



CHMI  
CHERRY HILL MORTGAGE  
INVESTMENT CORPORATION

## Third Quarter 2018 Investor Presentation

November 7, 2018

# Legal Disclaimer

---

**FORWARD-LOOKING STATEMENTS.** Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation references to potential or expected future cash flows, estimated or expected returns, sometimes referred to as initial IRR, updated IRR, expected IRR, lifetime IRR, life-to-date IRR or current-to-maturity IRR, potential discount rates, potential future investments, expected yields, potential or implied investment multiples, potential or projected future cash flows, expected CRR, CDR, Loss Severities, Loss Rates and Delinquencies. These statements are based on management's current expectations and beliefs and are subject to a number of risks, trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. Cherry Hill Mortgage Investment Corporation (the "Company") can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this presentation. Risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. For a description of factors that may cause actual results or performance to differ from the forward-looking statements in this presentation, please review the information under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, and in other documents filed by the Company with the SEC. The Company's forward-looking statements speak only as of the date of this presentation. Cherry Hill Mortgage Investment Corporation expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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

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



---

**Third Quarter 2018**



# Third Quarter 2018 Highlights

UNAUDITED

Third Quarter 2018

## Financial Results

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

**3.9% total quarterly gain on book value<sup>4</sup>**

**\$19.62 GAAP book value per common share<sup>2</sup>**

**\$0.55 core earnings per share<sup>3</sup>**

- 1.3% increase, net of 3Q18 dividend

## Portfolio Update

**4.7x leverage ratio for aggregate portfolio**

**6.5% net CPR for Conventional MSRs<sup>5</sup>**

**1.18% net interest spread for RMBS**

**11.4% net CPR for Government MSRs<sup>5</sup>**

**6.65% CPR for RMBS<sup>5</sup>**

## 3Q 2018 Milestones

**Entered into a new, \$25 million MSR revolving credit facility, upsized subsequently to \$45 million, all of which was drawn as of September 30, 2018**

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

**MSR portfolio of \$22.4 billion in UPB at September 30, 2018 (14% of assets and 39% of capital)**

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

1. *Third Quarter 2018 \$0.49 dividend was paid in cash on October 30, 2018 to stockholders of record on September 28, 2018.*

2. *Based on 16,187,788 common shares outstanding at September 30, 2018.*

3. *Based on 15,872,990 fully diluted weighted average common shares outstanding at September 30, 2018.*

4. *Total return on book value for the quarter ended September 30, 2018 is defined as the increase in book value from June 30, 2018 to September 30, 2018 of \$0.25, plus the dividend declared of \$0.49 per share, divided by September 30, 2018 book value of \$19.61 per share.*

5. *Weighted average CPR for the three month period ended September 30, 2018.*

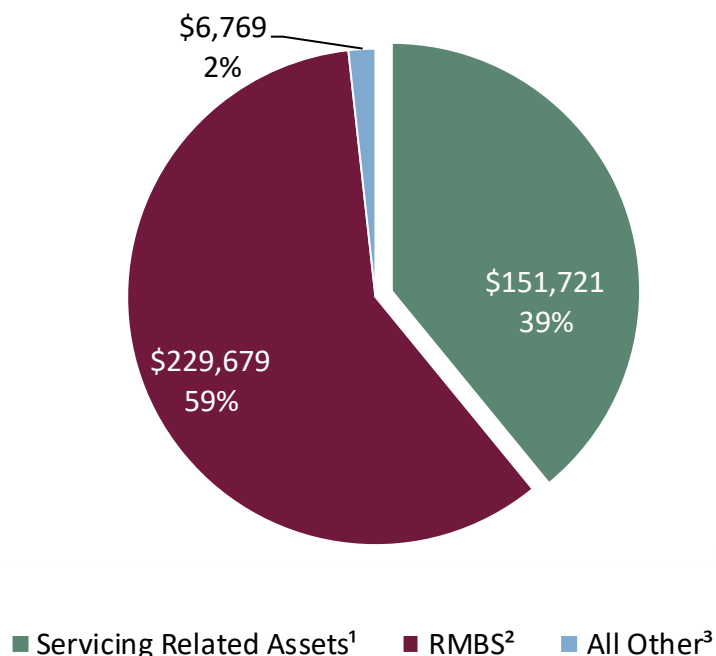
# Aggregate Investment Portfolio Composition

