



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

First Quarter 2020 Investor Presentation

May 11, 2020

Legal Disclaimer

FORWARD-LOOKING STATEMENTS. Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation references to potential or expected future cash flows, estimated or expected returns, sometimes referred to as initial IRR, updated IRR, expected IRR, lifetime IRR, life-to-date IRR or current-to-maturity IRR, potential discount rates, potential future investments, expected yields, potential or implied investment multiples, potential or projected future cash flows, expected CRR, CDR, Loss Severities, Loss Rates and Delinquencies. These statements are based on management's current expectations and beliefs and are subject to a number of risks, trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. Cherry Hill Mortgage Investment Corporation (the "Company") can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this presentation. Risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. For a description of factors that may cause actual results or performance to differ from the forward-looking statements in this presentation, please review the information under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, and in other documents filed by the Company with the SEC. The Company's forward-looking statements speak only as of the date of this presentation. Cherry Hill Mortgage Investment Corporation expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

CAUTIONARY NOTE REGARDING EXPECTED RETURNS AND EXPECTED YIELDS. Expected returns and expected yields are estimates of the annualized effective rate of return that we presently expect to be earned over the expected average life of an investment (i.e., IRR), after giving effect, in the case of returns, to existing leverage and existing hedging costs, and calculated on a weighted average basis. Expected returns and expected yields reflect our estimates of an investment's coupon, amortization of premium or discount, and costs and fees, as well as our assumptions regarding prepayments, defaults and loan losses, among other things. In the case of Servicing Related Assets, these assumptions include, but are not limited to, recapture rates, prepayment rates and delinquency rates. Income recognized by the Company in future periods may be significantly less than the income that would have been recognized if an expected return or expected yield were actually realized, and the estimates we use to calculate expected returns and expected yields could differ materially from actual results. Statements about expected returns and expected yields in this presentation are forward-looking statements. You should carefully read the cautionary statement above under the caption "Forward-looking Statements," which directly applies to our discussion of expected returns and expected yields.

PAST PERFORMANCE. Past performance is not a reliable indicator of future results and should not be relied upon for any reason.



First Quarter 2020



First Quarter 2020 Highlights

UNAUDITED

First Quarter 2020

Financial Results

\$0.40 dividend per share declared and paid¹

18.6% total quarterly economic loss³

\$13.73 GAAP book value per common share²

\$0.47 core earnings per share⁴

- 20.9% decrease, net of 1Q20 dividend

Portfolio Update

5.0x leverage ratio for aggregate portfolio

19.9% net CPR for Conventional MSR⁵

1.25% net interest spread for RMBS

14.8% net CPR for Government MSR⁵

10.2% CPR for RMBS⁵

Second Quarter 2020 Highlights as of April 30th

3.9x leverage ratio for aggregate portfolio

Unencumbered cash of \$90.5 million

Reduced CRT position by approximately 88% from December 31, 2019, with remaining position owned outright

Book value down approximately 0.9% from March 31, 2020

Note: Figures presented, except per share data, are rounded. As of March 31, 2020.

- 1. First quarter 2020 \$0.40 dividend was paid in cash and stock on April 28, 2020 to stockholders of record on March 31, 2020.*
- 2. Based on 16,527,624 common shares outstanding at March 31, 2020.*
- 3. Total loss on book value for the quarter ended March 31, 2020 is defined as the decrease in book value from December 31, 2019 to March 31, 2020 of \$3.62, plus the dividend declared of \$0.40 per share, divided by December 31, 2019 book value of \$17.35 per share.*
- 4. Based on 16,624,229 fully diluted weighted average common shares outstanding at March 31, 2020.*
- 5. Weighted average CPR for the three month period ended March 31, 2020.*

