observable in the marketplace, the valuation includes unobservable market data inputs (prepayment speeds, costs to service and discount rates). As a result, the Company classified 100% of its MSRs as Level 3 fair value assets at September 30, 2026 and December 31, 2025.

Derivative Instruments

The Company enters into a variety of derivative instruments as part of its economic hedging strategies. The Company executes interest rate swaps, TBAs, Eris SOFR swap futures and U.S. Treasury futures. The Company utilizes third-party pricing providers to value its interest rate swaps and TBAs. The third-party pricing providers develop their pricing based on transaction prices of recent trades for similar financial instruments. If recent trades for similar financial instruments are unavailable, the third-party pricing providers use cash flow or other pricing models, which utilize observable inputs. As a result, the Company classified 100% of its interest rate swaps and TBAs as Level 2 fair value assets and liabilities at September 30, 2026 and December 31, 2025. The fair value of Eris SOFR swap futures is based on quoted settlement prices for the contracts as published by CME Group, reflecting observable market inputs. The Company has classified the characteristics used to determine the fair value of Eris SOFR swap futures as Level 2 fair value assets and liabilities at September 30, 2026 and December 31, 2025. U.S. Treasury futures are valued using market-based prices published by the U.S. Department of Treasury and classified as Level 1 fair value assets and liabilities at September 30, 2026 and December 31, 2025.

Both the Company and the derivative counterparties under their netting arrangements are required to post cash collateral based upon the net underlying market value of the Company's open positions with the counterparties. Posting of cash collateral typically occurs daily, subject to certain dollar thresholds. Due to the existence of netting arrangements, as well as frequent cash collateral posting at low posting thresholds, credit exposure to the Company and/or counterparties is considered materially mitigated. The Company's interest rate swaps and U.S. Treasury futures are required to be cleared on an exchange, which further mitigates, but does not eliminate, credit risk. Based on the Company's assessment, there is no requirement for any additional adjustment to derivative valuations specifically for credit.

The following tables present the Company's assets and liabilities measured at fair value on a recurring basis as of the dates indicated (dollars in thousands):

Recurring Fair Value Measurements

September 30, 2026

	Level 1	Level 2	Level 3	Carrying Value
Assets				
RMBS				
Fannie Mae	$ -	$ 433,586	$ -	$ 433,586
Freddie Mac	-	574,913	-	574,913
RMBS total	-	1,008,499	-	1,008,499
Derivative assets				
TBAs	-	27,288	-	27,288
U.S. treasury futures	5,664	-	-	5,664
Eris SOFR swap futures	-	1,387		1,387
Derivative assets total	5,664	28,675	-	34,339
Servicing related assets	-	-	215,199	215,199
Total Assets	**$ 5,664**	**$ 1,037,174**	**$ 215,199**	**$ 1,258,037**
Liabilities				
Derivative liabilities				
TBAs	$ -	$ (11,949)	$ -	$ (11,949)
U.S. treasury futures	(1,478)		-	(1,478)
Eris SOFR swap futures	-	-	-	-
Derivative liabilities total	(1,478)	(11,949)	-	(13,427)
Total Liabilities	**$ (1,478)**	**$ (11,949)**	**$ -**	**$ (13,427)**

December 31, 2025

	Level 1	Level 2	Level 3	Carrying Value
Assets				
RMBS				
Fannie Mae	$ -	$ 531,828	$ -	$ 531,828
Freddie Mac	-	682,023	-	682,023
RMBS total	-	1,213,851	-	1,213,851
Derivative assets				
Interest rate swaps	-	13,353	-	13,353
U.S. treasury futures	1,368	-	-	1,368
Eris SOFR swap futures	-	36	-	36
Derivative assets total	1,368	13,389	-	14,757
Servicing related assets	-	-	214,831	214,831
Total Assets	**$ 1,368**	**$ 1,227,240**	**$ 214,831**	**$ 1,443,439**
Liabilities				
Derivative liabilities				
Interest rate swaps	$ -	$ (1,199)	$ -	$ (1,199)
TBAs, net	-	(1,076)	-	(1,076)
Derivative liabilities total	-	(2,275)	-	(2,275)
Total Liabilities	**$ -**	**$ (2,275)**	**$ -**	**$ (2,275)**

The Company may be required to measure certain assets or liabilities at fair value from time to time. These periodic fair value measures typically result from application of certain impairment measures under GAAP. These items would constitute nonrecurring fair value measures under ASC 820. As of September 30, 2026 and December 31, 2025, the Company did not have any assets or liabilities measured at fair value on a nonrecurring basis in the periods presented.

Level 3 Assets and Liabilities

The valuation of Level 3 assets and liabilities requires significant judgment by management. The Company estimates the fair value of its Servicing Related Assets based on internal pricing models rather than quotations and compares the results of these internal models against the results from models generated by third-party pricing providers. The third-party pricing providers and management rely on inputs such as market price quotations from market makers (either market or indicative levels), original transaction price, recent transactions in the same or similar instruments, and changes in financial ratios or cash flows to determine fair value. Level 3 instruments may also be discounted to reflect illiquidity with the amount of such discount estimated by third-party pricing providers and management in the absence of market information. Assumptions used by third-party pricing providers and management due to lack of observable inputs may significantly impact the resulting fair value and, therefore, the Company's consolidated financial statements. The Company's management reviews all valuations that are based on pricing information received from third-party pricing providers. As part of this review, prices are compared against other pricing or input data points in the marketplace, along with internal valuation expertise, to ensure the pricing is reasonable.

Changes in market conditions, as well as changes in the assumptions or methodology used to determine fair value, could result in a significant change to estimated fair values. The determination of estimated cash flows used in pricing models is inherently subjective and imprecise. It should be noted that minor changes in assumptions or estimation methodologies can have a material effect on these derived or estimated fair values, and that the fair values reflected below are indicative of the interest rate and credit spread environments as of September 30, 2026 and December 31, 2025 and do not take into consideration the effects of subsequent changes in market or other factors.

The tables below present the reconciliation for the Company's Level 3 assets (Servicing Related Assets) measured at fair value on a recurring basis as of the dates indicated (dollars in thousands):

Level 3 Fair Value Measurements

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
Balance at beginning of period	**$ 211,105**	**$ 224,601**	**$ 214,831**	**$ 233,658**
Purchases and sales and other changes:				
Sales	-	-	-	-
Other changes [(A)]	(1)	(1)	(15)	(2)
Purchases and sales and other changes	$ (1)	$ (1)	$ (15)	$ (2)
Changes in Fair Value due to:				
Changes in valuation inputs or assumptions used in valuation model	7,571	(2,121)	10,766	(4,154)
Other changes in fair value [(B)]	(3,476)	(3,791)	(10,383)	(10,814)
Unrealized loss included in Net Income	$ 4,095	$ (5,912)	$ 383	$ (14,968)
Balance at end of period	**$ 215,199**	**$ 218,688**	**$ 215,199**	**$ 218,688**

(A) Represents purchase price adjustments, principally contractual prepayment protection, and changes due to the Company's repurchase of the underlying collateral.
(B) Represents changes due to realization of expected cash flows and estimated MSR runoff.

The tables below present information about the significant unobservable inputs used in the fair value measurement of the Company's Servicing Related Assets classified as Level 3 fair value assets as of the dates indicated (dollars in thousands):

Fair Value Measurements

As of September 30, 2026

	Fair Value	Valuation Technique	Unobservable Input (A)	Range	Weighted Average (B)
MSRs	$ 215,199	Discounted cash flow	Constant prepayment speed	3.0% - 12.3%	5.9%
			Discount rate		10.4%
			Annual cost to service, per loan		$ 87
TOTAL	**$ 215,199**				

As of December 31, 2025

	Fair Value	Valuation Technique	Unobservable Input (A)	Range	Weighted Average (B)
MSRs	$ 214,831	Discounted cash flow	Constant prepayment speed	4.0% -13.3%	6.5%
			Discount rate		9.2%
			Annual cost to service, per loan		$ 87
TOTAL	**$ 214,831**				

(A) Significant increases (decreases) in any of the inputs in isolation may result in significantly lower (higher) fair value measurements. A change in the assumption used for discount rates may be accompanied by a directionally similar change in the assumption used for the probability of uncollected payments and a directionally opposite change in the assumption used for prepayment rates.

(B) Weighted averages for unobservable inputs are calculated based on the unpaid principal balance of the portfolios.

Fair Value of Financial Assets and Liabilities

In accordance with ASC 820, the Company is required to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the consolidated balance sheets, for which fair value can be estimated. The following describes the Company's methods for estimating the fair value for financial instruments.

- RMBS available for sale securities, Servicing Related Assets, derivative assets and derivative liabilities are recurring fair value measurements; carrying value equals fair value. See discussion of valuation methods and assumptions within the "Fair Value Measurements" section of this footnote.

- Cash and cash equivalents and restricted cash have a carrying value which approximates fair value because of the short maturities of these instruments.

- The carrying value of servicing receivables, repurchase agreements and corporate debt that mature in less than one year generally approximates fair value due to the short maturities. The Company does not hold any repurchase agreements that are considered long-term.

Corporate debt that matures in more than one year consists solely of financing secured by Aurora's Servicing Related Assets. All of the Company's debt is revolving and bears interest at adjustable rates. The Company considers that the amount of the corporate debt generally approximates fair value.

Note 9 — Commitments and Contingencies

The commitments and contingencies of the Company as of September 30, 2026 and December 31, 2025 are described below.

Merger Agreement

In connection with the Mergers, the Company engaged BTIG, LLC ("BTIG") to provide financial advisory services. During the three-month period ended September 30, 2026, the Company paid BTIG an opinion fee of $0.5 million, which is included within "General and administrative expense" in the Company's consolidated statements of income (loss). In addition, the Company has a contingent obligation to pay BTIG a transaction success fee of $2.0 million upon consummation of the Mergers. As the Mergers had not closed as of September 30, 2026, the contingency had not been satisfied and the Company had not recognized a liability for the success fee.

Legal and Regulatory

From time to time, the Company may be subject to potential liability under laws and government regulations and various claims and legal actions arising in the ordinary course of business. Liabilities are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts established for those claims. The Company has established immaterial reserves for these possible matters. Based on information currently available, management is not aware of any legal or regulatory claims that would have a material effect on the Company's consolidated financial statements.

Commitments to Purchase/Sell RMBS

As of September 30, 2026 and December 31, 2025, the Company held forward TBA purchase and sale commitments with counterparties, which are forward Agency RMBS trades, whereby the Company committed to purchasing or selling a pool of securities at a particular interest rate. As of the date of the trade, the mortgage-backed securities underlying the pool that will be delivered to fulfill a TBA trade are not yet designated. The securities are typically "to be announced" 48 hours prior to the established trade settlement date.

See Note 2 — Basis of Presentation and Significant Accounting Policies for details of unsettled RMBS trades, if any, as of September 30, 2026 and December 31, 2025.

Acknowledgment Agreements

In connection with the Fannie Mae MSR Financing Facility (as defined below in Note 11), entered into by Aurora and QRS III, those parties also entered into an acknowledgment agreement with Fannie Mae. Pursuant to that agreement, Fannie Mae consented to the pledge by Aurora and QRS III of their respective interests in MSRs for loans owned or securitized by Fannie Mae, and acknowledged the security interest of the lender in those MSRs. See Note 11—Notes Payable for a description of the Fannie Mae MSR Financing Facility and the financing facility it replaced.

In connection with the Freddie Mac MSR Revolver (as defined below in Note 11), Aurora, QRS V, and the lender, with a limited joinder by the Company, entered into an acknowledgement agreement with Freddie Mac pursuant to which Freddie Mac consented to the pledge of the Freddie Mac MSRs securing the Freddie Mac MSR Revolver. Aurora and the lender also entered into a consent agreement with Freddie Mac pursuant to which Freddie Mac consented to the pledge of Aurora's rights to reimbursement for advances on the underlying loans. See Note 11—Notes Payable for a description of the Freddie Mac MSR Revolver.

Operating Lease

The Company's operating lease relates to its corporate office space and was originally set to expire on August 19, 2026. In June 2026, the Company entered into an amendment to the lease agreement that extended the lease term to November 30, 2026. On October 19, 2026, the Company entered into a second amendment to the lease agreement further extending the lease term to February 28, 2027. Operating lease right-of-use ("ROU") asset represents the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. The Company recognizes lease expense on a straight-line basis over the lease term. The lease cost for each of the three-month periods ended September 30, 2026 and September 30, 2025 was approximately $19,000. The lease cost for each of the nine-month periods ended September 30, 2026 and September 30, 2025 was approximately $56,000. Cash used for the operating lease during each of the nine-month periods ended September 30, 2026 and September 30, 2025 was approximately $56,000.

The table below summarizes the Company's future commitments under the operating lease (dollars in thousands):

	Operating Lease Commitments
2026	$ 12
Remaining undiscounted lease payments	**12**
Less: imputed interest	-
Remaining discounted lease payments	**$ 12**

Other information related to the operating lease is summarized below as of the periods indicated:

	Classification	September 30, 2026	December 31, 2025
ROU Assets	Receivables and other assets	$ 12	$ 40
Lease Liabilities	Accrued expenses and other liabilities	$ (12)	$ (40)
Weighted average remaining lease term in years		0.2	0.6
Weighted average discount rate [(A)]		6.49%	8.18%

(A) The Company uses an incremental borrowing rate in determining the present value of lease payments.

