

October 6, 2025

VALUATION

Current Price	\$2.47
52 Week Range	\$2.34–3.68
Market Cap (\$-Mn)	89.0
Book Value/Share	\$3.34
Shares Out. (Mn)	36.05
Float	99.0%
Avg. 3-Month Volume	0.28Mn
P/E (2026E EAD)	4.4x
P/B	0.74x

Source: TIKR

FUNDAMENTALS

EAD (2024)	\$12.1 Mn
EAD (2025E)	\$17.5 Mn
EAD (2026E)	\$20.2 Mn
EAD/share or Core EPS (2024)	\$0.40
EAD/share or Core EPS (2025E)	\$0.51
EAD/share or Core EPS (2026E)	\$0.64

Source: Company Filings, Forward Estimates
Sourced from TIKR

STOCK PRICE PERFORMANCE



Source: TIKR

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Please refer to the Disclaimer at the end of this report.

Cherry Hill Mortgage Investment Corp.
(CHMI)

Undervalued mREIT With Dual-Sleeve Strategy, MSR Expertise, and Robust Dividend Yield

- **CHMI operates a differentiated dual-sleeve strategy combining mortgage servicing rights (MSRs) and agency residential mortgage-backed securities (RMBS),** providing built-in hedging and earnings durability across rate cycles. With a proven track record in MSR acquisitions via its licensed mortgage servicing arm Aurora Financial Group, curated RMBS allocations, and an internalized operating structure, CHMI stands out for its capital efficiency, shareholder alignment, and long-term value orientation. The firm's fully hedged portfolio, active duration management, and capital recycling capabilities support its resilience amid interest rate volatility and spread dislocations.
- **Tailwinds from Fed rate cuts and spread normalization in 2026 could drive significant book value upside.** CHMI's basis risk sensitivity framework shows that a 50-bps spread compression could enhance BVPS by ~13%, while interest rate curve stability adds to predictability. ICE and Fannie Mae forecasts suggest easing macro conditions could compress spreads toward historic levels, enhancing CHMI's asset valuations and total return potential. Meanwhile, active use of TBAs, disciplined leverage, and high RMBS hedge ratios reflect prudent risk posture.
- **A fully internalized and aligned operating structure differentiates CHMI in the mREIT space.** Recent transition to a fully internalized operating structure eliminates potential conflicts of interest, reduces overhead, and aligns management incentives directly with shareholder outcomes. The internalized model is expected to drive \$1.1-\$1.6 million in annualized cost savings, equating to a \$0.03-\$0.05 per share benefit.
- **CHMI's dynamic hedging framework provides a critical defense in today's volatile rate environment.** With \$684 million in payer swaps and \$116 million in receiver swaps, the company actively manages duration and basis risk across its portfolio. This approach helps protect book value and stabilize net interest income, especially as rate paths remain uncertain. By aligning hedge durations with asset exposures, CHMI ensures capital resilience through market shifts.
- **Strong fundamentals with a growing EAD and robust dividend yield.** Driven by resilient income streams, strategic asset allocation, and cost optimization, core earnings or earnings available for distribution (EAD) are expected to grow from \$12.1 million in 2024 to \$20.2 million in 2026E, per Street estimates sourced from TIKR. This is backed by a dividend yield of 16.2%, highlighting the strength in fundamentals.
- **Attractively valued.** While we do not have a price target or stock recommendation on the stock, our analysis shows that CHMI is trading at a discount to its own historical multiple and peer average. As policy uncertainty eases and spreads compress, CHMI's BVPS-linked upside, expected EAD expansion, and strategic execution can drive rerating.

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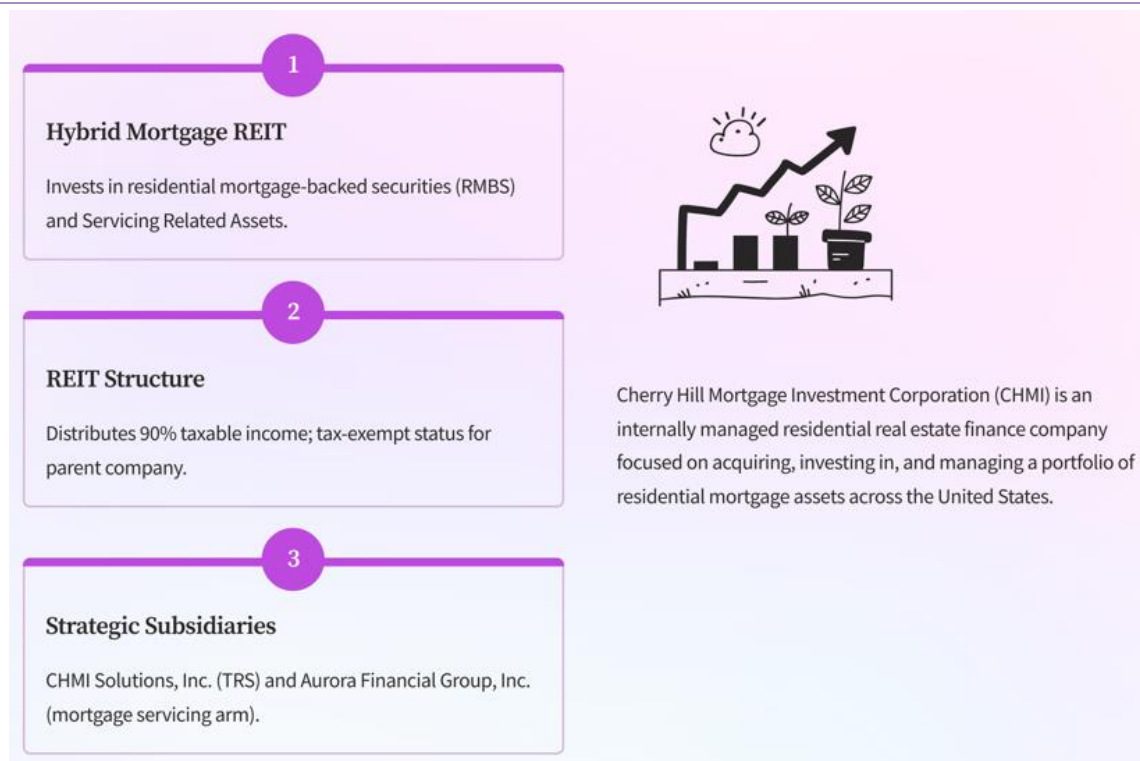
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Company Overview

