



CHMI  
CHERRY HILL MORTGAGE  
INVESTMENT CORPORATION

Third Quarter 2016 Investor Presentation

November 8, 2016

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



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**Third Quarter 2016**



# Mortgage Commentary

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Third Quarter 2016

## Third Quarter Market Highlights

Long Term US Treasury rates touch historic lows intra quarter

- Interest rates fluctuated over the quarter
  - BREXIT fears and elevated investor concerns initially drove global interest rates lower
  - Central bank purchasing programs stabilized markets intra quarter with domestic 10 year rates closing 12 basis points higher Quarter over Quarter

Mortgage performance was strong despite low interest and mortgage rates driving prepayment speeds higher

- Mortgage technicals remained strong. Fed purchase programs as well as bank and foreign investor sponsorships supported basis
- Mortgage specified pools outperformed their generic cohorts during the quarter, providing much needed prepayment protection

Mortgage servicing rights activity was again lackluster as sellers waited for a rate sell off

## Market Considerations

Fed reluctantly growing more comfortable with a December 2016 rate hike

- FOMC September and October meetings dissention suggested mixed views on strength of domestic economy
- Fed continued buying of lower coupon RMBS has contributed to strong technical performance of asset class over the quarter

Primary Mortgage rate dropped to 3.46% vs 3.58% quarter over quarter, driving MSR valuations slightly lower

## Relevant Market Data

|                | U.S. Treasuries |        |         |         | 30 Year MBS |        |        |        | Swap Rates |        |        |         |         |
|----------------|-----------------|--------|---------|---------|-------------|--------|--------|--------|------------|--------|--------|---------|---------|
|                | 2 Year          | 5 Year | 10 Year | 30 Year | 3.5%        | 4.0%   | 4.5%   | 5.0%   | 2 Year     | 3 Year | 5 Year | 10 Year | 30 Year |
| <b>3Q 2016</b> | 0.7640          | 1.1500 | 1.5950  | 2.3160  | 103-31      | 105-17 | 107-13 | 109-17 | 1.0130     | 1.0685 | 1.1813 | 1.4555  | 1.7794  |
| <b>2Q 2016</b> | 0.5840          | 1.0000 | 1.4710  | 2.2850  | 105-17      | 107-07 | 109-05 | 111-03 | 0.7570     | 0.8078 | 0.9830 | 1.3640  | 1.8280  |
| <b>1Q 2016</b> | 0.7230          | 1.2060 | 1.7700  | 2.6120  | 104-29      | 106-29 | 108-27 | 110-20 | 0.8413     | 0.9480 | 1.1720 | 1.6385  | 2.1368  |
| <b>4Q 2015</b> | 1.0500          | 1.7610 | 2.2700  | 3.0160  | 103-07      | 105-27 | 108-01 | 110-04 | 1.1790     | 1.4160 | 1.7369 | 2.1865  | 2.6190  |

Source: Bloomberg. Values presented are as of period end.

# Third Quarter 2016 Highlights

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Third Quarter 2016

## Financial Results

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

- \$5.93 dividends distributed life to date

**\$20.09 GAAP book value per common share<sup>2</sup>**

- 1.5% increase, net of dividend

**3.9% total quarterly return on book value<sup>3</sup>**

**\$0.54 core earnings per share<sup>4</sup>**

**\$0.57 dividend eligible income per share<sup>4</sup>**

## Portfolio Update

**3.20x leverage ratio for aggregate portfolio**

**15% Net CPR for Excess MSR**

**1.63% net interest spread for RMBS<sup>5</sup>**

**15% CPR for full MSR**

**8.75% CPR for RMBS<sup>6</sup>**

## 3Q 2016 Milestones

**Closed on a \$25 million Fannie Mae MSR financing facility**

*Note: Figures presented, except per share data, are rounded. As of September 30, 2016.*

- 1. Third Quarter 2016 \$0.49 dividend was paid in cash on October 25, 2016 to stockholders of record on September 30, 2016.*
- 2. Based on 7,525,348 common shares outstanding at September 30, 2016.*
- 3. Total return on book value for the quarter ended September 30, 2016 is defined as the increase in book value from June 30, 2016 to September 30, 2016 of \$0.29, plus the dividend declared of \$0.49 per share, divided by June 30, 2016 book value of \$19.80 per share.*
- 4. Based on 7,528,188 fully diluted weighted average common shares outstanding at September 30, 2016.*
- 5. 1.32% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.*
- 6. Actual weighted average CPR for the three month period ended September 30, 2016.*

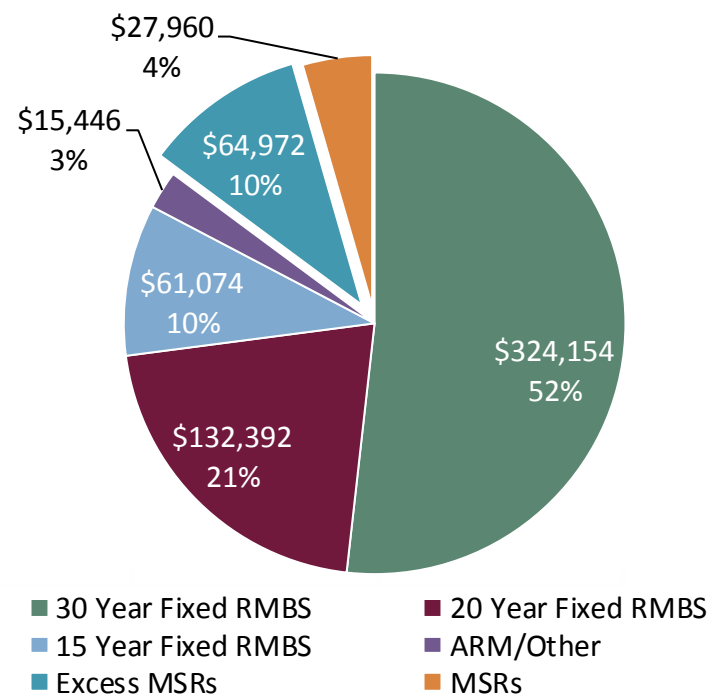
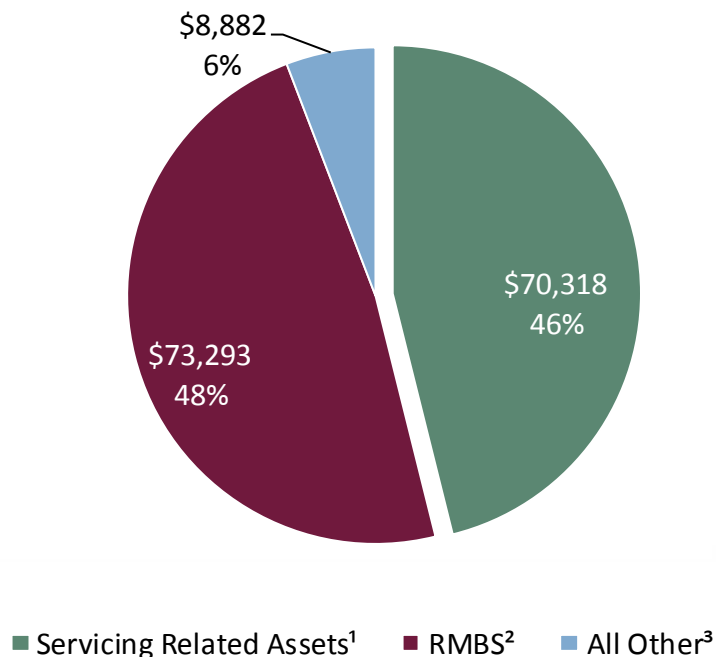
# Aggregate Investment Portfolio Composition

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Third Quarter 2016

## Equity Investment Composition: \$152,493

## Aggregate Investment Portfolio Composition: \$625,998<sup>4</sup>



**Servicing Related Assets represented approximately 46% of equity and 14% of assets at quarter end.**

Note: All financial information as of September 30, 2016, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of MSRs, Excess 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.