Note 10 — Repurchase Agreements

The Company had outstanding approximately $964.9 million and $1,137.2 million of borrowings under its repurchase agreements as of September 30, 2026 and December 31, 2025, respectively. The Company's obligations under these agreements had weighted average remaining maturities of 22 days and 16 days as of September 30, 2026 and December 31, 2025, respectively. RMBS and cash have been pledged as collateral under these repurchase agreements (see Note 4).

The repurchase agreements had the following remaining maturities and weighted average rates as of the dates indicated (dollars in thousands):

Repurchase Agreements Characteristics

As of September 30, 2026

	Repurchase Agreements	Weighted Average Rate
Less than one month	$ 964,859	3.98%
Total/Weighted Average	**$ 964,859**	**3.98%**

As of December 31, 2025

	Repurchase Agreements	Weighted Average Rate
Less than one month	$ 1,137,200	3.99%
Total/Weighted Average	**$ 1,137,200**	**3.99%**

There were no overnight or demand securities as of September 30, 2026 or December 31, 2025.

Note 11 — Notes Payable

As of September 30, 2026, the Company had two separate MSR financing facilities: (i) the Freddie Mac MSR Revolver, which is a revolving credit facility for up to $100.0 million that is secured by all Freddie Mac MSRs owned by Aurora; and (ii) the Fannie Mae MSR Revolving Facility, which is a revolving credit facility for up to $100.0 million, that is secured by all Fannie Mae MSRs owned by Aurora. Both financing facilities are available for MSRs as well as certain servicing related advances associated with MSRs.

Freddie Mac MSR Revolver. The Company, Aurora and QRS V (collectively with Aurora and the Company, the "Borrowers") have entered into a $100.0 million revolving credit facility (the "Freddie Mac MSR Revolver"), pursuant to which Aurora pledged all of its existing and future MSRs on loans owned or securitized by Freddie Mac. In May 2026, the Borrowers entered into an amendment that extended the revolving period for an additional 364 days with the Borrowers' option for one renewal for similar terms followed by a one-year term out feature with a 24-month amortization schedule. Amounts borrowed bear interest at a weighted average borrowing rate of 6.5%. At September 30, 2026 and December 31, 2025, approximately $52.5 million and $55.5 million, respectively, was outstanding under the Freddie Mac MSR Revolver.

Fannie Mae MSR Revolving Facility. Aurora and QRS III are parties to a loan and security agreement (the "Fannie Mae MSR Revolving Facility"), pursuant to which Aurora and QRS III pledged their respective rights in all existing and future MSRs for loans owned or securitized by Fannie Mae to secure borrowings outstanding from time to time. The original maximum credit amount outstanding at any one time under the Fannie Mae MSR Revolving Facility was $150.0 million. The revolving period is 24 months which may be extended by agreement with the lender. In October 2023, Aurora and QRS III entered into an amendment to the Fannie Mae MSR Revolving Facility that extended the revolving period for an additional 24 months. In October 2025, Aurora and QRS III entered into an amendment to the Fannie Mae MSR which (i) extended the revolving period by an additional 24 months, and (ii) reduced the credit amount to $100 million, with the option for Aurora and QRS III to increase the maximum credit to $150 million at any time during the extended 24-month revolving period. The revolving period may be further extended by a period of 1-year by agreement with the lender. Amounts borrowed bear interest at a weighted average borrowing rate of 6.4%. At the end of the revolving period, the outstanding amount will be converted to a three-year term loan that will bear interest at a rate calculated at a spread over the rate for one-year interest rate swaps. The Company has guaranteed repayment of all indebtedness under the Fannie Mae MSR Revolving Facility. At September 30, 2026 and December 31, 2025, approximately $87.0 million and $90.8 million, respectively, was outstanding under the Fannie Mae MSR Revolving Facility.

The outstanding borrowings had the following remaining maturities as of the dates indicated (dollars in thousands):

Notes Payable Repayment Characteristics

As of September 30, 2026

	2026	2027	2028	2029	2030	Total
Freddie Mac MSR Revolver						
Borrowings under Freddie Mac MSR Revolver	$ -	$ 52,500	$ -	$ -	$ -	$ 52,500
Fannie Mae MSR Revolving Facility						
Borrowings under Fannie Mae MSR Revolving Facility	-	495	6,174	6,640	73,691	87,000
Total	**$ -**	**$ 52,995**	**$ 6,174**	**$ 6,640**	**$ 73,691**	**$ 139,500**

As of December 31, 2025

	2026	2027	2028	2029	2030	Total
Freddie Mac MSR Revolver						
Borrowings under Freddie Mac MSR Revolver	$ 55,500	$ -	$ -	$ -	$ -	$ 55,500
Fannie Mae MSR Revolving Facility						
Borrowings under Fannie Mae MSR Revolving Facility	-	548	6,806	7,239	76,157	90,750
Total	**$ 55,500**	**$ 548**	**$ 6,806**	**$ 7,239**	**$ 76,157**	**$ 146,250**

Note 12 — Receivables and Other Assets

The assets comprising "Receivables and other assets" as of September 30, 2026 and December 31, 2025 are summarized in the following table (dollars in thousands):

Receivables and Other Assets

	September 30, 2026	December 31, 2025
Servicing advances	$ 9,140	$ 13,417
Interest receivable	5,755	6,082
Deferred tax asset	6,157	8,723
Other receivables [(A)]	2,803	6,426
Total other assets	**$ 23,855**	**$ 34,648**

(A) Includes a promissory note receivable with a principal amount of $3.2 million as of September 30, 2026 and December 31, 2025, respectively. The note bears interest at a fixed rate of 8.0% per annum, as well as an additional percentage of distributable cash, with interest payments due quarterly and the principal due at maturity on May 22, 2030. The note is classified as held-for-investment and measured at amortized cost. The Company evaluates the credit quality of the note on a regular basis and records an allowance for credit losses when warranted based on management's assessment of collectability. As of September 30, 2026, the Company recorded an allowance for credit losses of $2.8 million related to the note receivable. The allowance for credit losses is included within credit loss and impairment on other assets in the accompanying consolidated statements of operations. After consideration of the allowance for credit losses, the note had a net carrying value of approximately $0.4 million as of September 30, 2026. The note receivable is classified as a "Level 3" fair value item due to the Company's reliance on unobservable inputs to estimate its fair value. Because of the significant judgment involved in estimating recoverability and fair value, the estimated fair value may differ from the carrying value. As of September 30, 2026, management believes the recorded allowance appropriately reflects the current expected credit losses associated with the note. On October 21, 2026, the Company entered into a discounted payoff agreement pertaining to the promissory note, pursuant to which the Company will accept a discounted payoff in the amount of $0.4 million as full payment of the promissory note. The Company received approximately $0.3 million of the discounted payoff amount on October 22, 2026 and, per the terms of the discounted payoff agreement, will receive the remaining balance in installment payments over the next three years.

Note 13 — Accrued Expenses and Other Liabilities

The liabilities comprising "Accrued expenses and other liabilities" as of September 30, 2026 and December 31, 2025 are summarized in the following table (dollars in thousands):

Accrued Expenses and Other Liabilities

	September 30, 2026	December 31, 2025
Accrued interest on repurchase agreements	$ 1,270	$ 3,526
Accrued interest on notes payable	1,328	1,489
Accrued expenses	3,504	2,097
Due to counterparties [(A)]	13,653	4,327
Total accrued expenses and other liabilities	**$ 19,755**	**$ 11,439**

(A) Includes collateral for the Company's borrowings that represents a payable to the counterparties as of the balance sheet date.

Note 14 — Income Taxes

The Company elected to be taxed as a REIT under Code Sections 856 through 860 beginning with its short taxable year ended December 31, 2013. As a REIT, the Company generally will not be subject to U.S. federal income tax to the extent that it distributes its taxable income to its stockholders. To maintain qualification as a REIT, the Company must distribute at least 90% of its annual REIT taxable income to its stockholders and meet certain other requirements such as assets it may hold, income it may generate and its stockholder composition. It is the Company's policy to distribute all or substantially all of its REIT taxable income. To the extent there is any undistributed REIT taxable income at the end of a year, the Company can elect to distribute such shortfall within the next year as permitted by the Code.

Effective January 1, 2014, CHMI Solutions elected to be taxed as a corporation for U.S. federal income tax purposes; prior to this date, CHMI Solutions was a disregarded entity for U.S. federal income tax purposes. CHMI Solutions has jointly elected with the Company, the ultimate beneficial owner of CHMI Sub-REIT, to be treated as a TRS of the Company, and all activities conducted through CHMI Solutions and its wholly-owned subsidiary, Aurora, are subject to federal and state income taxes. CHMI Solutions files a consolidated tax return with Aurora and is fully taxed as a U.S. C-Corporation.

The state and local tax jurisdictions for which the Company is subject to tax filing obligations recognize the Company's status as a REIT, and therefore, the Company generally does not pay income tax in such jurisdictions. CHMI Solutions and Aurora are subject to U.S. federal, state and local income taxes. All of the Company's pre-tax book income is from U.S. domestic sources.

The components of the Company's income tax expense (benefit) are as follows for the periods indicated below (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Deferred federal income tax expense	$ 1,377	$ 252	$ 2,266	$ 1,395
Deferred state income tax expense	183	32	300	183
Provision for Corporate Business Taxes	**$ 1,560**	**$ 284**	**$ 2,566**	**$ 1,578**

The following is a reconciliation of the statutory federal rate to the effective rate, for the periods indicated below (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
Computed income tax expense (benefit) at federal rate	$ 18	21.0%	$ 1,007	21.0%	$ 1,117	21.0%	$ 139	21.0%
State and local income taxes, net of federal income tax effect[(B)]	118	135.6%	21	0.5%	211	4.0%	140	21.2%
Nontaxable or nondeductible items								
REIT income not subject to tax expense (benefit)	1,424	1,636.8%	(745)	(15.5)%	1,238	23.3%	1,298	196.1%
Other	-	-%	1	0.0%	-	-%	1	0.2%
Provision for Corporate Business Taxes/Effective Tax Rate[(A)]	**$ 1,560**	**1,793.4%**	**$ 284**	**6.0%**	**$ 2,566**	**48.3%**	**$ 1,578**	**238.5%**

(A) The provision for income taxes is recorded at the TRS level.
(B) The states that contribute to the majority (greater than 50%) of the tax effect in this category include California, Maryland and New York for 2026 and 2025, respectively.

The amount of cash taxes paid by the Company for the three-month and nine-month period ended September 30, 2026 was $2 thousand and $30 thousand, respectively was primarily comprised of state related income taxes.

The Company's consolidated balance sheets contain the following deferred tax assets and liabilities, which are recorded at the TRS level (dollars in thousands):

	September 30, 2026	December 31, 2025
Deferred tax assets (liabilities)		
Deferred tax - mortgage servicing rights	$ (17,216)	$ (11,580)
Deferred tax - net operating loss	23,216	20,303
Deferred tax - other	157	-
Total net deferred tax assets	**$ 6,157**	**$ 8,723**

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. The Company had net operating losses ("NOLs") of $100.3 million as of September 30, 2026, which were created subsequent to 2017 and can be carried forward indefinitely. As of September 30, 2026, the Company believes it is more likely than not that it will fully realize its deferred tax assets. Deferred tax assets are included in "Receivables and other assets" in the consolidated balance sheets.

Based on the Company's evaluation, the Company has concluded that there are no significant liabilities for unrecognized tax benefits required to be reported in the Company's consolidated financial statements. Additionally, there were no amounts accrued for penalties or interest as of or during the periods presented in these consolidated financial statements.

The Company's 2025, 2024, 2023 and 2022 federal, state and local income tax returns remain open for examination by the relevant authorities.

Distributions to stockholders generally will be primarily taxable as ordinary income, although a portion of such distributions may be designated as qualified dividend income or may constitute a return of capital. The Company furnishes annually to each stockholder a statement setting forth distributions paid during the preceding year and their U.S. federal income tax treatment.

Note 15 — Subsequent Events

Events subsequent to September 30, 2026 not otherwise described herein were evaluated and no additional events were identified requiring further disclosure in the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the accompanying notes included in "Part I, Item 1. Consolidated Financial Statements" of this Quarterly Report on Form 10-Q. All currency amounts are presented in thousands, except per share amounts or as otherwise noted.

General

On November 14, 2024, we became a fully integrated, internally managed residential real estate finance company focused on acquiring, investing in and managing residential mortgage assets in the United States. We were incorporated in Maryland on October 31, 2012, and we commenced operations on or about October 9, 2013, following the completion of our initial public offering and a concurrent private placement. Our common stock, our Series A Preferred Stock and our Series B Preferred Stock are listed and traded on the NYSE under the symbols "CHMI", "CHMI-PRA" and "CHMI-PRB", respectively.

Our principal objective is to generate attractive current yields and risk-adjusted total returns for our stockholders over the long term, primarily through dividend distributions and secondarily through capital appreciation. We attempt to attain this objective by selectively constructing and actively managing a portfolio of Servicing Related Assets (as defined below) and residential mortgage-backed securities ("RMBS") and, subject to market conditions, other cash flowing residential mortgage assets.

We are subject to the risks involved with real estate and real estate-related debt instruments. These include, among others, the risks normally associated with changes in the general economic climate, changes in the mortgage market, changes in tax laws, interest rate levels, and the availability of financing.