CHMI – An Integrated Mortgage REIT with Dual-Sector Focus and Nationwide MSR Strategy

- **Cherry Hill Mortgage Investment Corporation (NYSE: CHMI) is a fully integrated, internally managed residential real estate finance company, focused on acquiring, investing in, and managing a portfolio of residential mortgage assets across the U.S.** Incorporated in Maryland in 2012 and publicly listed in 2013, CHMI has grown into a hybrid mortgage REIT that strategically allocates capital between two core segments: residential mortgage-backed securities (RMBS) and Servicing Related Assets, primarily mortgage servicing rights (MSRs) and Excess MSRs. Its common stock trades on the NYSE under the ticker "CHMI," alongside its 8.20% Series A and 8.25% Series B preferred shares, which trade under "CHMI-PRA" and "CHMI-PRB," respectively.
- **CHMI operates under a REIT structure and has elected to be taxed as such since 2013, distributing at least 90% of its taxable income to stockholders annually to maintain its tax-exempt status.** While the parent REIT is exempt from corporate income taxes on distributed income, its wholly owned taxable REIT subsidiary (TRS), CHMI Solutions, Inc., and its licensed mortgage servicing arm, Aurora Financial Group, Inc., are subject to standard U.S. federal and state income taxes. Aurora, an approved Fannie Mae and Freddie Mac seller/servicer, supports the company's MSR investment strategy by acquiring, managing, and transferring servicing rights across agency portfolios.
 - **A key milestone in CHMI's corporate evolution was the completion of its internalization on November 14, 2024,** when the company terminated its external management agreement with Cherry Hill Mortgage Management, LLC and transitioned to a fully integrated, internally managed structure. This strategic shift brought the investment and operating teams in-house, eliminating external management fees and enhancing alignment between shareholders and management. The internalization is expected to deliver measurable cost efficiencies, streamline decision-making, and improve transparency, strengthening CHMI's ability to respond dynamically to market conditions and manage risk with greater agility.

Chart 1: CHMI – Business Overview

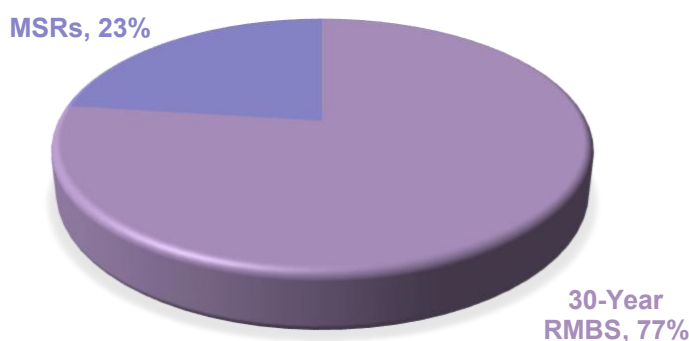


Source: Exec Edge Research

Company Overview

- **The company's investment strategy is anchored in a hybrid model that pairs interest rate-sensitive RMBS with cash flow-generating servicing related assets, primarily MSRs and Excess MSRs.** CHMI acquires MSRs through its taxable REIT subsidiary, Aurora Financial Group. To maintain REIT compliance and optimize tax treatment, CHMI structures Excess MSRs via intercompany transfers from Aurora to qualified REIT subsidiaries. While Aurora's MSR holdings are subject to corporate taxation, Excess MSRs held by REIT-eligible entities allow CHMI to retain favorable tax attributes. Servicing operations are outsourced to experienced third-party subservicers, allowing CHMI to focus on capital allocation and portfolio risk management.
 - **The RMBS strategy focuses primarily on Agency RMBS, including pass-throughs, collateralized mortgage obligations (CMOs), and to-be-announced securities (TBAs), and may include CMOs,** including interest-only (IOs) and inverse IOs, which are selectively used to capitalize on market-specific prepayment and structural opportunities.
 - The company also engages in TBA dollar roll strategies to enhance carry income while managing interest rate exposure. Opportunistically, CHMI may invest in non-Agency RMBS and GSE credit risk transfer securities, subject to REIT income and asset compliance limits.
 - **CHMI funds its RMBS investments primarily through short-term repurchase agreements collateralized by Agency RMBS.** As of December 2024, the company had access to 35 repo counterparties, with the flexibility to expand its funding relationships to enhance execution and asset access. Aurora separately finances its MSRs through dedicated revolving credit facilities with Fannie Mae and Freddie Mac, totaling \$250 million in capacity. To manage interest rate and financing risk, CHMI utilizes a suite of hedging tools including interest rate swaps, swaptions, TBAs, and U.S. Treasury futures. The company's strategy is flexible, with allocation decisions and hedging calibrated by senior management in response to changing interest rate and mortgage market conditions.
- **The composition of CHMI's asset and equity base underscores its hybrid structure and balanced capital deployment between MSRs and 30-year agency RMBS.** As of 2Q25, RMBS constituted 77% of total assets (excluding cash), while MSRs made up the remaining 23%, reflecting a consistent allocation pattern in recent quarters. On the equity side, CHMI maintained a diversified profile, with 43% allocated to Servicing Related Assets, 36% to RMBS, and 21% to other assets. This blend highlights CHMI's strategic focus on pairing interest rate-sensitive securities with servicing cash flows that offer natural hedges against rate volatility.

