# Five Oaks Investment Corp.

## Investor Presentation (NYSE: OAKS)

**Credit Suisse**
**3rd Annual Mortgage REIT and Servicer Conference**
**New York – November 20, 2013**

This presentation includes “forward-looking statements” within the meaning of the U.S. securities laws that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. You can identify forward-looking statements by use of words such as “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions or other comparable terms, or by discussions of strategy, plans or intentions. Statements regarding the following subjects, among others, may be forward-looking: the return on equity; the yield on investments; the ability to borrow to finance assets; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. Forward-looking statements are based on our beliefs, assumptions and expectations of its future performance, taking into account all information currently available to us. Actual results may differ from expectations, estimates and projections and, consequently, you should not rely on these forward looking statements as predictions of future events. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. Additional information concerning these and other risk factors are contained in our most recent filings with the Securities and Exchange Commission, which are available on the Securities and Exchange Commission’s website at www.sec.gov.

All subsequent written and oral forward-looking statements that we make, or that are attributable to us, are expressly qualified in their entirety by this cautionary notice. Any forward-looking statement speaks only as of the date on which it is made. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This material is for information purposes only and does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation for any securities, financial instruments, or common or privately issued stock. The statements, information and estimates contained herein are based on information that we believe to be reliable as of today’s date, but we do not make any representation that such statements, information or estimates are complete or accurate.

For GAAP financial statement reporting purposes, certain of our Non-Agency RMBS are reported as "Linked Transactions" and the fair value of those assets are not included in the fair value of our RMBS portfolio on a GAAP basis. This is because when we finance the purchase of securities with repurchase agreements from the same counterparty from whom the securities are purchased and both transactions are entered into contemporaneously or in contemplation of each other, the transactions are presumed to be part of the same arrangement, or a "Linked Transaction," unless certain criteria are met. Under GAAP, we account for the two components of a Linked Transaction (the RMBS purchase and the related repurchase agreement financing) on a net basis and record a forward purchase (derivative) contract, at fair value, on our balance sheet in the line item "Linked Transactions, net, at fair value." In managing and evaluating the composition and performance of our RMBS portfolio, however, we do not view the purchase of our Non-Agency RMBS and the associated repurchase agreement financing as transactions that are linked. We therefore have also presented certain information that includes the Non-Agency RMBS underlying our Linked Transactions. This information constitutes non-GAAP financial measures within the meaning of Regulation G, as promulgated by the Securities and Exchange Commission. We believe that this non-GAAP information enhances the ability of investors to analyze our RMBS portfolio and the performance of our Non-Agency RMBS in the same way that we assess our portfolio and such assets. We reconcile these measurements to GAAP in our quarterly reports on form 10-Q filed with, and will reconcile them in our annual report on form 10-K when filed with, the Securities and Exchange Commission.

# Five Oaks Today: Company Highlights

**Successful IPO Completion**

- Operating since May 2012, completed IPO in March 2013
- XL and Management invested a combined $26.5 million in shares in May 2012
- XL purchased an additional $25 million concurrently with our IPO in March 2013

**Experienced Team**

- Investment / Operations team with experience across Market Cycles
- 20+ years of industry experience on average, with 10 years together as a team

**Acceleration of Transition to Credit**

- Agency RMBS sold, Non-Agency RMBS increased during Q2 and Q3
- GAAP leverage reduced from 7.9x to 5.9x to 4.1x at end of Q1, Q2 and Q3
- Equity allocation approx. 65%/35% Non-Agency/Agency RMBS at 9.30.13

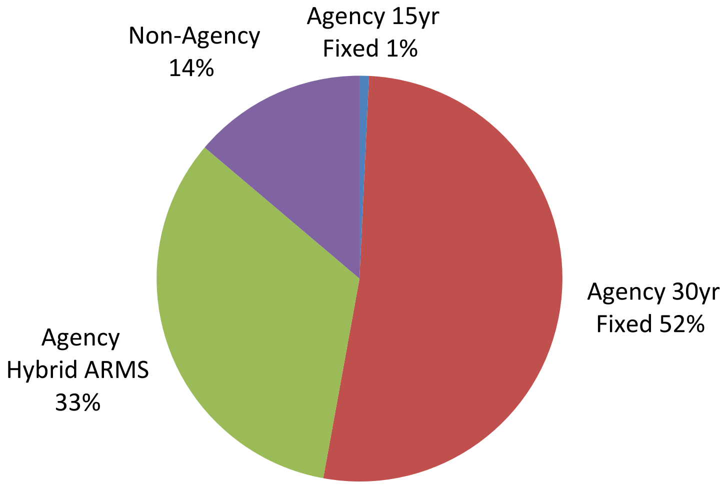
**Flexible Hybrid Investment Strategy**

- Focus on current portfolio investments with increased focus on credit
- Progress in positioning for high-yielding New Issue opportunities