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with our short taxable year ended December 31, 2013. We operate so as to continue to qualify to be taxed as a REIT. Our asset acquisition strategy focuses on acquiring a diversified portfolio of residential mortgage assets that balances the risk and reward opportunities our internal management team observes in the marketplace. Aurora has or is in the process of obtaining the licenses necessary to invest in mortgage servicing rights ("MSRs") on a nationwide basis and is an approved seller/servicer for Fannie Mae and Freddie Mac.

In addition to Servicing Related Assets, we invest in RMBS, primarily those backed by 30-, 20- and 15-year fixed rate mortgages that offer what we believe to be favorable prepayment and duration characteristics. Our RMBS consist solely of Agency RMBS on which the payments of principal and interest are guaranteed by an Agency. In the past, we have invested in Agency CMOs consisting of IOs as well as non-Agency RMBS and may do so in the future subject to market conditions and availability of capital. We finance our RMBS with an amount of leverage, that varies from time to time depending on the particular characteristics of our portfolio, the availability of financing and market conditions. We do not have a targeted leverage ratio for our RMBS. Our borrowings for RMBS consist of short-term borrowings under master repurchase agreements.

Subject to maintaining our qualification as a REIT, we utilize derivative financial instruments (or hedging instruments) to hedge our exposure to potential interest rate mismatches between the interest we earn on our assets and our borrowing costs caused by fluctuations in short-term interest rates. In utilizing leverage and interest rate hedges, our objectives include, where desirable, locking in, on a long-term basis, a spread between the yield on our assets and the cost of our financing in an effort to improve returns to our stockholders.

We also seek to operate our business in a manner that does not require us to register as an investment company under the Investment Company Act.

We conduct substantially all of our operations and own substantially all of our assets through our Operating Partnership. We are the sole general partner of our Operating Partnership. As of September 30, 2026, we owned 98.5% of our Operating Partnership. Our Operating Partnership, in turn, owns all of the outstanding common stock of CHMI Sub-REIT, Inc. (the "Sub-REIT"). The Sub-REIT has elected to be taxed as a REIT under the Code commencing with its taxable year ended December 31, 2020.

From time to time, we may issue and sell shares of our common stock or preferred stock, including additional shares of our Series A Preferred Stock or Series B Preferred Stock. See "Item 1. Consolidated Financial Statements—Note 6. Equity and Earnings per Common Share—Common and Preferred Stock."

Pursuant to the Company's Common Stock ATM Program, the Company may offer and sell through one or more sales agents, up to $150.0 million in shares of its common stock at prices prevailing at the time, subject to volume and other regulatory limitations. As of September 30, 2026, approximately $34.6 million was remaining pursuant to the Common Stock ATM Program. During the three and nine-month periods ended September 30, 2026, the Company did not issue or sell any shares pursuant to the Common Stock ATM Program. During the year ended December 31, 2025, the Company issued and sold 4,909,053 shares of common stock under the Common Stock ATM Program. The shares were sold at a weighted average price of $3.00 per share for aggregate gross proceeds of approximately $14.7 million before fees of approximately $293,000.

In September 2019, the Company initiated a share repurchase program that allows for the repurchase of up to an aggregate of $10.0 million of its common stock. As of September 30, 2026, approximately $4.7 million was remaining under the share repurchase program. Shares may be repurchased from time to time through privately negotiated transactions or open market transactions, pursuant to a trading plan in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act, or by any combination of such methods. The manner, price, number and timing of share repurchases are subject to a variety of factors, including market conditions and applicable SEC rules. The share repurchase program does not require the purchase of any minimum number of shares, and, subject to SEC rules, purchases may be commenced or suspended at any time without prior notice. During the three and nine-month periods ended September 30, 2026 and the year ended December 31, 2025, the Company did not repurchase any common stock pursuant to the repurchase program.

In December 2023, the Company initiated a preferred stock repurchase program that allows for the repurchase of up to an aggregate of $50.0 million of its shares of preferred stock. Shares of preferred stock may be repurchased from time to time through privately negotiated transactions or open market transactions, pursuant to a trading plan in accordance with Rules 10b5-1 under the Exchange Act. The manner, price, number and timing of share repurchases are subject to a variety of factors, including market conditions and applicable SEC rules. The preferred stock repurchase program does not require the purchase of any minimum number of shares of preferred stock, and, subject to SEC rules, purchases may be commenced or suspended at any time without prior notice. During the three and nine-month periods ended September 30, 2026 and the year ended December 31, 2025, the Company did not repurchase any Preferred Stock pursuant to the repurchase program. Shares of preferred stock that are repurchased by the Company cease to be outstanding but remain authorized for future issuance.

On August 9, 2026, the Company, the Operating Partnership, MITT, Merger Sub, and MITT Manager entered into the Merger Agreement, pursuant to which, among other things, the Mergers will occur. The Mergers are expected to close in the fourth quarter of 2026, subject to the approval of the Company's common stockholders and MITT's common stockholders and the satisfaction of other customary closing conditions. Additional information regarding the proposed transaction is included in Note 1 - "Organization and Operations" to the accompanying consolidated financial statements.

Effects of Federal Reserve Policy on the Company

Between September 2025 and late 2025, the Federal Reserve reduced its federal funds rate target by a cumulative 75 basis points to a range of 3.50% to 3.75% and maintained this target range through much of 2026. In September 2026, however, the Federal Open Market Committee increased the target range by 25 basis points to 3.75% to 4.00% in support of the Federal Reserve's dual mandate, citing continued economic uncertainty and inflation that remained above its long-term target.

Effective December 1, 2025, the Federal Reserve ceased reducing its balance sheet. Since 2022, the Federal Reserve had been allowing a set amount of Treasury securities and Agency RMBS on its balance sheet to roll off each month without reinvestment. Prior to December 1, 2025, the Federal Reserve's monthly redemption cap on U.S. Treasury Securities was $5 billion and its redemption cap on agency debt/MBS was $35 billion with excess principal payments reinvested in U.S. Treasury securities.

Future actions by the Federal Reserve could affect our business, financial condition, and results of operations. To the extent the Federal Reserve further tightens monetary policy by increasing the federal funds rate and/or selling securities and reducing its balance sheet, these actions could result in higher interest rates, including for Agency RMBS, and reduce economic activity in the United States, as well as decrease spreads on interest rates, which can reduce our net interest income and increase our funding costs. They may also negatively impact our results as we have certain assets and liabilities that are sensitive to changes in interest rates. In addition, lower net interest income resulting from higher rates is partially offset by lower prepayments which extends the length of cash flows from the MSRs and slows the premium amortization on the RMBS portfolio.

Conversely, if the Federal Reserve takes future action to ease monetary policy by reducing its federal funds rate and/or purchasing securities and increasing its balance sheet, it will generally lower interest rates across asset classes, including for Agency RMBS. Lower rates could reduce our funding costs and spur economic activity, increasing our net interest income. Higher prepayment could reduce the length of cash flows from the MSRs and accelerate the premium amortization on the RMBS portfolio.

The impact on our operating results of future actions by the Federal Reserve that change market interest rates is discussed further below. See "Factors Impacting our Operating Results."

Factors Impacting our Operating Results

Our income is generated primarily by the net spread between the income we earn on our assets and the cost of our financing and hedging activities as well as the amortization of any purchase premiums or the accretion of discounts. Our net income includes the actual interest payments we receive on our RMBS, the net servicing fees we receive on our MSRs and the accretion/amortization of any purchase discounts/premiums. Changes in various factors such as market interest rates, prepayment speeds, estimated future cash flows, servicing costs and credit quality could affect the amount of premium to be amortized or discount to be accreted into interest income for a given period. Prepayment speeds vary according to the type of investment, conditions in the financial markets, competition and other factors, none of which can be predicted with any certainty. Our operating results may also be affected by credit losses in excess of initial anticipations or unanticipated credit events experienced by borrowers whose mortgage loans underlie the MSRs held by Aurora.

Set forth below is the positive net spread between the yield on RMBS and our costs of funding those assets at the end of each of the quarters indicated below:

Average Net Yield Spread at Period End

Quarter Ended	Average Asset Yield	Average Cost of Funds (A)	Average Net Interest Rate Spread
September 30, 2026	5.17%	1.55%	3.62%
June 30, 2026	5.16%	1.49%	3.67%
March 31, 2026	5.08%	1.63%	3.44%
December 31, 2025	5.08%	1.62%	3.46%

(A) Average Cost of Funds also includes the benefits of related swaps.

Changes in the Market Value of Our Assets

We hold our Servicing Related Assets as long-term investments. Our MSRs are carried at their fair value with changes in their fair value recorded in other income (loss) in our consolidated statements of income (loss). Those values may be affected by events or headlines that are outside of our control, such as events impacting the U.S. or global economy generally or the U.S. residential market specifically, and events or headlines impacting the parties with which we do business. See "Part I, Item 1A. Risk Factors – Risks Related to Our Business" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

All of our investments in RMBS are reported at their fair value. At the time of purchase, ASC 320, *Investments – Debt and Equity Securities* requires us to designate a security as held-to-maturity, available-for-sale or trading, depending on our ability to hold such security to maturity. Alternatively, we may elect the fair value option of accounting for securities pursuant to ASC 825, *Financial Instruments*. Prior to January 1, 2023, we designated all our investments in RMBS as available-for-sale. On January 1, 2023, we elected the fair value option of accounting for all RMBS acquired after such date. Unrealized gains and losses on RMBS classified as available-for-sale are reported in accumulated other comprehensive income, whereas unrealized gains and losses on RMBS for which we elected the fair value option are reported in the consolidated statements of income (loss).

We evaluate the cost basis of our available-for-sale RMBS on a quarterly basis under ASC 326-30, *Financial Instruments-Credit Losses: Available-for-Sale Debt Securities*. When the fair value of a security is less than its amortized cost basis as of the balance sheet date, the security's cost basis is considered impaired. If we determine that we intend to sell the security or it is more likely than not that we will be required to sell before recovery, we recognize the difference between the fair value and amortized cost as a loss in the consolidated statements of income (loss). If we determine we do not intend to sell the security or it is not more likely than not we will be required to sell the security before recovery, we must evaluate the decline in the fair value of the impaired security and determine whether such decline resulted from a credit loss or non-credit related factors. In our assessment of whether a credit loss exists, we perform a qualitative assessment around whether a credit loss exists and if necessary, we compare the present value of estimated future cash flows of the impaired security with the amortized cost basis of such security. The estimated future cash flows reflect those that a "market participant" would use and typically include assumptions related to fluctuations in interest rates, prepayment speeds, default rates, collateral performance, and the timing and amount of projected credit losses, as well as incorporating observations of current market developments and events. Cash flows are discounted at an interest rate equal to the current yield used to accrete interest income. If the present value of estimated future cash flows is less than the amortized cost basis of the security, an expected credit loss exists and is included in provision for (reversal of) credit losses on securities in the consolidated statements of income (loss). If it is determined as of the financial reporting date that all or a portion of a security's cost basis is not collectible, then we will recognize a realized loss to the extent of the adjustment to the security's cost basis. This adjustment to the amortized cost basis of the security is reflected in realized gain (loss) on RMBS, net in the consolidated statements of income (loss).

Impact of Changes in Market Interest Rates on Our Assets

The value of our assets may be affected by prepayment speeds on mortgage loans. Prepayment speed is the measurement of how quickly borrowers pay down the unpaid principal balance ("UPB") of their loans or how quickly loans are otherwise liquidated or charged off. Generally, in a declining interest rate environment, prepayment speeds tend to increase. Conversely, in an increasing interest rate environment, prepayment speeds tend to decrease. When we acquire Servicing Related Assets or RMBS, we anticipate that the underlying mortgage loans will prepay at a projected rate generating an expected cash flow (in the case of Servicing Related Assets) and yield. If we purchase assets at a premium to par value and borrowers prepay their mortgage loans faster than expected, the corresponding prepayments on our assets may reduce the expected yield on such assets because we will have to amortize the related premium on an accelerated basis. In addition, we will have to reinvest the greater amounts of prepayments in that lower rate environment, thereby affecting future yields on our assets. If we purchase assets at a discount to par value, and borrowers prepay their mortgage loans slower than expected, the decrease in corresponding prepayments may reduce the expected yield on assets because we will not be able to accrete the related discount as quickly as originally anticipated.

If prepayment speeds are significantly greater than expected, the fair value of the Servicing Related Assets could be less than their fair value as previously reported on our consolidated balance sheets. Such a reduction in the fair value of the Servicing Related Assets would have a negative impact on our book value. Furthermore, a significant increase in prepayment speeds could materially reduce the ultimate cash flows we receive from the Servicing Related Assets, and we could receive substantially less than what we paid for such assets. Our balance sheet, results of operations and cash flows are susceptible to significant volatility due to changes in the fair value of, or cash flows from, the Servicing Related Assets as interest rates change.

A slower than anticipated rate of prepayment due to an increase in market interest rates also will cause the life of the related RMBS to extend beyond that which was projected. As a result, we would have an asset with a lower yield than current investments for a longer period of time. In addition, if we have hedged our interest rate risk, extension may cause the security to be outstanding longer than the related hedge, thereby reducing the protection intended to be provided by the hedge.

Voluntary and involuntary prepayment rates may be affected by a number of factors including, but not limited to, the availability of mortgage credit, the relative economic vitality of, or natural disasters affecting, the area in which the related properties are located, the servicing of the mortgage loans, possible changes in tax laws, other opportunities for investment, homeowner mobility and other economic, social, geographic, demographic and legal factors, none of which can be predicted with any certainty.