Chart 2: CHMI – Asset Investment Composition

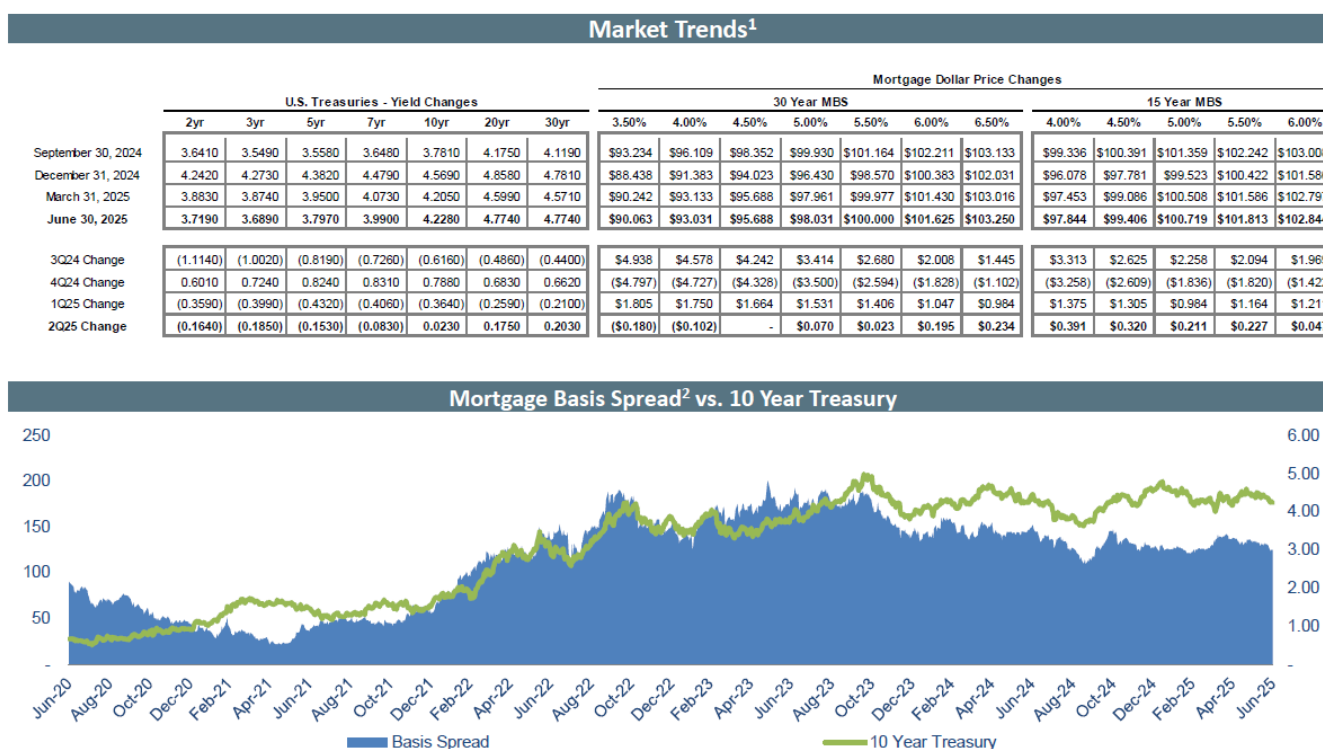


Source: Exec Edge Research, Company Investor Presentation.

- **As a hybrid mortgage REIT, CHMI's business model is inherently sensitive to changes in market interest rates, which directly impact asset valuations, prepayment behavior, hedging efficacy, and the economics of its funding strategy.** Prepayment speeds (how quickly borrowers pay down their loans) play a central role in determining both the cash flows and fair value of CHMI's RMBS and MSRs. In declining rate environments, increased prepayments can erode the yield on premium-priced assets, accelerate amortization schedules, and pressure book value. Conversely, rising rates tend to slow prepayments, extending the life of RMBS, which can lock CHMI into lower-yielding assets for longer durations, particularly if not perfectly matched with hedges.