# Excess MSR Overview

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Third Quarter 2016

## Commentary

**\$1.07 billion of loans recaptured on total portfolio with recapture on Pool 2 comprising 51% of recapture activity**

### Characteristics

|                   | Initial             |             |            |           |            |             | Current (9/30/16) <sup>1</sup> |             |            |           |             | Net CPR    |            | Recapture Rate |            |
|-------------------|---------------------|-------------|------------|-----------|------------|-------------|--------------------------------|-------------|------------|-----------|-------------|------------|------------|----------------|------------|
|                   | UPB                 | WAC         | WAM        | WALA      | FICO       | 30+ DQ      | UPB                            | WAC         | WAM        | WALA      | 30+ DQ      | Q3 '16     | Q2 '16     | Q3 '16         | Q2 '16     |
| Pool 1            | \$10,026,722        | 3.5%        | 338        | 9         | 706        | 3.0%        | \$6,514,661                    | 3.5%        | 305        | 40        | 5.4%        | 14%        | 16%        | 65%            | 38%        |
| Pool 2            | 10,704,024          | 2.6%        | 343        | 15        | 682        | 6.9%        | 6,330,278                      | 2.9%        | 317        | 37        | 12.8%       | 17%        | 16%        | 58%            | 53%        |
| Pool 2014         | 334,672             | 3.7%        | 349        | 8         | 692        | 3.4%        | 225,390                        | 3.6%        | 320        | 30        | 9.3%        | 19%        | 20%        | 72%            | 53%        |
| <b>Total / WA</b> | <b>\$21,065,418</b> | <b>3.1%</b> | <b>341</b> | <b>12</b> | <b>694</b> | <b>5.0%</b> | <b>\$13,070,329</b>            | <b>3.2%</b> | <b>311</b> | <b>38</b> | <b>9.1%</b> | <b>15%</b> | <b>16%</b> | <b>62%</b>     | <b>45%</b> |

### Investment Details

|                   | Initial             |                  | Current Cash Flows (9/30/16) <sup>1</sup> |                 |                    |  |                 |                 |                 | IRR <sup>2,3</sup> |            |
|-------------------|---------------------|------------------|---|-----------------|--------------------|--|-----------------|-----------------|-----------------|--------------------|------------|
|                   | UPB                 | Investment       | Return of Capital                         | Interest Income | Total QTD Cashflow | Projected Future Cashflow <sup>2</sup> | Cost Basis      | Adj. for Market | Market Value    | Initial            | Updated    |
| Pool 1            | \$10,026,722        | \$60,561         | \$1,645                                   | \$1,326         | \$2,971            | \$60,720                               | \$34,746        | \$224           | \$34,970        | 14%                | 14%        |
| Pool 2            | 10,704,024          | 38,407           | 1,012                                     | 1,868           | 2,880              | 53,687                                 | 21,436          | 7,416           | 28,852          | 18%                | 21%        |
| Pool 2014         | 334,672             | 2,174            | 80  | 27              | 107                | 1,977                                  | 1,360           | (210)           | 1,150           | 12%                | 12%        |
| <b>Total / WA</b> | <b>\$21,065,418</b> | <b>\$101,142</b> | <b>\$2,738</b>                            | <b>\$3,220</b>  | <b>\$5,958</b>     | <b>\$116,384</b>                       | <b>\$57,541</b> | <b>\$7,430</b>  | <b>\$64,971</b> | <b>16%</b>         | <b>17%</b> |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

1. Current data reflective of recaptured loans.
2. For assumptions on underwritten projected cash flows, see detailed footnotes at the end of this presentation, on page 28.
3. Weighted by initial investment.



# Excess MSR Performance

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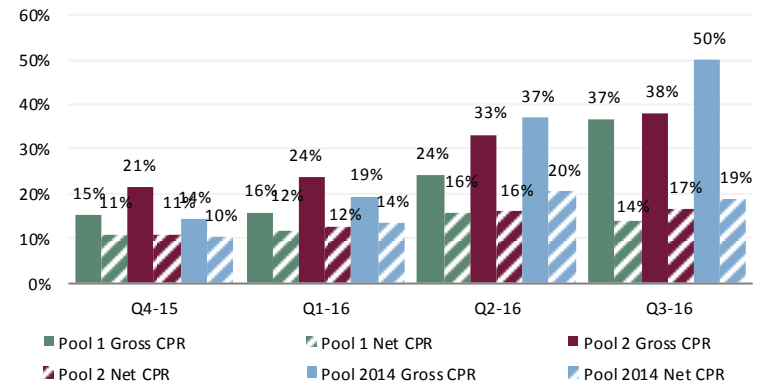
Third Quarter 2016

## Commentary

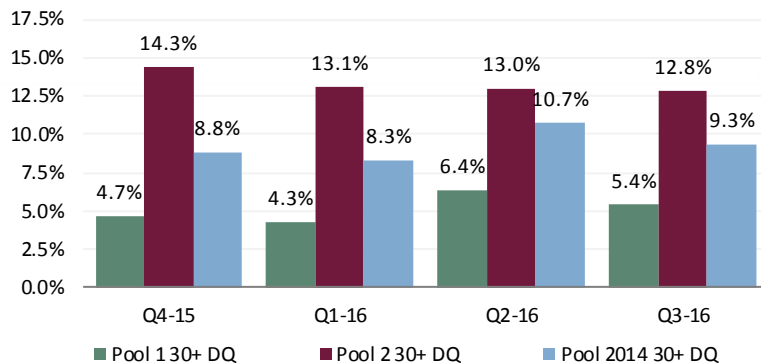
Gross CPRs increased during the quarter as closings made their way through originator pipelines

Delinquencies decreased from 9.7% to 9.1% on the aggregate portfolio

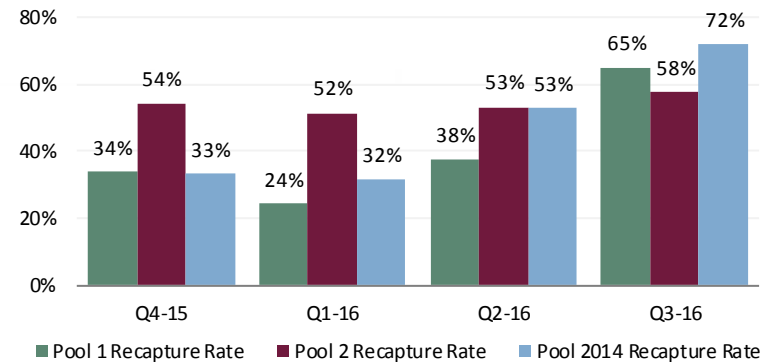
## Historical CPR



## Historical Delinquency Performance



## Historical Recapture Performance



Note: Figures presented are rounded. As of September 30, 2016. CPR values presented are annualized.



# MSR Overview

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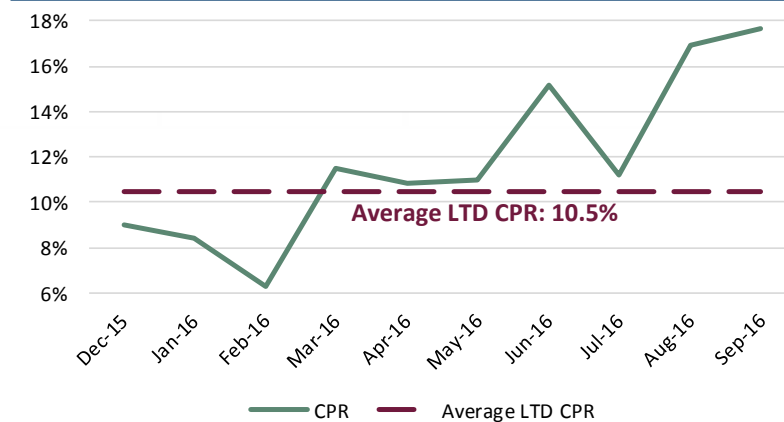
## Commentary

Investments in MSRs ended at \$28.0 million, related to \$3.4 billion UPB of underlying Fannie Mae and Freddie Mac loans as of September 30, 2016

## MSR Characteristics

| Characteristics   | FNMA          | FHLMC      | Total         |
|-------------------|---------------|------------|---------------|
| UPB (\$MM)        | 3,331,937,434 | 93,475,590 | 3,425,629,457 |
| Avg UPB (\$'000)  | 196,923       | 196,791    | 196,909       |
| WAC               | 3.82          | 3.89       | 3.82          |
| Net Servicing Fee | 0.25          | 0.25       | 0.25          |
| WAM (Mths)        | 287           | 282        | 287           |
| WALA (Mths)       | 28            | 28         | 28            |
| Original FICO     | 760           | 757        | 760           |
| Original LTV      | 75.8          | 79.5       | 75.9          |
| ARM %             | 0.1%          | 2.1%       | 0.1%          |
| 60+ DQ            | 0.6%          | 0.5%       | 0.6%          |

## Historical Prepayment



Note: Figures presented are rounded. As of September 30, 2016. CPR values presented are annualized.

