



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

Investor Presentation

Second Quarter 2020

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

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



Second Quarter 2020

Second Quarter 2020 Highlights

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Financial Results

\$13.41 GAAP book value per common share¹

- 2.3% decrease, net of 2Q20 dividend
- Approximately 70% of the decrease resulted from paying half of first quarter common dividend in stock

\$0.27 dividend per share declared and paid

0.4% total quarterly economic loss²

\$0.47 core earnings per share³

Portfolio Update

4.4x leverage ratio for aggregate portfolio

37.9% net CPR for Conventional MSR⁴

1.64% net interest spread for RMBS

28.0% net CPR for Government MSR⁴

13.7% CPR for RMBS⁴

Highlights through July 31, 2020

Strategically sold GNMA MSR⁴s to streamline servicing portfolio

Restarted the MSR flow program in late second quarter

Continued to reduce Non-Agency RMBS exposure

Note: Figures presented are rounded. As of June 30, 2020, unless noted otherwise.

1. Based on 17,076,858 common shares outstanding at June 30, 2020.

2. Total loss on book value for the quarter ended June 30, 2020 is defined as the decrease in book value from March 31, 2020 to June 30, 2020 of \$0.32, plus the dividend declared of \$0.27 per share, divided by March 31, 2020 book value of \$13.73 per share.

3. Based on 16,895,408 fully diluted weighted average common shares outstanding during the three-month period ended June 30, 2020.

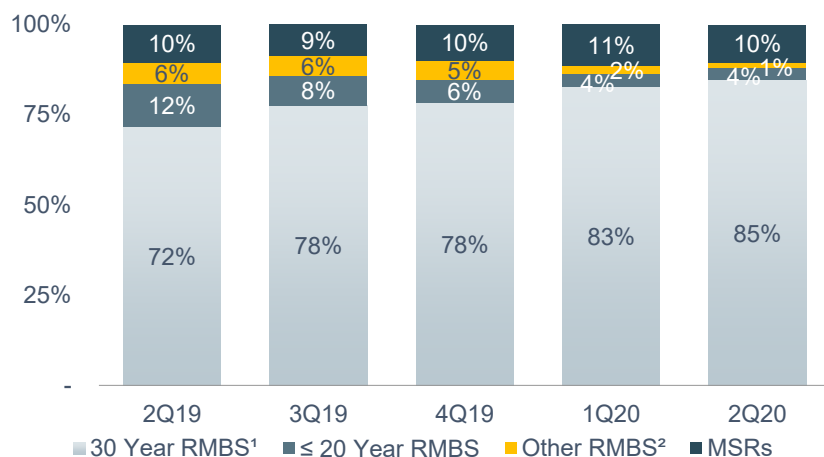
4. Weighted average CPR for the three-month period ended June 30, 2020.

Portfolio Metrics

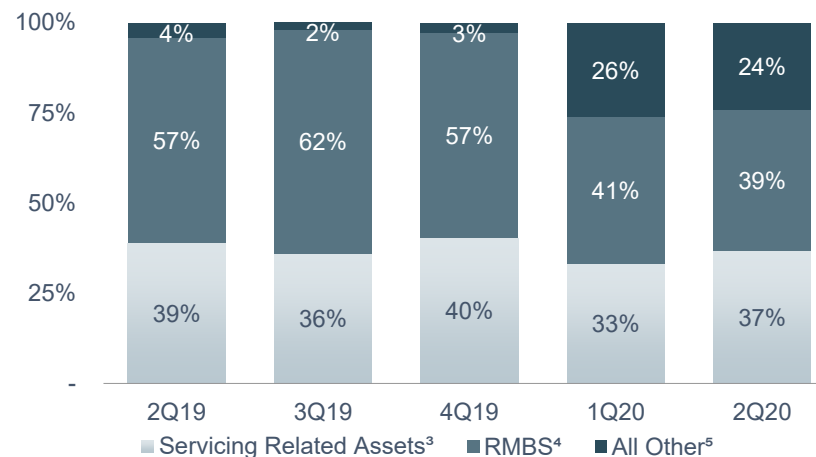
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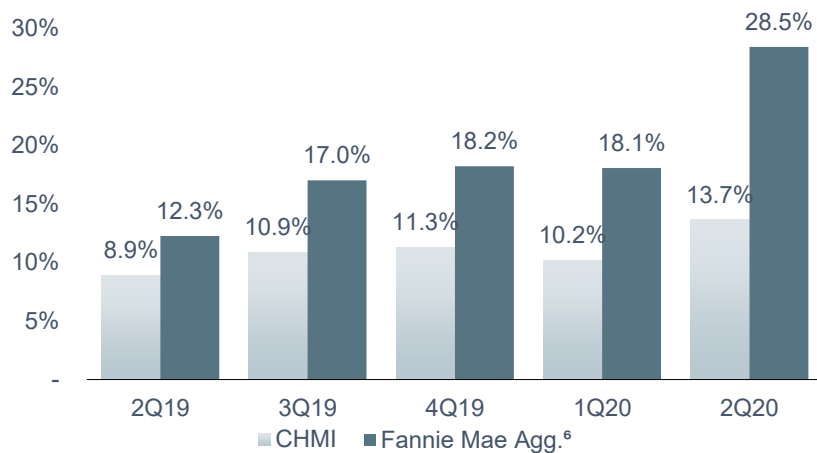
Asset Investment Composition (ex. Cash)