- **CHMI mitigates this volatility through active interest rate risk management and the natural hedging relationship between MSRs and RMBS.** MSRs typically gain value when interest rates rise and prepayments fall, partially offsetting losses in RMBS, which may decline in value due to duration extension. However, extreme deviations in prepayment behavior (either faster or slower than modeled expectations) can still affect CHMI's earnings, book value, and capital reinvestment flexibility. The company further seeks to manage MSR-related prepayment risk through recapture agreements, whereby Aurora's subservicers attempt to refinance existing borrowers and retain servicing rights on new loans, thereby preserving long-term cash flows.
- **Changes in the broader interest rate environment also affect CHMI's cost of leverage and hedging outcomes.** Rising rates can increase borrowing costs while enhancing the effectiveness of interest rate swaps, whereas falling rates reduce funding costs but may impair swap values. Overall, the interaction between interest rate shifts, asset behavior, and hedging instruments introduces performance variability. While CHMI maintains a proactive hedging strategy, the impact of the Fed policy and market dynamics remains an external variable that can influence outcomes across its asset base and funding profile. The chart below illustrates the historical relationship between mortgage basis spreads and the 10-Year U.S. Treasury yield, highlighting the volatility mortgage REITs face in navigating basis risk and pricing dislocations. Elevated spreads in recent periods signal an environment of heightened return potential but also amplified market risk.

Chart 3: Mortgage Basis Spread vs. 10 Year Treasury



Source: Exec Edge Research, Company Investor Presentation. 1) US treasuries source: Bloomberg; mortgage prices and changes source: Citigroup. 2) Source: Bloomberg. FNMA 30 Year current coupon vs. 10-year Treasury.

- **Strategic digital expansion via Real Genius investment.** In May 2025, CHMI Solutions, Inc., a wholly owned subsidiary of CHMI, entered into a strategic partnership and financing agreement with Real Genius LLC, a Florida-based digital mortgage technology company. Real Genius offers a proprietary direct-to-consumer mortgage platform featuring instant prequalification, automated document processing, and real-time loan tracking via a custom-built point-of-sale system. Management highlighted this investment as a direct benefit of CHMI's internalized structure, which enables flexibility to pursue accretive growth opportunities. The partnership underscores CHMI's intent to participate in next-gen origination infrastructure and support digital-first lending ecosystems, complementing its hybrid MSR-RMBS portfolio with early-stage fintech exposure.

Right-to-Win

Multi-Faceted Moat Reinforces Competitive Edge and Focus on Shareholder Value Creation

- **We believe CHMI has a multi-faceted competitive moat, rooted in its defensible business model, strategic shareholder alignment, and prudent asset-liability management.** The company's right-to-win emerges from the convergence of six reinforcing pillars that position it to navigate volatile macro environments, extract consistent yield, and optimize capital deployment. Anchoring this foundation is CHMI's dual-sleeve investment structure, balancing interest-rate-sensitive MSRs with income-generating RMBS to deliver natural hedging and portfolio diversification. Supporting this architecture is an internalized operating model that aligns management with shareholders while improving cost discipline. The company's mortgage servicing arm Aurora enables agile MSR acquisitions and capital recycling to pursue opportunistic entry points. A carefully curated RMBS portfolio reflects stringent underwriting and deep market insight. Risk is actively managed through adaptive hedging strategies, while a robust dividend yield and sustained payouts offer investors tangible returns. Together, these elements differentiate CHMI in a crowded mREIT space, strengthening its long-term value proposition. We discuss each of these elements below.

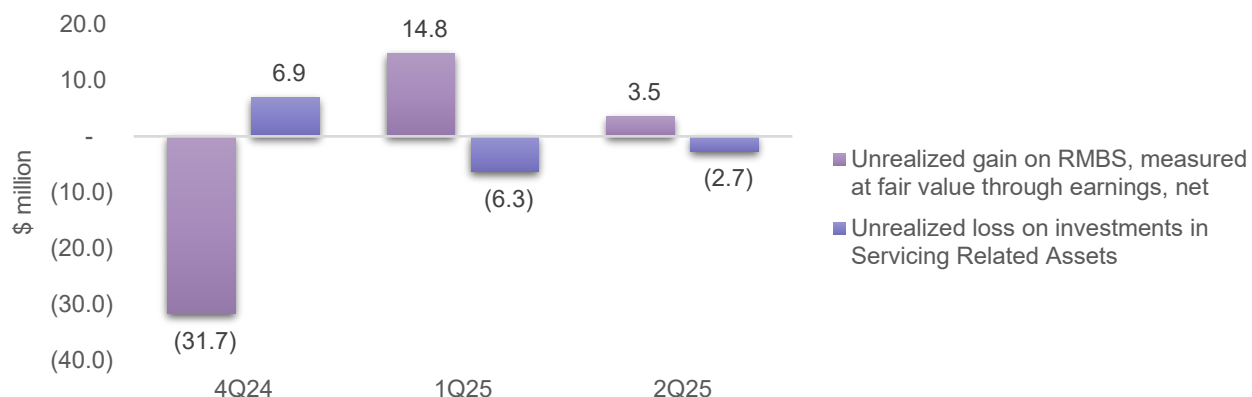
Chart 4: CHMI's Right-to-Win in the mREIT Sector



Source: Exec Edge Research,

- **Dual-sleeve investment model anchored by servicing related assets (SRAs).** We believe CHMI's dual-sleeve investment strategy of balancing SRAs and Agency RMBS represents a structural advantage that offers both diversification and natural interest rate hedging. As of 2Q25, MSRs and associated net assets represented approximately 43% of CHMI's equity capital and 23% of its investable assets (excluding cash), while RMBS accounted for 36% of equity capital and 77% of investable assets. This dynamic blend provides a valuable internal hedge: MSRs generally increase in value as rates rise due to slower prepayments, while Agency RMBS benefit from rate declines through higher asset prices. Despite rate-driven volatility, CHMI's structure enabled it to absorb market swings as RMBS posted a \$3.5 million unrealized gain, while MSRs experienced a \$2.7 million unrealized loss in 2Q25. Management continues to reinforce this dual-sleeve architecture, with reinvestment efforts now largely concentrated in RMBS, while maintaining MSR exposure for hedge stability. This strategic allocation supports earnings resiliency and book value protection, particularly in macro environments where directionality in rates is unpredictable. As investors seek mREITs capable of navigating both bull and bear rate regimes, CHMI's hybrid model emerges as a defining moat element that distinguishes it from more rate-directional peers.