We attempt to reduce the exposure of our MSRs to voluntary prepayments through the structuring of recapture agreements with Aurora's subservicers. Under these agreements, the subservicer attempts to refinance specified mortgage loans. The subservicer sells the new mortgage loan to the applicable Agency, transfers the related MSR to Aurora and then subservices the new mortgage loan on behalf of Aurora.

With respect to our business operations, increases in interest rates, in general, may over time cause:

- the interest expense associated with our borrowings to increase;
- the value of our assets to fluctuate;
- the coupons on any adjustable-rate and hybrid RMBS we may own to reset, although on a delayed basis, to higher interest rates;
- prepayments on our RMBS to slow, thereby slowing the amortization of our purchase premiums and the accretion of our purchase discounts; and
- an increase in the value of any interest rate swap agreements we may enter into as part of our hedging strategy.

Conversely, decreases in interest rates, in general, may over time cause:

- prepayments on our RMBS to increase, thereby accelerating the amortization of our purchase premiums and the accretion of our purchase discounts;
- the interest expense associated with our borrowings to decrease;
- the value of our assets to fluctuate;
- a decrease in the value of any interest rate swap agreements we may enter into as part of our hedging strategy; and
- coupons on any adjustable-rate and hybrid RMBS assets we may own to reset, although on a delayed basis, to lower interest rates.

Regardless, we cannot predict the impact future actions by the Federal Reserve will have on our business, and any such actions may negatively impact us.

Effects of Spreads on our Assets

The spread between the yield on our assets and our funding costs affects the performance of our business. Wider spreads imply the potential for greater income on new asset purchases but may have a negative impact on our stated book value. Wider spreads may also negatively impact asset prices. In an environment where spreads are widening, counterparties may require additional collateral to secure borrowings which may require us to reduce leverage by selling assets. Conversely, tighter spreads imply the potential for lower income on new asset purchases but may have a positive impact on stated book value of our existing assets. In this case, we may be able to reduce the amount of collateral required to secure borrowings.

Credit Risk

We are subject to varying degrees of credit risk in connection with our assets. Although we expect relatively low credit risk with respect to our portfolios of Agency RMBS, we may become subject to the credit risk of borrowers under the loans backing any CMOs that we may own and to the credit enhancements built into the CMO structure. We also are subject to the credit risk of the borrowers under the mortgage loans underlying the MSRs that Aurora owns. Through loan level due diligence, we attempt to mitigate this risk by seeking to acquire high quality assets at appropriate prices given anticipated and unanticipated losses. We also conduct ongoing monitoring of acquired MSRs. Nevertheless, unanticipated credit losses could occur which could adversely impact our operating results.

Critical Accounting Policies and Use of Estimates

Our financial statements are prepared in accordance with US GAAP, which requires the use of estimates that involve the exercise of judgment and the use of assumptions as to future uncertainties. Our most critical accounting policies involve decisions and assessments that could affect our reported amounts of assets and liabilities, as well as our reported amounts of revenues and expenses. We believe that the decisions and assessments upon which our financial statements are based were reasonable at the time made and based upon information available to us at that time. Our critical accounting policies and accounting estimates may change over time as we diversify our portfolio. The material accounting policies and estimates that we expect to be most critical to an investor's understanding of our financial results and condition and require complex management judgment are discussed below. For additional information on our material accounting policies and estimates, see "Item 1. Consolidated Financial Statements – Note 2. Basis of Presentation and Significant Accounting Policies."

Investments in MSRs

We have elected the fair value option to record our investments in MSRs in order to provide users of our consolidated financial statements with better information regarding the effects of prepayment risk and other market factors on the MSRs. Under this election, we record a valuation adjustment on our investments in MSRs on a quarterly basis to recognize the changes in fair value of our MSRs in net income as described below. Although transactions in MSRs are observable in the marketplace, the valuation includes unobservable market data inputs (prepayment speeds, costs to service and discount rates). The change in fair value of MSRs is recorded within "Unrealized gain (loss) on investments in Servicing Related Assets" on the consolidated statements of income (loss). Fair value is generally determined by discounting the expected future cash flows using discount rates that incorporate the market risks and liquidity premium specific to the MSRs and, therefore, may differ from their effective yields. In determining the valuation of MSRs, management uses internally developed pricing models that are based on certain unobservable market-based inputs. The Company classifies these valuations as Level 3 in the fair value hierarchy. For additional information on our fair value methodology, see "Item 1. Consolidated Financial Statements – Note 8. Fair Value."

Revenue Recognition on Investments in MSRs

Mortgage servicing fee income represents revenue earned from the ownership of MSRs. The servicing fees are based on a contractual percentage of the outstanding principal balance and are recognized as revenue as the related mortgage payments are collected. Corresponding costs to service are charged to expense as incurred. Servicing fee income received and servicing expenses incurred are reported on the consolidated statements of income (loss).

Income Taxes

We elected to be taxed as a REIT under the Code commencing with our short taxable year ended December 31, 2013. We expect to continue to qualify to be treated as a REIT. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate income tax rates to the extent that it annually distributes less than 100% of its taxable income. Our taxable REIT subsidiary, Solutions, and its wholly-owned subsidiary, Aurora, are subject to U.S. federal income taxes on their taxable income.

We account for income taxes in accordance with ASC 740, *Income Taxes*. ASC 740 requires the recording of deferred income taxes that reflect the net tax effect of temporary differences between the carrying amounts of our assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, including operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date. For information on our assessment of the realizability of deferred tax assets, see "Item 1. Consolidated Financial Statements – Note 14. Income Taxes." We assess our tax positions for all open tax years and determine if we have any material unrecognized liabilities in accordance with ASC 740. We record these liabilities to the extent we deem them more-likely-than-not to be incurred. We record interest and penalties related to income taxes within the provision for income taxes in the consolidated statements of income (loss). We have not incurred any interest or penalties.

Investments in Securities

Prior to fiscal year 2023, we designated all our investments in RMBS as available-for-sale pursuant to ASC 320, *Investments – Debt and Equity Securities*. Although we may hold most of our securities until maturity, we may, from time to time, sell any of our securities as part of our overall management of our asset portfolio. All assets classified as available-for-sale are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity. On January 1, 2023, we elected the fair value option of accounting pursuant to ASC 825, *Financial Instruments*, for all RMBS acquired after such date. Unrealized gains and losses on RMBS for which we elected the fair value option are reported in the consolidated statements of income (loss). Fair value of our investments in RMBS is determined based upon prices obtained from third-party pricing providers. Changes in underlying assumptions used in estimating fair value impact the carrying value of the investments in RMBS as well as their yield. For additional information on our assessment of credit-related impairment and our fair value methodology, see "Item 1. Consolidated Financial Statements – Note 4. Investments in RMBS and Note 8. Fair Value."

Revenue Recognition on Securities

Interest income from coupon payments is accrued based on the outstanding principal amount of the RMBS and their contractual terms. Premiums and discounts associated with the purchase of the RMBS are amortized or accreted into interest income over the projected lives of the securities using the effective interest method. Our policy for estimating prepayment speeds for calculating the effective yield is to evaluate historical performance, consensus prepayment speeds, and current market conditions. Adjustments are made for actual prepayment activity. For information on how interest rates affect net interest income, see "Item 3. Quantitative and Qualitative Disclosures about Market Risk – Interest Rate Effect on Net Interest Income."

Repurchase Transactions

We finance the acquisition of our RMBS for our portfolio through repurchase transactions under master repurchase agreements. Repurchase transactions are treated as collateralized financing transactions and are carried at their contractual amounts as specified in the respective transactions. Accrued interest payable is included in "Accrued expenses and other liabilities" on the consolidated balance sheets. Securities financed through repurchase transactions remain on our consolidated balance sheet as an asset and cash received from the purchaser is recorded on our consolidated balance sheets as a liability. Interest paid in accordance with repurchase transactions is recorded in interest expense on the consolidated statements of income (loss).

Results of Operations

Presented below is a comparison of the Company's results of operations for the periods indicated (dollars in thousands):

Results of Operations

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**June 30, 2026**	**September 30, 2026**	**September 30, 2025**
Income				
Interest income	$ 14,203	$ 14,740	$ 44,793	$ 45,257
Interest expense	9,672	10,004	31,070	37,150
Net interest income	4,531	4,736	13,723	8,107
Servicing fee income	9,757	9,692	29,668	32,670
Servicing costs	2,235	2,319	6,843	6,794
Net servicing income	7,522	7,373	22,825	25,876
Other income (loss)				
Realized loss on RMBS, net	-	(1,047)	(1,047)	(6,045)
Realized gain on derivatives, net	10,588	12,139	22,657	8,976
Realized gain on acquired assets, net	-	2	2	2
Unrealized gain (loss) on RMBS, measured at fair value through earnings, net	(51,776)	(860)	(65,072)	29,018
Unrealized gain (loss) on derivatives, net	32,098	(9,299)	28,920	(39,406)
Unrealized gain (loss) on investments in Servicing Related Assets	4,095	(2,351)	383	(14,968)
Credit loss and impairment on other assets	(500)	(2,815)	(3,315)	-
Total other loss	(5,495)	(4,231)	(17,472)	(22,423)
Total Income	**6,558**	**7,878**	**19,076**	**11,560**
Expenses				
General and administrative expense	4,636	2,128	8,457	6,160
Compensation and benefits	1,835	1,889	5,303	4,738
Total Expenses	**6,471**	**4,017**	**13,760**	**10,898**
Income Before Income Taxes	**87**	**3,861**	**5,316**	**662**
Provision for corporate business taxes	1,560	67	2,566	1,578
Net Income (Loss)	**(1,473)**	**3,794**	**2,750**	**(916)**
Net loss (income) allocated to non-controlling interests in Operating Partnership	21	(55)	(40)	16
Dividends on preferred stock	(2,419)	(2,403)	(7,213)	(7,393)
Net Income (Loss) Applicable to Common Stockholders	**$ (3,871)**	**$ 1,336**	**$ (4,503)**	**$ (8,293)**

Presented below is summary financial data on our segments together with the data for the Company as a whole, for the periods indicated (dollars in thousands):

Segment Summary Data

	Servicing Related Assets	RMBS	All Other	Total
Income Statement				
Three Months Ended September 30, 2026				
Interest income	$ (11)	$ 14,214	$ -	$ 14,203
Interest expense	34	9,638	-	9,672
Net interest income (expense)	(45)	4,576	-	4,531
Servicing fee income	9,757	-	-	9,757
Servicing costs	2,235	-	-	2,235
Net servicing income	7,522	-	-	7,522
Other income (expense) (A)	2,873	(8,368)	-	(5,495)
Other operating expenses (B)	(1,246)	(804)	(4,421)	(6,471)
Provision for corporate business taxes	(1,560)	-	-	(1,560)
Net other comprehensive income (loss)	-	(8,928)	-	(8,928)
Comprehensive income (loss)	$ 7,544	$ (13,524)	$ (4,421)	$ (10,401)
Three Months Ended June 30, 2026				
Interest income	$ 53	$ 14,687	$ -	$ 14,740
Interest expense	252	9,752	-	10,004
Net interest income (expense)	(199)	4,935	-	4,736
Servicing fee income	9,692	-	-	9,692
Servicing costs	2,319	-	-	2,319
Net servicing income	7,373	-	-	7,373
Other income (expense) (A)	(5,542)	1,311	-	(4,231)
Other operating expenses (B)	(1,074)	(720)	(2,223)	(4,017)
Provision for corporate business taxes	(67)	-	-	(67)
Net other comprehensive income (loss)	-	502	-	502
Comprehensive income (loss)	$ 491	$ 6,028	$ (2,223)	$ 4,296
Nine Months Ended September 30, 2026				
Interest income	$ 94	$ 44,699	$ -	$ 44,793
Interest expense	883	30,187	-	31,070
Net interest income (expense)	(789)	14,512	-	13,723
Servicing fee income	29,668	-	-	29,668
Servicing costs	6,843	-	-	6,843
Net servicing income	22,825	-	-	22,825
Other expense (A)	(4,326)	(13,146)	-	(17,472)
Other operating expenses (B)	(3,154)	(2,221)	(8,385)	(13,760)
Provision for corporate business taxes	(2,566)	-	-	(2,566)
Net other comprehensive income (loss)	-	(10,868)	-	(10,868)
Comprehensive income (loss)	$ 11,990	$ (11,723)	$ (8,385)	$ (8,118)
Nine Months Ended September 30, 2025				
Interest income	$ 80	$ 45,177	$ -	$ 45,257
Interest expense	1,065	36,085	-	37,150
Net interest income (expense)	(985)	9,092	-	8,107
Servicing fee income	32,670	-	-	32,670
Servicing costs	6,794	-	-	6,794
Net servicing income	25,876	-	-	25,876
Other expense (A)	(14,190)	(8,233)	-	(22,423)
Other operating expenses (B)	(2,644)	(2,096)	(6,158)	(10,898)
Provision for corporate business taxes	(1,578)	-	-	(1,578)
Net other comprehensive income (loss)	-	9,731	-	9,731
Comprehensive income (loss)	$ 6,479	$ 8,494	$ (6,158)	$ 8,815

(A) Included in other income (expense) are realized and unrealized gains (losses) on Servicing Related Assets, RMBS and derivatives and credit loss and impairment on other asset.
(B) Included in other operating expenses are general and administrative expenses and compensation and benefits.

