



CHMI
CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

First Quarter 2017 Investor Presentation

May 9, 2017

Legal Disclaimer

FORWARD-LOOKING STATEMENTS. Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation references to potential or expected future cash flows, estimated or expected returns, sometimes referred to as initial IRR, updated IRR, expected IRR, lifetime IRR, life-to-date IRR or current-to-maturity IRR, potential discount rates, potential future investments, expected yields, potential or implied investment multiples, potential or projected future cash flows, expected CRR, CDR, Loss Severities, Loss Rates and Delinquencies. These statements are based on management's current expectations and beliefs and are subject to a number of risks, trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. Cherry Hill Mortgage Investment Corporation (or "the Company") can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this presentation. Risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. For a description of factors that may cause actual results or performance to differ from the forward-looking statements in this presentation, please review the information under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, and in other documents filed by the Company with the SEC. The Company's forward-looking statements speak only as of the date of this presentation. Cherry Hill Mortgage Investment Corporation expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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

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



First Quarter 2017



First Quarter 2017 Highlights

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First Quarter 2017

Financial Results

\$0.49 dividend per share declared and paid¹

\$20.10 GAAP book value per common share²

- 1.9% decrease, net of 1Q17 dividend

\$0.51 dividend eligible income per share³

0.5% total quarterly return on book value⁴

\$0.63 core earnings per share³

- Elevated primarily due to slower CPR speeds on conventional MSR's (~50% of prior quarter speeds) and early pay off ("EPO") protection on the government MSR's acquired in the first quarter of 2017

Portfolio Update

3.1x leverage ratio for aggregate portfolio

1.42% net interest spread for RMBS

5.5% CPR for RMBS⁵

8% net CPR for full Conventional MSR's

7% gross CPR for full Government MSR's

1Q 2017 Milestones

Completed the sale of Excess MSR Pool 2

- Acquired \$4.5 billion in Ginnie Mae MSR's

Note: Figures presented, except per share data, are rounded. As of March 31, 2017.

- 1. First Quarter 2017 \$0.49 dividend was paid in cash on April 25, 2017 to stockholders of record on March 20, 2017.*
- 2. Based on 12,700,348 common shares outstanding at March 31, 2017.*
- 3. Based on 7,640,348 fully diluted weighted average common shares outstanding at March 31, 2017.*
- 4. Total return on book value for the quarter ended March 31, 2017 is defined as the decrease in book value from December 31, 2016 to March 31, 2017 of \$0.10, plus the dividend declared of \$0.49 per share, divided by December 31, 2016 book value of \$20.49 per share.*
- 5. Actual weighted average CPR for the three month period ended March 31, 2017.*

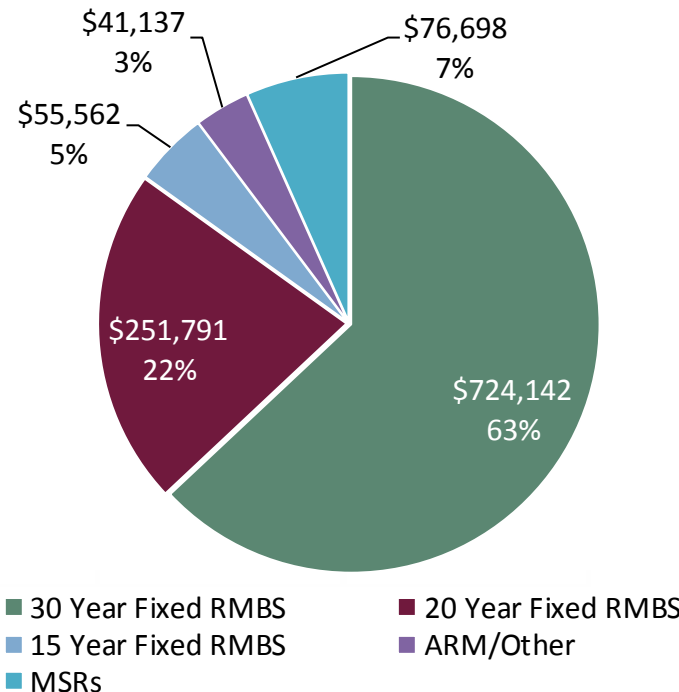
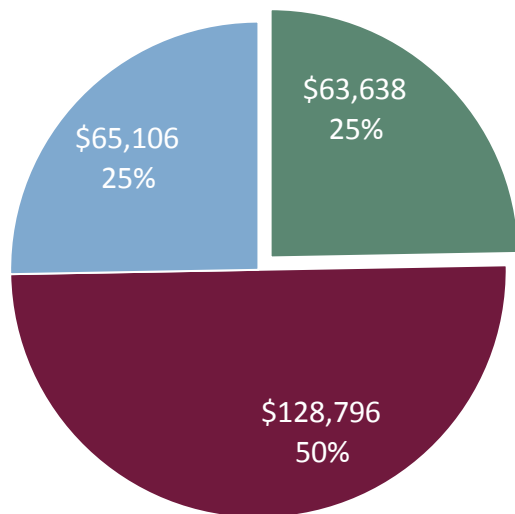
Aggregate Investment Portfolio Composition