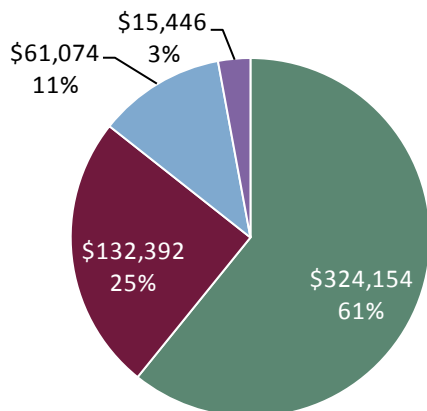
# Third Quarter 2016 RMBS Highlights

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Third Quarter 2016

**RMBS Portfolio: \$533,066**

**Commentary**



RMBS portfolio totaled approximately \$533 million

The RMBS portfolio's composition marginally changed as a reduction in the 15 year sector was used to finance the 30 year and the ARM/Other sectors

■ 30 Year Collateral ■ 20 Year Collateral ■ 15 Year Collateral ■ ARM/Other

## Current Portfolio Composition (including TBAs)

| 30 Year Collateral: 61% of Total RMBS Assets   |                  |             |             |              |              |              |
|--|------------------|-------------|-------------|--------------|--------------|--------------|
|  | FMV              | %           | WAC         | WALA         | 1 Mo. CPR    | LT CPR       |
| 30 Year Fixed Collateral                       | 324,154          | 100%        | 3.76        | 21.00        | 8.60         | 15.49        |
| <b>Total 30 year MBS Collateral</b>            | <b>324,154</b>   | <b>100%</b> | <b>3.76</b> | <b>21.00</b> | <b>8.60</b>  | <b>15.49</b> |
| ≤ 20 Year Collateral: 39% of Total RMBS Assets |                  |             |             |              |              |              |
|  | FMV              | %           | WAC         | WALA         | 1 Mo. CPR    | LT CPR       |
| 20 and 15 Year Fixed Collateral                | 193,466          | 93%         | 3.48        | 26.00        | 12.33        | 15.01        |
| Other  | 15,446           | 7%          | 4.64        | 17.00        | 0.73         | 18.87        |
| <b>Total 15 and 20 Year MBS</b>                | <b>\$208,912</b> | <b>100%</b> | <b>3.57</b> | <b>25.25</b> | <b>11.47</b> | <b>15.29</b> |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.

Source: CHMI management and The Yield Book Inc.

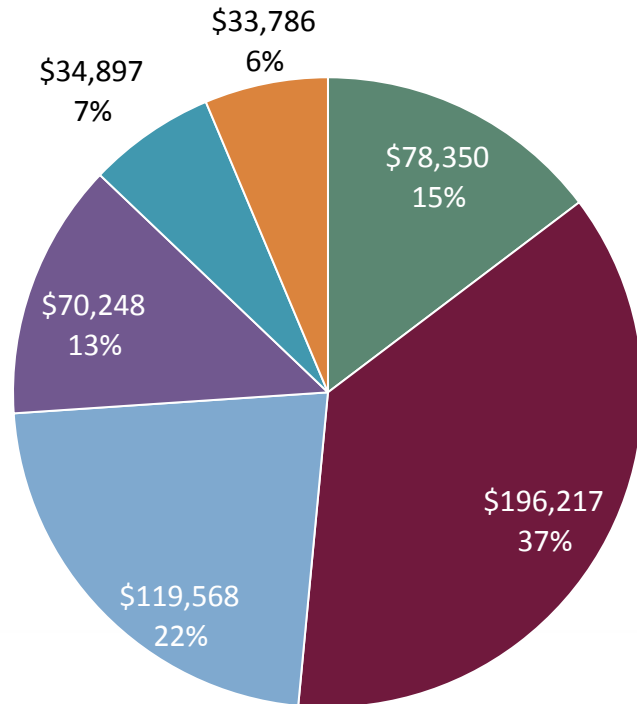


# RMBS Portfolio with Prepayment Protection

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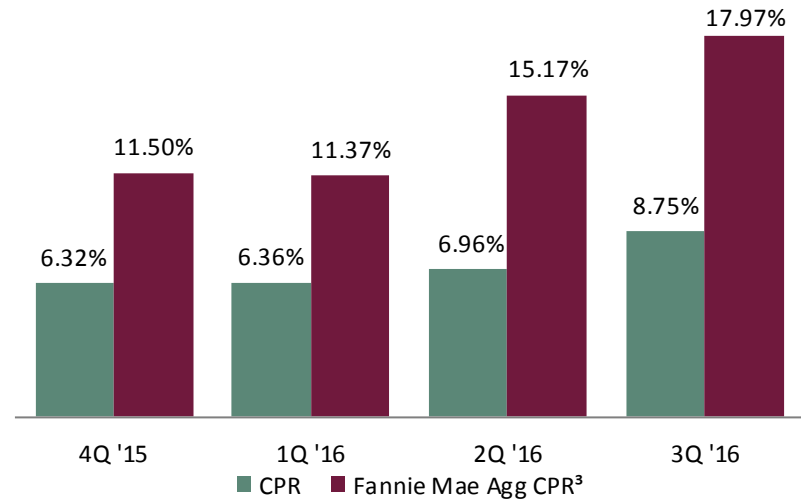
Third Quarter 2016

## RMBS Portfolio (Excludes TBAs): \$533,066



- ≤ 110K Max Pools
- ≤ 150k Max Pools
- ≤ 175k Max Pools
- Geographic Stories<sup>1</sup>
- MHA Pools<sup>2</sup>
- ARM/Other

## Quarterly CPR Performance



## Commentary

**RMBS portfolio posted a weighted average three month CPR of 8.75% for the Third Quarter**

- Six month weighted average CPR of 7.86%
- Despite lower mortgage rates, the portfolio continues to benefit from its collateral composition
- As long as rates remain at current levels, we expect prepayment speeds to remain elevated

Note: Figures noted are rounded. As of September 30, 2016. 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

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Third Quarter 2016

## Duration Gap Sensitivity on Current Portfolio

|   | 09.30.2016    | +50           | +100        | +150        |
|---|---------------|---------------|-------------|-------------|
| <b>Assets</b>                                 |               |               |             |             |
| RMBS Portfolio                                | 2.07          | 2.92          | 3.70        | 4.28        |
| Servicing Related Assets Portfolio            | (3.53)        | (2.28)        | (1.48)      | (0.73)      |
| <b>Total Assets</b>                           | <b>(1.46)</b> | <b>0.64</b>   | <b>2.21</b> | <b>3.56</b> |
| Liabilities, Swaps and Treasuries             | (1.38)        | (1.38)        | (1.38)      | (1.38)      |
| <b>Net Duration Gap (before Swaptions)</b>    | <b>(2.84)</b> | <b>(0.74)</b> | <b>0.83</b> | <b>2.18</b> |
| Swaptions                                     | (0.05)        | (0.20)        | (0.27)      | (0.46)      |
| <b>Net Duration Gap (including Swaptions)</b> | <b>(2.89)</b> | <b>(0.94)</b> | <b>0.56</b> | <b>1.71</b> |
| Difference from Duration Gap as of 09.30.2016 |               | 1.95          | 3.45        | 4.60        |

*Note: Liabilities, Swaps and Swaptions expressed as a percentage of total Assets. Totals may not sum due to rounding. Durations expressed in years.*

*The estimated duration gap sensitivity included in the table above is derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Different models could generate materially different estimates using similar inputs and assumptions. Other market participants could make different assumptions with respect to these inputs. The sensitivity analysis assumes an instantaneous change in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions.*

## Commentary

At September 30, 2016, the duration gap stood at -2.89 years

Assuming an instantaneous shift of +150 basis points in interest rates, the duration gap would move from -2.89 years to 1.71 years