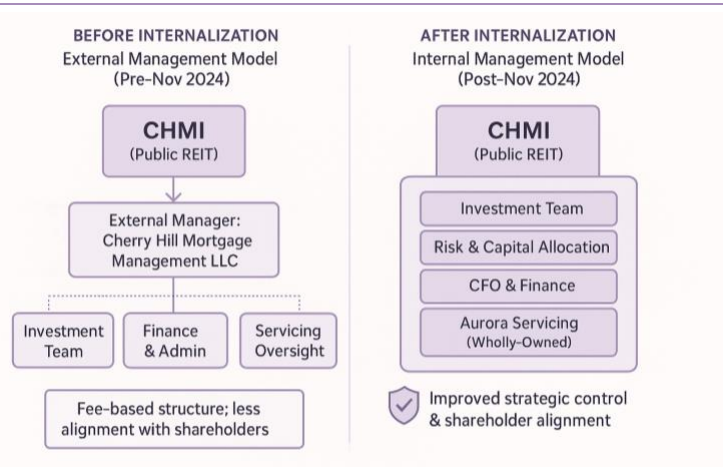
Chart 5: Dual Exposure Helps in Softening the Impact of Unrealized Gains/ Losses



Source: Exec Edge Research, Company Investor Presentation

- **A fully internalized and aligned operating structure is another key tenet of CHMI's moat.** The company's recent transition to a fully internalized operating structure eliminates potential conflicts of interest, reduces overhead, and aligns management incentives directly with shareholder outcomes. The internalization was completed on November 14, 2024, with the termination of the external management agreement with Cherry Hill Mortgage Management, LLC. This milestone repositioned CHMI as a fully integrated residential mortgage REIT, bringing investment, risk, finance, and servicing expertise under one operational umbrella. This shift is expected to result in lower recurring management expenses, improved responsiveness to market dynamics, and enhanced transparency in reporting and strategy execution.
 - **Per management, internalization is already showing results as of 2Q25, through improved strategic coordination across RMBS and MSR activities, better cost visibility, and stronger alignment between shareholder value creation and executive compensation.** The transition also reinforces CHMI's independence in capital allocation and portfolio decision-making, eliminating incentive structures tied to asset growth, which are common under external management models. With Aurora, now integrated under the same management umbrella, operational synergies are also expected to materialize across servicing and MSR acquisition workflows. Ultimately, internalization not only removes an external fee drag but also enhances long-term strategic flexibility.
 - In an environment where many mREIT peers remain externally managed, CHMI's internal structure stands out as a durable competitive advantage, one that aligns incentives, reduces friction, and enables agile execution amid market volatility.

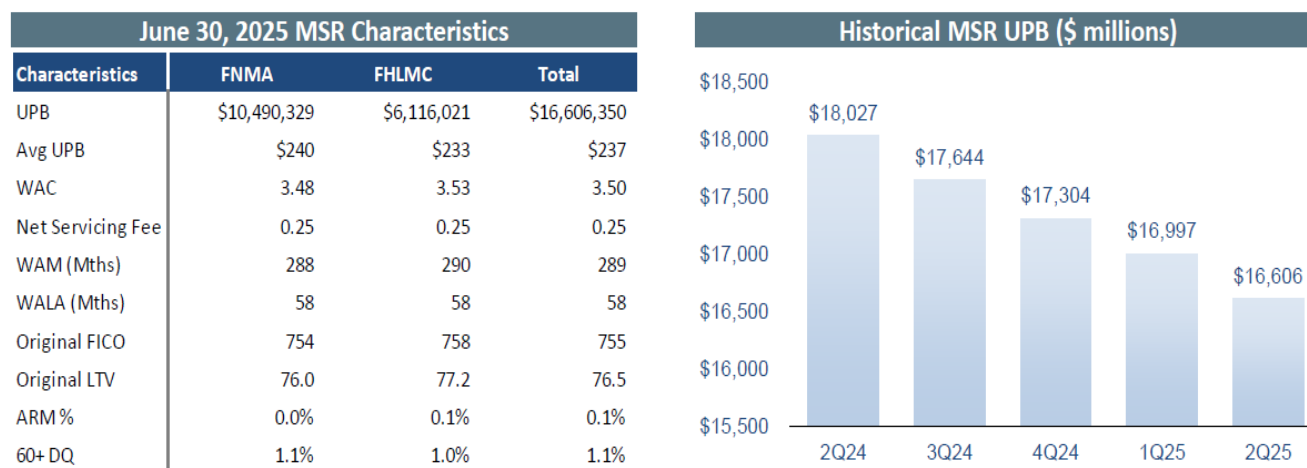
Chart 6: CHMI's Internalization: Transition to an Aligned Operating Model