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First Quarter 2017

Equity Investment Composition:
\$257,540

Aggregate Investment Portfolio Composition:
\$1,149,331⁴



■ Servicing Related Assets¹ ■ RMBS² ■ All Other³

■ 30 Year Fixed RMBS ■ 20 Year Fixed RMBS
 ■ 15 Year Fixed RMBS ■ ARM/Other
 ■ MSR

Servicing Related Assets represented approximately 25% of equity and 7% of assets at quarter end.

Note: All financial information as of March 31, 2017, unless otherwise noted. Figures in thousands, unless otherwise noted.

1. Comprised of MSRs and other related assets.
2. Comprised of RMBS and other related assets and liabilities.
3. Comprised of non-invested assets and liabilities.
4. Excludes cash and other derivatives. Includes TBAs of approximately \$66 million.



MSR Overview

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First Quarter 2017

Commentary

Investments in MSRs totaled \$76.7 million, related to \$7.6 billion of underlying Fannie Mae, Freddie Mac and Ginnie Mae loans as of March 31, 2017

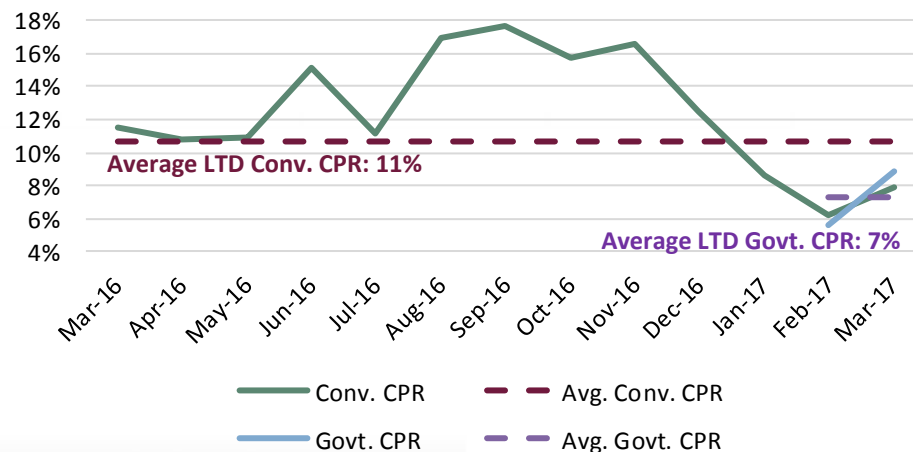
Higher primary rates combined with winter month seasonals were the primary drivers of the significant slowdown in first quarter speeds

Average LTD CPRs for the aggregate Conventional portfolio were 11% at quarter end and 7% for the Government portfolio