*Note: Figures presented are rounded. As of September 30, 2016.*

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**Appendix**

# Pool 1: Overview

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Appendix

## Commentary

Received \$43.4 million of LTD cash flow, representing 71.6% of initial investment through September 30, 2016

Experienced 14% Net CPR in 3Q16; 11% Net CPR life to date

Gross CPR increased 51%, quarter-over-quarter

## Pool 1 Characteristics

| Collateral Overview | Initial UPB | Current UPB | WAM         |            | WALA      | Uncollected |             |            |            |            |           |
|---------------------|-------------|-------------|-------------|------------|-----------|-------------|-------------|------------|------------|------------|-----------|
|                     | (\$BN)      | (\$BN)      | WAC         | (months)   | (months)  | 30+ DQ      | Payments    | % FHA      | % VA       | % Fixed    | % ARM     |
|                     | Original    | 10.0        | 5.5         | 3.5%       | 301       | 46          | 6.0%        | 3.7%       | 46%        | 54%        | 99%       |
| Recaptured          | -           | 1.0         | 3.5%        | 322        | 6         | 2.2%        | 1.6%        | 34%        | 66%        | 100%       | 0%        |
| <b>Total / WA</b>   | <b>10.0</b> | <b>6.5</b>  | <b>3.5%</b> | <b>305</b> | <b>40</b> | <b>5.4%</b> | <b>3.4%</b> | <b>44%</b> | <b>56%</b> | <b>99%</b> | <b>1%</b> |

| Cash Flow & Prepayment Performance <sup>1</sup> | Cash Flows (\$MM) |            | Gross CRR  |            | CDR       |           | Gross CPR  |            | Recapture  |            | Net CPR    |            |
|---|-------------------|------------|------------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
|   | Q3 '16            | Q2 '16     | Q3 '16     | Q2 '16     | Q3 '16    | Q2 '16    | Q3 '16     | Q2 '16     | Q3 '16     | Q2 '16     | Q3 '16     | Q2 '16     |
|   | Original          | 2.6        | 2.7        | 32%        | 21%       | 1%        | 1%         | 33%        | 22%        | 60%        | 35%        | 15%        |
| Recaptured                                      | 0.4               | 0.3        | 59%        | 48%        | 0%        | 0%        | 59%        | 48%        | 92%        | 65%        | 7%         | 21%        |
| <b>Total / WA</b>                               | <b>3.0</b>        | <b>3.1</b> | <b>36%</b> | <b>24%</b> | <b>1%</b> | <b>1%</b> | <b>37%</b> | <b>24%</b> | <b>65%</b> | <b>38%</b> | <b>14%</b> | <b>16%</b> |

| Investment Performance <sup>2</sup> | Projected          |                  |               |            |              | Excess Servicing |             |           |           |           |
|-------------------------------------|--------------------|------------------|---------------|------------|--------------|------------------|-------------|-----------|-----------|-----------|
|                                     | Initial Investment | Future Cash Flow | LTD Cash Flow | Cost Basis | Market Value | Initial IRR      | Updated IRR | Acquired  | Fee (bps) | Ownership |
|                                     | (\$MM)             | (\$MM)           | (\$MM)        | (\$MM)     | (\$MM)       | IRR              | IRR         |           |           |           |
| Pool 1 <sup>3</sup>                 | 60.6               | 60.7             | 43.4          | 34.7       | 35.0         | 14%              | 14%         | 10/9/2013 | 17        | 85%       |

Note: Figures presented are rounded. As of September 30, 2016. Detailed footnotes are included at the end of this presentation, on page 28.

# Pool 2: Overview

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Appendix

## Commentary

Received \$41.1 million of LTD cash flow, representing 106.9% of initial investment through September 30, 2016

Experienced 17% Net CPR in 3Q16; 14% Net CPR life to date

Freedom recaptured \$545 million of loans in Pool 2 during the three month period ended September 30, 2016

## Pool 2 Characteristics

| Collateral Overview | Initial UPB | Current UPB | WAM         |            | WALA      | Uncollected  |             |           |             |            |            |
|---------------------|-------------|-------------|-------------|------------|-----------|--------------|-------------|-----------|-------------|------------|------------|
|                     | (\$BN)      | (\$BN)      | WAC         | (months)   | (months)  | 30+ DQ       | Payments    | % FHA     | % VA        | % Fixed    | % ARM      |
|                     | Original    | 10.7        | 4.1         | 2.5%       | 307       | 51           | 16.3%       | 11.1%     | -           | 100%       | -          |
| Recaptured          | -           | 2.3         | 3.6%        | 336        | 12        | 6.5%         | 3.9%        | 0%        | 100%        | 100%       | 0%         |
| <b>Total / WA</b>   | <b>10.7</b> | <b>6.3</b>  | <b>2.9%</b> | <b>317</b> | <b>37</b> | <b>12.8%</b> | <b>8.6%</b> | <b>0%</b> | <b>100%</b> | <b>36%</b> | <b>64%</b> |

| Cash Flow & Prepayment Performance <sup>1</sup> | Cash Flows (\$MM) |            | Gross CRR  |            | CDR       |           | Gross CPR  |            | Recapture  |            | Net CPR    |            |
|---|-------------------|------------|------------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
|   | Q3 '16            | Q2 '16     | Q3 '16     | Q2 '16     | Q3 '16    | Q2 '16    | Q3 '16     | Q2 '16     | Q3 '16     | Q2 '16     | Q3 '16     | Q2 '16     |
|   | Original          | 1.7        | 1.9        | 20%        | 20%       | 5%        | 4%         | 24%        | 23%        | 44%        | 42%        | 16%        |
| Recaptured                                      | 1.2               | 1.1        | 63%        | 52%        | 2%        | 0%        | 63%        | 52%        | 82%        | 75%        | 17%        | 17%        |
| <b>Total / WA</b>                               | <b>2.9</b>        | <b>2.9</b> | <b>35%</b> | <b>31%</b> | <b>4%</b> | <b>3%</b> | <b>38%</b> | <b>33%</b> | <b>58%</b> | <b>53%</b> | <b>17%</b> | <b>16%</b> |

| Investment Performance <sup>2</sup> | Projected          |                  |               |            |              | Excess Servicing |             |           |           |           |
|-------------------------------------|--------------------|------------------|---------------|------------|--------------|------------------|-------------|-----------|-----------|-----------|
|                                     | Initial Investment | Future Cash Flow | LTD Cash Flow | Cost Basis | Market Value | Initial IRR      | Updated IRR | Acquired  | Fee (bps) | Ownership |
|                                     | (\$MM)             | (\$MM)           | (\$MM)        | (\$MM)     | (\$MM)       | IRR              | IRR         | Acquired  | (bps)     | Ownership |
| Pool 2 <sup>3</sup>                 | 38.4               | 53.7             | 41.1          | 21.4       | 28.9         | 18%              | 21%         | 10/9/2013 | 17        | 50%       |

Note: Figures presented are rounded. As of September 30, 2016. Detailed footnotes are included at the end of this presentation, on page 28.

# Pool 2014: Overview

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Appendix

## Commentary

Received \$1.1 million of LTD cash flow, representing 51.8% of initial investments through September 30, 2016

Experienced 19% Net CPR in 3Q16; 12% Net CPR life to date

Gross CPR increased 35%, quarter-over-quarter

## Pool 2014 Characteristics

| Collateral Overview | Initial UPB  | Current UPB  | WAM         |            | WALA      | Uncollected |             |            |            |             |          |
|---------------------|--------------|--------------|-------------|------------|-----------|-------------|-------------|------------|------------|-------------|----------|
|                     | (\$MM)       | (\$MM)       | WAC         | (months)   | (months)  | 30+ DQ      | Payments    | % FHA      | % VA       | % Fixed     | % ARM    |
| Original            | 334.7        | 146.8        | 3.6%        | 316        | 41        | 12.4%       | 7.0%        | 57%        | 43%        | 100%        | -        |
| Recaptured          | -            | 78.6         | 3.5%        | 326        | 9         | 3.7%        | 2.7%        | 13%        | 87%        | 100%        | -        |
| <b>Total / WA</b>   | <b>334.7</b> | <b>225.4</b> | <b>3.6%</b> | <b>320</b> | <b>30</b> | <b>9.3%</b> | <b>5.5%</b> | <b>42%</b> | <b>58%</b> | <b>100%</b> | <b>-</b> |