UNAUDITED

Third Quarter 2018

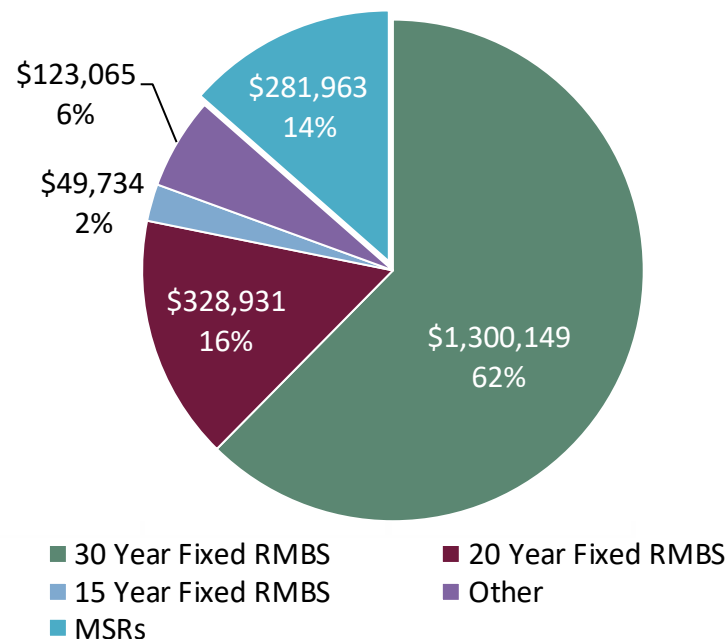
## Equity Investment Composition:

**\$388,169**



## Aggregate Investment Portfolio Composition:

**\$2,083,842<sup>4</sup>**



**Servicing Related Assets represented approximately 39% of equity and 14% of assets at quarter end.**

Note: All financial information As of September 30, 2018, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of MSRs and other related assets.
2. Comprised of RMBS and other related assets and liabilities.
3. Comprised of non-invested assets and liabilities.
4. Excludes cash and other derivatives. Includes TBAs of approximately -\$37.1 million.

# MSR Overview

UNAUDITED

Third Quarter 2018

## Commentary

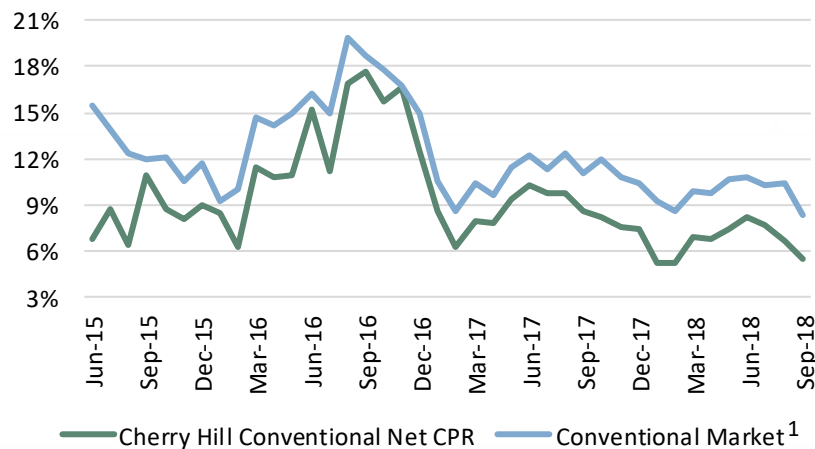
Investments in MSRs totaled \$282.0 million, related to \$22.4 billion in UPB of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of September 30, 2018

Acquired approximately \$3.9 billion in Fannie Mae/ Freddie Mac MSRs during 3Q18

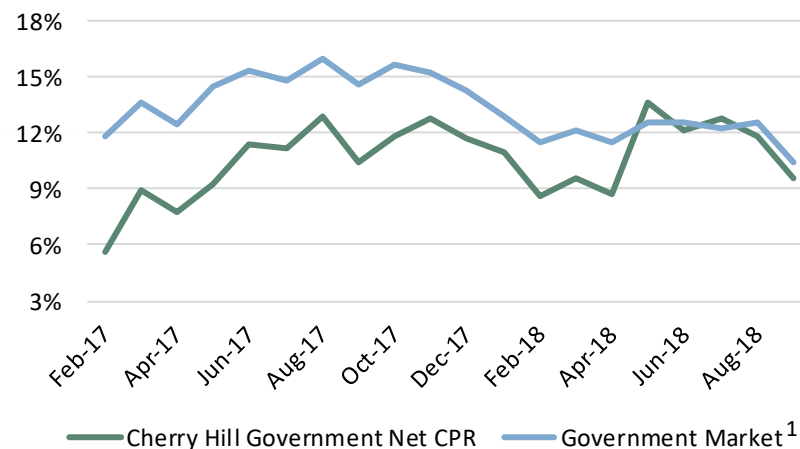
## MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	11,437,967,568	7,411,416,352	3,596,317,329	22,445,701,249
Avg UPB (\$'000)	232,952	254,495	208,229	235,051
WAC	4.22	4.39	3.36	4.14
Net Servicing Fee	0.25	0.25	0.31	0.26
WAM (Mths)	320	338	326	327
WALA (Mths)	20	10	28	18
Original FICO	752	752	698	746
Original LTV	79.6	80.4	93.1	82.0
ARM %	0.3%	0.3%	0.0%	0.2%
60+ DQ	0.3%	0.1%	3.3%	0.7%