MSR Characteristics

Characteristics	FNMA	FHLMC	GNMA	Total
UPB (\$MM)	3,086,418,077	84,255,291	4,421,038,717	7,591,712,086
Avg UPB (\$'000)	192,636	191,925	216,856	206,028
WAC	3.81	3.87	3.36	3.55
Net Servicing Fee	0.25	0.25	0.30	0.28
WAM (Mths)	282	277	342	317
WALA (Mths)	34	34	11	20
Original FICO	760	758	698	731
Original LTV	76.4	80.7	92.8	86.0
ARM %	0.0%	2.1%	0.0%	0.0%
60+ DQ	0.6%	0.6%	0.9%	0.8%

Historical Prepayment



Note: Figures presented are rounded. As of March 31, 2017. CPR values presented are annualized.

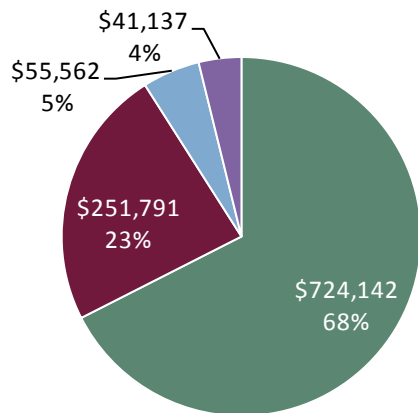
First Quarter 2017 RMBS Highlights

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First Quarter 2017

RMBS Portfolio: \$1,072,633 (incl. TBAs)

Commentary



RMBS portfolio totaled approximately \$1,073 million (including TBAs)

The portfolio grew as cash was put to work at rate levels not seen since late 2014 as well as putting money to work from the quarter-end capital raise

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

Current Portfolio Composition

30 Year Collateral: 68% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
30 Year Fixed Collateral	\$791	109%	3.83	13.00	4.46	11.02
TBA	(\$66)	(9%)	3.50	N/A	N/A	na
Total 30 year MBS Collateral	\$724	100%	3.86	13.00	4.46	10.53
≤ 20 Year Collateral: 32% of Total RMBS Assets						
	FMV	%	WAC	WALA	1 Mo. CPR	LT CPR
20 and 15 Year Fixed Collateral	\$307	88%	3.63	20.00	5.78	11.36
Other	\$41	12%	5.02	16.00	5.40	8.99
Total 15 and 20 Year MBS	\$348	100%	3.80	19.00	5.73	11.08

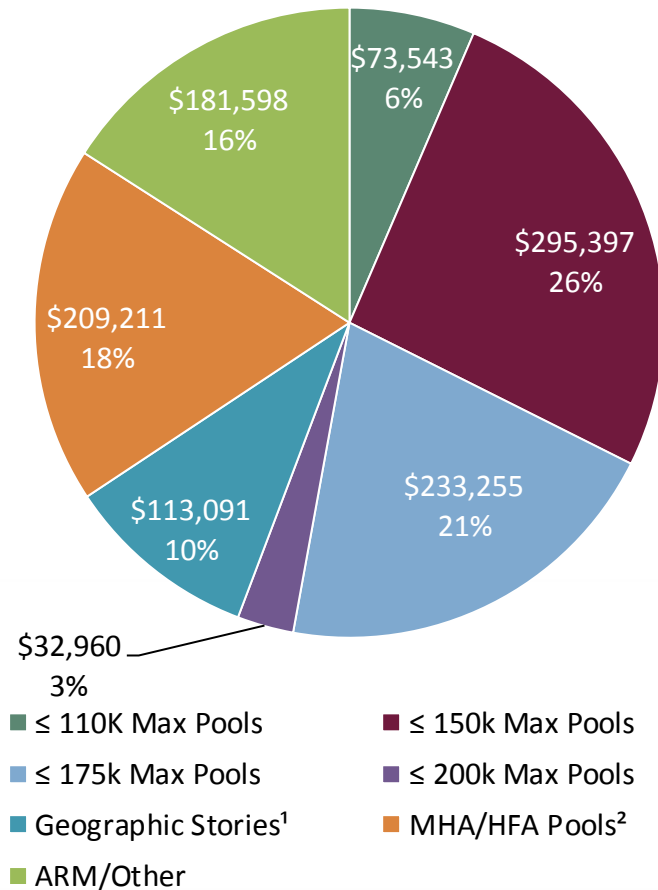
Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands, unless otherwise noted. CPR values presented are annualized.
Source: CHMI management and The Yield Book Inc.