| Cash Flow & Prepayment Performance <sup>1</sup> | Cash Flows (\$000) |              | Gross CRR  |            | CDR       |           | Gross CPR  |            | Recapture  |            | Net CPR    |            |
|---|--------------------|--------------|------------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
|   | Q3 '16             | Q2 '16       | Q3 '16     | Q2 '16     | Q3 '16    | Q2 '16    | Q3 '16     | Q2 '16     | Q3 '16     | Q2 '16     | Q3 '16     | Q2 '16     |
|   | Original           | 59.5         | 66.9       | 37%        | 32%       | 2%        | 2%         | 38%        | 34%        | 68%        | 51%        | 15%        |
| Recaptured                                      | 47.3               | 41.3         | 72%        | 44%        | 2%        | 1%        | 72%        | 45%        | 79%        | 58%        | 26%        | 21%        |
| <b>Total / WA</b>                               | <b>106.8</b>       | <b>108.2</b> | <b>49%</b> | <b>36%</b> | <b>2%</b> | <b>2%</b> | <b>50%</b> | <b>37%</b> | <b>72%</b> | <b>53%</b> | <b>19%</b> | <b>20%</b> |

| Investment Performance <sup>2</sup> | Projected              |                  |               |            |              |             | Excess Servicing |          |           |           |
|-------------------------------------|------------------------|------------------|---------------|------------|--------------|-------------|------------------|----------|-----------|-----------|
|                                     | Initial Investment     | Future Cash Flow | LTD Cash Flow | Cost Basis | Market Value | Initial IRR | Updated IRR      | Acquired | Fee (bps) | Ownership |
|                                     | (\$MM)                 | (\$MM)           | (\$000)       | (\$MM)     | (\$MM)       |             |                  |          |           |           |
|                                     | Pool 2014 <sup>3</sup> | 2.2              | 2.0           | 1,127.2    | 1.4          | 1.1         | 12%              | 12%      | Various   | 15        |

Note: Figures presented are rounded. As of September 30, 2016. Detailed footnotes are included at the end of this presentation, on page 28.



# Excess MSR Sensitivity

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Appendix

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

|                | September 30, 2016 <sup>2</sup>      |          |          |           |           | December 31, 2015 <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   | \$71,282                             | \$67,979 | \$64,971 | \$62,222  | \$59,698  | \$86,063                             | \$81,859 | \$78,042 | \$74,577  | \$71,406  |
| Change in FV   | \$6,311                              | \$3,008  |          | (\$2,750) | (\$5,273) | \$8,016                              | \$3,812  |          | (\$3,470) | (\$6,642) |
| % Change in FV | 9.7%                                 | 4.6%     |          | (4.2)%    | (8.1)%    | 10.3%                                | 4.9%     |          | (4.5)%    | (8.5)%    |
|                | Voluntary Prepayment Rate Shift in % |          |          |           |           | Voluntary Prepayment Rate Shift in % |          |          |           |           |
|                | (20)%                                | (10)%    | -%       | 10%       | 20%       | (20)%                                | (10)%    | -%       | 10%       | 20%       |
| Estimated FV   | \$71,193                             | \$67,975 | \$64,971 | \$62,165  | \$59,547  | \$85,033                             | \$81,428 | \$78,042 | \$74,886  | \$71,919  |
| Change in FV   | \$6,221                              | \$3,003  |          | (\$2,807) | (\$5,424) | \$6,986                              | \$3,380  |          | (\$3,162) | (\$6,128) |
| % Change in FV | 9.6%                                 | 4.6%     |          | (4.3)%    | (8.3)%    | 9.0%                                 | 4.3%     |          | (4.1)%    | (7.9)%    |
|                | Recapture Rate Shift in %            |          |          |           |           | Recapture Rate Shift in %            |          |          |           |           |
|                | (20)%                                | (10)%    | -%       | 10%       | 20%       | (20)%                                | (10)%    | -%       | 10%       | 20%       |
| Estimated FV   | \$64,442                             | \$64,707 | \$64,971 | \$65,236  | \$65,501  | \$77,775                             | \$77,911 | \$78,042 | \$78,184  | \$78,320  |
| Change in FV   | (\$529)                              | (\$265)  |          | \$265     | \$529     | (\$272)                              | (\$136)  |          | \$136     | \$272     |
| % Change in FV | (0.8)%                               | (0.4)%   |          | 0.4%      | 0.8%      | (0.4)%                               | (0.2)%   |          | 0.2%      | 0.4%      |

Note: Figures noted are rounded. As of September 30, 2016. 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, 2016 analysis assumes weighted avg. discount rate of 13.9%; weighted avg. prepayment rate of 14.8%; and weighted avg. recapture rate of 7.0% for base case.
- December 31, 2015 analysis assumes weighted avg. discount rate of 14.1%; weighted avg. prepayment rate of 12.4%; and weighted avg. recapture rate of 4.0% for base case.



# MSR Sensitivity

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Appendix

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

|                       | September 30, 2016 <sup>2</sup>      |          |          |           |           | December 31, 2015 <sup>3</sup>       |          |          |          |           |
|-----------------------|--------------------------------------|----------|----------|-----------|-----------|--------------------------------------|----------|----------|----------|-----------|
|                       | Base Case                            |          |          |           |           | Base Case                            |          |          |          |           |
|                       | Discount Rate Shift in %             |          |          |           |           | Discount Rate Shift in %             |          |          |          |           |
|                       | (20)%                                | (10)%    | -%       | 10%       | 20%       | (20)%                                | (10)%    | -%       | 10%      | 20%       |
| <b>Estimated FV</b>   | \$29,972                             | \$28,932 | \$27,960 | \$27,050  | \$26,197  | \$21,261                             | \$20,486 | \$19,761 | \$19,084 | \$18,450  |
| <b>Change in FV</b>   | \$2,012                              | \$972    |          | (\$910)   | (\$1,763) | \$1,500                              | \$724    |          | (\$677)  | (\$1,312) |
| <b>% Change in FV</b> | 7.2%                                 | 3.5%     |          | (3.3)%    | (6.3)%    | 7.6%                                 | 3.7%     |          | (3.4)%   | (6.6)%    |
|                       | Voluntary Prepayment Rate Shift in % |          |          |           |           | Voluntary Prepayment Rate Shift in % |          |          |          |           |
|                       | (20)%                                | (10)%    | -%       | 10%       | 20%       | (20)%                                | (10)%    | -%       | 10%      | 20%       |
| <b>Estimated FV</b>   | \$31,554                             | \$29,671 | \$27,960 | \$26,401  | \$24,976  | \$21,656                             | \$20,672 | \$19,761 | \$18,916 | \$18,130  |
| <b>Change in FV</b>   | \$3,593                              | \$1,710  |          | (\$1,559) | (\$2,984) | \$1,894                              | \$911    |          | (\$845)  | (\$1,631) |
| <b>% Change in FV</b> | 12.9%                                | 6.1%     |          | (5.6)%    | (10.7)%   | 9.6%                                 | 4.6%     |          | (4.3)%   | (8.3)%    |
|                       | Servicing Cost Shift in %            |          |          |           |           | Servicing Cost Shift in %            |          |          |          |           |
|                       | (20)%                                | (10)%    | -%       | 10%       | 20%       | (20)%                                | (10)%    | -%       | 10%      | 20%       |
| <b>Estimated FV</b>   | \$28,880                             | \$28,420 | \$27,960 | \$27,500  | \$27,040  | \$20,490                             | \$20,126 | \$19,761 | \$19,397 | \$19,033  |
| <b>Change in FV</b>   | \$920                                | \$460    |          | (\$460)   | (\$920)   | \$728                                | \$364    |          | (\$364)  | (\$728)   |
| <b>% Change in FV</b> | 3.3%                                 | 1.6%     |          | (1.6)%    | (3.3)%    | 3.7%                                 | 1.8%     |          | (1.8)%   | (3.7)%    |

Note: Figures noted are rounded. As of September 30, 2016. 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, 2016 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 13.9%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$63 per loan.
- December 31, 2015 analysis assumes weighted avg. discount rate of 8.3%; weighted avg. prepayment rate of 9.7%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$73 per loan.