	Servicing Related Assets	RMBS	All Other	Total
Balance Sheet				
September 30, 2026				
Investments	$ 215,199	$ 1,008,499	$ -	$ 1,223,698
Other assets	16,860	73,654	41,277	131,791
Total assets	232,059	1,082,153	41,277	1,355,489
Debt	138,751	964,859	-	1,103,610
Other liabilities	1,623	28,720	8,782	39,125
Total liabilities	140,374	993,579	8,782	1,142,735
Net Assets	$ 91,685	$ 88,574	$ 32,495	$ 212,754
December 31, 2025				
Investments	$ 214,831	$ 1,213,851	$ -	$ 1,428,682
Other assets	28,904	27,293	55,677	111,874
Total assets	243,735	1,241,144	55,677	1,540,556
Debt	145,191	1,137,200	-	1,282,391
Other liabilities	2,575	9,504	7,554	19,633
Total liabilities	147,766	1,146,704	7,554	1,302,024
Net Assets	$ 95,969	$ 94,440	$ 48,123	$ 238,532

Interest Income

Interest income for the three-month period ended September 30, 2026 was $14.2 million as compared to $14.7 million for the three-month period ended June 30, 2026. The decrease of $0.5 million was mainly due to a decrease in price premium amortization.

Interest income for the nine-month period ended September 30, 2026 was $44.8 million as compared to $45.3 million for the nine-month period ended September 30, 2025. The decrease of $0.5 million was mainly due to a decrease in price premium amortization.

Interest Expense

Interest expense for the three-month period ended September 30, 2026 was $9.7 million as compared to $10.0 million for the three-month period ended June 30, 2026. The decrease of $0.3 million in interest expense was due to changes in the Company's leverage.

Interest expense for the nine-month period ended September 30, 2026 was $31.1 million as compared to $37.2 million for the nine-month period ended September 30, 2025. The decrease of $6.1 million in interest expense was due to a decrease in financing rates combined with a decrease in notes payable.

Servicing Fee Income

Servicing fee income for the three-month period ended September 30, 2026 was $9.8 million as compared to $9.7 million for the three-month period ended June 30, 2026. The change was nominal.

Servicing fee income for the nine-month period ended September 30, 2026 was $29.7 million as compared to $32.7 million for the nine-month period ended September 30, 2025. The decrease of $3.0 million in servicing fee income was due to changes in the size of the portfolio.

Servicing Costs

Servicing costs for the three-month period ended September 30, 2026 were $2.2 million as compared to $2.3 million for the three-month period ended June 30, 2026 and September 30,2025 were $6.8 million. The change was nominal.

Servicing costs for each of the nine-month periods ended September 30, 2026 and September 30, 2025 were $6.8 million. The change was nominal.

Realized Loss on RMBS, Net

Realized loss on RMBS for the three-month period ended September 30, 2026 was $0 as compared to $1.0 million for the three-month period ended June 30, 2026. The decrease of $1.0 million in realized loss on RMBS was due to the timing and volume of RMBS sales.

Realized loss on RMBS for the nine-month period ended September 30, 2026 was approximately $1.0 million as compared to $6.0 million for the nine-month period ended September 30, 2025. The decrease of $5.0 million in realized loss on RMBS was due to the timing and volume of RMBS sales.

Realized Gain (Loss) on Derivatives, Net

Realized gain on derivatives for the three-month period ended September 30, 2026 was approximately $10.6 million as compared to a $12.1 million for the three-month period ended June 30, 2026. The decrease of $1.5 million in realized gain on derivatives was substantially comprised of an increase of $2.8 million in gains on U.S. Treasury futures offset by a decrease of $0.7 million in gain on Eris SOFR swap futures and a decrease of $0.6 million in gain on TBAs due to changes in interest rates as well as composition of derivatives.

Realized gain on derivatives for the nine-month period ended September 30, 2026 was approximately $22.7 million as compared to $9.0 million for the nine-month period ended September 30, 2025. The increase of $13.7 million in realized gain on derivatives was substantially comprised of an increase of $14.0 million in gains on TBAs, a decrease of $1.2 million in losses on interest rate swaps and an increase of $3.7 million in gains on Eris SOFR swap futures offset by a decrease of $0.6 million in gains on U.S. Treasury futures and a decrease of $4.6 million in interest rate swaps periodic interest income due to changes in interest rates as well as composition of derivatives

Unrealized Gain (Loss) on RMBS, Measured at Fair Value through Earnings, Net

Unrealized loss on RMBS measured at fair value through earnings for the three-month period ended September 30, 2026 was $51.8 million as compared to $0.9 million for the three-month period ended June 30, 2026. The increase of $50.9 million in unrealized loss on RMBS measured at fair value through earnings was a result of changes in interest rates combined with spread widening.

Unrealized loss on RMBS measured at fair value through earnings for the nine-month period ended September 30, 2026 was $65.1 million, compared to an unrealized gain of $29.0 million for the nine-month period ended September 30, 2025. The $94.1 million change was primarily due to an increase in interest rates and spread widening during the period.

Unrealized Gain (Loss) on Derivatives

Unrealized gain on derivatives for the three-month period ended September 30, 2026 was approximately $32.1 million as compared to an unrealized loss on derivatives of $9.3 million for the three-month period ended June 30, 2026. The $41.4 million favorable change was primarily due to changes in interest rates and the composition of our derivatives relative to the prior period.

Unrealized gain on derivatives for the nine-month period ended September 30, 2026 was approximately $28.9 million as compared to an unrealized loss on derivatives of $39.4 million for the nine-month period ended September 30, 2025. The increase of $68.3 million in unrealized gain on derivatives was primarily due to changes in interest rates and the composition of our derivatives relative to the prior period.

Unrealized Gain (Loss) on Investments in Servicing Related Assets

Unrealized gain on our investments in Servicing Related Assets for the three-month period ended September 30, 2026 was approximately $4.1 million as compared to an unrealized loss of $2.4 million for the three-month period ended June 30, 2026. The increase of $6.5 million in unrealized gain on our investments in Servicing Related Assets was primarily due to changes in valuation inputs or assumptions and paydown of underlying loans.

Unrealized gain on our investments in Servicing Related Assets for the nine-month period ended September 30, 2026 was approximately $0.4 million as compared to an unrealized loss of $15.0 million for the nine-month period ended September 30, 2025. The increase of $15.4 million in unrealized gain on our investments in Servicing Related Assets was primarily due to changes in valuation inputs or assumptions and paydown of underlying loans.

Credit Loss and Impairment on Other Assets

Credit loss and impairment on other assets for the three-month period ended September 30, 2026 was approximately $0.5 million as compared to $2.8 million for the three-month period ended June 30, 2026. The decrease of $2.3 million was due to lower impairment and credit loss charges recognized during the current quarter as compared to the prior quarter, which included additional reserves recorded on certain other assets based on management's assessment of their estimated recoverable values.

Credit loss and impairment on other assets for the nine-month period ended September 30, 2026 was approximately $3.3 million as compared to $0 for the nine-month period ended September 30, 2025. The increase of $3.3 million was due to the recognition of credit loss and impairment charges on certain other assets following management's assessment of their estimated recoverable values.

General and Administrative Expense

General and administrative expense was $4.6 million for the three-month period ended September 30, 2026 as compared to $2.1 million for the three-month period ended June 30, 2026. The increase of $2.5 million in general and administrative expense was primarily due to transaction related expenses incurred in connection with the Mergers.

General and administrative expense was $8.5 million for nine-month period ended September 30, 2026 as compared to $6.2 million for the nine-month period ended September 30, 2025. The increase of $2.3 million in general and administrative expense was primarily due to transaction related expenses incurred in connection with the Mergers.

Compensation and Benefits

Compensation and benefits expense for the three-month period ended September 30, 2026 was $1.8 million as compared to $1.9 million for the three-month period ended June 30, 2026. The change was nominal.

Compensation and benefits expense for the nine-month period ended September 30, 2026 was $5.3 million as compared to $4.7 million for the nine-month period ended September 30, 2025. The increase of $0.6 million in compensation and benefits was due to the adoption of the 2026 Executive Plan.

Net Income (Loss) Allocated to Non-controlling Interests in Operating Partnership

Net income (loss) allocated to non-controlling interests in the Operating Partnership, which are LTIP-OP Units owned by directors, officers and employees of the Company and by certain individuals who provided services to us through the Manager prior to the Internalization, represented approximately 1.4% and 1.5% of net income for the three-month periods ended September 30, 2026 and June 30, 2026, respectively and 1.5% and 1.8% of net income (loss) for the nine month periods ended September 30, 2026 and September 30, 2025 respectively.

For the periods indicated below, our accumulated other comprehensive income (loss) changed as a result of the indicated gains and losses (dollars in thousands):

Accumulated Other Comprehensive Income (Loss)

	Three Months Ended September 30, 2026
Accumulated other comprehensive income, June 30, 2026	$ 1,757
Other comprehensive loss	(8,798)
Accumulated other comprehensive loss, September 30, 2026	$ (7,041)

	Three Months Ended June 30, 2026
Accumulated other comprehensive income, March 31, 2026	$ 1,262
Other comprehensive income	495
Accumulated other comprehensive income, June 30, 2026	$ 1,757

	Nine Months Ended September 30, 2026
Accumulated other comprehensive income, December 31, 2025	$ 3,669
Other comprehensive loss	(10,710)
Accumulated other comprehensive loss, September 30, 2026	$ (7,041)

	Nine Months Ended September 30, 2025
Accumulated other comprehensive loss, December 31, 2024	$ (7,270)
Other comprehensive income	9,779
Accumulated other comprehensive income, September 30, 2025	$ 2,509

Our GAAP equity changes as the values of our RMBS are marked to market each quarter, among other factors. The primary causes of mark to market changes are changes in interest rates and nominal spreads. During the three and nine-month periods ended September 30, 2026, a rise in interest rates combined with widening of nominal spreads caused a net unrealized loss on our available-for-sale RMBS. During the three-month period ended June 30, 2026, a small unrealized gain on our available-for-sale RMBS was a result of changes in interest rates combined with the sale of securities. During the nine-month period ended September 30, 2025, a drop in interest rates caused a net unrealized gain on our available-for-sale RMBS. Unrealized gain (loss) on available-for-sale RMBS is recorded in accumulated other comprehensive income (loss).

Non-GAAP Financial Measures

This Management's Discussion and Analysis of Financial Condition and Results of Operations section contains analysis and discussion of non-GAAP financial measures, including:

- earnings available for distribution; and
- earnings available for distribution per average common share.

Earnings available for distribution ("EAD") is a non-GAAP financial measure that we define as GAAP net income (loss), excluding realized gain (loss) on RMBS, unrealized gain (loss) on RMBS measured at fair value through earnings, realized and unrealized gain (loss) on derivatives, realized gain (loss) on acquired assets, realized and unrealized gain (loss) on investments in MSRs (net of any estimated MSR amortization), credit loss and impairment on other assets, transaction related expenses and any tax expense (benefit) on realized and unrealized gain (loss) on MSRs and other non-EAD income (loss) items. MSR amortization refers to the portion of the change in fair value of the MSR that is primarily due to the realization of cashflows, runoff resulting from prepayments and an adjustment for any gain or loss on the capital used to purchase the MSR. EAD also includes interest rate swap periodic interest income (expense) and drop income on TBA dollar roll transactions, which are included in "Realized gain (loss) on derivatives, net" on the consolidated statements of income (loss). EAD attributable to common stockholders is adjusted to exclude outstanding LTIP-OP Units in our Operating Partnership and dividends paid on our preferred stock.

EAD is provided for purposes of potential comparability to other issuers that invest in residential mortgage-related assets. We believe providing investors with EAD, in addition to related GAAP financial measures, may provide investors some insight into our ongoing operational performance. However, the concept of EAD 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 EAD, it may not be comparable to similarly titled measures of other issuers, which define EAD differently from us and each other. As a result, EAD should not be considered a substitute for our GAAP net income (loss) or as a measure of our liquidity. While EAD is one indicia of the Company's earnings capacity, it is not the only factor considered in setting a dividend and is not the same as REIT taxable income which is calculated in accordance with the rules of the IRS.

Earnings Available for Distribution

EAD for the three-month period ended September 30, 2026 as compared to the three-month period ended June 30, 2026 decreased by approximately $0.3 million, or $0.01 per average common share primarily due to a decrease in price premium amortization.

EAD for the nine-month period ended September 30, 2026 as compared to the nine-month period ended September 30, 2025 increased by approximately $4.1 million, or $0.09 per average common share primarily due to a decrease in borrowing costs and an increase in drop income on TBA dollar rolls offset by a decrease in interest rate swap periodic interest income.