4



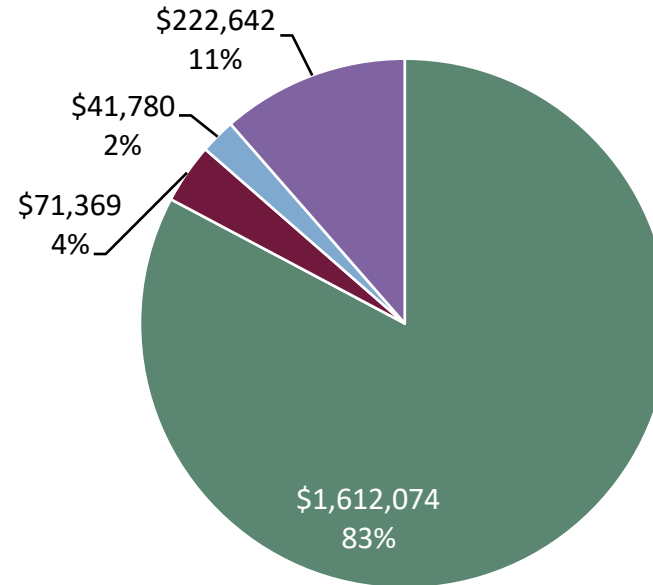
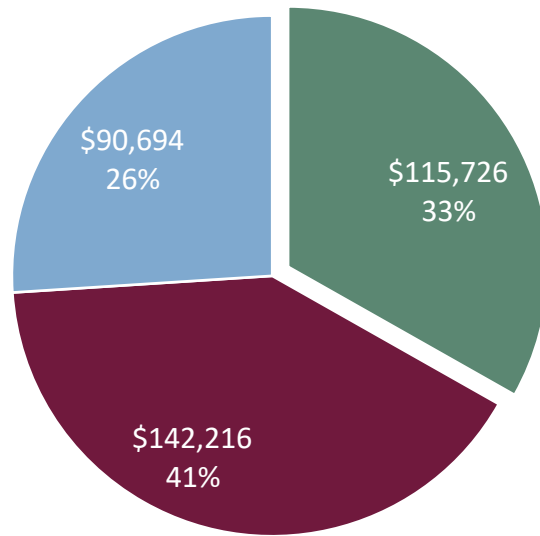
Aggregate Investment Portfolio Composition

UNAUDITED

First Quarter 2020

Equity Investment Composition:
\$348,636

Aggregate Investment Portfolio Composition:
\$1,947,866⁴



■ Servicing Related Assets¹ ■ RMBS² ■ All Other³ ■ 30 Year Fixed RMBS ■ 20 Year Fixed RMBS ■ Other ■ MSRs

Servicing Related Assets represented approximately 33% of equity and 11% of assets at quarter end.

Note: All financial information As of March 31, 2020, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of MSRs and other related assets.
2. Comprised of RMBS and other related assets and liabilities.
3. Comprised of non-invested assets and liabilities, primarily cash..
4. Excludes cash and other derivatives. Includes TBAs of approximately \$126 million.



MSR Overview

UNAUDITED

First Quarter 2020

Commentary

Investments in MSRs totaled \$222.6 million, related to approximately \$30.0 billion in UPB of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of March 31, 2020

Acquired approximately \$2.6 billion in Fannie Mae/Freddie Mac MSRs during the quarter

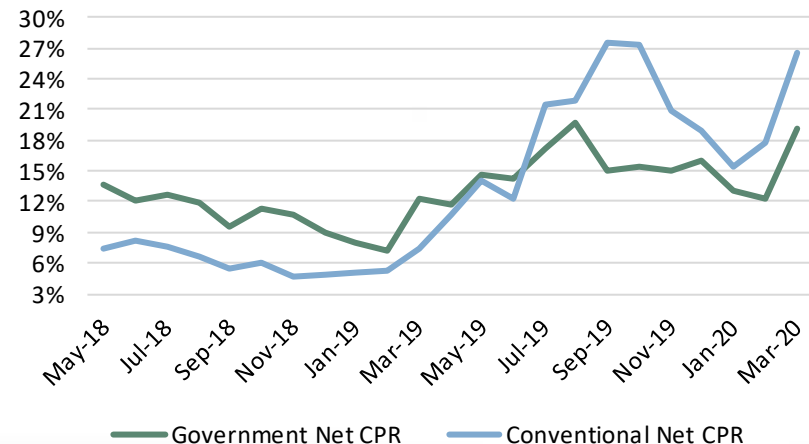
Recapture on conventional MSRs 12.6% in the quarter

As of April 30, 2020, 7.5% of borrowers in our portfolio were in active forbearance; over 50% have made their April payment and are reflected as current

March 31, 2020 MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	16,451,882,590	10,732,259,808	2,792,880,797	29,977,023,195
Avg UPB (\$'000)	241,099	252,304	197,908	240,035
WAC	4.15	4.26	3.37	4.12
Net Servicing Fee	0.25	0.25	0.31	0.26
WAM (Mths)	313	329	307	318
WALA (Mths)	26	19	47	25
Original FICO	754	755	698	751
Original LTV	79.6	80.3	93.2	81.1
ARM %	0.2%	0.3%	0.0%	0.2%
60+ DQ	0.5%	0.4%	4.0%	0.8%

Cherry Hill Historical Prepayment Rates



Note: Figures presented are rounded. As of March 31, 2020, unless noted otherwise.