## Historical Conventional Prepayment



## Historical Government Prepayment



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

1. Source: eMBS Mortgage Backed Securities OnLine.

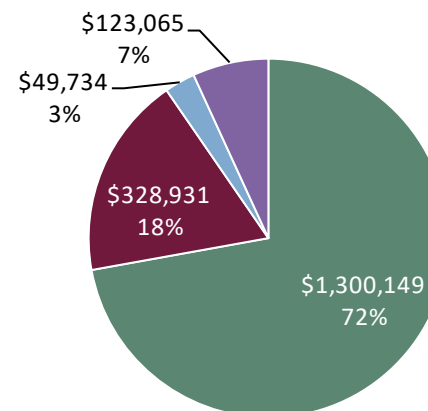
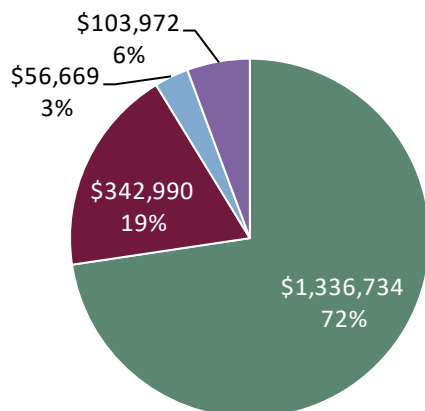
# Third Quarter 2018 RMBS Highlights

UNAUDITED

Third Quarter 2018

**06/30/2018 RMBS Portfolio: \$1,840,365 (Incl. TBAs)**

**09/30/2018 RMBS Portfolio: \$1,801,879 (Incl. TBAs)**



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

## Current Portfolio Composition

30 Year Collateral: 72% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$1,337,243	103%	3.86	21	5.15	8.82
TBA	(\$37,094)	(3%)	4.18	N/A	N/A	N/A
<b>Total 30 year MBS Collateral</b>	<b>\$1,300,149</b>	<b>100%</b>	<b>3.85</b>	<b>21</b>	<b>5.15</b>	<b>8.82</b>
≤ 20 Year Collateral: 28% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$378,665	75%	3.70	25	6.42	9.50
Other	\$123,065	25%	5.84	23	1.51	3.67
<b>Total 15 and 20 Year MBS</b>	<b>\$501,730</b>	<b>100%</b>	<b>4.22</b>	<b>24</b>	<b>5.21</b>	<b>8.07</b>

Note: Figures presented are rounded. As of September 30, 2018. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

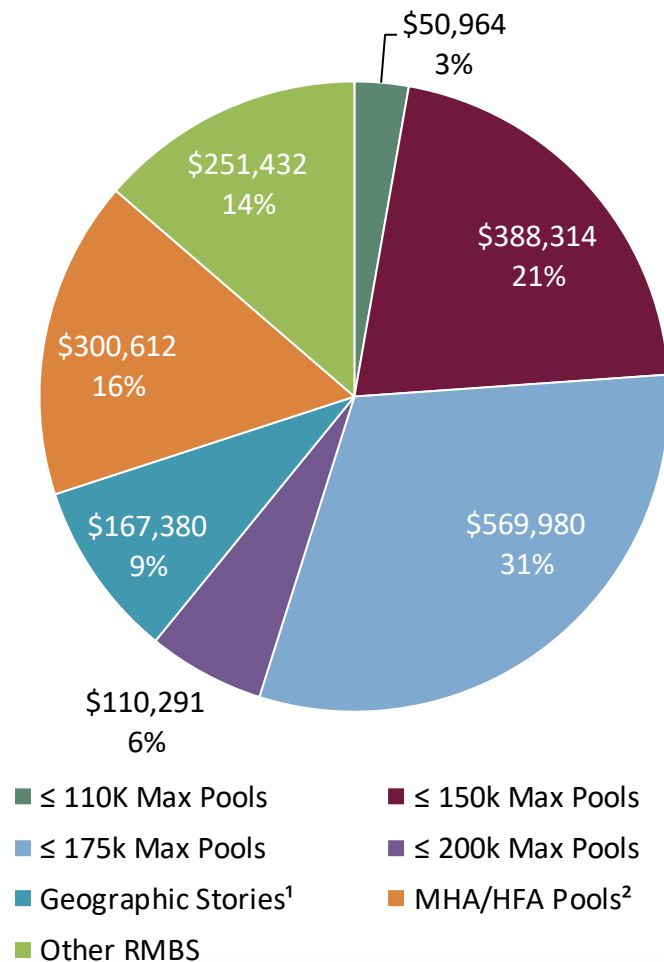
Source: CHMI management and The Yield Book Inc.