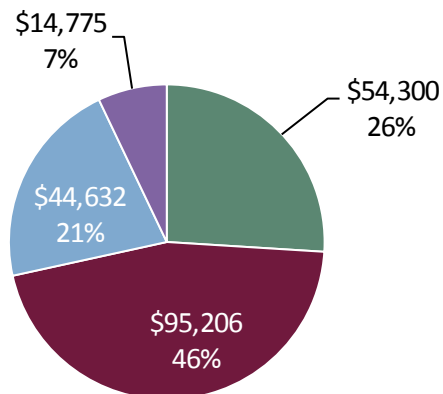
# RMBS Portfolio Coupon Composition

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**\$208,912 15/20 Year RMBS (Excludes TBAs)**

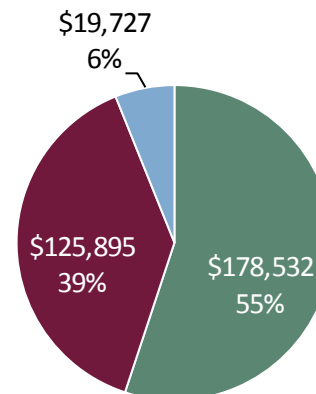
39% of Total RMBS Portfolio



■ 3.0 Coupon ■ 3.5 Coupon ■ 4.0 Coupon ■ 4.67 Coupon

**\$324,154 30 Year RMBS (Excludes TBAs)**

61% of Total RMBS Portfolios



■ 3.5 Coupon ■ 4.0 Coupon ■ 4.5 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           | 60,136           | 3.14%        | \$104.35          | \$105.97        | 61,074               | 11%                             |
| 20 Years             | 249,278          | 3.63%        | 104.95            | 107.71          | 132,392              | 25%                             |
| ≥ 30 Years           | 317,071          | 3.76%        | 105.54            | 107.91          | 324,154              | 61%                             |
| MBS ARM/Other        | 15,081           | 4.64%        | 96.12             | 99.65           | 15,446               | 3%                              |
| <b>Total / WA</b>    | <b>\$641,567</b> | <b>3.70%</b> | <b>\$104.98</b>   | <b>\$107.44</b> | <b>\$533,066</b>     | <b>100%</b>                     |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands, unless otherwise noted.

# Financing Highlights

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Appendix

## Commentary

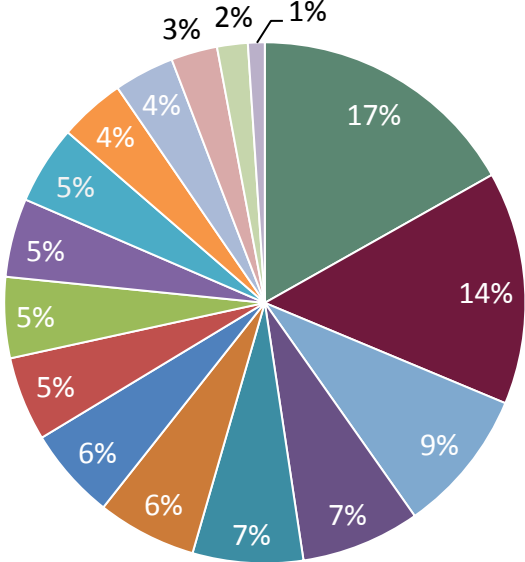
Average REPO cost was 0.78% with a weighted average days remaining to maturity of 51 days

22 REPO relationships established to date

Borrowings with 16 financing counterparties

Weighted average "haircut" of 5.2%

## 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 |
| x < 1 Month  | \$193,310                   | 41.5%         | 0.79%        | 14                         | 104                       |
| 1 ≥ x < 3 Months                                     | \$200,781                   | 43.1%         | 0.75%        | 56                         | 142                       |
| x ≥ 3 Months   | \$72,118                    | 15.5%         | 0.82%        | 136                        | 160                       |
| <b>Total / WA</b>                                    | <b>\$466,209</b>            | <b>100.0%</b> | <b>0.78%</b> | <b>51</b>                  | <b>129</b>                |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands.  
 1. Reflects the percentage of outstanding borrowings for our RMBS portfolio by counterparty.



# Balance Sheet

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Appendix

| <b>Consolidated Balance Sheets</b>  |                           |                |                          |                |
|---|---------------------------|----------------|--------------------------|----------------|
|   | <b>September 30, 2016</b> |                | <b>December 31, 2015</b> |                |
| <b>Assets</b>   |                           |                |                          |                |
| RMBS, available-for-sale  | \$                        | 533,066        | \$                       | 508,242        |
| Investments in Servicing Related Assets at fair value   |                           | 92,932         |                          | 97,803         |
| Cash and cash equivalents   |                           | 12,586         |                          | 10,603         |
| Restricted cash   |                           | 16,014         |                          | 9,942          |
| Derivative assets   |                           | 173            |                          | 422            |
| Receivables from unsettled trades   |                           | -              |                          | -              |
| Receivables and other assets  |                           | 10,035         |                          | 9,328          |
| <b>Total Assets</b>   | <b>\$</b>                 | <b>664,806</b> | <b>\$</b>                | <b>636,340</b> |
| <b>Liabilities and Stockholders' Equity</b>   |                           |                |                          |                |
| <b>Liabilities</b>  |                           |                |                          |                |
| Repurchase agreements   | \$                        | 466,209        | \$                       | 385,560        |
| Federal Home Loan Bank advances   |                           | -              |                          | 62,250         |
| Derivative liabilities  |                           | 7,228          |                          | 4,595          |
| Notes payable   |                           | 21,856         |                          | 24,313         |
| Dividends payable   |                           | 3,687          |                          | 3,684          |
| Due to affiliates   |                           | 1,410          |                          | 998            |
| Payables for unsettled trades   |                           | 5,380          |                          | -              |
| Accrued expenses and other liabilities  |                           | 6,543          |                          | 2,603          |
| <b>Total Liabilities</b>  | <b>\$</b>                 | <b>512,313</b> | <b>\$</b>                | <b>484,003</b> |
| <b>Stockholders' Equity</b>   |                           |                |                          |                |
| Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of September 30, 2016 and December, 31, 2015   | \$                        | -              | \$                       | -              |
| Common stock, \$0.01 par value, 500,000,000 shares authorized and 7,525,348 shares issued and outstanding as of September 30, 2016 and 500,000,000 shares authorized and 7,519,038 shares issued and outstanding as of December, 31, 2015 |                           | 75             |                          | 75             |
| Additional paid-in capital  |                           | 148,432        |                          | 148,332        |
| Retained earnings (deficit)   |                           | (9,262)        |                          | 3,133          |
| Accumulated other comprehensive income (loss)   |                           | 11,970         |                          | (197)          |
| <b>Total CHMI Stockholders' Equity</b>  | <b>\$</b>                 | <b>151,215</b> | <b>\$</b>                | <b>151,343</b> |
| Non-controlling interests in operating partnership  |                           | 1,278          |                          | 994            |
| <b>Total Stockholders' Equity</b>   | <b>\$</b>                 | <b>152,493</b> | <b>\$</b>                | <b>152,337</b> |
| <b>Total Liabilities and Stockholders' Equity</b>   | <b>\$</b>                 | <b>664,806</b> | <b>\$</b>                | <b>636,340</b> |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands.