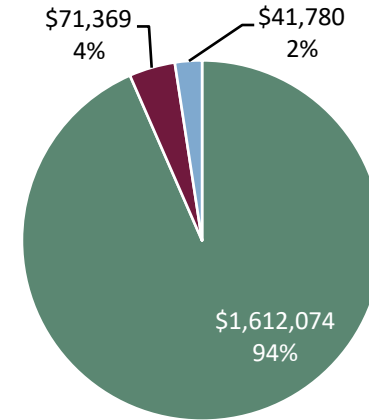
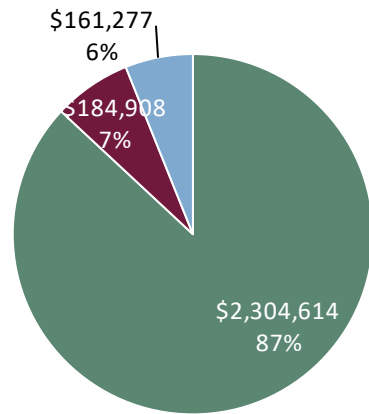
First Quarter 2020 RMBS Highlights

UNAUDITED

First Quarter 2020

12/31/2019 RMBS Portfolio: \$2,650,799 (Incl. TBAs)

3/31/2020 RMBS Portfolio: \$1,725,224 (Incl. TBAs)



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

Current Portfolio Composition						
30 Year Collateral: 93% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,485,849	94%	3.61	20	12.57	22.61
TBA	126,225	6%	3.18	N/A	N/A	N/A
Total 30 year MBS Collateral	\$1,612,074	100%	3.58	20	12.57	22.61
≤ 20 Year Collateral: 7% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$71,369	63%	3.96	35	14.52	20.33
Other	41,780	37%	4.33	30	29.08	23.26
Total 15 and 20 Year MBS	\$113,149	100%	4.10	33	19.90	21.41

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.
Source: CHMI management and The Yield Book Inc.

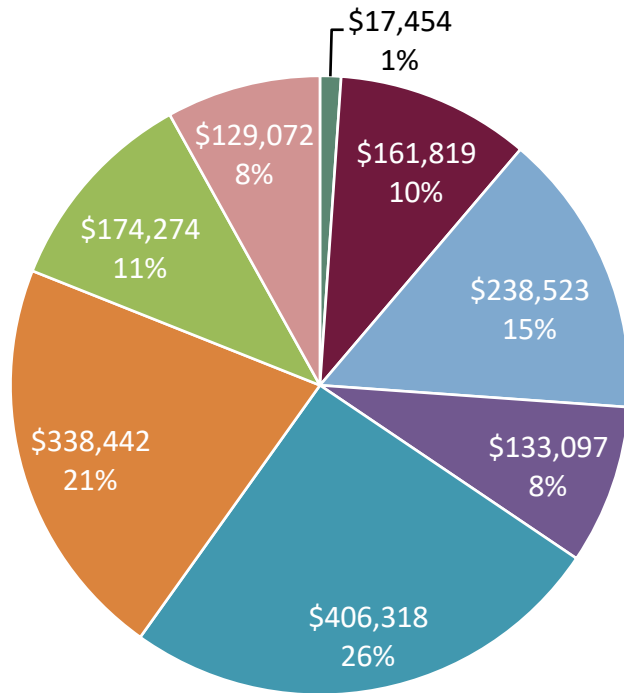


RMBS Portfolio with Prepayment Protection

UNAUDITED

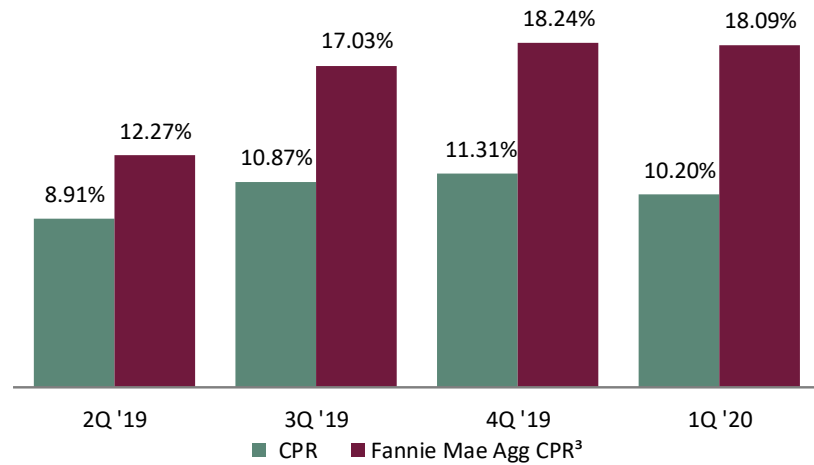
First Quarter 2020

RMBS Portfolio: \$1,598,999 (Ex. TBAs)



- ≤ 110K Max Pools
- ≤ 150K Max Pools
- ≤ 175K Max Pools
- ≤ 225K Max Pools
- MHA/HFA Pools¹
- Geographic Stories²
- LTV
- Other RMBS

Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 10.2% for the three months ended March 31, 2020

- Six month weighted average CPR of 10.8%
- January and February speeds more than offset the increase in March prepayment speeds driven by lower interest and mortgage rates

Note: Figures noted are rounded. As of March 31, 2020. Dollars in thousands. CPR values presented are annualized.