# RMBS Portfolio with Prepayment Protection

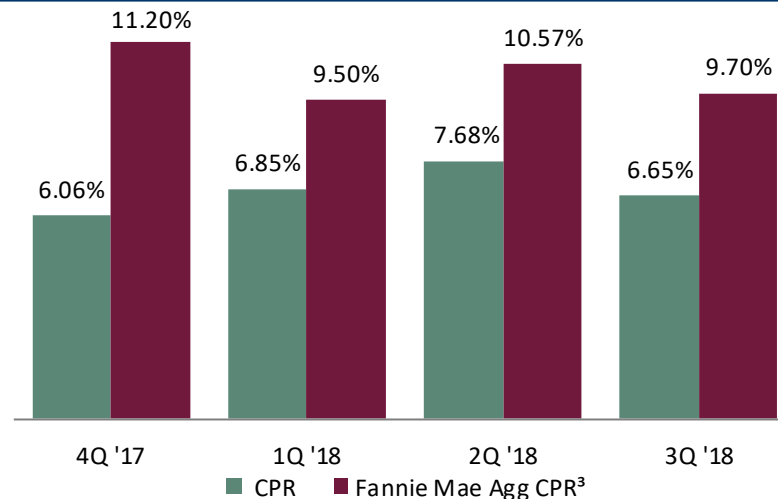
UNAUDITED

Third Quarter 2018

## RMBS Portfolio: \$1,838,973 (Ex. TBAs)



## Quarterly CPR Performance



## Commentary

**RMBS portfolio posted a weighted average three month CPR of 6.65% for the three months ended September 30, 2018**

- Six month weighted average CPR of 7.14%
- RMBS portfolio continues to perform well
- RMBS prepayment speeds are maturing towards long-term averages

Note: Figures noted are rounded. As of September 30, 2018. Dollars in thousands. CPR values presented are annualized.

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



# Aggregate Portfolio Rate Sensitivity Analysis

UNAUDITED

Third Quarter 2018

Duration Gap Sensitivity on Current Portfolio					
	September 30, 2018	- 25bps	+ 25bps	+50 bps	+ 100 bps
<b>Assets</b>					
RMBS Portfolio	3.95	3.61	4.27	4.56	5.04
Servicing Related Assets Portfolio	(2.08)	(2.82)	(1.51)	(1.05)	(0.63)
<b>Total Assets</b>	<b>1.87</b>	<b>0.79</b>	<b>2.76</b>	<b>3.51</b>	<b>4.41</b>
Liabilities, Swaps and Treasuries	(2.89)	(2.89)	(2.89)	(2.89)	(2.89)
<b>Net Duration Gap (before Swaptions)</b>	<b>(1.02)</b>	<b>(2.10)</b>	<b>(0.13)</b>	<b>0.62</b>	<b>1.52</b>
Swaptions	(0.38)	(0.23)	(0.47)	(0.51)	(0.52)
<b>Net Duration Gap (including Swaptions)</b>	<b>(1.40)</b>	<b>(2.33)</b>	<b>(0.60)</b>	<b>0.11</b>	<b>0.99</b>
Difference from Duration Gap as of September 30, 2018		(0.93)	0.80	1.51	2.40
<p><i>Note: Liabilities, Swaps and Swaptions expressed as a percentage of total Assets. Totals may not sum due to rounding. Durations expressed in years.</i></p> <p><i>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.</i></p>					

## Commentary

At September 30, 2018, the duration gap stood at -1.40 years

Assuming an instantaneous shift of +100 basis points in interest rates, the duration gap would move from -1.40 years to +0.99 years

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

---

## Appendix

# MSR – Conventional Sensitivity

UNAUDITED

Appendix

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

	September 30, 2018 <sup>2</sup>					December 31, 2017 <sup>3</sup>				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$259,902	\$248,655	\$238,278	\$228,678	\$219,777	\$88,812	\$85,361	\$82,149	\$79,154	\$76,354
Change in FV	\$21,624	\$10,377		(\$9,599)	(\$18,500)	\$6,662	\$3,212		(\$2,996)	(\$5,796)
% Change in FV	9.0%	4.0%		(4.0)%	(8.0)%	8.0%	4.0%		(4.0)%	(7.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$251,846	\$245,387	\$238,278	\$230,943	\$223,680	\$89,240	\$85,583	\$82,149	\$78,814	\$75,678
Change in FV	\$13,568	\$7,109		(\$7,335)	(\$14,598)	\$7,090	\$3,434		(\$3,335)	(\$6,471)
% Change in FV	6.0%	3.0%		(3.0)%	(6.0)%	9.0%	4.0%		(4.0)%	(8.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$244,313	\$241,295	\$238,278	\$235,260	\$232,243	\$84,518	\$83,334	\$82,149	\$80,965	\$79,781
Change in FV	\$6,035	\$3,017		(\$3,017)	(\$6,035)	\$2,368	\$1,184		(\$1,184)	(\$2,368)
% Change in FV	3.0%	1.0%		(1.0)%	(3.0)%	3.0%	1.0%		(1.0)%	(3.0)%

Note: Figures noted are rounded. As of September 30, 2018. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- September 30, 2018 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 8.5%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$71 per loan.<sup>11</sup>
- December 31, 2017 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 10.5%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$70 per loan.