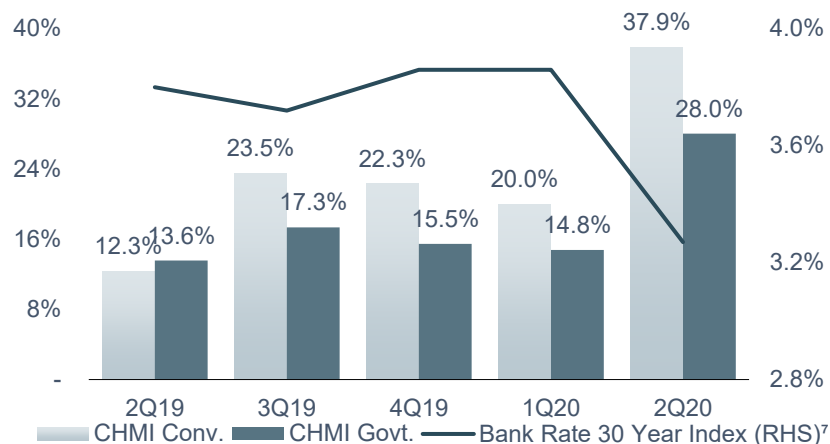
Equity Composition



Quarterly RMBS CPR Performance



Quarterly MSR Net CPR Performance



Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2020, unless noted otherwise.

1. Comprised of 30 Year assets and net TBAs.
2. Comprised of CRT and Private Label assets.
3. Comprised of MSRs and other related assets.

4. Comprised of RMBS and other related assets and liabilities.
5. Comprised of non-invested assets and liabilities, primarily cash.
6. Source: eMBS Mortgage-Backed Securities OnLine.
7. Source: Bloomberg ILM3NAVG index.

MSR Portfolio Overview

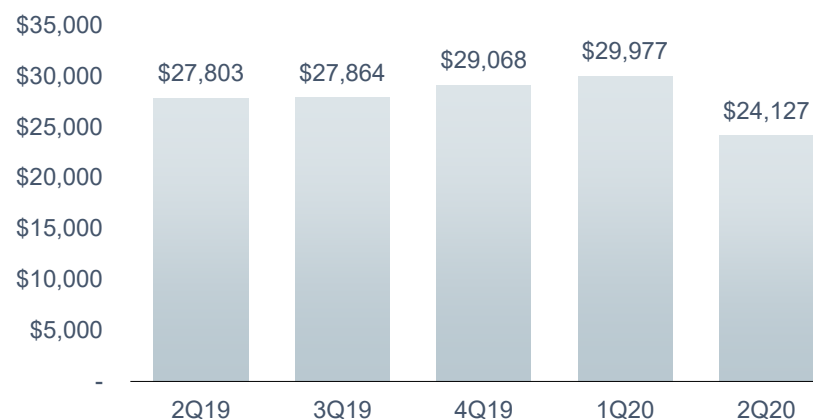
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June 30, 2020 MSR Characteristics

Characteristics	FNMA	FHLMC	Total
UPB (\$)	14,636,553,244	9,490,124,197	24,126,677,441
Avg UPB (\$'000)	235,458	247,713	240,131
WAC	4.12	4.22	4.16
Net Servicing Fee	0.25	0.25	0.25
WAM (Mths)	310	326	316
WALA (Mths)	28	21	25
Original FICO	754	754	754
Original LTV	79.4	80.2	79.7
ARM %	0.2%	0.3%	0.2%
60+ DQ	5.2%	5.6%	5.4%

Cherry Hill Historical MSR UPB (\$ millions)



Commentary

Investments in MSRs totaled \$177.3 million, related to approximately \$24.1 billion in UPB of underlying Fannie Mae and Freddie Mac loans as of June 30, 2020

Acquired approximately \$113 million in Fannie Mae/Freddie Mac MSR UPB during the quarter

Recapture rate on conventional MSRs was 6.5% in the quarter

Note: Figures presented are rounded. Dollars in thousands, unless noted otherwise. As of June 30, 2020, unless noted otherwise.

Ginnie Mae MSR Portfolio Sale

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Commentary

Sold all Ginnie Mae MSRs during the second quarter, generating ~\$137,000 gain on sale vs. June 30, 2020 fair value

2020 unrealized losses of ~\$11.5 million reclassified from unrealized gain (loss) to realized gain (loss) at the time of sale on June 30, 2020

Ginnie Mae MSR 2020 Performance and Sale Overview

Fair Value at December 31, 2019	\$	27,754	
First quarter changes in fair value due to:			
Changes in valuation inputs or assumptions used in valuation model		(7,848)	
Other changes in fair value ¹		(1,006)	
Unrealized gain (loss)	\$	(8,854)	(A)
Fair Value at March 31, 2020	\$	18,900	
Second quarter changes in fair value due to:			
Changes in valuation inputs or assumptions used in valuation model		(823)	
Other changes in fair value ¹		(1,807)	
Unrealized gain (loss)	\$	(2,630)	(B)
Fair Value at June 30, 2020	\$	16,270	
Other changes ²		576	
Proceeds on sale		15,831	
Gain on sale	\$	137	(C)
Year to date unrealized loss reclassified to realized		(11,484)	(A+B)
Realized loss included in income	\$	(11,347)	(A+B+C)