1. MHA pools consist of borrowers who have refinanced through the Home Affordable Refinance Program (HARP). Securities are collateralized by loans with greater than or equal to 80% loan to value (LTV). High LTV pools are predominately Making Homeownership Affordable (MHA) pools.
2. Geographic stories are single state pools such as NY or PR.
3. Source: eMBS Mortgage-Backed Securities OnLine.



Aggregate Portfolio Rate Sensitivity Analysis

UNAUDITED

First Quarter 2020

Duration Gap Sensitivity on Current Portfolio					
	March 31, 2020	- 50bps	- 25bps	+ 25bps	+50 bps
Assets					
RMBS Portfolio	1.38	1.12	1.22	1.61	1.93
Servicing Related Assets Portfolio	(3.32)	(3.62)	(3.80)	(2.87)	(3.03)
Total Assets	(1.94)	(2.50)	(2.58)	(1.26)	(1.10)
Liabilities, Swaps and Treasuries	1.85	2.03	1.95	1.83	1.74
Net Duration Gap (before Swaptions)	(0.09)	(0.47)	(0.63)	0.57	0.64
Swaptions	(0.01)	0.00	0.00	(0.02)	(0.03)
Net Duration Gap (including Swaptions)	(0.10)	(0.47)	(0.63)	0.55	0.61
Difference from Duration Gap as of March 31, 2020		(0.37)	(0.53)	0.65	0.71

Note: Liabilities, Swaps and Swaptions expressed as a percentage of total Assets. Totals may not sum due to rounding. Durations expressed in years. The estimated duration gap sensitivity included in the table above is derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Different models could generate materially different estimates using similar inputs and assumptions. Other market participants could make different assumptions with respect to these inputs. The sensitivity analysis assumes an instantaneous change in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions.

Commentary

At March 31, 2020, the duration gap stood at -0.1 years

Assuming an instantaneous shift of +50 basis points in interest rates, the duration gap would move from -0.1 years to 0.6 years

Note: Figures presented are rounded. As of March 31, 2020.

Appendix



MSR – Conventional Sensitivity

UNAUDITED

Appendix

MSRs Conventional Sensitivity Analysis¹

	March 31, 2020 ²					December 31, 2019 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$215,176	\$209,304	\$203,742	\$198,467	\$193,458	\$280,174	\$271,514	\$263,357	\$255,662	\$248,391
Change in FV	\$11,434	\$5,562		(\$5,275)	(\$10,284)	\$16,817	\$8,157		(\$7,695)	(\$14,966)
% Change in FV	6.0%	3.0%		(3.0)%	(5.0)%	6.0%	3.0%		(3.0)%	(6.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$248,141	\$224,835	\$203,742	\$184,662	\$167,353	\$298,135	\$279,978	\$263,357	\$248,209	\$234,399
Change in FV	\$44,399	\$21,093		(\$19,080)	(\$36,389)	\$34,778	\$16,622		(\$15,148)	(\$28,958)
% Change in FV	22.0%	10.0%		(9.0)%	(18.0)%	13.0%	6.0%		(6.0)%	(11.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$210,305	\$207,023	\$203,742	\$200,461	\$197,179	\$270,584	\$266,970	\$263,357	\$259,743	\$256,130
Change in FV	\$6,563	\$3,281		(\$3,281)	(\$6,563)	\$7,227	\$3,614		(\$3,614)	(\$7,227)
% Change in FV	3.0%	2.0%		(2.0)%	(3.0)%	3.0%	1.0%		(1.0)%	(3.0)%

Note: Figures noted are rounded. As of March 31, 2020. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- March 31, 2020 analysis assumes weighted avg. discount rate of 6.3%; weighted avg. prepayment rate of 17.1%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$76 per loan.
- December 31, 2019 analysis assumes weighted avg. discount rate of 7.3%; weighted avg. prepayment rate of 13.2%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$73 per loan.