# MSR – Government Sensitivity

UNAUDITED

Appendix

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

	September 30, 2018 <sup>2</sup>					December 31, 2017 <sup>3</sup>				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$48,381	\$45,921	\$43,686	\$41,647	\$39,783	\$45,133	\$42,790	\$40,656	\$38,707	\$36,920
Change in FV	\$4,696	\$2,235		(\$2,038)	(\$3,903)	\$4,477	\$2,134		(\$1,949)	(\$3,736)
% Change in FV	11.0%	5.0%		(5.0)%	(9.0)%	11.0%	5.0%		(5.0)%	(9.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$45,902	\$44,860	\$43,686	\$42,476	\$41,275	\$42,910	\$41,872	\$40,656	\$39,383	\$38,112
Change in FV	\$2,217	\$1,175		(\$1,210)	(\$2,411)	\$2,253	\$1,216		(\$1,273)	(\$2,544)
% Change in FV	5.0%	3.0%		(3.0)%	(6.0)%	6.0%	3.0%		(3.0)%	(6.0)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$45,353	\$44,519	\$43,686	\$42,852	\$42,018	\$42,309	\$41,483	\$40,656	\$39,830	\$39,003
Change in FV	\$1,667	\$834		(\$834)	(\$1,667)	\$1,653	\$827		(\$827)	(\$1,653)
% Change in FV	4.0%	2.0%		(2.0)%	(4.0)%	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of September 30, 2018. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- September 30, 2018 analysis assumes weighted avg. discount rate of 12.0%; weighted avg. prepayment rate of 8.5%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$106 per loan.
- December 31, 2017 analysis assumes weighted avg. discount rate of 12.0%; weighted avg. prepayment rate of 8.1%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$96 per loan.



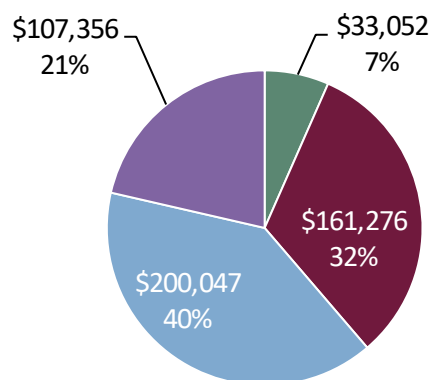
# RMBS Portfolio Coupon Composition

UNAUDITED

Appendix

**\$501,730 15/20 Year RMBS (Excludes TBAs)**

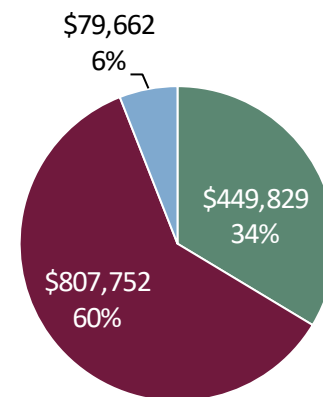
**27% of Total RMBS Portfolio**



■ 3.00 coupon ■ 3.50 coupon ■ 4.00 coupon ■ 6.13 coupon

**\$1,337,243 30 Year RMBS (Excludes TBAs)**

**73% of Total RMBS Portfolios**



■ 3.50 coupon ■ 4.00 coupon ■ 4.50 coupon

## RMBS Fixed Rate Securities Summary (Excludes TBAs)

WA Years to Maturity	Book Value	WAC	WA Amortized Cost	WA Fair Value	Estimated Fair Value	% of Total Estimated Fair Value
≤ 15 Years	\$51,794	3.24%	\$103.95	\$49,734	\$99.82	3%
20 Years	\$340,173	3.77%	\$104.42	\$328,931	\$100.98	18%
≥ 30 Years	\$1,388,679	3.86%	\$104.53	\$1,337,243	\$100.67	73%
Other RMBS	\$114,618	5.84%	\$100.26	\$123,065	\$107.90	7%
<b>Total / WA</b>	<b>\$1,895,265</b>	<b>3.96%</b>	<b>\$104.21</b>	<b>\$1,838,973</b>	<b>\$101.18</b>	<b>100%</b>