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

1. Represents changes due to realization of expected cash flows and estimated MSR runoff.

2. Represents purchase price adjustments.

RMBS Portfolio Overview

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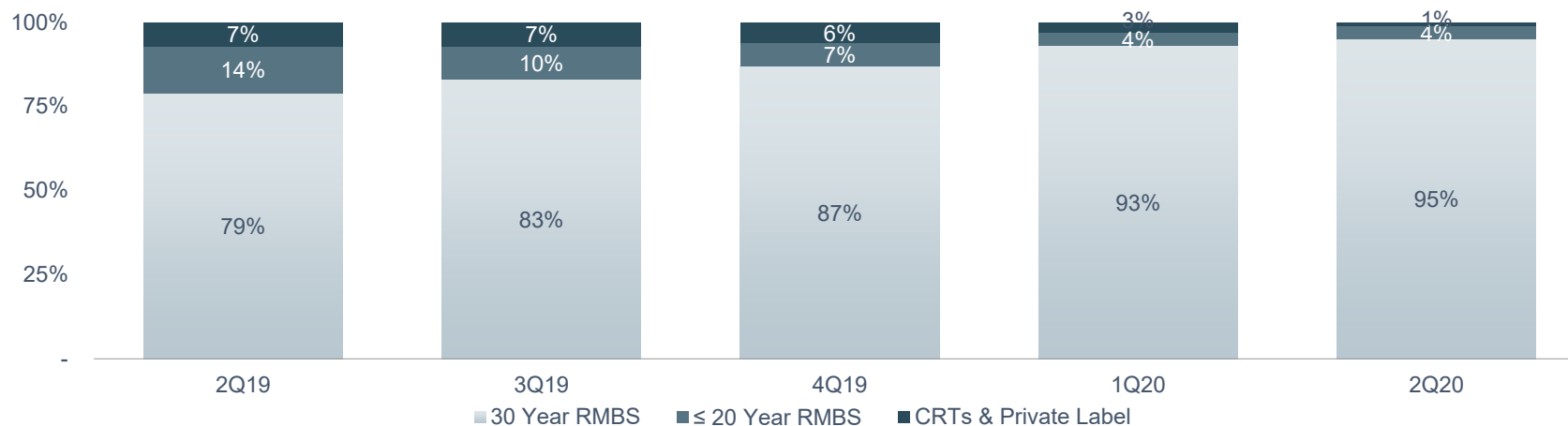


RMBS Portfolio Characteristics

30 Year RMBS (95% of Total)						
Coupon	FMV	Book Value	WAC	WALA	1 Mo. CPR	LT CPR ¹
≤ 2.5%	\$118,251	\$117,695	3.4%	0	0.1	15.4
3.0%	378,177	371,649	3.8%	4	5.1	19.7
3.5%	529,098	508,340	4.2%	21	11.3	22.2
4.0%	439,694	419,986	4.5%	37	19.2	23.1
≥ 4.5%	-	-	-	-	-	-
Total	\$1,465,220	\$1,417,670	4.1%	20	11.1	21.3
Net TBA	(\$34,408)	(\$34,318)	-	-	-	-
30 Year Total	\$1,430,812	\$1,383,352	4.2%	21	11.4	21.8

≤ 20 Year RMBS (5% of Total)						
Coupon	FMV	Book Value	WAC	WALA	1 Mo. CPR	LT CPR ¹
≤ 2.5%	-	-	-	-	-	-
3.0%	-	-	-	-	-	-
3.5%	-	-	-	-	-	-
4.0%	\$59,713	\$57,743	4.5%	39	21.9	22.3
≥ 4.5%	-	-	-	-	-	-
Total	\$59,713	\$57,743	4.5%	39	21.9	22.3
CRTs & Private Label	\$23,210	\$23,043	4.6%	41	42.8	25.2
≤ 20 Year Total	\$82,923	\$80,786	4.5%	40	27.8	23.1

RMBS Portfolio Composition History (ex. TBA)



Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2020, unless noted otherwise. CPR values presented are annualized.

1. LT CPR is produced using Yieldbook's third party prepayment model.

RMBS Portfolio with Prepayment Protection



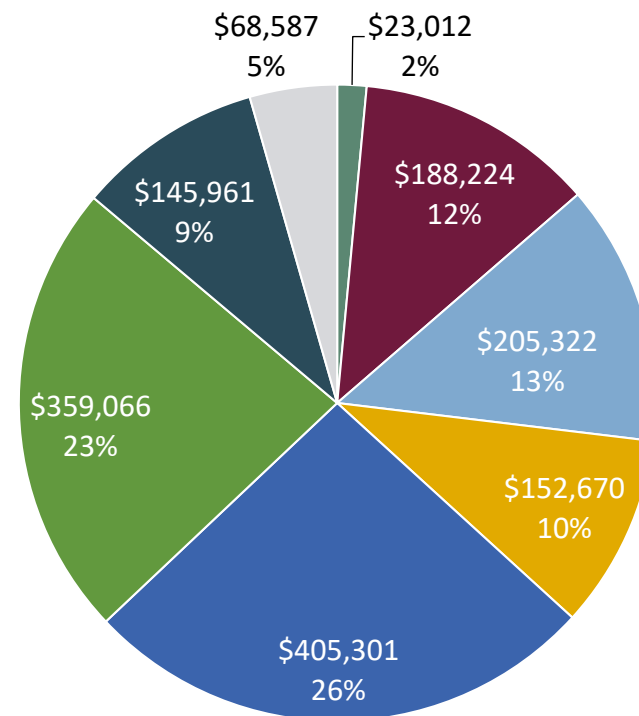
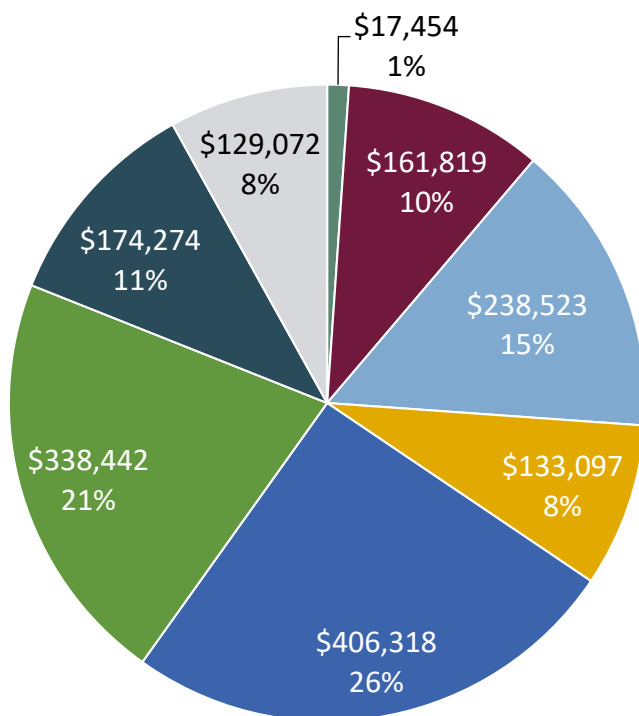
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March 31, 2020