The following table reconciles the GAAP measure of net income (loss) to EAD and related per average common share amounts, for the periods indicated (dollars in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**June 30, 2026**	**September 30, 2026**	**September 30, 2025**
Net Income (Loss)	$ (1,473)	$ 3,794	$ 2,750	$ (916)
Realized loss on RMBS, net	-	1,047	1,047	6,045
Realized loss (gain) on derivatives, net [(A)]	(5,378)	(6,987)	(8,068)	9,049
Realized gain on acquired assets, net	-	(2)	(2)	(2)
Unrealized loss (gain) on RMBS measured at fair value through earnings, net	51,776	860	65,072	(29,018)
Unrealized loss (gain) on derivatives, net	(32,098)	9,299	(28,920)	39,406
Unrealized gain on investments in MSRs, net of estimated MSR amortization	(10,708)	(3,866)	(19,555)	(8,272)
Credit loss and impairment on other assets	500	2,815	3,315	-
Transaction related expenses	2,835	240	3,075	-
Tax expense on realized and unrealized gain on MSRs and other Non-EAD income (loss) items	2,323	842	4,869	3,365
Total EAD:	$ 7,777	$ 8,042	$ 23,583	$ 19,657
EAD attributable to non-controlling interests in Operating Partnership	(112)	(117)	(342)	(336)
Dividends on preferred stock	(2,419)	(2,403)	(7,213)	(7,393)
EAD Attributable to Common Stockholders	**$ 5,246**	**$ 5,522**	**$ 16,028**	**$ 11,928**
EAD Attributable to Common Stockholders, per Diluted Share	**$ 0.14**	**$ 0.15**	**$ 0.44**	**$ 0.35**
GAAP Net Income (Loss) Per Share of Common Stock, per Diluted Share	**$ (0.11)**	**$ 0.04**	**$ (0.12)**	**$ (0.25)**

(A) Excludes drop income on TBA dollar rolls of $1.5 million and $1.4 million for the three-month periods ended September 30, 2026 and June 30, 2026, respectively, and interest rate swap periodic interest income of $3.7 million for each of the three-month periods ended September 30, 2026 and June 30, 2026. Excludes drop income on TBA dollar rolls of $3.4 million and $2.2 million and interest rate swap periodic interest income of $11.2 million and $15.8 million for the nine-month periods ended September 30, 2026 and September 30, 2025, respectively.

Our Portfolio

MSRs

Aurora's portfolio of Fannie Mae and Freddie Mac MSRs have an aggregate UPB of approximately $14.9 billion as of September 30, 2026.

The following tables set forth certain characteristics of the mortgage loans underlying those MSRs as of the dates indicated (dollars in thousands):

MSR Collateral Characteristics

As of September 30, 2026

		Collateral Characteristics					
	Current Carrying Amount	Current Principal Balance	WA Coupon[A]	WA Servicing Fee[A]	WA Maturity (months)[A]	WA Loan Age (months)[A]	ARMs %[B]
MSRs	$ 215,199	$ 14,864,041	3.49%	0.25%	276	72	0.0%
MSR Total/Weighted Average	**$ 215,199**	**$ 14,864,041**	**3.49%**	**0.25%**	**276**	**72**	**0.0%**

As of December 31, 2025

		Collateral Characteristics					
	Current Carrying Amount	Current Principal Balance	WA Coupon[A]	WA Servicing Fee[A]	WA Maturity (months)[A]	WA Loan Age (months)[A]	ARMs %[B]
MSRs	$ 214,831	$ 15,891,266	3.49%	0.25%	283	63	0.0%
MSR Total/Weighted Average	**$ 214,831**	**$ 15,891,266**	**3.49%**	**0.25%**	**283**	**63**	0.0**%**

(A) Weighted average coupon, servicing fee, maturity and loan age of the underlying residential mortgage loans in the pool are based on the unpaid principal balance.
(B) ARMs % represents the percentage of the total principal balance of the pool that corresponds to ARMs and hybrid ARMs.

RMBS

The following tables summarize the characteristics of our RMBS portfolio and certain characteristics of the collateral underlying our RMBS as of the dates indicated (dollars in thousands):

RMBS Characteristics

As of September 30, 2026

Asset Type	Original Face Value	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value[A]	Number of Securities	Weighted Average Rating	Weighted Average Coupon	Weighted Average Yield[C]	Weighted Average Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI										
Fannie Mae	$ 125,830	$ 85,373	$ -	$ (3,305)	$ 82,068	9	(B)	5.00%	5.13%	25
Freddie Mac	99,397	67,500	-	(3,811)	63,689	8	(B)	4.94%	4.99%	26
RMBS, measured at fair value through earnings										
Fannie Mae	457,173	368,311	68	(16,861)	351,518	34	(B)	5.04%	5.13%	27
Freddie Mac	673,686	533,616	397	(22,789)	511,224	52	(B)	5.14%	5.22%	27
Total/weighted average RMBS	**$ 1,356,086**	**$ 1,054,800**	**$ 465**	**$ (46,766)**	**$ 1,008,499**	**103**		**5.08%**	**5.17%**	**27**

As of December 31, 2025

Asset Type	Original Face Value	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value[A]	Number of Securities	Weighted Average Rating	Weighted Average Coupon	Weighted Average Yield[C]	Weighted Average Maturity (Years)
RMBS, available-for-sale, measured at fair value through OCI										
Fannie Mae	$ 150,782	$ 110,321	$ 3,094	$ (232)	$ 113,183	10	(B)	4.67%	4.83%	26
Freddie Mac	125,240	92,829	1,149	(259)	93,719	10	(B)	4.67%	4.76%	26
RMBS, measured at fair value through earnings										
Fannie Mae	469,667	408,260	10,506	(121)	418,645	35	(B)	5.04%	5.14%	28
Freddie Mac	676,854	572,802	15,578	(76)	588,304	52	(B)	5.05%	5.14%	27
Total/weighted average RMBS	**$ 1,422,543**	**$ 1,184,212**	**$ 30,327**	**$ (688)**	**$ 1,213,851**	**107**		**4.98%**	**5.08%**	**27**

(A) See “Part I, Item 1. Notes to Consolidated Financial Statements—Note 8. Fair Value” regarding the estimation of fair value, which approximates carrying value for all securities.
(B) The Company used an implied AA+ rating for the Agency RMBS.
(C) The weighted average yield is based on the most recent gross monthly interest income, which is then annualized and divided by the book value of settled securities.

The following table summarizes the net interest spread of our RMBS portfolio as of the dates indicated:

Net Interest Spread

	September 30, 2026	December 31, 2025
Weighted Average Asset Yield	5.80%	5.24%
Weighted Average Interest Expense (A)	2.35%	2.72%
Net Interest Spread	**3.45%**	**2.52%**

(A) Weighted average interest expense includes the benefits of related swaps.

Liquidity and Capital Resources

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments and other general business needs. Additionally, to maintain our status as a REIT under the Code, we must distribute annually at least 90% of our REIT taxable income. In 2017, the Internal Revenue Service issued a revenue procedure permitting "publicly offered" REITs to make elective stock dividends (i.e., dividends paid in a mixture of stock and cash), with at least 20% of the total distribution being paid in cash, to satisfy their REIT distribution requirements. In December 2021, the Internal Revenue Service issued a revenue procedure that temporarily reduces the minimum amount of the total distribution that must be paid in cash to 10% for distributions declared on or after November 1, 2021, and on or before September 30, 2022, provided certain other parameters detailed in the Revenue Procedure are satisfied. Pursuant to these revenue procedures, the Company has in the past elected to make distributions of its taxable income in a mixture of stock and cash.

Our primary sources of funds for liquidity consist of cash provided by operating activities (primarily income from our investments in RMBS and net servicing income from our MSRs), sales or repayments of RMBS and borrowings under repurchase agreements and our MSR financing arrangements.

In the future, sources of funds for liquidity may include additional MSR financing, warehouse agreements, securitizations and the issuance of equity or debt securities, when feasible, including, without limitation, the issuance of shares of our common stock pursuant to our Common Stock ATM program or any other ATM program we have in place. For more information regarding issuances of our securities pursuant to our ATM programs, including our Common Stock ATM Program, please refer to "—General" above. In the past we have used, and we anticipate that in the future we will use a significant portion of the paydowns of the RMBS to purchase MSRs. We may also sell certain RMBS and deploy the net proceeds from such sales to the extent necessary to fund the purchase price of MSRs.

Our primary uses of funds are the payment of interest, compensation and benefits, outstanding commitments, operating expenses, investments in new or replacement assets, margin calls and the repayment of borrowings, as well as dividends. Although we continue to maintain a higher level of unrestricted cash than prior to the pandemic, we expect to invest more of that unrestricted cash in our targeted assets if normalization of the economy continues. We may also use capital resources to repurchase additional shares of common stock under our stock repurchase program when we believe such repurchases are appropriate and/or the stock is trading at a significant discount to net asset value. We seek to maintain adequate cash reserves and other sources of available liquidity to meet any margin calls resulting from decreases in value related to a reasonably possible (in the opinion of management) change in interest rates.

As of the date of this filing, we believe we have sufficient liquid assets to satisfy all of our short-term recourse liabilities and to satisfy covenants in our financing documents. With respect to the next twelve months, we expect that our cash on hand combined with the cash flow provided by our operations will be sufficient to satisfy our anticipated liquidity needs with respect to our current investment portfolio, including related financings, potential margin calls and operating expenses. While it is inherently more difficult to forecast beyond the next twelve months, we currently expect to meet our long-term liquidity requirements through our cash on hand and, if needed, additional borrowings, proceeds received from repurchase agreements and similar financings, proceeds from equity offerings and the liquidation or refinancing of our assets.

Our operating cash flow differs from our net income due primarily to: (i) accretion of discount or premium on our RMBS, (ii) unrealized gains or losses on our RMBS and Servicing Related Assets, and (iii) impairment on our securities, if any.

Repurchase Agreements

As of September 30, 2026, we had repurchase agreements with multiple counterparties and approximately $964.9 million of outstanding repurchase agreement borrowings from 18 of those counterparties, which were used to finance RMBS. As of September 30, 2026, our exposure (defined as the amount of cash and securities pledged as collateral, less the borrowing under the repurchase agreement) to any of the counterparties under the repurchase agreements did not exceed five percent of the Company's equity. Under these agreements, which are uncommitted facilities, we sell a security to a counterparty and concurrently agree to repurchase the same security at a later date at the same price that we initially sold the security plus the interest charged. The sale price represents financing proceeds and the difference between the sale and repurchase prices represents interest on the financing. The price at which the security is sold generally represents the market value of the security less a discount or "haircut." The weighted average haircut on our repurchase debt at September 30, 2026 was approximately 4.4%. During the term of the repurchase transaction, which can be as short as a few days, the counterparty holds the security and posts margin as collateral. The counterparty monitors and calculates what it estimates to be the value of the collateral during the term of the transaction. If this value declines by more than a de minimis threshold, the counterparty requires us to post additional collateral (or "margin") in order to maintain the initial haircut on the collateral. This margin is typically required to be posted in the form of cash and cash equivalents. Furthermore, we are, from time to time, a party to derivative agreements or financing arrangements that may be subject to margin calls based on the value of such instruments.

Set forth below is the average aggregate balance of borrowings under the Company's repurchase agreements for each of the periods shown and the aggregate balance as of the end of each such period (dollars in thousands):

Repurchase Agreement Average and Maximum Amounts

Quarter Ended	Average Monthly Amount	Maximum Month-End Amount	Quarter Ending Amount
September 30, 2026	$ 983,270	$ 994,391	$ 964,859
June 30, 2026	$ 1,007,558	$ 1,012,512	$ 1,008,738
March 31, 2026	$ 1,124,644	$ 1,131,248	$ 1,121,670
December 31, 2025	$ 1,135,331	$ 1,137,200	$ 1,137,200
September 30, 2025	$ 1,086,896	$ 1,107,141	$ 1,107,141
June 30, 2025	$ 1,049,729	$ 1,072,294	$ 1,072,294
March 31, 2025	$ 1,047,203	$ 1,049,867	$ 1,049,867
December 31, 2024	$ 1,092,320	$ 1,132,004	$ 1,077,257

The decrease in the Company's borrowings under its repurchase agreements as of September 30, 2026 as compared to December 31, 2025 was primarily due to the sale of RMBS, a large portion of which are financed through repurchase agreements.

These short-term borrowings were used to finance certain of our investments in RMBS. The RMBS repurchase agreements are guaranteed by the Company. The weighted average difference between the market value of the assets and the face amount of available financing for the RMBS repurchase agreements, or the haircut, was 4.4% as of September 30, 2026 and 4.4% as of December 31, 2025. The following tables provide additional information regarding borrowings under our repurchase agreements (dollars in thousands):

Repurchase Agreement Characteristics

As of September 30, 2026

	RMBS Market Value	Repurchase Agreements	Weighted Average Rate
Less than one month	$ 983,899	$ 964,859	3.98%
Total/Weighted Average	**$ 983,899**	**$ 964,859**	**3.98%**

As of December 31, 2025

	RMBS Market Value	Repurchase Agreements	Weighted Average Rate
Less than one month	$ 1,189,714	$ 1,137,200	3.99%
Total/Weighted Average	**$ 1,189,714**	**$ 1,137,200**	**3.99%**

The amount of collateral as of September 30, 2026 and December 31, 2025, including cash, was $1,000.6 million and $1,192.6 million, respectively.

The weighted average term to maturity of our borrowings under repurchase agreements as of September 30, 2026 and December 31, 2025 was 22 days and 16 days, respectively.

MSR Financing

As of September 30, 2026, the Company had two separate MSR financing facilities: (i) the Freddie Mac MSR Revolver, which is a revolving credit facility for up to $100.0 million that is secured by all Freddie Mac MSRs owned by Aurora; and (ii) the Fannie Mae MSR Revolving Facility, which is a revolving credit facility for up to $100.0 million, that is secured by all Fannie Mae MSRs owned by Aurora. Both financing facilities are available for MSRs as well as certain servicing related advances associated with MSRs.