RMBS Portfolio with Prepayment Protection

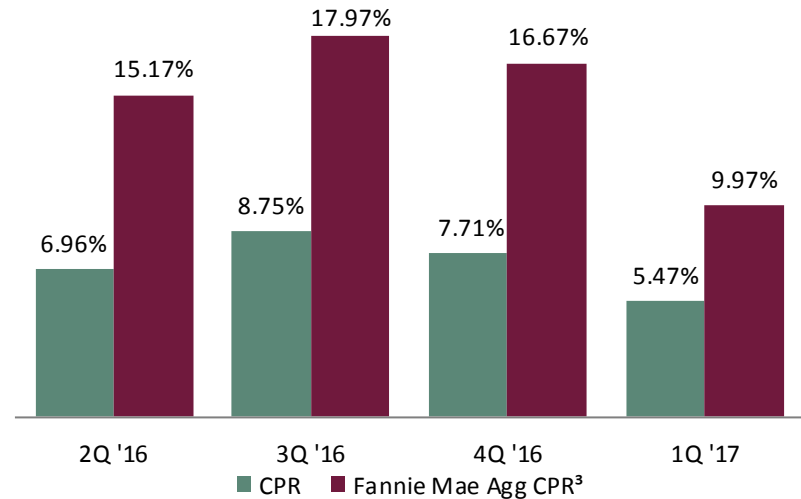
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First Quarter 2017

RMBS Portfolio: \$1,139,056



Quarterly CPR Performance



Commentary

RMBS portfolio posted a weighted average three month CPR of 5.47% for the first quarter

- Six month weighted average CPR of 6.40%
- Collateral composition continues to benefit the portfolio
- As interest and mortgage rates moved higher, the benefits versus the Fannie Aggregate diminished due to slowing aggregate prepay speeds

Note: Figures noted are rounded. As of March 31, 2017. 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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First Quarter 2017

Duration Gap Sensitivity on Current Portfolio					
	March 31, 2017	- 25bps	+50 bps	+ 100 bps	+ 150 bps
Assets					
RMBS Portfolio	3.51	3.11	4.20	4.71	5.09
Servicing Related Assets Portfolio	(1.37)	(1.74)	(0.76)	(0.40)	(0.23)
Total Assets	2.14	1.37	3.44	4.31	4.86
Liabilities, Swaps and Treasuries	(2.65)	(2.65)	(2.65)	(2.65)	(2.65)
Net Duration Gap (before Swaptions)	(0.51)	(1.28)	0.79	1.66	2.21
Swaptions	(0.22)	(0.16)	(0.34)	(0.40)	(0.42)
Net Duration Gap (including Swaptions)	(0.73)	(1.44)	0.45	1.26	1.79
Difference from Duration Gap as of March 31, 2017		(0.71)	1.18	1.99	2.52

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

Commentary

At March 31, 2017, the duration gap stood at -0.73 years

Assuming an instantaneous shift of +150 basis points in interest rates, the duration gap would move from -0.73 years to 1.79 years

Note: Figures presented are rounded. As of March 31, 2017.