RMBS Collateral (ex. TBA): \$1,598,999

June 30, 2020

RMBS Collateral (ex. TBA): \$1,548,144



- ≤ 110K Max Pools
- ≤ 150K Max Pools
- ≤ 175K Max Pools
- ≤ 225K Max Pools
- MHA/HFA Pools¹
- Geographic Stories²
- LTV
- Other RMBS³

Note: Figures noted are rounded. As of June 30, 2020, unless noted otherwise. Dollars in thousands.

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

predominantly Making Homeownership Affordable (MHA) pools.

2. Geographic stories are single state pools such as NY or PR.

3. Includes Jumbo pools, CRT pools and pools without prepayment protection.

Portfolio Duration Sensitivity Analysis

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Duration Gap Sensitivity of Current Portfolio

	- 50 bps	- 25 bps	6/30/2020	+ 25 bps	+50 bps
Assets					
RMBS Portfolio	1.49	1.63	1.80	2.04	2.40
Servicing Related Assets Portfolio	(3.01)	(3.19)	(3.35)	(3.31)	(3.50)
Total Assets	(1.52)	(1.56)	(1.56)	(1.26)	(1.10)
Liabilities, Swaps and Treasuries	1.94	1.86	1.78	1.71	1.64
Net Duration Gap (before Swaptions)	0.42	0.30	0.22	0.45	0.53
Swaptions	(0.00)	(0.01)	(0.03)	(0.07)	(0.11)
Net Duration Gap (including Swaptions)	0.42	0.29	0.19	0.38	0.43
Difference from Duration Gap as of June 30, 2020	0.23	0.10		0.19	0.23

Commentary

At June 30, 2020, the duration gap stood at +0.2 years

Assuming an instantaneous shift of +50 basis points in interest rates, the duration gap would move from +0.2 years to +0.4 years

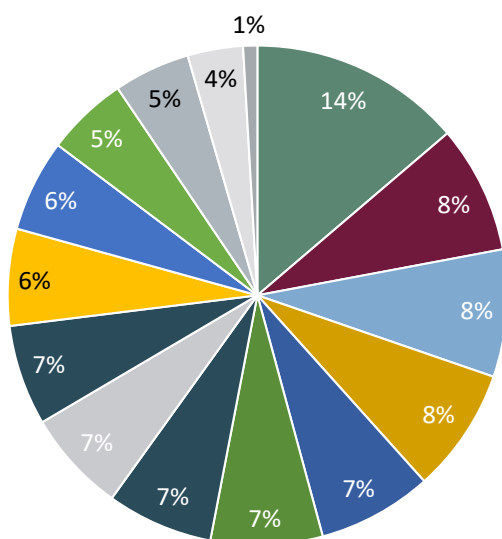
Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise. Liabilities, Swaps and Swaptions expressed as a percentage of total Assets. Totals may not sum due to rounding. Durations expressed in years. The estimated duration gap sensitivity 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.

Financing Summary

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Repurchase Agreement Counterparty Utilization¹



Commentary

Average REPO cost was 0.39% with a weighted average days remaining to maturity of 45 days

31 REPO relationships established

Borrowings with 15 financing counterparties

Weighted average “haircut” of 5.0%

Repurchase Agreement Characteristics

Remaining Maturity	REPO Outstanding	Percentage	WA Rate	Remaining Days to Maturity	Original Days to Maturity
Less than one month	\$385,573	27.6%	0.63%	11	87
One to three months	938,842	67.3%	0.30%	54	92
Greater than three months	70,902	5.1%	0.34%	125	183
Total / WA	\$1,395,317	100.0%	0.39%	45	95

Note: Figures noted are rounded. As of June 30, 2020, unless noted otherwise. Dollars in thousands.

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

Hedging Summary

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Swaps

Payer Swaps					
Yrs. To Maturity	Amount	WA Pay Rate	WA Receive	WA Yrs. to Mat.	
x ≤ 3 Years	\$358,400	1.15%	0.37%	1.9	
3 > x ≤ 5 Years	360,000	0.64%	0.32%	4.6	
5 > x ≤ 7 Years	153,900	0.66%	0.70%	6.5	
7 > x ≤ 10 Years	195,400	0.77%	0.32%	8.8	
x > 10 Years	-	-	-	-	
Total/WA	\$1,067,700	0.84%	0.39%	4.7	

Receiver Swaps					
Yrs. To Maturity	Amount	WA Pay Rate	WA Receive	WA Yrs. to Mat.	
x ≤ 3 Years	-	-	-	-	
3 > x ≤ 5 Years	-	-	-	-	
5 > x ≤ 7 Years	-	-	-	-	
7 > x ≤ 10 Years	\$555,000	0.54%	2.00%	9.1	
x > 10 Years	-	-	-	-	
Total/WA	\$555,000	0.54%	2.00%	9.1	

Treasury Futures

Maturity	Notional Amount			Fair Value
	Long Positions	Short Positions	Net	
5 Year	\$315,300	-	\$315,300	\$1,404
10 Year	168,200	-	168,200	1,025
Total	\$483,500	-	\$483,500	\$2,429

Swaptions

\$60 million notional swaptions with options to enter into fixed pay swaps prior to January 2021

-1.2 year weighted average duration

Commentary

Approximately \$1.6 billion notional interest rate swaps

4.4 years weighted average duration on Payer swaps

9.3 years weighted average duration on Receiver swaps

Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2020, unless noted otherwise.