MSR – Government Sensitivity

UNAUDITED

Appendix

MSRs Government Sensitivity Analysis¹

	March 31, 2020 ²					December 31, 2019 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(0)%	(0)%	-%	0%	0%
Estimated FV	\$20,079	\$19,470	\$18,900	\$18,365	\$17,861	\$29,841	\$28,760	\$27,754	\$26,817	\$25,942
Change in FV	\$1,178	\$570		(\$536)	(\$1,039)	\$2,087	\$1,006		(\$937)	(\$1,812)
% Change in FV	6.0%	3.0%		(3.0)%	(5.0)%	8.0%	4.0%		(3.0)%	(7.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(0)%	(0)%	-%	0%	0%
Estimated FV	\$22,243	\$20,495	\$18,900	\$17,447	\$16,122	\$31,090	\$29,354	\$27,754	\$26,281	\$24,921
Change in FV	\$3,343	\$1,594		(\$1,453)	(\$2,779)	\$3,336	\$1,600		(\$1,474)	(\$2,834)
% Change in FV	18.0%	8.0%		(8.0)%	(15.0)%	12.0%	6.0%		(5.0)%	(10.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(0)%	(0)%	-%	0%	0%
Estimated FV	\$20,039	\$19,470	\$18,900	\$18,331	\$17,761	\$29,132	\$28,443	\$27,754	\$27,066	\$26,377
Change in FV	\$1,139	\$569		(\$569)	(\$1,139)	\$1,377	\$689		(\$689)	(\$1,377)
% Change in FV	6.0%	3.0%		(3.0)%	(6.0)%	5.0%	2.0%		(2.0)%	(5.0)%

Note: Figures noted are rounded. As of March 31, 2020. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- March 31, 2020 analysis assumes weighted avg. discount rate of 8.5%; weighted avg. prepayment rate of 17.3%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$110 per loan.
- December 31, 2019 analysis assumes weighted avg. discount rate of 9.4%; weighted avg. prepayment rate of 13.6%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$112 per loan.



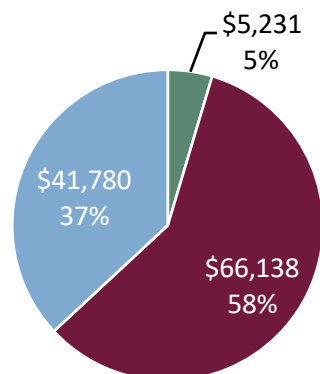
RMBS Portfolio Coupon Composition

UNAUDITED

Appendix

\$113,149 10 – 20-Year RMBS (Excludes TBAs)

7% of Total RMBS Portfolio



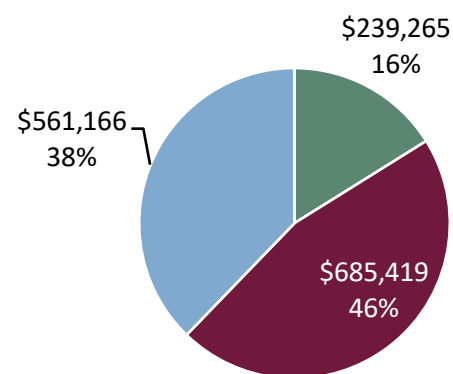
■ 3.50 coupon

■ 4.00 coupon

■ 4.54 coupon

\$1,485,850 30-Year RMBS (Excludes TBAs)

93% of Total RMBS Portfolio



■ 3.00 coupon

■ 3.50 coupon

■ 4.00 coupon

RMBS Fixed Rate Securities Summary (Excludes TBAs)

WA Years to Maturity	Book Value	WAC	WA Amortized Cost	WA Fair Value	Estimated Fair Value	% of Total Estimated Fair Value
20 Years	\$68,641	3.96%	\$104.64	\$71,369	\$108.81	4%
≥ 30 Years	1,440,492	3.61%	103.79	1,485,850	107.07	93%
Other RMBS	55,965	4.33%	100.16	41,780	80.87	3%
Total / WA	\$1,565,098	3.64%	\$103.73	\$1,598,999	\$106.46	100%

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands, unless otherwise noted.

Financing Highlights

UNAUDITED

Appendix

Commentary

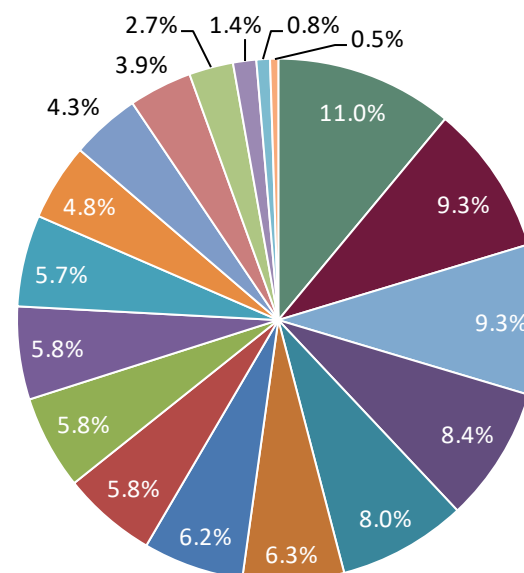
Average REPO cost was 1.62% with a weighted average days remaining to maturity of 34 days

28 REPO relationships established as of March 31, 2020

Borrowings with 18 financing counterparties

Weighted average “haircut” of 3.8%

Repurchase Counterparties Utilized¹



Cherry Hill Repurchase Agreement Summary

Remaining Maturity	REPO Outstanding	Percentage	WA Rate	Remaining Days to Maturity	Original Days to Maturity
Less than one month	\$782,815	50.0%	1.51%	13	65
One to three months	722,619	46.2%	1.73%	52	97
Greater than three months	59,798	3.8%	1.78%	97	153
Total / WA	\$1,565,232	100.0%	1.62%	34	83

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands.