Appendix

MSR – Conventional Sensitivity

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Appendix

MSRs Conventional Sensitivity Analysis¹

	March 31, 2017 ²					December 31, 2016 ³				
	Base Case					Base Case				
	Discount Rate Shift in %					Discount Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$33,601	\$32,300	\$31,088	\$29,956	\$28,897	\$34,443	\$33,110	\$31,871	\$30,716	\$29,638
Change in FV	\$2,514	\$1,212		(\$1,132)	(\$2,190)	\$2,573	\$1,239		(\$1,155)	(\$2,232)
% Change in FV	8.0%	4.0%		(4.0)%	(7.0)%	8.1%	3.9%		(3.6)%	(7.0)%
	Voluntary Prepayment Rate Shift in %					Voluntary Prepayment Rate Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$34,067	\$32,520	\$31,088	\$29,759	\$28,524	\$34,963	\$33,355	\$31,871	\$30,497	\$29,222
Change in FV	\$2,979	\$1,432		(\$1,329)	(\$2,564)	\$3,093	\$1,485		(\$1,374)	(\$2,648)
% Change in FV	10.0%	5.0%		(4.0)%	(8.0)%	9.7%	4.7%		(4.3)%	(8.3)%
	Servicing Cost Shift in %					Servicing Cost Shift in %				
	(20)%	(10)%	-%	10%	20%	(20)%	(10)%	-%	10%	20%
Estimated FV	\$32,199	\$31,643	\$31,088	\$30,532	\$29,977	\$32,915	\$32,393	\$31,871	\$31,348	\$30,826
Change in FV	\$1,111	\$555		(\$555)	(\$1,111)	\$1,044	\$522		(\$522)	(\$1,044)
% Change in FV	4.0%	2.0%		(2.0)%	(4.0)%	3.3%	1.6%		(1.6)%	(3.3)%

Note: Figures noted are rounded. As of March 31, 2017. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- March 31, 2017 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 10.6%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$71 per loan.
- December 31, 2016 analysis assumes weighted avg. discount rate of 9.3%; weighted avg. prepayment rate of 10.6%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$64 per loan.

MSR – Government Sensitivity

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MSRs Government Sensitivity Analysis ¹					
March 31, 2017 ²					
Base Case					
Discount Rate Shift in %					
	(20)%	(10)%	-%	10%	20%
Estimated FV	\$50,224	\$47,812	\$45,610	\$43,593	\$41,740
Change in FV	\$4,614	\$2,202		(\$2,017)	(\$3,869)
% Change in FV	10.0%	5.0%		(4.0)%	(8.0)%
Voluntary Prepayment Rate Shift in %					
	(20)%	(10)%	-%	10%	20%
Estimated FV	\$48,681	\$47,098	\$45,610	\$44,209	\$42,890
Change in FV	\$3,072	\$1,488		(\$1,400)	(\$2,720)
% Change in FV	7.0%	3.0%		(3.0)%	(6.0)%
Servicing Cost Shift in %					
	(20)%	(10)%	-%	10%	20%
Estimated FV	\$47,481	\$46,545	\$45,610	\$44,674	\$43,738
Change in FV	\$1,871	\$936		(\$936)	(\$1,871)
% Change in FV	4.0%	2.0%		(2.0)%	(4.0)%

Note: Figures noted are rounded. As of March 31, 2017. Dollars in thousands. For additional information, see Cherry Hill Mortgage Investment Corporation Form 10-K, filed with the SEC.

- Estimated changes in fair value represent management's assumptions based on a variety of factors. Actual changes in fair value may differ materially from what is shown.
- March 31, 2017 analysis assumes weighted avg. discount rate of 12%; weighted avg. prepayment rate of 8.6%; weighted avg. recapture rate of 0.0% for base case; and weighted avg. annual cost to service of \$96 per loan.



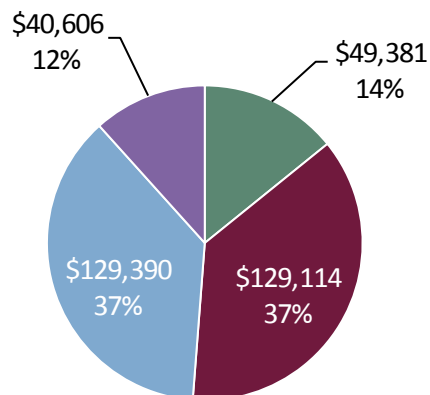
RMBS Portfolio Coupon Composition

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\$348,491 15/20 Year RMBS (Excludes TBAs)