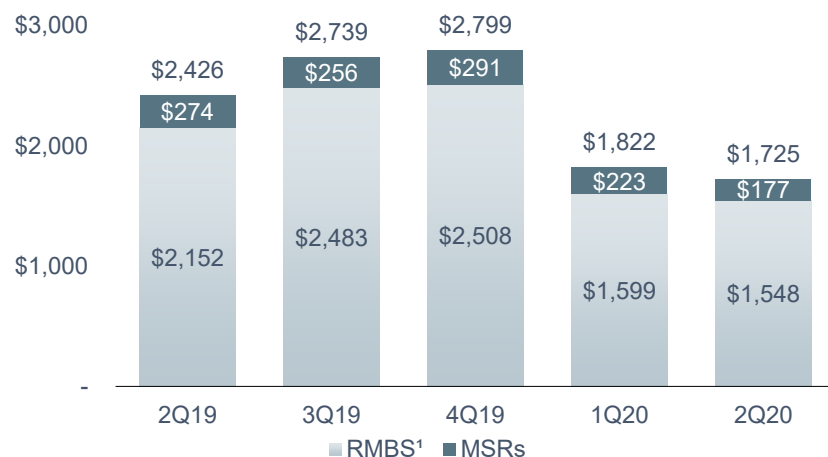
Appendix

Historical Portfolio Overview

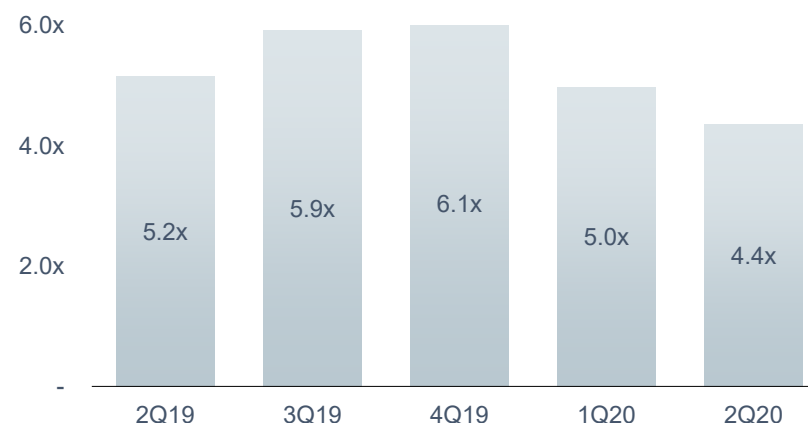


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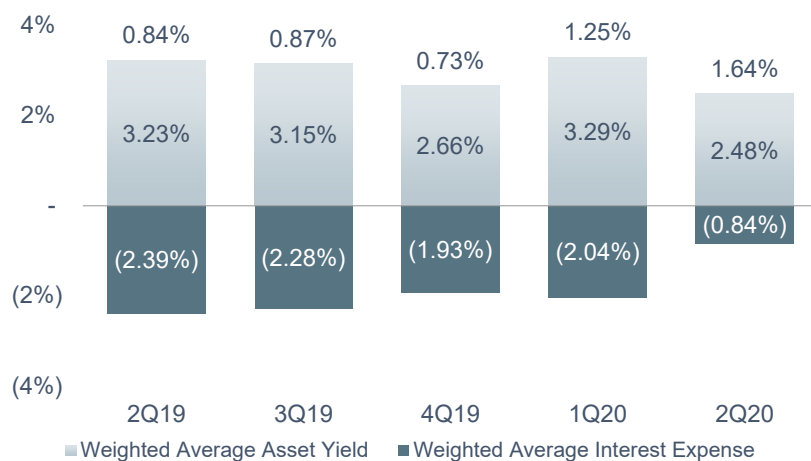
Asset Composition



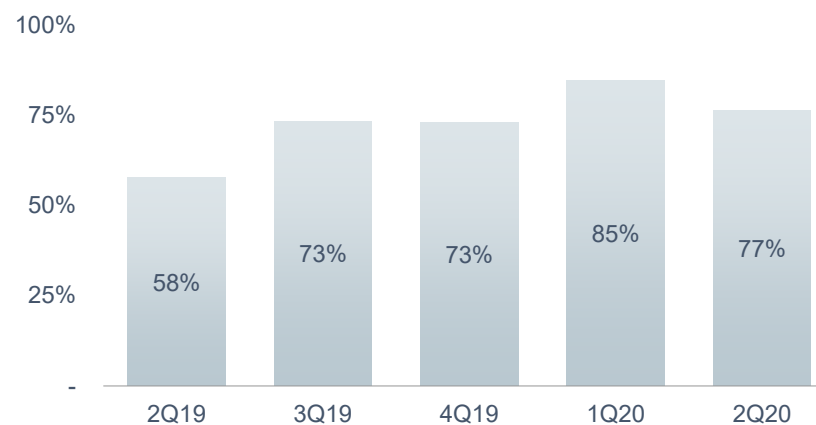
Company Leverage



RMBS Net Interest Spread



RMBS Hedge Ratio²



Note: Figures presented are rounded. Dollars in millions. As of June 30, 2020, unless noted otherwise.