Source: Exec Edge Research

- **Proven MSR acquisition and capital recycling via Aurora enhances portfolio efficiency and margin optimization.** CHMI has built a structurally differentiated edge through its internal sourcing and capital recycling capabilities, anchored by its wholly owned servicing subsidiary, Aurora Financial Group. By acquiring MSRs via Aurora and converting them into intercompany Excess MSRs, CHMI not only gains control over servicing cash flows but also achieves a REIT-compliant structure that reduces tax drag and enhances returns. As of 2Q25, CHMI held investments in MSRs totaling \$224.6 million, backed by ~\$16.6 billion in unpaid principal balance (UPB) of Fannie Mae and Freddie Mac loans, with a servicing strip of 25.2 basis points priced at a multiple of 5.38x, underscoring market discipline in acquisition pricing. The chart below illustrates CHMI's consistent MSR acquisition engine and active capital recycling, with the historical MSR UPB contracting to \$16.6 billion in 2Q25 from \$18.0 billion in 2Q24. This decline reflects disciplined runoff management and reinvestment decisions rather than sourcing constraints. Aurora's ability to dynamically manage servicing flow and selectively retain or strip excess yield enables CHMI to extract durable economic returns while maintaining balance sheet agility.
- **The servicing portfolio's strong credit characteristics, with weighted average FICO of 755 and a 60+ day delinquency rate of just 1.1%, provide further evidence of quality.** Additionally, the servicing portfolio remains well positioned with negligible ARM exposure and stable net servicing fees (0.25%). CHMI's integrated servicing strategy is particularly compelling in a volatile rate environment where servicing rights are appreciated, offering a natural hedge to rate-sensitive RMBS positions. The internal Aurora platform enables CHMI to recycle capital opportunistically, reinforcing its hybrid advantage and underwriting discipline, a unique moat that few peers in the mREIT sector can replicate.

Chart 7: Consistent MSR Acquisition Backed by High-Quality Agency Loans with Strategic Capital Recycling



Source: Exec Edge Research, Company Investor Presentation

- **Curated RMBS portfolio underscores CHMI's disciplined approach and underwriting edge.** CHMI's RMBS remains a central pillar of its investment framework, emphasizing selective acquisition and active management of Agency RMBS through both specified pools and TBA positions. As of 2Q25, the company reported total RMBS holdings (ex-TBAs) of \$1.15 billion, with the portfolio skewed toward 30-year Agency pools backed by conforming loans, providing predictable cash flows and lower credit risk. A key differentiator is CHMI's emphasis on pool customization and seasoning, aiming to mitigate prepayment volatility and enhance net interest income through thoughtful portfolio construction. The detailed RMBS composition shows a significant allocation to coupons in the 5.0%-5.5% range, collectively representing over 69% of total RMBS market value. These coupons typically exhibit favorable carry and better convexity profiles. Importantly, the weighted average loan age (WALA) of 23 months suggests moderate seasoning, which helps reduce refinance exposure. Coupled with a long-term conditional prepayment rate (LT CPR) average of 10.2%, the portfolio reflects a bias toward lower volatility assets, consistent with CHMI's income stability goals. Open Net TBA positions, meanwhile, were carried at a mark-to-market liability of \$397 million, indicating opportunistic hedging or tactical adjustments across settlement windows.

Chart 8: CHMI's Spec Pools Are Prepayment-Resilient and Have Meaningful Coupon Diversification

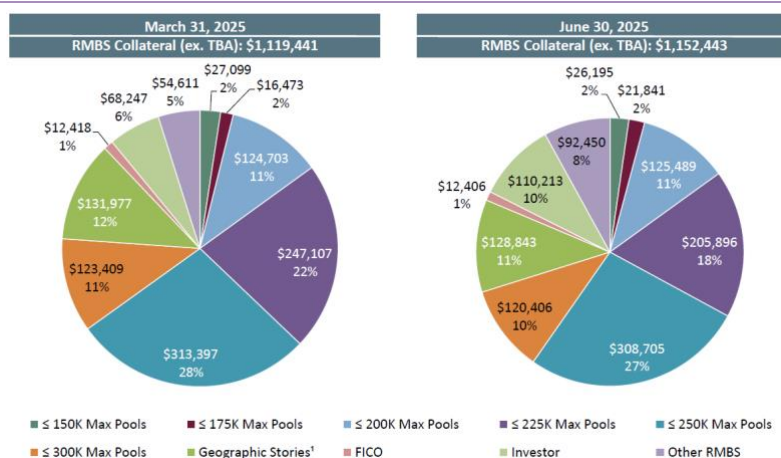
Spec Pool Characteristics							
30 Year Spec Pools							
Coupon	FMV	Book Value	Par Amount	GWAC	WALA	1 Mo. CPR	LT CPR ¹
≤ 4.0%	\$104,170	\$106,017	\$114,638	4.2%	38	9.6	8.8
4.5%	220,208	219,701	228,730	5.3%	28	6.4	9.0
5.0%	380,240	376,058	384,969	5.9%	24	2.7	10.0
5.5%	418,790	413,489	415,509	6.4%	18	5.5	11.3
6.0%	29,035	28,648	28,262	6.9%	11	0.3	10.8
Spec Pools Total	\$1,152,443	\$1,143,913	\$1,172,108	5.8%	23	5.0	10.2