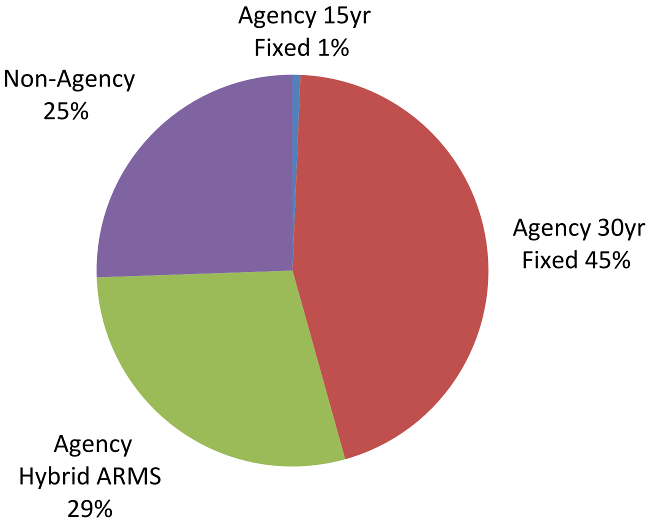
***Five Oaks is a hybrid mortgage REIT with a focus on credit, and ongoing strategic initiatives to take advantage of the "recapitalization" opportunities in private mortgage and multi-family MBS credit***

# Q3 2013: Transition to Credit – Less Leverage, Higher Yield

## RMBS Portfolio (GAAP Basis) $417.6 million




## RMBS Portfolio (non-GAAP Basis) $483.4 million (1)




September 30, 2013[1]

| | Book Value | Weighted Average Yield | Repo Outstanding | Weighted Average Cost of Funds [2] | Net Interest Margin |
|---|---|---|---|---|---|
| Agency | 368,351,342 | 2.78% | 338,846,000 | 1.16% | 1.62% |
| Non-Agency | 120,468,417 | 8.66% | 80,746,000 | 2.06% | 6.60% |
| **Net Portfolio** | **488,819,759** | **4.23%** | **419,592,000** | **1.33%** | **2.89%** |

1. Presented on a non-GAAP basis to include Non-Agency RMBS underlying Linked Transactions. For a more detailed portfolio presentation, including information on a GAAP basis, see Annex 1.
2. Agency weighted average cost of funds includes impact of derivatives.