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

# Financing Highlights

UNAUDITED

Appendix

## Commentary

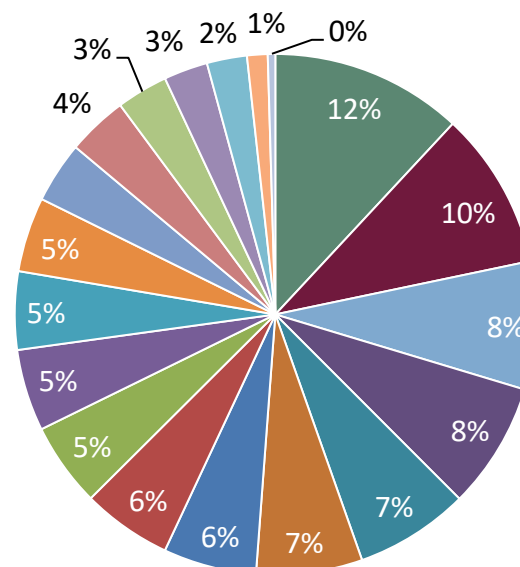
Average REPO cost was 2.26% with a weighted average days remaining to maturity of 47 days

28 REPO relationships established as of September 30, 2018

Borrowings with 19 financing counterparties

Weighted average "haircut" of 4.2%

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



## Cherry Hill Repurchase Agreement and Advance Summary

Remaining Maturity	REPO & Advances Outstanding		WA Rate	Remaining Days to Maturity	Original Days to Maturity
Less than one month	\$732,212	43.6%	2.24%	14	95
One to three months	\$723,385	43.0%	2.26%	57	97
Greater than three months	\$224,797	13.4%	2.37%	126	136
<b>Total / WA</b>	<b>\$1,680,394</b>	<b>100.0%</b>	<b>2.26%</b>	<b>47</b>	<b>101</b>

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

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

# Balance Sheet

UNAUDITED

Appendix

## Consolidated Balance Sheets

	September 30, 2018	December 31, 2017
<b>Assets</b>		
RMBS, available-for-sale (including pledged assets of \$1,750,467 and \$1,728,564, respectively)	\$ 1,838,973	\$ 1,840,912
Investments in Servicing Related Assets at fair value (including pledged assets of \$281,963 and \$122,806, respectively)	281,963	122,806
Cash and cash equivalents	21,388	27,327
Restricted cash	39,710	29,168
Derivative assets	31,431	13,830
Receivables and other assets	20,035	16,642
<b>Total Assets</b>	<b>\$ 2,233,500</b>	<b>\$ 2,050,685</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Repurchase agreements	\$ 1,680,394	\$ 1,666,537
Derivative liabilities	396	344
Notes payable	129,346	39,025
Dividends payable	9,096	7,273
Due to affiliates	3,776	3,035
Accrued expenses and other liabilities	22,323	12,014
<b>Total Liabilities</b>	<b>\$ 1,845,331</b>	<b>\$ 1,728,228</b>
<b>Stockholders' Equity</b>		
Series A Preferred stock, \$0.01 par value, 100,000,000 shares authorized and 2,671,782 shares issued and outstanding as of September 30, 2018 and 100,000,000 shares authorized and 2,400,000 shares issued and outstanding as of December 31, 2017, liquidation preference of \$66,795 as of September 30, 2018 and liquidation preference of \$60,000 as of December 31, 2017	\$ 64,510	\$ 57,917
Common stock, \$0.01 par value, 500,000,000 shares authorized and 16,189,618 shares issued and outstanding as of September 30, 2018 and 500,000,000 shares authorized and 12,721,464 shares issued and outstanding as of December 31, 2017	162	127
Additional paid-in capital	289,981	229,642
Retained earnings	85,012	35,238
Accumulated other comprehensive income (loss)	(55,194)	(2,942)
<b>Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity</b>	<b>\$ 384,471</b>	<b>\$ 319,982</b>
Non-controlling interests in Operating Partnership	3,698	2,475
<b>Total Stockholders' Equity</b>	<b>\$ 388,169</b>	<b>\$ 322,457</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,233,500</b>	<b>\$ 2,050,685</b>