Open Net TBA Characteristics							
30 Year Open Net TBAs							
Coupon	FMV	Book Value	Par Amount				
≤ 4.0%	(\$2,576)	(\$2,573)	(\$2,000)				
4.5%	(143,412)	(140,804)	(149,900)				
5.0%	(236,372)	(232,578)	(241,100)				
5.5%	(247,781)	(244,645)	(247,800)				
6.0%	99,361	98,460	97,825				
≥ 6.5%	133,880	132,947	129,500				
Open Net TBAs Total	(\$396,900)	(\$389,193)	(\$413,475)				

All RMBS Characteristics							
30 Year RMBS							
Coupon	FMV	Book Value	Par Amount	GWAC	WALA	1 Mo. CPR	LT CPR ¹
30 Year Total	\$755,543	\$754,720	\$758,633	5.8%	23	5.0	10.2

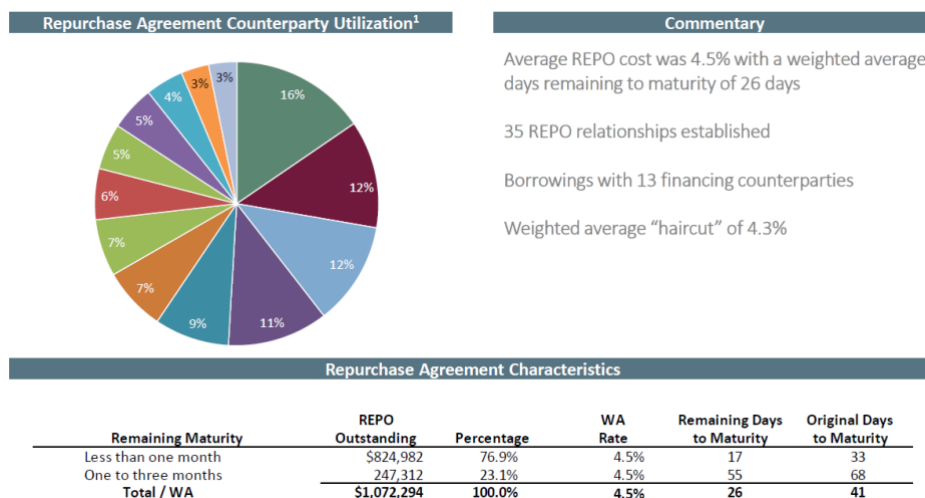
Source: Exec Edge Research, Company Investor Presentation. Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2025, unless noted otherwise. CPR values presented are annualized. 1. LT CPR is produced using Yieldbook's third party prepayment model.

- **A granular view of CHMI's RMBS collateral reveals a deliberate tilt toward smaller loan size pools, with 27% allocated to ≤\$250K max pools and another 18% to ≤\$225K.** These pools typically experience slower prepayment speeds and stronger borrower performance. Investor-owned and geographically targeted pools further diversify the portfolio's cash flow sources and amortization dynamics. This layered approach reinforces CHMI's underwriting discipline and hedges against macro-driven rate shocks or regional housing volatility.
- **Funding remains a crucial part of the RMBS strategy.** As of 2Q25, CHMI had over \$1.07 billion in repurchase agreements (repo), used to fund RMBS holdings at an average rate of 4.5%, with a 26-day weighted average maturity. Notably, the company maintains 35 repo relationships and active borrowing lines with 13 financing counterparties, ensuring flexibility and cost efficiency. The average "haircut" of 4.3% signals relatively low margin risk.
- **Overall, CHMI's RMBS platform illustrates a repeatable process rooted in precision asset selection, tailored risk layering, and dynamic funding optimization.** Even in a volatile interest rate environment, the portfolio structure supports resilient income generation and protects book value from asymmetric rate shocks. This consistent execution across cycles positions CHMI with a durable right-to-win in the Agency RMBS segment.

Chart 9: RMBS Collateral Breakdown Emphasizes Smaller Loan Pools with Geographical and Borrower Credit Diversification


Source: Exec Edge Research, Company Investor Presentation. Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2025, unless noted otherwise. 1. Geographic stories are single state pools such as NY or PR.

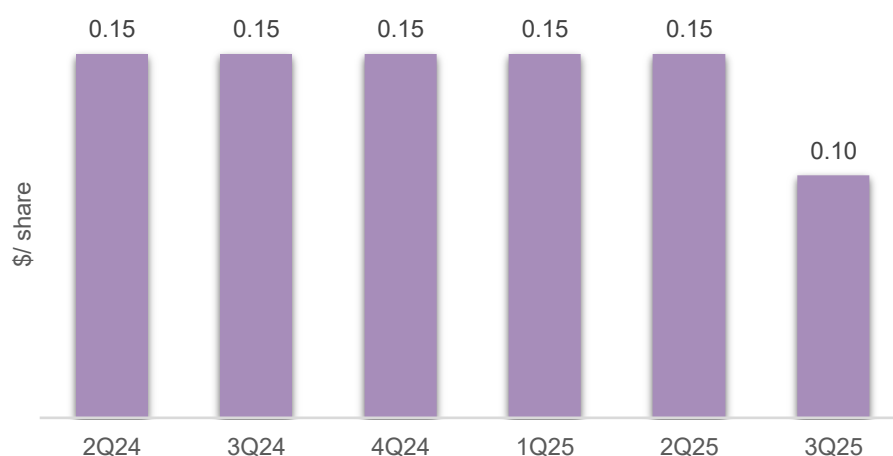
Chart 10: RMBS Collateral Breakdown Emphasizes Smaller Loan Pools with Geographical and Borrower Credit Diversification



Source: Exec Edge Research, Company Investor Presentation. Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2025, unless noted otherwise. 1. Reflects the percentage by dollar amount per counterparty of outstanding borrowings for our RMBS portfolio.