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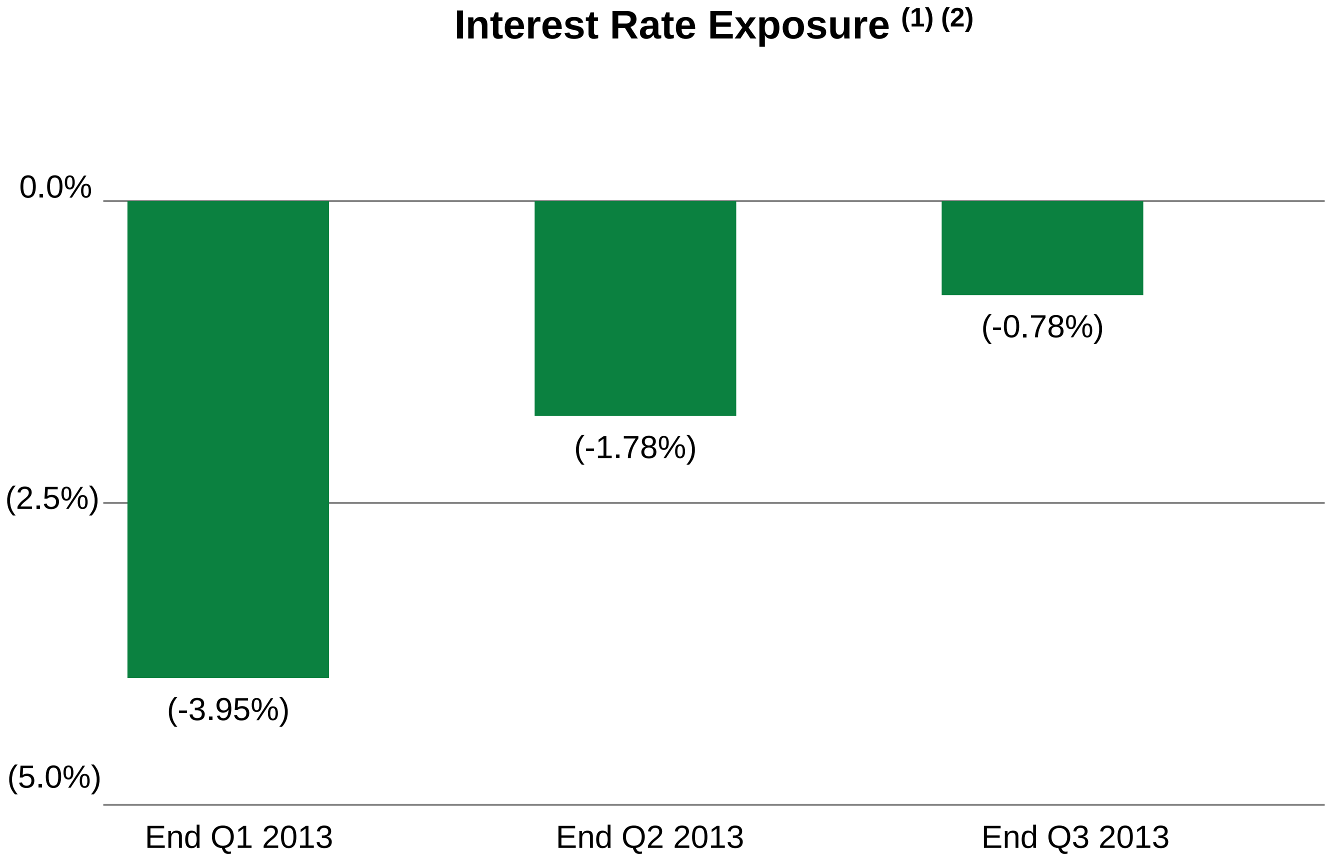
# Dynamic Approach to Hedging

A reduction in our Agency RMBS outstandings, and increased allocation to Non-Agency RMBS, have allowed us to reduce our sensitivity to further increases in interest rates:




(1) Represents estimated change in portfolio value for a theoretical +100bps parallel increase in interest rates
(2) Agency MBS only

# New Initiatives – The "Recapitalization" Trade

***Prime Jumbo Aggregation and Securitization***

- Hired David Akre to build out loan platform and brand our own shelf
- Established Taxable REIT subsidiary
- State mortgage licensing and warehouse negotiations well advanced
- Proposed platform: fully integrated, flow and bulk purchases, detailed credit review
- Use credit experience to generate well-underwritten subordinated prime RMBS investments (+MSRs)

***Multi-Family MBS***

- Approved to bid on subordinated investments in Freddie Mac K-Series
- Favorable demographics and economics for multi-family
- Leverages our strength in detailed credit analysis and surveillance
- Offers potential for high yield returns with limited interest rate sensitivity
- Well-established and consistent underwriting and securitization process
- Conservative credit parameters, strong overall program performance metrics

***Both initiatives build on the team's extensive credit experience in order to generate attractive investments with higher yields and lower rate sensitivity, while also developing an "operating company" franchise valuation***

# Illustrative Target Allocation of Equity

- Five Oaks' credit-centric approach focuses on intrinsic value by combining in-depth research, conservative valuation and diversification
- Blending investments allows potential for attractive risk-adjusted returns with different leverage, duration and convexity profiles from an Agency-only portfolio
- We anticipate end-2014 equity allocations in the following ranges:

| Asset Type | Target Allocation of Equity | Interest Rate Sensitivity |
|---|---|---|
| Agency RMBS | 10-30% | Medium to High |
| Legacy Non-Agency RMBS | 20-40% | Low |
| New Issue Non-Agency RMBS | 15-35% | Low |
| Multi-Family MBS | 15-35% | Low |

**A well diversified hybrid portfolio oriented to credit has the potential to minimize meaningful exposure to interest rate movements**

# Management Bios

Five Oaks Investment Corp.