1. Reflects the percentage of outstanding borrowings by dollar amount for our RMBS portfolio by counterparty.

Balance Sheet

UNAUDITED

Appendix

Consolidated Balance Sheets		
	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Assets		
RMBS, available-for-sale (including pledged assets of \$1,555,384 and \$2,419,539, respectively)	\$ 1,598,999	\$ 2,508,360
Investments in Servicing Related Assets at fair value (including pledged assets of \$222,642 and \$291,111, respectively)	222,642	291,111
Cash and cash equivalents	102,201	24,671
Restricted cash	33,817	67,037
Derivative assets	36,902	18,289
Receivables from unsettled trades	83,823	-
Receivables and other assets	58,452	47,084
Total Assets	\$ 2,136,836	\$ 2,956,552
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 1,565,232	\$ 2,337,638
Derivative liabilities	23,526	12,337
Notes payable	171,776	166,989
Dividends payable	8,717	8,768
Due to affiliates	1,525	3,589
Accrued expenses and other liabilities	17,424	15,588
Total Liabilities	\$ 1,788,200	\$ 2,544,909
Stockholders' Equity		
Series A Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized and 2,781,635 shares issued and outstanding as of March 31, 2020 and 100,000,000 shares authorized and 2,781,635 shares issued and outstanding as of December 31, 2019, liquidation preference of \$69,541 as of March 31, 2020 and liquidation preference of \$69,541 as of December 31, 2019	\$ 67,213	\$ 67,213
Series B Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized and 2,000,000 shares issued and outstanding as of March 31, 2020 and 100,000,000 shares authorized and 2,000,000 shares issued and outstanding as of December 31, 2019, liquidation preference of \$50,000 as of March 31, 2020 and liquidation preference of \$50,000 as of December 31, 2019	\$ 48,068	\$ 48,068
Common stock, \$0.01 par value per share, 500,000,000 shares authorized and 16,527,624 shares issued and outstanding as of March 31, 2020 and 500,000,000 shares authorized and 16,660,655 shares issued and outstanding as of December 31, 2019	170	170
Additional paid-in capital	302,847	302,723
Accumulated Deficit	(100,364)	(47,367)
Treasury stock at cost, 378,481 shares at \$13.98 as of March 31, 2020 and 235,950 shares at \$14.59 as of December 31, 2019	(5,291)	(3,543)
Accumulated other comprehensive income	33,783	41,414
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$ 346,426	\$ 408,678
Non-controlling interests in Operating Partnership	2,210	2,965
Total Stockholders' Equity	\$ 348,636	\$ 411,643
Total Liabilities and Stockholders' Equity	\$ 2,136,836	\$ 2,956,552

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands.

Income Statement

UNAUDITED

Appendix

Consolidated Statements of Income		
	Three Months Ended March 31,	
	2020	2019
Income		
Interest income	\$ 20,249	\$ 16,969
Interest expense	12,291	10,744
Net interest income	7,958	6,225
Servicing fee income	19,519	17,188
Servicing costs	6,122	3,821
Net servicing income	13,397	13,367
Other income (loss)		
Realized loss on RMBS, available-for-sale, net	(17,543)	-
Realized loss on derivatives, net	(18,756)	(7,476)
Realized gain on acquired assets, net	46	-
Unrealized gain (loss) on derivatives, net	52,200	(8,272)
Unrealized loss on investments in Servicing Related Assets	(93,853)	(27,175)
Total Loss	\$ (56,551)	\$ (23,331)
Expenses		
General and administrative expense	2,756	963
Management fee to affiliate	1,965	1,809
Total Expenses	\$ 4,721	\$ 2,772
Loss Before Income Taxes	(61,272)	(26,103)
Benefit from corporate business taxes	(16,512)	(4,965)
Net Loss	\$ (44,760)	\$ (21,138)
Net loss allocated to noncontrolling interests in Operating Partnership	834	349
Dividends on preferred stock	2,459	1,841
Net Loss Applicable to Common Stockholders	\$ (46,385)	\$ (22,630)
Net Loss Per Share of Common Stock		
Basic	\$ (2.79)	\$ (1.36)
Diluted	\$ (2.79)	\$ (1.36)
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	16,611,440	16,646,114
Diluted	16,624,229	16,654,370

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands, except per-share figures.