1. Excludes TBAs.

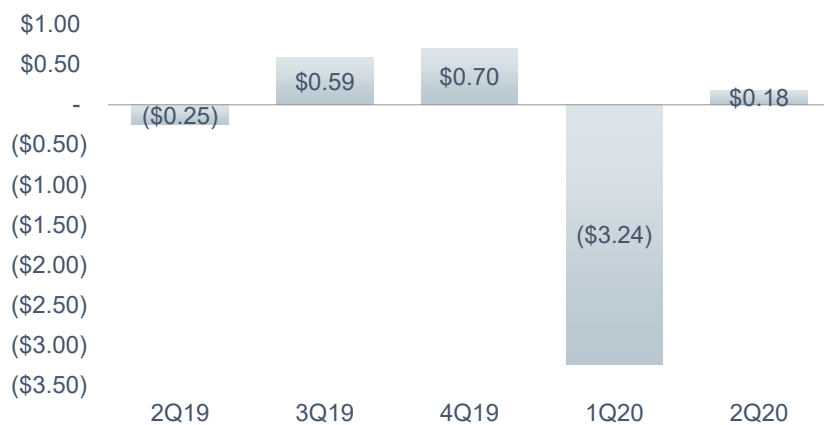
2. RMBS hedge ratio represents notional value of payer swaps relative to outstanding repurchase agreement borrowings.

Historical Performance Metrics



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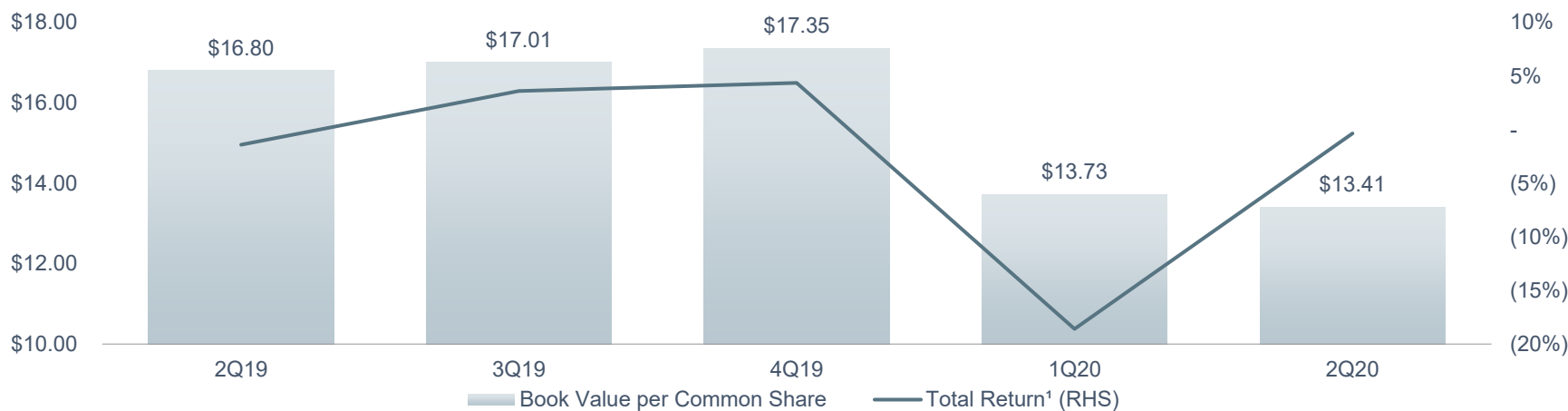
Comprehensive Income (Loss) per Common Share



Dividends per Common Share & Dividend Yield



Book Value & Total Quarterly Return (Loss)



Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise.

1. Total quarterly return (loss) on book value is defined as the change in book value per common share ("BVPS") from the prior quarter to the current quarter, plus the dividend declared in the prior quarter, divided by the prior quarter BVPS.

Basis Risk and Interest Rate Sensitivity¹



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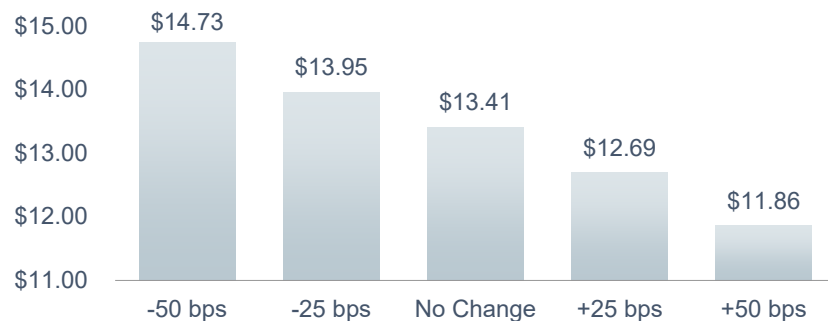
RMBS and MSR Spread (“Basis Risk”) Sensitivity on Current Portfolio

	-50 bps	-25 bps	No Change	+25 bps	+50 bps
Basis Risk Sensitivity					
Estimated Change in NAV	\$22,608	\$9,271	-	(\$12,323)	(\$26,553)
Proforma NAV as of June 30, 2020	\$373,439	\$360,102	\$350,831	\$338,508	\$324,278
Proforma percentage change in NAV	6.4%	2.6%	-	(3.5%)	(7.6%)
Proforma BV per Common Share as of June 30, 2020	\$14.73	\$13.95	\$13.41	\$12.69	\$11.86
Proforma percentage change in BV per Common Share	9.9%	4.0%	-	(5.4%)	(11.6%)

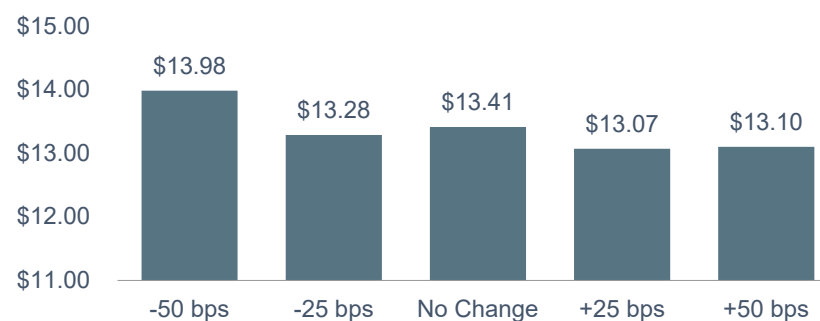
Interest Rate Sensitivity on Current Portfolio