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

# Income Statement

UNAUDITED

Appendix

## Consolidated Statements of Income

	Three Months Ended September 30,	
	2018	2017
<b>Income</b>		
Interest income	\$ 15,323	\$ 11,932
Interest expense	9,257	6,096
Net interest income	6,066	5,836
Servicing fee income	14,017	6,307
Servicing costs	2,981	1,626
Net servicing income	11,036	4,681
Other income (loss)		
Realized loss on RMBS, net	(428)	(169)
Realized loss on derivatives, net	(707)	(1,480)
Unrealized gain (loss) on derivatives, net	8,807	1,684
Unrealized gain (loss) on investments in MSRs	6,218	(2,334)
<b>Total Income</b>	<b>\$ 30,992</b>	<b>\$ 8,218</b>
<b>Expenses</b>		
General and administrative expense	1,165	948
Management fee to affiliate	1,599	948
<b>Total Expenses</b>	<b>\$ 2,764</b>	<b>\$ 1,896</b>
<b>Income Before Income Taxes</b>	<b>28,228</b>	<b>6,322</b>
Provision for (Benefit from) corporate business taxes	729	(537)
<b>Net Income</b>	<b>\$ 27,499</b>	<b>\$ 6,859</b>
Net income allocated to noncontrolling interests in Operating Partnership	(364)	(93)
Dividends on preferred stock	1,372	593
<b>Net Income Applicable to Common Stockholders</b>	<b>\$ 25,763</b>	<b>\$ 6,173</b>
<b>Net Income Per Share of Common Stock</b>		
Basic	\$ 1.62	\$ 0.49
Diluted	\$ 1.62	\$ 0.49
<b>Weighted Average Number of Shares of Common Stock Outstanding</b>		
Basic	15,864,774	12,703,577
Diluted	15,873,030	12,711,776

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



# Comprehensive Income

UNAUDITED

Appendix

Consolidated Statement of Comprehensive Income		
	Three Months Ended September 30,	
	2018	2017
Net income	\$ 27,499	\$ 6,859
<b>Other comprehensive income (loss):</b>		
Net unrealized gain (loss) on RMBS	(13,656)	3,405
Reclassification of net realized gain on RMBS included in earnings	428	169
Other comprehensive income (loss)	(13,228)	3,574
<b>Comprehensive income</b>	<b>\$ 14,271</b>	<b>\$ 10,433</b>
Comprehensive income attributable to noncontrolling interests in Operating Partnership	\$ 187	\$ 142
Dividends on preferred stock	1,372	593
Comprehensive income attributable to common stockholders	\$ 12,712	\$ 9,698

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

# Core Earnings

UNAUDITED

Appendix

## Core Earnings

	Three Months Ended September 30,	
	2018	2017
Net Income	\$ 27,499	\$ 6,859
<b>Other comprehensive income (loss):</b>		
+ Realized loss on RMBS, net	428	169
+ Realized loss on derivatives, net	707	1,480
+ Unrealized loss (gain) on derivatives, net	(8,807)	(1,684)
+ Unrealized loss (gain) on investments in MSRs	(6,218)	2,334
+ Tax (benefit) expense on unrealized (loss) gain on MSRs	725	(643)
+ Changes due to realization of expected cash flows	(4,042)	(1,975)
+ Yield maintenance income	-	750
<b>Total core earnings:</b>	<b>\$ 10,292</b>	<b>\$ 7,290</b>
Core earnings attributable to noncontrolling interests in Operating Partnership	(136)	(100)
Dividends on preferred stock	1,372	593
<b>Core Earnings Attributable to Common Stockholders</b>	<b>\$ 8,784</b>	<b>\$ 6,597</b>
<b>Core Earnings Attributable to Common Stockholders, per Share</b>	<b>\$ 0.55</b>	<b>\$ 0.52</b>
<b>GAAP Net Income Per Share of Common Stock</b>	<b>\$ 1.62</b>	<b>\$ 0.49</b>

*Note: Core earnings is a non-GAAP financial measure and is defined by the Company as GAAP net income (loss) applicable to common stockholders, excluding realized gain (loss) on RMBS, realized and unrealized (gain) loss on investments in Excess MSRs and MSRs, realized and unrealized gain (loss) on derivatives, realized (gain) loss on acquired assets, and changes in fair value of MSRs primarily due to realization of expected cash flows (runoff). Core earnings is adjusted to exclude outstanding LTIP-OP Units in our Operating Partnership and dividends paid on preferred stock. Additionally, core earnings excludes (i) any tax (benefit) expense on unrealized (gain) loss on MSRs and (ii) any estimated catch up premium amortization (benefit) cost due to the use of current rather than historical estimates of constant prepayment rates for amortization of Excess MSRs. Core earnings include yield maintenance payments received in connection with the sale of the Company's Excess MSRs. Core earnings are provided for purposes of comparability to other issuers that invest in residential mortgage-related assets. The Company believes providing investors with core earnings, in addition to related GAAP financial measures, gives investors greater transparency into the Company's ongoing operational performance. The concept of core earnings does have significant limitations, including the exclusion of realized and unrealized gains (losses), and may not be comparable to similarly-titled measures of other peers, which may use different calculations. As a result, core earnings should not be considered a substitute for the Company's GAAP net income (loss) or as a measure of the Company's liquidity.*