Comprehensive Income

UNAUDITED

Appendix

Consolidated Statement of Comprehensive Income		
	Three Months Ended March 31,	
	2020	2019
Net loss	\$ (44,760)	\$ (21,138)
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	(25,174)	31,981
Reclassification of net realized loss on RMBS included in earnings	17,543	-
Other comprehensive income (loss)	(7,631)	31,981
Comprehensive income (loss)	\$ (52,391)	\$ 10,843
Comprehensive income (loss) attributable to noncontrolling interests in Operating Partnership	\$ (977)	\$ 179
Dividends on preferred stock	2,459	1,841
Comprehensive income (loss) attributable to common stockholders	\$ (53,873)	\$ 8,823
Comprehensive Income Per Share of Common Stock		
Basic	\$ (3.24)	\$ 0.53
Diluted	\$ (3.24)	\$ 0.53

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands.

Core Earnings

UNAUDITED

Appendix

Core Earnings		
	Three Months Ended March 31,	
	2020	2019
Net Loss	\$ (44,760)	\$ (21,138)
Other comprehensive income (loss):		
+ Realized loss on RMBS, net	17,543	-
+ Realized loss on derivatives, net	18,756	7,476
+ Realized gain on acquired assets, net	(46)	-
+ Unrealized loss (gain) on derivatives, net	(52,200)	8,272
+ Unrealized loss on investments in MSRs, net of estimated MSR amortization	87,044	22,148 ¹
+ Tax benefit of unrealized loss on MSRs	(15,854)	(4,739)
Total core earnings:	\$ 10,483	\$ 12,019
Core earnings attributable to noncontrolling interests in Operating Partnership	(195)	(198)
Dividends on preferred stock	2,459	1,841
Core Earnings Attributable to Common Stockholders	\$ 7,829	\$ 9,980
Core Earnings Attributable to Common Stockholders, per Diluted Share	\$ 0.47	\$ 0.60
GAAP Net Loss Per Share of Common Stock, per Diluted Share	\$ (2.79)	\$ (1.36)

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of March 31, 2020. Core earnings is a non-GAAP financial measure and is currently defined by the Company as GAAP net income (loss), excluding realized gain (loss) on RMBS, realized and unrealized gain (loss) on investments in MSRs (net of any estimated MSR amortization), realized and unrealized gain (loss) on derivatives and realized (gain) loss on acquired assets. Core earnings is adjusted to exclude outstanding LTIP-OP Units in our Operating Partnership and dividends paid on preferred stock. MSR amortization refers to the portion of the change in fair value of the MSRs that is primarily due to the realization of cashflows or runoff and includes an adjustment for any gain or loss on the capital used to purchase the MSR. Additionally, core earnings excludes any tax (benefit) expense on unrealized gain (loss) on MSRs. Core earnings are provided for purposes of potential comparability to other issuers that invest in residential mortgage-related assets. The Company believes providing investors with core earnings, in addition to related GAAP financial measures, may provide investors some insight into the Company's ongoing operational performance. However, the concept of core earnings does have significant limitations, including the exclusion of realized and unrealized gains (losses), and given the apparent lack of a consistent methodology among issuers for defining core earnings, it may not be comparable to similarly-titled measures of other issuers, which define core earnings differently from the Company and each other. As a result, core earnings should not be considered a substitute for the Company's GAAP net income (loss) or as a measure of the Company's liquidity.

1. MSR amortization for periods that ended prior to September 30, 2019 have not been adjusted to reflect the Company's refined MSR amortization method.

Segment Results

UNAUDITED

Appendix

Results of Operations				
	<u>Servicing Related Assets</u>	<u>RMBS</u>	<u>All Other</u>	<u>Total</u>
Income Statement				
Three Months Ended March 31, 2020				
Interest income	\$ 1,641	\$ 18,608	\$ -	\$ 20,249
Interest expense	1,709	10,582	-	12,291
Net interest income (expense)	(68)	8,026	-	7,958
Servicing fee income	19,519	-	-	19,519
Servicing costs	6,122	-	-	6,122
Net servicing income	13,397	-	-	13,397
Other income (expense)	(78,072)	166	-	(77,906)
Other operating expenses	600	-	4,121	4,721
Benefit from corporate business taxes	(16,512)	-	-	(16,512)
Net Income (Loss)	\$ (48,831)	\$ 8,192	\$ (4,121)	\$ (44,760)
Balance Sheet				
March 31, 2020				
Investments	\$ 222,642	\$ 1,598,999	\$ -	\$ 1,821,641
Other assets	78,477	133,738	102,980	315,195
Total assets	301,119	1,732,737	102,980	2,136,836
Debt	171,776	1,565,232	-	1,737,008
Other liabilities	13,617	25,289	12,286	51,192
Total liabilities	185,393	1,590,521	12,286	1,788,200
Book value	\$ 115,726	\$ 142,216	\$ 90,694	\$ 348,636

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands.