### *David Carroll – Chief Executive Officer, President and Chairman of the Board*

- Ivy Square Ltd.: President (2008 – 2012)
- Ceres Capital Partners LLC: Co-founder (1999 – 2008)
- Morgan Stanley: Director (1986 – 1999)
- Cargill Inc.: Trader (1984 – 1986)
- B.A., University of Virginia; M.B.A., Duke University Fuqua School of Business

### *David Oston – Chief Financial Officer, Treasurer and Secretary*

- Ivy Square Ltd.: Managing Director (2008 – 2012)
- Ceres Capital Partners LLC: Portfolio Manager (2002 – 2008)
- Natexis Banques Populaires: CFO, New York Branch (2000 – 2001); Head of Specialty Finance (1990 – 2000)
- Various credit-related roles at ANZ/Grindlays and Banque Bruxelles Lambert
- B.A., M.A., Economic Geography, Cambridge University, England

### *Paul Chong, CFA – Chief Investment Officer*

- Ivy Square Ltd.: Portfolio Manager (2008 – 2011)
- Ceres Capital Partners LLC: Portfolio Manager (2004 – 2008)
- Financial Consultant, Arthur Anderson
- Credit Analyst, Bank of America
- B.Bus., Nanyang Technological University in Singapore, M.B.A., Duke University Fuqua School of Business
- C.F.A. holder

# Management Bios (continued)

### *Darren Comisso – Managing Director*

- 20 years of experience in the financial markets
- Ceres Capital Partners LLC: Co-founder (1999 – 2008)
- Bank of America: Vice President (1992 – 1999)
- B.A. Economics, University of California in Los Angeles

### *Tom Flynn – Managing Director*

- 35 years of experience in the financial markets
- Ivy Square Ltd.: Managing Director (2008 – 2011)
- Ceres Capital Partners LLC: Managing Director (2001 – 2008)
- Morgan Stanley: Head of Global Banking and Finance Credit Research (1985 – 2000)
- B.S.B.A., Georgetown University, M.B.A., Babson College

### *David Akre – Managing Director*

- 29 years of experience in the financial markets
- Whole Loan Capital, LLC: Principal (2009 – 2013)
- New York Mortgage Trust: Co-CEO, Vice Chairman, co-Founder (2003 – 2009)
- Thornburg Mortgage, Inc: Vice President, Capital Markets, Bulk Acquisitions and Secondary Marketing (1997- - 2003)
- B.S., United States Merchant Marine Academy, Kings Point, New York

# Annex One – Portfolio as of September 30, 2013 (GAAP)

Five Oaks Investment Corp.

**As of September 30, 2013**

| $ in thousands | Principal Balance | Unamortized Premium (Discount) | Designated Credit Reserve | Amortized Cost | Unrealized Gain/(Loss) | Fair Value | Net Weighted Average Coupon(1) | Average Yield(2) |
|---|---|---|---|---|---|---|---|---|
| Agency RMBS | | | | | | | | |
| 15 year fixed | $ 3,107 | $ 78 | $ - | $ 3,185 | $ (57) | $ 3,128 | 2.50% | 1.99% |
| 30 year fixed | 213,835 | 12,777 | - | 226,612 | (9,020) | 217,592 | 3.50% | 2.68% |
| Hybrid ARMS | 140,169 | (1,615) | - | 138,554 | 576 | 139,130 | 2.56% | 2.95% |
| Total Agency RMBS | 357,111 | 11,240 | - | 368,351 | (8,501) | 359,850 | 3.12% | 2.78% |
| Non-Agency RMBS Excluding Linked Transactions | 93,842 | (21,167) | (15,967) | 56,708 | 995 | 57,703 | 0.41% | 7.86% |
| Total/Weighted Average (GAAP) | **$ 450,953** | **$ (9,927)** | **$ (15,967)** | **$ 425,059** | **$ (7,506)** | **$ 417,553** | 2.56% | 3.45% |
| Non-Agency RMBS Underlying Linked Transactions | 106,675 | (26,010) | (16,904) | 63,761 | 2,043 | 65,804 | 0.48% | 9.36% |
| Combined/Weighted Average (non-GAAP) | **$ 557,628** | **$ (35,937)** | **$ (32,871)** | **$ 488,820** | **$ (5,463)** | **$ 483,357** | 2.16% | 4.23% |

(1) Weighted average coupon is presented net of servicing and other fees

(2) Average yield incorporates future prepayment assumptions