Freddie Mac MSR Revolver. In July 2018, the Company, Aurora and QRS V (collectively with Aurora and the Company, the "Borrowers") entered into a $25.0 million revolving credit facility (the "Freddie Mac MSR Revolver") pursuant to which Aurora pledged all of its existing and future MSRs on loans owned or securitized by Freddie Mac. On April 2, 2019, Aurora and QRS V entered into an amendment that increased the maximum amount of the Freddie Mac MSR Revolver to $100.0 million. In May 2026, the Borrowers entered into an amendment that extended the revolving period for an additional 364 days with the Borrowers' option for one renewal for similar terms followed by a one-year term out feature with a 24-month amortization schedule. Amounts borrowed bear interest at a weighted average borrowing rate of 6.5%. At September 30, 2026 and December 31, 2025, approximately $52.5 million and $55.5 million, respectively, was outstanding under the Freddie Mac MSR Revolver.

Fannie Mae MSR Revolving Facility. In October 2021, Aurora and QRS III entered into the Fannie Mae MSR Revolving Facility, pursuant to which Aurora and QRS III pledged their respective rights in all existing and future MSRs for loans owned or securitized by Fannie Mae to secure borrowings outstanding from time to time. The original maximum credit amount outstanding at any one time under the Fannie Mae MSR Revolving Facility was $150.0 million. The revolving period is 24 months which may be extended by agreement with the lender. In October 2023, Aurora and QRS III entered into an amendment to the Fannie Mae MSR Revolving Facility that extended the revolving period for an additional 24 months. In October 2025, Aurora and QRS III entered into an amendment to the Fannie Mae MSR which (i) extended the revolving period by an additional 24 months, and (ii) reduced the credit amount to $100 million, with the option for Aurora and QRS III to increase the maximum credit to $150 million at any time during the extended 24-month revolving period. The revolving period may be further extended by a period of 1-year by agreement with the lender. Amounts borrowed bear interest at a weighted average borrowing rate of 6.4%. At the end of the revolving period, the outstanding amount will be converted to a three-year term loan that will bear interest at a rate calculated at a spread over the rate for one-year interest rate swaps. The Company has guaranteed repayment of all indebtedness under the Fannie Mae MSR Revolving Facility. At September 30, 2026 and December 31, 2025, approximately $87.0 million and $90.8 million, respectively, was outstanding under the Fannie Mae MSR Revolving Facility.

Cash Flows

Operating and Investing Activities

Our operating activities provided cash of approximately $17.0 million and $4.6 million for the three-month periods ended September 30, 2026 and June 30, 2026, respectively. Our investing activities provided cash of approximately $30.7 million and $114.4 million for the three-month periods ended September 30, 2026 and June 30, 2026, respectively. The cash provided by our investing activities primarily resulted from principal paydowns of RMBS and proceeds from the sale of RMBS offset by RMBS purchases and payments for settlements of derivatives.

Our operating activities provided cash of approximately $34.3 million and $10.7 million for the nine-month periods ended September 30, 2026 and September 30, 2025, respectively. Our investing activities provided cash of approximately $173.7 million for the nine-month period ended September 30, 2026 and used cash of approximately of $24.4 million for the nine-month period ended September 30, 2025, respectively. The cash provided by our investing activities primarily resulted from principal paydowns of RMBS and proceeds from the sale of RMBS offset by RMBS purchases and payments for settlements of derivatives.

Dividends

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to make regular quarterly distributions of all or substantially all of our REIT taxable income to holders of our common and preferred stock out of assets legally available for this purpose, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our repurchase agreements and other debt payable. If our cash available for distribution is less than our REIT taxable income, we could be required to sell assets or borrow funds to make cash distributions, or, with respect to our common stock, we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. We will make distributions only upon the authorization of our board of directors. The amount, timing and frequency of distributions will be authorized by our board of directors based upon a variety of factors, including:

- actual results of operations;
- our level of retained cash flows;
- our ability to make additional investments in our target assets;
- restrictions under Maryland law;
- the terms of our preferred stock;
- any debt service requirements;
- our taxable income;
- the annual distribution requirements under the REIT provisions of the Code; and
- other factors that our board of directors may deem relevant.

Our ability to make distributions to our stockholders will depend upon the performance of our investment portfolio, and, in turn, upon the management of our business by our management team. Distributions will be made quarterly in cash to the extent that cash is available for distribution. We may not be able to generate sufficient cash available for distribution to pay distributions to our stockholders. In addition, our board of directors may change our distribution policy with respect to our common stock in the future. No assurance can be given that we will be able to make any other distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time.

We make distributions based on a number of factors, including an estimate of taxable earnings. Dividends distributed and taxable income will typically differ from GAAP earnings due to items such as fair value adjustments, differences in premium amortization and discount accretion, and nondeductible general and administrative expenses. Our common dividend per share may be substantially different than our taxable earnings and GAAP earnings per share. Our GAAP loss per diluted share for the three-month period ended September 30, 2026 was $0.11 compared to GAAP income per diluted share for the three-month period ended June 30, 2026 of $0.04. Our GAAP loss per diluted share for the nine-month periods ended September 30, 2026 and September 30, 2025 was $0.12 and $0.25, respectively.

Contractual Obligations

Our contractual obligations as of September 30, 2026 and December 31, 2025 included repurchase agreements, borrowings under our MSR financing arrangements, and our subservicing agreements.

The following table summarizes our contractual obligations for borrowed money as of the dates indicated (dollars in thousands):

Contractual Obligations Characteristics

As of September 30, 2026

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Repurchase agreements					
Borrowings under repurchase agreements	$ 964,859	$ -	$ -	$ -	$ 964,859
Interest on repurchase agreement borrowings(A)	$ 1,270	$ -	$ -	$ -	$ 1,270
Freddie Mac MSR Revolver					
Borrowings under Freddie Mac MSR Revolver	$ 52,500	$ -	$ -	$ -	$ 52,500
Interest on Freddie Mac MSR Revolver borrowings	$ 863	$ -	$ -	$ -	$ 863
Fannie Mae MSR Revolving Facility					
Borrowings under Fannie Mae MSR Revolving Facility	$ -	$ 11,603	$ 75,397	$ -	$ 87,000
Interest on Fannie Mae MSR Revolving Facility	$ 466	$ -	$ -	$ -	$ 466

As of December 31, 2025

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Repurchase agreements					
Borrowings under repurchase agreements	$ 1,137,200	$ -	$ -	$ -	$ 1,137,200
Interest on repurchase agreement borrowings(A)	$ 3,526	$ -	$ -	$ -	$ 3,526
Freddie Mac MSR Revolver					
Borrowings under Freddie Mac MSR Revolver	$ 55,500	$ -	$ -	$ -	$ 55,500
Interest on Freddie Mac MSR Revolver borrowings	$ 973	$ -	$ -	$ -	$ 973
Fannie Mae MSR Revolving Facility					
Borrowings under Fannie Mae MSR Revolving Facility	$ -	$ 7,355	$ 83,395	$ -	$ 90,750
Interest on Fannie Mae MSR Revolving Facility	$ 518	$ -	$ -	$ -	$ 518

(A) Interest expense is calculated based on the interest rate in effect at September 30, 2026 and December 31, 2025, respectively, and includes all interest expense incurred through those dates.

Subservicing Agreements

As of September 30, 2026, Aurora had four subservicing agreements in place. The agreements each have two-year initial terms and are subject to automatic renewal for additional terms equal to the applicable initial term unless either party chooses not to renew. Each agreement may be terminated without cause by either party by giving notice as specified in the agreement. If an agreement is not renewed by the Company or terminated by the Company without cause, de-boarding fees will be due to the subservicer. Under each agreement, the subservicer agrees to service the applicable mortgage loans in accordance with applicable law and the requirements of the applicable Agency and the Company pays customary fees to the applicable subservicer for specified services. All expiring agreements to date have been automatically renewed for the extended terms.

Inflation

Substantially all of our assets and liabilities are financial in nature. As a result, interest rates and other factors affect our performance more so than inflation, although inflation rates can often have a meaningful influence over the direction of interest rates. As discussed above under "—Effects of Federal Reserve Policy on the Company", the Federal Reserve reduced its federal funds rate target by an aggregate of 75 basis points during the second half of 2025 to a range of 3.50% to 3.75% and has maintained that target range through much of 2026 and in September 2026, increased the target range by 25 basis points to 3.75% to 4.00%. To the extent the Federal Reserve decides to ease monetary policy, its actions may decrease interest rates across asset classes and our interest expense and, thereby, increase our interest income. If the Federal Reserve decides to further tighten monetary policy however, it may increase our interest expense, which expense may not be fully offset by any resulting increase in our interest income. Furthermore, our financial statements are prepared in accordance with GAAP and our distributions are determined by our board of directors primarily based on our REIT taxable income, and, in each case, our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We seek to manage our risks related to the credit quality of our assets, interest rates, liquidity, prepayment speeds and market value while, at the same time, seeking to provide an opportunity to stockholders to realize attractive risk-adjusted returns through ownership of our capital stock. While we do not seek to avoid risk completely, we believe the risk can be quantified from historical experience and seek to actively manage that risk, to earn sufficient compensation to justify taking those risks and to maintain capital levels consistent with the risks we undertake.

Interest Rate Risk

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. We are subject to interest rate risk in connection with our assets and our related financing obligations. In general, we finance the acquisition of certain of our assets through financings in the form of repurchase agreements and bank facilities. We expect to make use of additional MSR financing, as well as possibly warehouse facilities, securitizations, re-securitizations, and public and private equity and debt issuances in addition to transaction or asset specific funding arrangements. In addition, the values of our Servicing Related Assets are highly sensitive to changes in interest rates, historically increasing when rates rise and decreasing when rates decline. Subject to maintaining our qualification as a REIT, we attempt to mitigate interest rate risk and financing pricing risk through utilization of hedging instruments, primarily interest rate swap agreements, Eris SOFR swap futures and U.S. Treasury futures, respectively. We may also use financial futures, options, interest rate cap agreements, and forward sales. These instruments are intended to serve as a hedge against future interest rate or pricing changes on our borrowings.

Interest Rate Effect on Net Interest Income

Our operating results depend in large part on differences between the income earned on our assets and our cost of borrowing and hedging activities. The costs of our borrowings are generally based on prevailing market interest rates. During a period of rising interest rates, our borrowing costs generally will increase (1) while the yields earned on our leveraged fixed-rate mortgage assets will remain static and (2) at a faster pace than the yields earned on our leveraged adjustable-rate and hybrid adjustable-rate RMBS, which could result in a decline in our net interest spread and net interest margin. The severity of any such decline would depend on our asset/liability composition at the time as well as the magnitude and duration of the interest rate increase. Further, an increase in short-term interest rates could also have a negative impact on the market value of our assets, other than our Servicing Related Assets. A decrease in interest rates could have a negative impact on the market value of our Servicing Related Assets. If any of these events happen, we could experience a decrease in net income or incur a net loss during these periods, which could adversely affect our liquidity and results of operations.

Hedging techniques are partly based on assumed levels of prepayments of our assets, specifically our RMBS. If prepayments are slower or faster than assumed, the life of the investment will be longer or shorter, which would reduce the effectiveness of any hedging strategies we may use and may cause losses on such transactions. Hedging strategies involving the use of derivatives are highly complex and may produce volatile returns.

Interest Rate Cap Risk

Any adjustable-rate RMBS that we acquire will generally be subject to interest rate caps, which potentially could cause such RMBS to acquire many of the characteristics of fixed-rate securities if interest rates were to rise above the cap levels. This issue will be magnified to the extent we acquire adjustable-rate and hybrid adjustable-rate RMBS that are not based on mortgages which are fully indexed. In addition, adjustable-rate and hybrid adjustable-rate RMBS may be subject to periodic payment caps that result in some portion of the interest being deferred and added to the principal outstanding. This could result in our receipt of less cash income on such assets than we would need to pay the interest cost on our related borrowings. To mitigate interest rate mismatches, we may utilize the hedging strategies discussed above under "—Interest Rate Risk." Actual economic conditions or implementation of decisions by our management team may produce results that differ significantly from the estimates and assumptions used in our models.