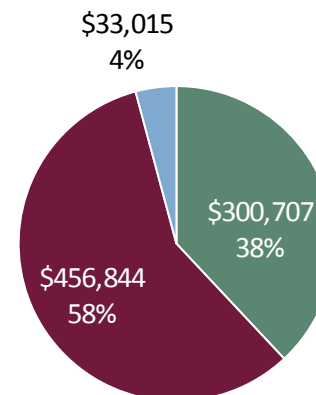
31% of Total RMBS Portfolio



■ 3.0 Coupon ■ 3.5 Coupon ■ 4.0 Coupon ■ 5.04 Coupon

\$790,566 30 Year RMBS (Excludes TBAs)

69% 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	\$55,949	3.14%	\$104.19	\$103.47	\$55,562	5%
20 Years	\$252,055	3.74%	\$105.12	\$105.01	\$251,791	22%
≥ 30 Years	\$796,048	3.83%	\$105.40	\$104.69	\$790,566	69%
MBS ARM/Other	\$39,725	5.02%	\$98.88	\$102.70	\$41,137	4%
Total / WA	\$1,143,777	3.82%	\$105.05	\$104.63	\$1,139,056	100%

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands, unless otherwise noted.

Financing Highlights

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Commentary

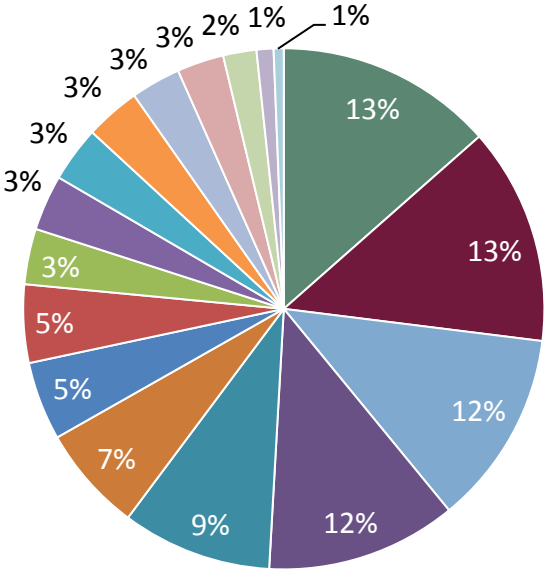
Average REPO cost was 1.04% with a weighted average days remaining to maturity of 78 days

24 REPO relationships established to date

Borrowings with 17 financing counterparties

Weighted average "haircut" of 5.2%

Repurchase Counterparties Utilized¹



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	\$149,363	19.3%	1.04%	13	105
1 ≥ x < 3 Months	\$269,063	34.8%	0.98%	60	98
x ≥ 3 Months	\$354,891	45.9%	1.08%	119	147
Total / WA	\$773,317	100.0%	1.04%	78	122

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands.
 1. Reflects the percentage of outstanding borrowings for our RMBS portfolio by counterparty.



Balance Sheet

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Consolidated Balance Sheets		
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Assets		
RMBS, available-for-sale	\$ 1,139,056	\$ 671,904
Investments in Servicing Related Assets at fair value	76,698	61,263
Cash and cash equivalents	75,115	15,824
Restricted cash	7,085	22,469
Derivative assets	9,540	9,121
Receivables from unsettled trades	-	-
Receivables and other assets	10,285	12,297
Total Assets	\$ 1,317,779	\$ 792,878
Liabilities and Stockholders' Equity		
Liabilities		
Repurchase agreements	\$ 773,317	\$ 594,615
Federal Home Loan Bank advances	-	-
Derivative liabilities	640	694
Notes payable	16,000	22,886
Dividends payable	3,687	4,816
Due to affiliates	2,337	1,894
Payables for unsettled trades	257,792	6,202
Accrued expenses and other liabilities	6,466	5,762
Total Liabilities	\$ 1,060,239	\$ 636,869
Stockholders' Equity		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of March 31, 2017 and December, 31, 2016	\$ -	\$ -
Common stock, \$0.01 par value, 500,000,000 shares authorized and 12,700,348 shares issued and outstanding as of March 31, 2017 and 500,000,000 shares authorized and 7,525,348 shares issued and outstanding as of December, 31, 2016	127	75
Additional paid-in capital	229,320	148,457
Retained earnings (deficit)	30,584	12,093
Accumulated other comprehensive income (loss)	(4,721)	(6,393)
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	\$ 255,310	\$ 154,232
Non-controlling interests in Operating Partnership	2,230	1,777
Total Stockholders' Equity	\$ 257,540	\$ 156,009
Total Liabilities and Stockholders' Equity	\$ 1,317,779	\$ 792,878