	-50 bps	-25 bps	No Change	+25 bps	+50 bps
Interest Rate Sensitivity					
Estimated Change in NAV	\$9,737	(\$2,172)	-	(\$5,856)	(\$5,327)
Proforma NAV as of June 30, 2020	\$360,568	\$348,659	\$350,831	\$344,975	\$345,504
Proforma percentage change in NAV	2.8%	(0.6%)	-	(1.7%)	(1.5%)
Proforma BV per Common Share as of June 30, 2020	\$13.98	\$13.28	\$13.41	\$13.07	\$13.10
Proforma percentage change in BV per Common Share	4.3%	(0.9%)	-	(2.6%)	(2.3%)

Basis Risk Sensitivity



Interest Rate Sensitivity



Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise.

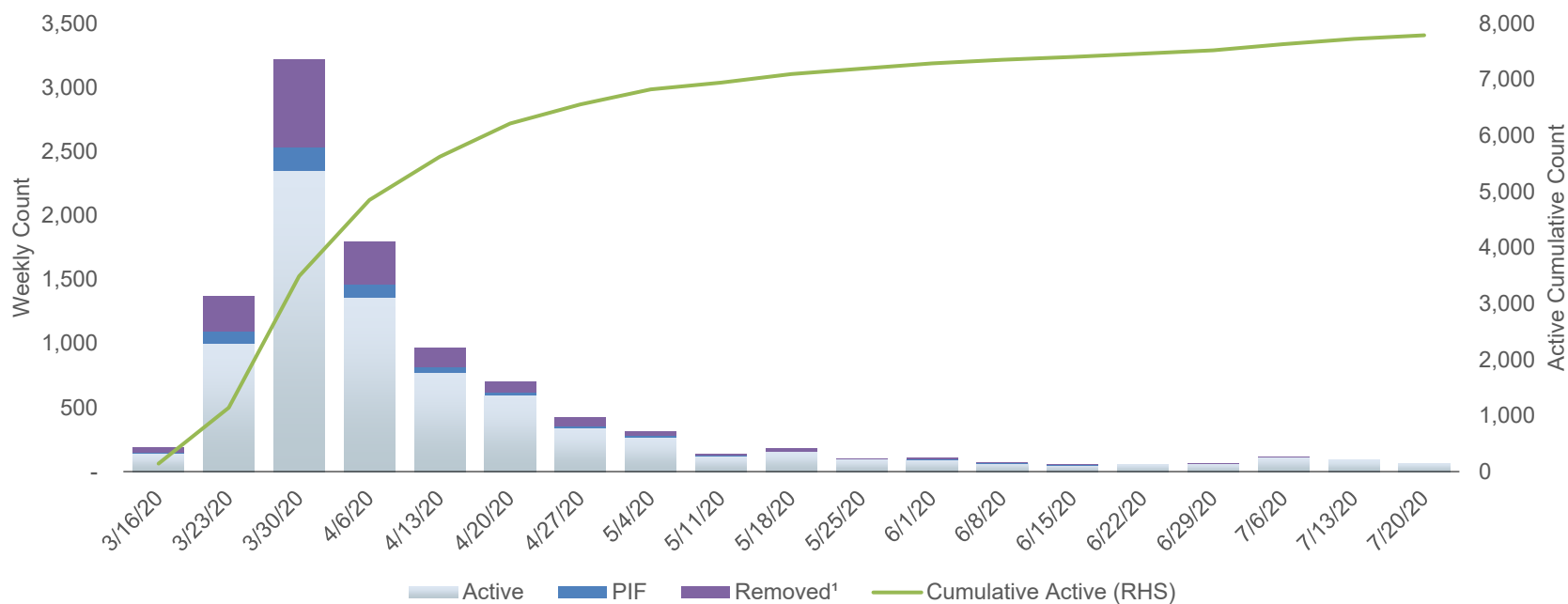
1. Interest rate and spread sensitivity are derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Rates are floored at zero percent.

Forbearance Update as of July 25, 2020

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Forbearance Trend by Week



Commentary

Approximately 32% of borrowers in forbearance are current and have made all payments due

Approximately 81% of borrowers granted forbearance remain in forbearance

Approximately 7.8% of our loan servicing portfolio was in active forbearance

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of July 25, 2020, unless noted otherwise.

1. Represents borrowers who have requested to be removed from forbearance or exited forbearance through loss mitigation.

Balance Sheet

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Consolidated Balance Sheets

	June 30, 2020	December 31, 2019
Assets		
RMBS, available-for-sale (including pledged assets of \$1,444,649 and \$2,419,539, respectively)	\$ 1,548,144	\$ 2,508,360
Investments in Servicing Related Assets at fair value (including pledged assets of \$177,261 and \$291,111, respectively)	177,261	291,111
Cash and cash equivalents	94,473	24,671
Restricted cash	33,371	67,037
Derivative assets	33,411	18,289
Receivables from unsettled trades	-	-
Receivables and other assets	61,503	47,084
Total Assets	\$ 1,948,163	\$ 2,956,552
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 1,395,317	\$ 2,337,638
Derivative liabilities	19,313	12,337
Notes payable	131,780	166,989
Dividends payable	6,720	8,768
Due to affiliates	3,469	3,589
Payables for unsettled trades	35,898	-
Accrued expenses and other liabilities	4,835	15,588
Total Liabilities	\$ 1,597,332	\$ 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 17,076,858 shares issued and outstanding as of June 30, 2020 and 500,000,000 shares authorized and 16,660,655 shares issued and outstanding as of December 31, 2019	175	170
Additional paid-in capital	306,198	302,723
Accumulated Deficit	(117,377)	(47,367)
Treasury stock at cost, 378,481 shares at \$13.98 as of June 30, 2020 and 235,950 shares at \$14.59 as of December 31, 2019	(5,291)	(3,543)
Accumulated other comprehensive income	49,569	41,414
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$ 348,555	\$ 408,678
Non-controlling interests in Operating Partnership	2,276	2,965
Total Stockholders' Equity	\$ 350,831	\$ 411,643
Total Liabilities and Stockholders' Equity	\$ 1,948,163	\$ 2,956,552

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise.