# Income Statement

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Appendix

## Consolidated Statements of Income

|  | Three Months Ended September 30, |                   | Nine Months Ended September 30, |                 |
|--|----------------------------------|-------------------|---------------------------------|-----------------|
|  | 2016                             | 2015              | 2016                            | 2015            |
| <b>Income</b>  |                                  |                   |                                 |                 |
| Interest income  | \$ 7,157                         | \$ 5,813          | \$ 19,480                       | \$ 19,728       |
| Interest expense   | 1,877                            | 1,643             | 5,419                           | 4,224           |
| Net interest income  | 5,280                            | 4,170             | 14,061                          | 15,504          |
| Servicing fee income   | 2,365                            | 463               | 5,434                           | 619             |
| Servicing costs  | 641                              | 366               | 1,544                           | 460             |
| Net servicing income (loss)  | 1,724                            | 97                | 3,890                           | 159             |
| Other income (loss)  |                                  |                   |                                 |                 |
| Realized gain (loss) on RMBS, net                                    | 770                              | 269               | 1,325                           | 461             |
| Realized gain (loss) on derivatives, net                             | (2,147)                          | (947)             | (3,907)                         | (2,241)         |
| Realized gain (loss) on acquired assets, net                         | -                                | -                 | -                               | 174             |
| Unrealized gain (loss) on derivatives, net                           | 3,199                            | (4,986)           | (3,227)                         | (4,693)         |
| Unrealized gain (loss) on investments in Excess MSRs                 | 117                              | (2,059)           | (2,339)                         | (1,238)         |
| Unrealized gain (loss) on investments in MSRs                        | (1,847)                          | (541)             | (7,155)                         | (563)           |
| <b>Total Income</b>  | <b>\$ 7,096</b>                  | <b>\$ (3,997)</b> | <b>\$ 2,648</b>                 | <b>\$ 7,563</b> |
| <b>Expenses</b>  |                                  |                   |                                 |                 |
| General and administrative expense                                   | 864                              | 622               | 2,494                           | 1,998           |
| Management fee to affiliate  | 802                              | 690               | 2,182                           | 2,070           |
| <b>Total Expenses</b>  | <b>\$ 1,666</b>                  | <b>\$ 1,312</b>   | <b>\$ 4,676</b>                 | <b>\$ 4,068</b> |
| <b>Income (Loss) Before Income Taxes</b>                             | <b>5,430</b>                     | <b>(5,309)</b>    | <b>(2,028)</b>                  | <b>3,495</b>    |
| Provision for corporate business taxes                               | (89)                             | (139)             | (669)                           | (209)           |
| <b>Net Income (Loss)</b>   | <b>\$ 5,519</b>                  | <b>\$ (5,170)</b> | <b>\$ (1,359)</b>               | <b>\$ 3,704</b> |
| Net (income) loss allocated to noncontrolling interests              | (76)                             | 46                | 21                              | (35)            |
| <b>Net Income (Loss) Applicable to Common Stockholders</b>           | <b>\$ 5,443</b>                  | <b>\$ (5,124)</b> | <b>\$ (1,338)</b>               | <b>\$ 3,669</b> |
| <b>Net income (Loss) Per Share of Common Stock</b>                   |                                  |                   |                                 |                 |
| Basic  | \$ 0.72                          | \$ (0.68)         | \$ (0.18)                       | \$ 0.49         |
| Diluted  | \$ 0.72                          | \$ (0.68)         | \$ (0.18)                       | \$ 0.49         |
| <b>Weighted Average Number of Shares of Common Stock Outstanding</b> |                                  |                   |                                 |                 |
| Basic  | 7,511,653                        | 7,509,543         | 7,510,246                       | 7,509,543       |
| Diluted  | 7,528,188                        | 7,511,653         | 7,522,614                       | 7,510,246       |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands, except per-share figures.

# Comprehensive Income

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Appendix

## Consolidated Statement of Comprehensive Income

|  | Three Months Ended September 30, |                   | Nine Months Ended September 30, |                 |
|--|----------------------------------|-------------------|---------------------------------|-----------------|
|  | 2016                             | 2015              | 2016                            | 2015            |
| Net income (loss)  | \$ 5,519                         | \$ (5,170)        | \$ (1,359)                      | \$ 3,704        |
| <b>Other comprehensive income (loss):</b>                            |                                  |                   |                                 |                 |
| Net unrealized gain (loss) on RMBS                                   | 1,110                            | 3,363             | 13,492                          | (126)           |
| Reclassification of net realized (gain) loss on RMBS in earnings     | (770)                            | (269)             | (1,325)                         | (461)           |
| Other comprehensive income (loss)                                    | 340                              | 3,094             | 12,167                          | (587)           |
| <b>Comprehensive income (loss)</b>                                   | <b>\$ 5,859</b>                  | <b>\$ (2,076)</b> | <b>\$ 10,808</b>                | <b>\$ 3,117</b> |
| Comprehensive income (loss) attributable to noncontrolling interests | \$ 98                            | \$ (18)           | \$ 168                          | \$ 30           |
| Comprehensive income (loss) attributable to common stockholders      | \$ 5,761                         | \$ (2,058)        | \$ 10,640                       | \$ 3,087        |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands.

# Core Earnings

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Appendix

|   | Core Earnings                    |                  |                                 |                  |
|---|----------------------------------|------------------|---------------------------------|------------------|
|   | Three Months Ended September 30, |                  | Nine Months Ended September 30, |                  |
|   | 2016                             | 2015             | 2016                            | 2015             |
| Net income (loss)   | \$ 5,519                         | \$ (5,170)       | \$ (1,359)                      | \$ 3,704         |
| <b>Other comprehensive income (loss):</b>                           |                                  |                  |                                 |                  |
| + Realized (gain) loss on RMBS, net                                 | (770)                            | (269)            | (1,325)                         | (461)            |
| + Realized (gain) loss on derivatives, net                          | 2,147                            | 947              | 3,907                           | 2,241            |
| + Realized (gain) loss on acquired assets, net                      | -                                | -                | -                               | (174)            |
| + Unrealized (gain) loss on derivatives, net                        | (3,199)                          | 4,986            | 3,227                           | 4,693            |
| + Unrealized (gain) loss on investments in Excess MSRs              | (117)                            | 2,059            | 2,339                           | 1,238            |
| + Unrealized (gain) loss on investments in MSRs                     | 1,847                            | 541              | 7,155                           | 563              |
| + Tax (benefit) expense on unrealized (gain) loss on MSRs           | (91)                             | (216)            | (624)                           | (276)            |
| + Estimated "catch up" premium amortization (benefit) cost          | 21                               | 695              | 1,772                           | (549)            |
| + Amortization of MSRs  | (1,228)                          | -                | (2,834)                         | -                |
| <b>Total core earnings:</b>   | <b>\$ 4,129</b>                  | <b>\$ 3,573</b>  | <b>\$ 12,258</b>                | <b>\$ 10,979</b> |
| Core earnings attributable to noncontrolling interests              | (76)                             | (37)             | (191)                           | (104)            |
| <b>Core Earnings Attributable to Common Stockholders</b>            | <b>\$ 4,053</b>                  | <b>\$ 3,536</b>  | <b>\$ 12,067</b>                | <b>\$ 10,875</b> |
| <b>Core Earnings Attributable to Common Stockholders, per Share</b> | <b>\$ 0.54</b>                   | <b>\$ 0.47</b>   | <b>\$ 1.60</b>                  | <b>\$ 1.45</b>   |
| <b>GAAP Net income (Loss) Per Share of Common Stock</b>             | <b>\$ 0.72</b>                   | <b>\$ (0.68)</b> | <b>\$ (0.18)</b>                | <b>\$ 0.49</b>   |

Note: Core earnings is a non-GAAP measure and is defined as GAAP net income (loss) applicable to common stockholders, excluding realized gain (loss) on RMBS, realized gain (loss) on derivatives, unrealized gain (loss) on derivatives and unrealized gain (loss) on investments in Excess MSRs and adjusted to exclude outstanding LTIP units in our operating partnership. Additionally, core earnings excludes (1) any tax (benefit) expense on unrealized (gain) loss on MSRs, (2) any estimated "catch up" premium amortization (benefit) cost due to the use of current rather than historical estimates of CPR for amortization of Excess MSRs and (3) the amortization of MSRs. Core earnings are provided for purposes of comparability. The Company believes providing investors with core earnings, in addition to related GAAP 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) applicable to common stockholders, GAAP net income (loss) per basic or diluted share or as a measure of the Company's liquidity.

Note: Figures presented are rounded. Dollars in thousands, except per share figures.