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

# Segment Results

UNAUDITED

Appendix

Results of Operations				
	Servicing Related Assets	RMBS	All Other	Total
<b>Three Months Ended September 30, 2018</b>				
Interest income	\$ -	\$ 15,323	\$ -	\$ 15,323
Interest expense	629	8,626	2	9,257
<b>Net interest income</b>	<b>(629)</b>	<b>6,697</b>	<b>(2)</b>	<b>6,066</b>
Servicing fee income	14,017	-	-	14,017
Servicing costs	2,981	-	-	2,981
<b>Net servicing income</b>	<b>11,036</b>	<b>-</b>	<b>-</b>	<b>11,036</b>
Other income	6,218	7,672	-	13,890
Other operating expenses	-	-	2,764	2,764
(Benefit from) provision for corporate business taxes	729	-	-	729
<b>Net income (loss)</b>	<b>\$ 15,896</b>	<b>\$ 14,369</b>	<b>\$ (2,766)</b>	<b>\$ 27,499</b>
<b>September 30, 2018</b>				
Investments	\$ 281,963	\$ 1,838,973	\$ -	\$ 2,120,936
Other assets	14,055	77,078	21,431	112,564
<b>Total assets</b>	<b>296,018</b>	<b>1,916,051</b>	<b>21,431</b>	<b>2,233,500</b>
Debt	129,346	1,680,394	-	1,809,740
Other liabilities	14,951	5,978	14,662	35,591
<b>Total liabilities</b>	<b>144,297</b>	<b>1,686,372</b>	<b>14,662</b>	<b>1,845,331</b>
<b>Book value</b>	<b>\$ 151,721</b>	<b>\$ 229,679</b>	<b>\$ 6,769</b>	<b>\$ 388,169</b>
<b>Leverage</b>				
<b>September 30, 2018</b>	<b>0.85x</b>	<b>7.32x</b>	<b>-x</b>	<b>4.66x</b>

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

# RMBS Net Interest Spread

UNAUDITED

Appendix

RMBS Net Interest Spread				
	At September 30, 2018	At June 30, 2018	At March 31, 2018	At December 31, 2017
Weighted Average Asset Yield	3.29%	2.66%	2.98%	2.91%
Weighted Average Interest Expense	2.11%	1.72%	1.84%	1.64%
Net Interest Spread	1.18%	0.94%	1.14%	1.27%

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

# Hedging Summary

UNAUDITED

Appendix

Interest Rate Swaps					
Commentary	Characteristics				
Approximately \$1.4 billion notional fixed pay swaps  4.3 years weighted average duration  Covers 83% of aggregate REPO borrowings	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
	x ≤ 3 Years	\$348,300	1.68%	2.33%	1.3
	3 > x ≤ 5 Years	350,300	2.01%	2.33%	4.0
	5 > x ≤ 7 Years	393,900	2.31%	2.34%	6.0
	7 > x ≤ 10 Years	300,500	2.51%	2.34%	9.2
	x > 10 Years	4,000	2.00%	2.32%	13.3
	Total / WA:	\$1,397,000	2.12%	2.33%	5.0

Interest Rate Swaptions
<p>\$160 million notional</p> <p>Options to enter into fixed pay swaps prior to September 2019</p> <p>5.2 year weighted average duration</p>

Note: Figures presented are rounded. As of September 30, 2018. 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 Market Value
- **FNMA** – Fannie Mae / Federal National Mortgage Association
- **FICO** – A borrower's credit metric generated by the credit scoring model created by the Fair Isaac Corporation
- **Flow Arrangements** – contractual recurring agreements, often monthly or quarterly, to purchase servicing of newly originated or highly delinquent loans
- **GNMA** – Ginnie Mae / Government National Mortgage Association
- **Gross CPR** – Gross CPR is CPR prior to factoring in recapture
- **Gross CRR** – Gross CRR is CRR prior to factoring in recapture
- **HPA** – Home price appreciation
- **LT** – Long Term
- **LTD Cash Flows** – Actual life to date cash flow collected from the investment as of the end of the current month
- **LTD** – Life to Date
- **Net CPR** – CPR after taking into account recapture activity
- **OCI** – Other comprehensive income
- **Projected Future Cash Flows** – Future cash flow expected per the current market valuation
- **Recapture Rate** – Percentage of voluntarily prepaid loans that are refinanced by recapture partner
- **Total Cash Flow** – Sum of all LTD cash flows and all projected future cash flows
- **Uncollected Payments** – Percentage of loans that missed their most recent payment
- **UPB** – Unpaid Principal Balance
- **Updated IRR** – Internal rate of return calculated based on the cash flow received to date through the current month and the expected future cash flow based on our original underwriting assumptions.
- **U/W LTD** – Underwritten life-to-date
- **WA/WAVG** – Weighted Average
- **WAL** – Weighted Average Life to Maturity
- **WALA** – Weighted Average Loan Age
- **WAC** – Weighted Average Coupon