Income Statement

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Consolidated Statements of Income

	Three Months Ended June 30,	
	2020	2019
Income		
Interest income	\$ 10,132	\$ 17,216
Interest expense	3,425	11,707
Net interest income	6,707	5,509
Servicing fee income	18,032	18,362
Servicing costs	6,594	4,103
Net servicing income	11,438	14,259
Other income (loss)		
Realized loss on RMBS, available-for-sale, net	(1,769)	-
Realized loss on investments in MSRs, net	(11,347)	-
Realized gain (loss) on derivatives, net	4,558	(365)
Realized loss on acquired assets, net	(548)	-
Unrealized gain (loss) on derivatives, net	(4,581)	(3,819)
Unrealized loss on investments in Servicing Related Assets	(17,025)	(44,042)
Total Loss	\$ (12,567)	\$ (28,458)
Expenses		
General and administrative expense	1,420	1,138
Management fee to affiliate	1,974	1,934
Total Expenses	\$ 3,394	\$ 3,072
Loss Before Income Taxes	(15,961)	(31,530)
Benefit from corporate business taxes	(5,837)	(4,372)
Net Loss	\$ (10,124)	\$ (27,158)
Net loss allocated to noncontrolling interests in Operating Partnership	180	438
Dividends on preferred stock	2,461	2,593
Net Loss Applicable to Common Stockholders	\$ (12,405)	\$ (29,313)
Net Loss Per Share of Common Stock		
Basic	\$ (0.73)	\$ (1.75)
Diluted	\$ (0.73)	\$ (1.75)
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	16,881,987	16,776,472
Diluted	16,895,408	16,789,261

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise.

Comprehensive Income

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Consolidated Statement of Comprehensive Income

	Three Months Ended June 30,	
	2020	2019
Net loss	\$ (10,124)	\$ (27,158)
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	14,017	25,536
Reclassification of net realized gain on RMBS included in earnings	1,769	-
Other comprehensive income	15,786	25,536
Comprehensive income (loss)	\$ 5,662	\$ (1,622)
Comprehensive income (loss) attributable to noncontrolling interests in Operating Partnership	\$ 113	\$ (29)
Dividends on preferred stock	2,461	2,593
Comprehensive income (loss) attributable to common stockholders	\$ 3,088	\$ (4,186)
Comprehensive Income Per Share of Common Stock		
Basic	\$ 0.18	\$ (0.25)
Diluted	\$ 0.18	\$ (0.25)

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise.

Core Earnings

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Core Earnings

	Three Months Ended June 30,	
	2020	2019
Net Loss	\$ (10,124)	\$ (27,158)
Other comprehensive income (loss):		
+ Realized loss on RMBS, net	1,769	-
+ Realized loss (gain) on derivatives, net	(4,558)	365
+ Realized loss on investments in MSRs, net	11,347	-
+ Realized loss on acquired assets, net	548	-
+ Unrealized loss (gain) on derivatives, net	4,581	3,819
+ Unrealized loss on investments in MSRs, net of estimated MSR amortization	11,801	38,733
+ Tax benefit of realized and unrealized loss on MSRs	(4,832)	(4,249)
Total core earnings:	\$ 10,532	\$ 11,510
Core earnings attributable to noncontrolling interests in Operating Partnership	(193)	(185)
Dividends on preferred stock	2,461	2,593
Core Earnings Attributable to Common Stockholders	\$ 7,878	\$ 8,732
Core Earnings Attributable to Common Stockholders, per Diluted Share	\$ 0.47	\$ 0.52
GAAP Net Income (Loss) Per Share of Common Stock, per Diluted Share	\$ (0.73)	\$ (1.75)

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise. 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 realized and 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

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Results of Operations

	Servicing Related			
	Assets	RMBS	All Other	Total
Income Statement				
Three Months Ended June 30, 2020				
Interest income	\$ 479	\$ 9,653	\$ -	\$ 10,132
Interest expense	438	2,987	-	3,425
Net interest income	41	6,666	-	6,707
Servicing fee income	18,032	-	-	18,032
Servicing costs	6,594	-	-	6,594
Net servicing income	11,438	-	-	11,438
Other expense	(25,044)	(5,668)	-	(30,712)
Other operating expenses	1,135	-	2,259	3,394
Benefit from corporate business taxes	(5,837)	-	-	(5,837)
Net Income (Loss)	\$ (8,863)	\$ 998	\$ (2,259)	\$ (10,124)
Balance Sheet				
June 30, 2020				
Investments	\$ 177,261	\$ 1,548,144	\$ -	\$ 1,725,405
Other assets	87,302	40,420	95,036	222,758
Total assets	264,563	1,588,564	95,036	1,948,163
Debt	131,780	1,395,317	-	1,527,097
Other liabilities	3,377	55,668	11,190	70,235
Total liabilities	135,157	1,450,985	11,190	1,597,332
Book value	\$ 129,406	\$ 137,579	\$ 83,846	\$ 350,831

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2020, unless noted otherwise.

Abbreviations

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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



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