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands.

Income Statement

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Consolidated Statements of Income

	Three Months Ended March 31,	
	2017	2016
Income		
Interest income	\$ 6,078	\$ 5,188
Interest expense	2,431	1,657
Net interest income	3,647	3,531
Servicing fee income	4,574	1,495
Servicing costs	1,227	402
Net servicing income (loss)	3,347	1,093
Other income (loss)		
Realized gain (loss) on RMBS, net	(256)	320
Realized gain (loss) on investments in Excess MSRIs, net	6,678	-
Realized gain (loss) on derivatives, net	(1,017)	(1,461)
Realized gain (loss) on acquired assets, net	-	-
Unrealized gain (loss) on derivatives, net	1,082	(5,198)
Unrealized gain (loss) on investments in Excess MSRIs	-	(2,307)
Unrealized gain (loss) on investments in MSRIs	12,312	(2,232)
Total Income	\$ 25,793	\$ (6,254)
Expenses		
General and administrative expense	975	808
Management fee to affiliate	892	690
Total Expenses	\$ 1,867	\$ 1,498
Income (Loss) Before Income Taxes	23,926	(7,752)
Provision for corporate business taxes	1,339	(590)
Net Income (Loss)	\$ 22,587	\$ (7,162)
Net (income) loss allocated to noncontrolling interests in Operating Partnership	(409)	99
Net Income (Loss) Applicable to Common Stockholders	\$ 22,178	\$ (7,063)
Net income (Loss) Per Share of Common Stock		
Basic	\$ 2.91	\$ (0.94)
Diluted	\$ 2.90	\$ (0.94)
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	7,634,038	7,509,543
Diluted	7,640,348	7,519,038

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands, except per-share figures.

Comprehensive Income

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Consolidated Statement of Comprehensive Income		
	Three Months Ended March 31,	
	2017	2016
Net income (loss)	\$ 22,587	\$ (7,162)
Other comprehensive income (loss):		
Net unrealized gain (loss) on RMBS	1,416	7,652
Reclassification of net realized (gain) loss on RMBS in earnings	256	(320)
Other comprehensive income (loss)	1,672	7,332
Comprehensive income (loss)	\$ 24,259	\$ 170
Comprehensive income (loss) attributable to noncontrolling interests in Operating Partnership	\$ 440	\$ 2
Comprehensive income (loss) attributable to common stockholders	\$ 23,819	\$ 168

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands.

Core Earnings

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Core Earnings

	Three Months Ended March 31,	
	2017	2016
Net income (loss)	\$ 22,587	\$ (7,162)
Other comprehensive income (loss):		
+ Realized (gain) loss on RMBS, net	256	(320)
+ Realized (gain) loss on investments in Excess MSRs, net	(6,678)	-
+ Realized (gain) loss on derivatives, net	1,017	1,461
+ Realized (gain) loss on acquired assets, net	-	-
+ Unrealized (gain) loss on derivatives, net	(1,082)	5,198
+ Unrealized (gain) loss on investments in Excess MSRs	-	2,307
+ Unrealized (gain) loss on investments in MSRs	(12,312)	2,232
+ Tax (benefit) expense on unrealized (gain) loss on MSRs	1,351	(629)
+ Estimated "catch up" premium amortization (benefit) cost	-	1,617
+ Changes due to realization of expected cash flows	(953)	(478)
+ Reversal of (gain) loss on acquired assets, net	-	-
+ Yield maintenance income	750	-
Total core earnings:	\$ 4,936	\$ 4,226
Core earnings attributable to noncontrolling interests in Operating Partnership	(89)	(58)
Core Earnings Attributable to Common Stockholders	\$ 4,847	\$ 4,168
Core Earnings Attributable to Common Stockholders, per Share	\$ 0.63¹	\$ 0.55²
GAAP Net income (Loss) Per Share of Common Stock	\$ 2.91	\$ (0.94)