RMBS Net Interest Spread

UNAUDITED

Appendix

RMBS Net Interest Spread				
	At March 31, 2020	At December 31, 2019	At September 30, 2019	At June 30, 2019
Weighted Average Asset Yield	3.29%	2.66%	3.15%	3.23%
Weighted Average Interest Expense	2.04%	1.93%	2.28%	2.39%
Net Interest Spread	1.25%	0.73%	0.87%	0.84%

Note: Figures presented are rounded. As of March 31, 2020.

Hedging Summary

UNAUDITED

Appendix

Interest Rate Swaps					
Commentary	Characteristics				
<p>Approximately \$2.0 billion notional interest rate swaps</p> <p>3.9 years weighted average duration on Payer swaps</p> <p>8.8 years weighted average duration on Receiver swaps</p>	Payer Swaps				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
	x ≤ 3 Years	\$636,500	1.29%	1.51%	1.8
	3 > x ≤ 5 Years	388,000	0.69%	0.87%	4.7
	5 > x ≤ 7 Years	139,500	1.31%	1.48%	6.9
	7 > x ≤ 10 Years	164,000	0.78%	1.03%	8.8
	x > 10 Years	-	-	-	-
	Total / WA:	\$1,328,000	1.05%	1.26%	4.1
	Receiver Swaps				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
	x ≤ 3 Years	\$40,000	1.77%	2.73%	0.8
	3 > x ≤ 5 Years	-	-	-	-
	5 > x ≤ 7 Years	-	-	-	-
	7 > x ≤ 10 Years	605,000	1.55%	1.95%	9.4
	x > 10 Years	-	-	-	-
Total / WA:	\$645,000	1.56%	2.00%	8.9	
Interest Rate Swaptions					
<p>\$60 million notional</p> <p>Options to enter into fixed pay swaps prior to January 2021</p> <p>-0.5 year weighted average duration</p>					

Note: Figures presented are rounded. As of March 31, 2020. Dollars in thousands, unless otherwise noted.

Abbreviations

UNAUDITED

Appendix

Abbreviations: This presentation may include the below abbreviations, which have the following meanings:

- **30+ DQ** – Percentage of loans that are delinquent by 30 days or more
- **Age (mths) or Loan Age (mths)** – Weighted average number of months loans are outstanding
- **Carrying Value** – represents Cost Basis plus adjustment for mark to market
- **Cost Basis** – Initial investment less return of capital received life to date
- **CDR** – Constant Default Rate
- **CLTV** – ratio of current loan balance to estimated current asset value.
- **COUP** – coupon or interest rate
- **CPR** – Constant Prepayment Rate, expressed as the sum of the CDR and CRR
- **CRR** – Constant Repayment Rate
- **FHLMC** – Freddie Mac / Federal Home Loan Mortgage Corporation
- **FMV** – Fair Mark Value
- **FNMA** – Fannie Mae / Federal National Mortgage Association
- **FICO** – A borrower's credit metric generated by the credit scoring model created by the Fair Isaac Corporation
- **Flow Arrangements** – contractual recurring agreements, often monthly or quarterly, to purchase servicing of newly originated or highly delinquent loans
- **GNMA** – Ginnie Mae / Government National Mortgage Association
- **Gross CPR** – Gross CPR is CPR prior to factoring in recapture
- **Gross CRR** – Gross CRR is CRR prior to factoring in recapture
- **HPA** – Home price appreciation
- **LT** – Long Term
- **LTD Cash Flows** – Actual life to date cash flow collected from the investment as of the end of the current month
- **LTD** – Life to Date
- **Net CPR** – CPR after taking into account recapture activity
- **OCI** – Other comprehensive income
- **Projected Future Cash Flows** – Future cash flow expected per the current market valuation
- **Recapture Rate** – Percentage of voluntarily prepaid loans that are refinanced by recapture partner
- **Total Cash Flow** – Sum of all LTD cash flows and all projected future cash flows
- **Uncollected Payments** – Percentage of loans that missed their most recent payment
- **UPB** – Unpaid Principal Balance
- **Updated IRR** – Internal rate of return calculated based on the cash flow received to date through the current month and the expected future cash flow based on our original underwriting assumptions.
- **U/W LTD** – Underwritten life-to-date
- **WA/WAVG** – Weighted Average
- **WAL** – Weighted Average Life to Maturity
- **WALA** – Weighted Average Loan Age
- **WAC** – Weighted Average Coupon