# Segment Results

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Appendix

| Results of Operations                                 |                             |                  |                   |                   |
|---|-----------------------------|------------------|-------------------|-------------------|
|   | Servicing Related<br>Assets | RMBS             | All Other         | Total             |
| <b>Three Months Ended September 30, 2016</b>          |                             |                  |                   |                   |
| Interest income                                       | \$ 3,200                    | \$ 3,957         | \$ -              | \$ 7,157          |
| Interest expense                                      | 320                         | 1,557            | -                 | 1,877             |
| <b>Net interest income</b>                            | <b>2,880</b>                | <b>2,400</b>     | -                 | <b>5,280</b>      |
| Servicing fee income                                  | 2,365                       | -                | -                 | 2,365             |
| Servicing costs                                       | 641                         | -                | -                 | 641               |
| <b>Net servicing income</b>                           | <b>1,724</b>                | -                | -                 | <b>1,724</b>      |
| Other income  | (1,730)                     | 1,822            | -                 | 92                |
| Other operating expenses                              | -                           | -                | 1,666             | 1,666             |
| (Benefit from) provision for corporate business taxes | (89)                        | -                | -                 | (89)              |
| <b>Net income (loss)</b>                              | <b>\$ 2,963</b>             | <b>\$ 4,222</b>  | <b>\$ (1,666)</b> | <b>\$ 5,519</b>   |
| <b>September 30, 2016</b>                             |                             |                  |                   |                   |
| Investments   | \$ 92,932                   | \$ 533,066       | \$ -              | \$ 625,998        |
| Other assets  | 4,567                       | 19,818           | 14,423            | 38,808            |
| <b>Total assets</b>                                   | <b>97,499</b>               | <b>552,884</b>   | <b>14,423</b>     | <b>664,806</b>    |
| Debt  | 21,856                      | 466,209          | -                 | 488,065           |
| Other liabilities                                     | 5,325                       | 13,382           | 5,541             | 24,248            |
| <b>Total liabilities</b>                              | <b>27,181</b>               | <b>479,591</b>   | <b>5,541</b>      | <b>512,313</b>    |
| <b>GAAP book value</b>                                | <b>\$ 70,318</b>            | <b>\$ 73,293</b> | <b>\$ 8,882</b>   | <b>\$ 152,493</b> |
| <b>Leverage</b>                                       |                             |                  |                   |                   |
| September 30, 2016                                    | 0.31x                       | 6.36x            | -x                | 3.20x             |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands.

# RMBS Net Interest Spread

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Appendix

| RMBS Net Interest Spread          |                              |                           |                          |                             |
|-----------------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|
|                                   | <u>At September 30, 2016</u> | <u>At June 30, 2016</u>   | <u>At March 31, 2016</u> | <u>At December 31, 2015</u> |
| Weighted Average Asset Yield      | 2.99%                        | 3.08%                     | 2.92%                    | 2.61%                       |
| Weighted Average Interest Expense | 1.36%                        | 1.36%                     | 1.19%                    | 1.15%                       |
| <b>Net Interest Spread</b>        | <b>1.63% <sup>1</sup></b>    | <b>1.72% <sup>2</sup></b> | <b>1.73%</b>             | <b>1.46%</b>                |

Note: Figures presented are rounded. As of September 30, 2016.

1. 1.32% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.
2. 1.43% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.

# Hedging Summary

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| Interest Rate Swaps                                  |                    |                  |              |                 |                      |
|--|--------------------|------------------|--------------|-----------------|----------------------|
| Commentary   | Characteristics    |                  |              |                 |                      |
|  | Years to Maturity  | Notional Amount  | WA Pay Rate  | WA Receive Rate | WA Years to Maturity |
| Approximately \$336 million notional fixed pay swaps | x ≤ 3 Years        | \$193,650        | 1.12%        | 0.77%           | 1.3                  |
| 3.3 years weighted average duration                  | 3 > x ≤ 5 Years    | 48,700           | 1.44%        | 0.77%           | 4.4                  |
| Covers 72% of aggregate REPO and advance borrowings  | 5 > x ≤ 7 Years    | 49,400           | 1.54%        | 0.80%           | 6.5                  |
|  | 7 > x ≤ 10 Years   | 40,000           | 2.63%        | 0.73%           | 7.8                  |
|  | x > 10 Years       | 4,000            | 2.73%        | 0.84%           | 13.9                 |
|  | <b>Total / WA:</b> | <b>\$335,750</b> | <b>1.43%</b> | <b>0.77%</b>    | <b>3.5</b>           |

| Interest Rate Swaptions                                       |
|---|
| \$75 million notional   |
| Options to enter into fixed pay swaps prior to September 2017 |
| 0.4 year weighted average duration                            |

Note: Figures presented are rounded. As of September 30, 2016. Dollars in thousands, unless otherwise noted.

# Excess MSR Endnotes

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Appendix

## Pool 1: Overview (page 14)

1. Weighted averages by current UPB.
2. Underwritten projected cash flows assume: (a) weighted average lifetime 6% uncollected payment rate, (b) weighted average lifetime CPR of 12% by applying the following vector: Months 1-36: ramp from 5% to 15%, Months 37+: 15% and (c) 15% recapture rate starting in Oct 2013. Recaptured loans assume: 0% recapture rate, 17bps Excess MSR, and same assumptions for CPR and uncollected payment rate as original pool. Actual cash flows may differ materially.
3. Investment was completed in October 2013 and based on the September 30, 2013 UPB of the pool.

## Pool 2: Overview (page 15)

1. Weighted averages by current UPB.
2. Underwritten projected cash flows assume: (a) weighted average lifetime 8% uncollected payment rate, (b) weighted average lifetime CPR of 24% by applying the following vector: Months 1-36: ramp from 18% to 24%, Months 37+: 24% and (c) 15% recapture rate starting in Oct 2013. Recaptured loans assume: 0% recapture rate, 17bps Excess MSR, and same assumptions for CPR and uncollected payment rate as original pool. Actual cash flows may differ materially.
3. Investment was completed in October 2013 and based on the September 30, 2013 UPB of the pool.

## Pool 2014: Overview (page 16)

1. Weighted averages by current UPB.
2. Q1 flow transaction underwritten projected cash flows assume: (a) weighted average lifetime 3% uncollected payment rate, (b) weighted average lifetime CPR of 8% by applying the following vector: Months 1-36: ramp from 6% to 9%, Months 37+: 9% and (c) 0% recapture rate starting in Mar 2014. Actual cash flows may differ materially.  
Q2 flow transaction underwritten projected cash flows assume: (a) weighted average lifetime 7% uncollected payment rate, (b) weighted average lifetime CPR of 9% by applying the following vector: Months 1-36: ramp from 6% to 9%, Months 37+: 9% and (c) 0% recapture rate starting in Jul 2014. Actual cash flows may differ materially.  
Q1 bulk underwritten projected cash flows assume: (a) weighted average lifetime 7% uncollected payment rate, (b) weighted average lifetime CPR of 8% by applying the following vector: Months 1-36: ramp from 6% to 8%, Months 37+: 8% and (c) 0% recapture rate starting in Apr 2014. Actual cash flows may differ materially.
3. Investment in Q1 flow transaction was completed in February 2014 and based on the February 28, 2014 UPB of the pool. Investment in Bulk transaction was completed in March 2014 and based on the March 31, 2014 UPB of the pool. Investment in Q2 Flow transaction was completed in June 2014 and based on the June 30, 2014 UPB of the pool.

# Abbreviations

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Appendix

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

- **30+ DQ** – Percentage of loans that are delinquent by 30 days or more
- **Age (mths) or Loan Age (mths)** – Weighted average number of months loans are outstanding
- **Carrying Value** – represents Cost Basis plus adjustment for mark to market
- **Cost Basis** – Initial investment less return of capital received life to date
- **CDR** – Constant Default Rate
- **CLTV** – ratio of current loan balance to estimated current asset value.
- **COUP** – coupon or interest rate
- **CPR** – Constant Prepayment Rate, expressed as the sum of the CDR and CRR
- **CRR** – Constant Repayment Rate
- **FHLMC** – Freddie Mac / Federal Home Loan Mortgage Corporation
- **FMV** – Fair Market Value
- **FNMA** – Fannie Mae / Federal National Mortgage Association
- **FICO** – A borrower's credit metric generated by the credit scoring model created by the Fair Isaac Corporation
- **Flow Arrangements** – contractual recurring agreements, often monthly or quarterly, to purchase servicing of newly originated or highly delinquent loans
- **GNMA** – Ginnie Mae / Government National Mortgage Association
- **Gross CPR** – Gross CPR is CPR prior to factoring in recapture
- **Gross CRR** – Gross CRR is CRR prior to factoring in recapture
- **HPA** – Home price appreciation
- **LT** – Long Term
- **LTD Cash Flows** – Actual life to date cash flow collected from the investment as of the end of the current month
- **LTD** – Life to Date
- **Net CPR** – CPR after taking into account recapture activity
- **OCI** – Other comprehensive income
- **Projected Future Cash Flows** – Future cash flow expected per the current market valuation
- **Recapture Rate** – Percentage of voluntarily prepaid loans that are refinanced by Freedom Mortgage Corp.
- **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