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

Note: Figures presented are rounded. Dollars in thousands, except per share figures. As of March 31, 2017.

- In 4Q 2016 the Company refined its method of calculating amortization of its MSRs to reflect expected cashflows (runoff) from the portfolio. Using this revised method of calculating MSR amortization, core earnings per share for 1Q16 would have been \$0.55.
- Reflects revised method of calculating MSR amortization.

Segment Results

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Appendix

Results of Operations				
	Servicing Related			
	Assets	RMBS	All Other	Total
Three Months Ended March 31, 2017				
Interest income	\$ 523	\$ 5,555	\$ -	\$ 6,078
Interest expense	114	2,317	-	2,431
Net interest income	409	3,238	-	3,647
Servicing fee income	4,574	-	-	4,574
Servicing costs	1,227	-	-	1,227
Net servicing income	3,347	-	-	3,347
Other income	18,990	(191)	-	18,799
Other operating expenses	-	-	1,867	1,867
Provision for corporate business taxes	1,339	-	-	1,339
Net income (loss)	\$ 21,407	\$ 3,047	\$ (1,867)	\$ 22,587
March 31, 2017				
Investments	\$ 76,698	\$ 1,139,056	\$ -	\$ 1,215,754
Other assets	6,446	22,517	73,062	102,025
Total assets	83,144	1,161,573	73,062	1,317,779
Debt	16,000	773,317	-	789,317
Other liabilities	3,506	259,460	7,956	270,922
Total liabilities	19,506	1,032,777	7,956	1,060,239
GAAP book value	\$ 63,638	\$ 128,796	\$ 65,106	\$ 257,540
Leverage				
March 31, 2017	0.25x	6.00x	-x	3.06x

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands.

RMBS Net Interest Spread

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Appendix

RMBS Net Interest Spread				
	At March 31, 2017	At December 31, 2016	At September 30, 2016	At June 30, 2016
Weighted Average Asset Yield	2.77%	3.22%	2.99%	3.08%
Weighted Average Interest Expense	1.35%	1.56%	1.36%	1.36%
Net Interest Spread	1.42%	1.66% ¹	1.63% ²	1.72% ³

Note: Figures presented are rounded. As of March 31, 2017.

1. 1.49% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.
2. 1.32% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.
3. 1.43% excluding net interest spread from repurchase transactions of Ginnie Mae RMBS with Freedom Mortgage.

Hedging Summary

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Appendix

Interest Rate Swaps					
Commentary	Characteristics				
	Years to Maturity	Notional Amount	WA Pay Rate	WA Receive Rate	WA Years to Maturity
Approximately \$610 million notional fixed pay swaps	x ≤ 3 Years	\$176,650	1.21%	1.07%	1.3
4.8 years weighted average duration	3 > x ≤ 5 Years	94,200	1.56%	1.07%	4.4
Covers 79% of aggregate REPO borrowings	5 > x ≤ 7 Years	219,800	1.93%	1.08%	6.7
	7 > x ≤ 10 Years	115,300	2.12%	1.08%	9.7
	x > 10 Years	4,000	2.00%	1.04%	14.6
	Total / WA:	\$609,950	1.70%	1.07%	5.4

Interest Rate Swaptions
\$80 million notional
Options to enter into fixed pay swaps prior to March 2018
3.6 year weighted average duration

Note: Figures presented are rounded. As of March 31, 2017. Dollars in thousands, unless otherwise noted.

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