Prepayment Risk; Extension Risk

The following tables summarize the estimated change in fair value of our MSRs as of the dates indicated given several parallel shifts in the discount rate, voluntary prepayment rate and servicing cost (dollars in thousands):

MSR Fair Value Changes

As of September 30, 2026

	(20)%	(10)%	-%	10%	20%
Discount Rate Shift in %					
Estimated FV	$ 239,041	$ 226,560	$ 215,199	$ 204,828	$ 195,332
Change in FV	$ 23,842	$ 11,360	$ -	$ (10,371)	$ (19,867)
% Change in FV	11%	5%	-	(5)%	(9)%
Voluntary Prepayment Rate Shift in %					
Estimated FV	$ 226,182	$ 220,624	$ 215,199	$ 209,985	$ 204,999
Change in FV	$ 10,982	$ 5,425	$ -	$ (5,215)	$ (10,200)
% Change in FV	5%	3%	-	(2)%	(5)%
Servicing Cost Shift in %					
Estimated FV	$ 221,889	$ 218,544	$ 215,199	$ 211,855	$ 208,510
Change in FV	$ 6,690	$ 3,345	$ -	$ (3,345)	$ (6,690)
% Change in FV	3%	2%	-	(2)%	(3)%

As of December 31, 2025

	(20)%	(10)%	-%	10%	20%
Discount Rate Shift in %					
Estimated FV	$ 236,121	$ 225,027	$ 214,831	$ 205,437	$ 196,764
Change in FV	$ 21,290	$ 10,196	$ -	$ (9,393)	$ (18,067)
% Change in FV	10%	5%	-	(4)%	(8)%
Voluntary Prepayment Rate Shift in %					
Estimated FV	$ 227,465	$ 221,154	$ 214,831	$ 208,694	$ 202,804
Change in FV	$ 12,634	$ 6,323	$ -	$ (6,137)	$ (12,027)
% Change in FV	6%	3%	-	(3)%	(6)%
Servicing Cost Shift in %					
Estimated FV	$ 222,038	$ 218,434	$ 214,831	$ 211,227	$ 207,624
Change in FV	$ 7,207	$ 3,603	$ -	$ (3,603)	$ (7,207)
% Change in FV	3%	2%	-	(2)%	(3)%

The following tables summarize the estimated change in fair value of our RMBS as of the dates indicated given several parallel shifts in interest rates (dollars in thousands):

RMBS Fair Value Changes

As of September 30, 2026

	September 30, 2026	(0.75)%	(0.50)%	(0.25)%	0.25%	0.50%	0.75%
RMBS Portfolio							
RMBS, net of swaps	$ 683,984						
Estimated FV		$ 692,334	$ 689,953	$ 687,183	$ 680,425	$ 676,624	$ 672,609
Change in FV		$ 8,350	$ 5,969	$ 3,199	$ (3,559)	$ (7,360)	$ (11,375)
% Change in FV		1.22%	0.87%	0.47%	(0.52)%	(1.08)%	(1.66)%

As of December 31, 2025

	December 31, 2025	(0.75)%	(0.50)%	(0.25)%	0.25%	0.50%	0.75%
RMBS Portfolio							
RMBS, net of swaps	$ 852,643						
Estimated FV		$ 860,338	$ 858,665	$ 856,037	$ 848,686	$ 844,234	$ 839,359
Change in FV		$ 7,695	$ 6,022	$ 3,394	$ (3,957)	$ (8,409)	$ (13,284)
% Change in FV		0.90%	0.71%	0.40%	(0.46)%	(0.99)%	(1.56)%

The sensitivity analysis is hypothetical and is presented solely to assist an analysis of the possible effects on the fair value under various scenarios. It is not a prediction of the amount or likelihood of a change in any particular scenario. In particular, the results are calculated by stressing a particular economic assumption independent of changes in any other assumption. In practice, changes in one factor may result in changes in another, which might counteract or amplify the sensitivities. In addition, changes in the fair value based on a 10% variation in an assumption generally may not be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear.

Counterparty Risk

When we engage in repurchase transactions, we generally sell securities to lenders (i.e., the repurchase agreement counterparties) and receive cash from the lenders. The lenders are obligated to resell the same securities back to us at the end of the term of the transaction. Because the cash we receive from the lender when we initially sell the securities to the lender is less than the value of those securities (this difference is the haircut), if the lender defaults on its obligation to resell the same securities back to us we would incur a loss on the transaction equal to the amount of the haircut (assuming there was no change in the value of the securities). As of September 30, 2026, the Company's exposure (defined as the amount of cash and securities pledged as collateral, less the borrowing under the repurchase agreement) to any of the counterparties under the repurchase agreements did not exceed five percent of the Company's equity.

Our interest rate swaps, Eris SOFR swap futures and U.S. Treasury futures contracts are required to be cleared on an exchange which greatly mitigates, but does not entirely eliminate, counterparty risk.

Our investments in Servicing Related Assets are dependent on the applicable mortgage sub-servicer to perform its sub-servicing obligations. If our sub-servicer fails to perform its obligations and is terminated by one or more Agencies as an approved servicer, the value of the MSRs being subserviced by that sub-servicer may be adversely affected. In addition, when we purchase MSRs from third parties, we rely, to a certain extent, on the ability and willingness of the sellers to perform their contractual obligations to remedy breaches of representations and warranties or to repurchase the affected loan and indemnify us for any losses.

Funding Risk

To the extent available on desirable terms, we expect to continue to finance our RMBS with repurchase agreement financing. We also anticipate continuing to finance our MSRs with bank loans secured by a pledge of those MSRs. Over time, as market conditions change, in addition to these financings, we may use other forms of leverage. Weakness in the financial markets, the residential mortgage markets and the economy generally could adversely affect one or more of our potential lenders and could cause one or more of our potential lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing.

Liquidity Risk

Our Servicing Related Assets, as well as some of the assets that may in the future comprise our portfolio, are not publicly traded. A portion of these assets may be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these assets may make it difficult for us to sell such assets if the need or desire arises, including in response to changes in economic and other conditions.

Credit Risk

Although we expect relatively low credit risk with respect to our portfolio of Agency RMBS, our investments in MSRs and any CMOs we may acquire expose us to the credit risk of borrowers.

Inflation Risk

Almost all of our assets and liabilities are financial in nature. As a result, changes in interest rates and other factors drive our performance more directly than does inflation. However, changes in interest rates generally correlate with inflation rates or changes in inflation rates, and therefore adverse changes in inflation or changes in inflation expectations can lead to lower returns on our investments than originally anticipated. Our consolidated financial statements are prepared in accordance with GAAP. Our activities and consolidated balance sheets are measured primarily with reference to fair value without considering inflation.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Company's President and Chief Executive Officer and the Company's Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is recorded, processed, summarized and reported accurately and on a timely basis. Based on such evaluation, the Company's President and Chief Executive Officer and the Company's Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting. There have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may be involved in various claims and legal actions in the ordinary course of business. As of September 30, 2026, the Company is not aware of any material legal or regulatory claims or proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Except as set forth below, there have been no material changes in the Company's risk factors from those disclosed in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Risks Related to the Pending Mergers

The exchange ratio is fixed and will not be adjusted in the event of any change to MITT's stock price or our stock price.

As a result of the Mergers, each share of our common stock issued and outstanding immediately prior to the effective time of the Company Merger (other than Cancelled Shares) will convert into the right to receive a fixed combination of stock and cash, consisting of (A) from MITT, (i) that number of validly issued, fully paid and non-assessable shares of MITT Common Stock equal to 0.3063x, and (ii) $0.41 per share in cash, without interest, and (B) from MITT Manager, $0.52 per share in cash. The 0.3063x exchange ratio is fixed and will not be adjusted to reflect changes in MITT's stock price or our stock price.

Changes in MITT's stock price prior to the Mergers will affect the market value of the consideration that our common stockholders will be entitled to receive at the effective time of the Company Merger. Stock price changes may result from a variety of factors (many of which are beyond the control of us and MITT), including the following factors:

- changes in the respective businesses, operations, assets, liabilities and prospects of MITT or us;
- changes in market assessments of the respective businesses, operations, financial position and prospects of MITT or us;
- market assessments of the likelihood that the Mergers will be completed;
- the expected timing of the Mergers;
- interest rates, general market and economic conditions;
- federal, state and local legislation, governmental regulation and legal developments in the businesses in which MITT and we operate; and
- other factors beyond the control of MITT or us.

MITT's stock price at the closing of the Mergers may vary from its price on the date the Merger Agreement was executed. As a result, the market value of the MITT common stock that our stockholders will receive pursuant to the Merger Agreement will also vary. If the price of MITT's common stock declines between the date the Merger Agreement was signed and the closing of the Mergers, including for any of the reasons described above, our common stockholders will receive MITT common stock that has a market value upon completion of the Mergers that is less than the market value of such shares calculated pursuant to the exchange ratio on the date the Merger Agreement was signed.

Therefore, since the number of shares of MITT common stock issuable pursuant to the Merger Agreement is fixed, our common stockholders cannot be sure of the market value of the MITT common stock they will receive upon consummation of the Mergers.

Completion of the Mergers is subject to a number of conditions, some or all of which may not be satisfied, or completed on a timely basis, if at all. Failure to complete the Mergers could have material adverse effects on our business.

The completion of the Mergers are subject to a number of conditions, including, among other things, the approval of each of CHMI's and MITT's stockholders, the listing on the NYSE of the MITT common stock and the MITT preferred stock issuable in the Merger, and the receipt of certain regulatory approvals, which make the completion and timing of the Mergers uncertain. The failure to satisfy any or all of the required conditions could delay the completion of the Mergers for a significant period of time or prevent them from occurring at all. There can be no assurance that the conditions precedent to the completion of the Mergers will be satisfied or waived, or that the Merger will be completed.

If the Mergers are not completed, we may be materially adversely affected and, without realizing any of the benefits of having completed the Mergers, will be subject to a number of risks, including the following:

- the market price of our common stock could decline;
- we could owe a substantial termination fee to MITT in specified circumstances;
- time and resources, financial and other, committed by our management to matters relating to the Mergers could otherwise have been devoted to pursuing other beneficial opportunities;
- we may experience negative reactions from the financial markets or from our counterparties, lenders or employees; and
- we will be required to pay our costs relating to the Mergers whether or not the Mergers are completed.

In addition, if the Mergers are not completed, we could be subject to litigation related to any failure to complete the Mergers or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement. Any of these risks could materially and adversely impact our ongoing business, financial condition, financial results and stock price.

Similarly, delays in the completion of the Mergers could, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with delay and uncertainty about completion of the Mergers and could materially and adversely impact our ongoing business, financial condition, financial results and stock price following the completion of the Mergers.

In addition, if the Merger Agreement is terminated under certain circumstances specified therein, we may be required to pay MITT a termination fee equal to 4.0% of our equity value.

The pendency of the Mergers could adversely affect our businesses and operations.

In connection with the pendency of the Mergers, it is possible that some counterparties, servicers, lenders and other persons with whom we have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us, as the case may be, as a result of the Mergers or otherwise, which could negatively affect our financial condition, results of operations and/or cash flows, as well as the market price of our common stock, regardless of whether the Mergers are completed. Similarly, our employees may experience uncertainty about their future roles with the combined company following the Mergers, which may adversely affect our ability to attract and retain key personnel during the pendency of the Mergers. In addition, due to covenants in the Merger Agreement, we may be unable (without MITT's prior written consent), during the pendency of the Mergers, to undertake certain business activities, including our ability in certain cases to modify or terminate contracts, acquire or dispose of assets, incur indebtedness, issue equity securities, incur capital expenditures or settle claims. In addition, our quarterly dividends on common stock are capped at $0.10 per share during the pendency of the Mergers. Such limitations could adversely affect our business and operations prior to the completion of the Mergers.

The Merger Agreement contains provisions that could make it more difficult for a third party to acquire us or could result in any competing proposal being at a lower price than it might otherwise be.

We are subject to certain restrictions on our ability to solicit alternative acquisition proposals from third parties, to enter into an acquisition agreement with respect to an alternative acquisition proposal and to participate in discussions or negotiations with or provide non-public information to any person relating to an alternative acquisition proposal, subject to customary exceptions. In addition, we may be required to pay MITT a termination fee equal to 4.0% of our equity value under specified circumstances.

Notwithstanding these restrictions, prior to obtaining the approval of our stockholders, under specified circumstances, our board of directors may change its recommendation of the Mergers, and we may also terminate the Merger Agreement to enter into an acquisition agreement with respect to a superior proposal upon payment of the termination fee described above.

These provisions could make it more difficult for a third party that might have an interest in acquiring all or a significant part of us from considering or proposing such an acquisition, even if we were prepared to pay consideration with a higher per-share cash or market value than the market value proposed to be received in the Mergers, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in specified circumstances under the Merger Agreement.

Even if we complete the Mergers, the combined company may fail to realize the anticipated benefits of the Mergers.

No assurance can be given that the anticipated benefits, synergies, growth, profitability, cash flow generation and earnings accretion of the Mergers will be realized by the combined company or, if realized, may be realized more slowly than expected. Further, inherent in transactions such as these are the risks relating to the integration of the two businesses, including the combination of two mortgage REIT portfolios and related operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not have any unregistered sales of equity securities during the three months ended September 30, 2026.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Insider Trading Arrangements

None of our officers or directors, as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Item 408 of Regulation S-K, during the three months ended September 30, 2026.

Item 6. Exhibits

Exhibit Number	Exhibit for 2026 Executive Compensation Plan Description
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	Cover Page Interactive Data File - cover page XBRL tags are embedded within the Inline XBRL document

*Filed herewith.

**Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHERRY HILL MORTGAGE INVESTMENT CORPORATION

October 29, 2026

By: /s/ Jeffrey Lown II
Jeffrey Lown II
President and Chief Executive Officer (Principal Executive Officer)

October 29, 2026

By: /s/ Apeksha Patel
Apeksha Patel
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 31.1

Certification

I, Jeffrey Lown II, certify that:

1. I have reviewed this Form 10-Q of Cherry Hill Mortgage Investment Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2026

By: /s/ Jeffrey Lown II
Jeffrey Lown II
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification

I, Apeksha Patel, certify that:

1. I have reviewed this Form 10-Q of Cherry Hill Mortgage Investment Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2026

By: /s/ Apeksha Patel
Apeksha Patel
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended September 30, 2026 of Cherry Hill Mortgage Investment Corporation (the "Company").

I, Jeffrey Lown II, the President and Chief Executive Officer (Principal Executive Officer) of the Company, certify that:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 29, 2026

By: /s/ Jeffrey Lown II
Jeffrey Lown II
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended September 30, 2026 of Cherry Hill Mortgage Investment Corporation (the "Company").

I, Apeksha Patel, the Chief Financial Officer and Treasurer (Principal Financial Officer) of the Company, certify that:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 29, 2026

By: /s/ Apeksha Patel
Apeksha Patel
Chief Financial Officer and Treasurer
(Principal Financial Officer)