- **Adjusted dividend reflects recalibration amid evolving market conditions; 16.2% dividend yield is still strong and ~in line with industry average.** CHMI, which had an industry-leading dividend yield of 22%+ for the last several quarters (at \$0.15 per common-share dividend), recently cut its dividend to \$0.10/share. While management has not stated any specific reason for this cut, CHMI's strategic positioning and balance sheet flexibility suggest the move may be precautionary and likely reflects management's desire to preserve capital amid rising rate volatility, uncertain funding conditions, or potential market headwinds. We note that despite the cut, CHMI's dividend yield remains attractive at 16.2% and is nearly in line with industry average (16.1%). This recent adjustment reflects an evolving market environment and the need to closely monitor EAD, liquidity and portfolio resilience.

Chart 11: CHMI Dividend Track Record



Source: Exec Edge Research, Company Investor Presentation, Press Releases.

- **Active and adaptive hedging framework enhances risk resilience and capital stability.** CHMI maintains a dynamic and well-calibrated hedging strategy that creates a right-to-win in volatile market conditions. As shown in the adjacent swap and futures portfolio summary below, CHMI tactically utilizes a combination of interest rate swaps and U.S. Treasury futures to manage exposure to duration, basis, and financing risks across both its MSR and RMBS portfolios. With \$683.7 million in payer swaps and \$116.0 million in receiver swaps, CHMI effectively offsets both rising and falling rate scenarios. The portfolio demonstrates thoughtful duration matching of 3.0 years on payer swaps and 2.8 years on receiver swaps designed to mitigate convexity and preserve net interest income.

- **This disciplined hedging framework contributed meaningfully in 2Q25, cushioning the impact of rate volatility that adversely affected RMBS valuations and helping maintain book value stability.** Treasury futures were also deployed tactically, with a net \$60.2 million long position to hedge against sharp yield curve shifts. Management has proactively recalibrated the hedging program in response to rapid macro shifts, demonstrating real-time responsiveness and a risk-aware posture.
- As further evidence of its proactive risk management, CHMI maintained a hedging ratio on its RMBS portfolio ranging from 57% to 66% over the last five quarters. This consistent application of portfolio-level hedging demonstrates the company's ongoing commitment to mitigating interest rate exposure and preserving capital through rate cycles. The decline to a 57% hedge ratio in 2Q25 likely reflects management's dynamic adjustment to evolving rate expectations, balancing protection and earnings sensitivity.
- This active and adaptive hedging capability, which is scalable, multi-instrument, and duration-balanced, functions not only as a capital preservation lever, but also as a critical enabler of CHMI's hybrid investment model, amplifying its ability to generate sustainable returns in both up and down rate environments.

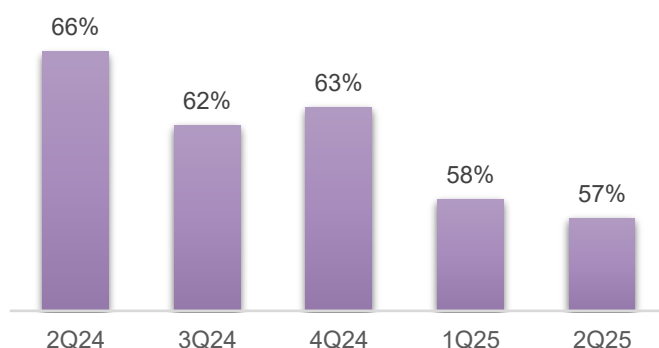
Chart 12: Interest Rate Hedge Portfolio: Swaps and Futures Allocation

Swaps									
Payer Swaps					Receiver Swaps				
Yrs. To Maturity	Notional	WA Pay Rate	WA Receive	WA Yrs. to Mat.	Yrs. To Maturity	Notional	WA Pay Rate	WA Receive	WA Yrs. to Mat.
x ≤ 1 Year	\$115,000	2.80%	4.18%	0.9	x ≤ 1 Year	-	-	-	-
1 > x ≤ 3 Years	183,900	0.76%	4.66%	2.2	1 > x ≤ 3 Years	76,000	4.45%	3.88%	2.7
3 > x ≤ 5 Years	206,400	0.62%	4.69%	3.5	3 > x ≤ 5 Years	40,000	4.71%	2.54%	3.8
5 > x ≤ 7 Years	127,700	1.09%	4.67%	6.0	5 > x ≤ 7 Years	-	-	-	-
7 > x ≤ 10 Years	50,700	3.44%	4.45%	8.8	7 > x ≤ 10 Years	-	-	-	-
Total/WA	\$683,700	1.32%	4.57%	3.6	Total/WA	\$116,000	4.54%	3.42%	3.0

Treasury Futures				
Maturity	Long Notional	Short Notional	Net	Fair Value
2 years	\$53,600	-	\$53,600	\$216
5 years	180,400	-	180,400	2,001
10 years ¹	-	(173,800)	(173,800)	(3,881)
Total	\$234,000	(\$173,800)	\$60,200	(\$1,664)

Source: Exec Edge Research, Company Investor Presentation. Note: Figures presented are rounded. Dollars in thousands. As of June 30, 2025, unless noted otherwise. 1. Includes 10-year Ultra futures and Long Bond futures contracts.

Chart 13: RMBS Hedge Ratio Demonstrates Active Interest Rate Risk Management



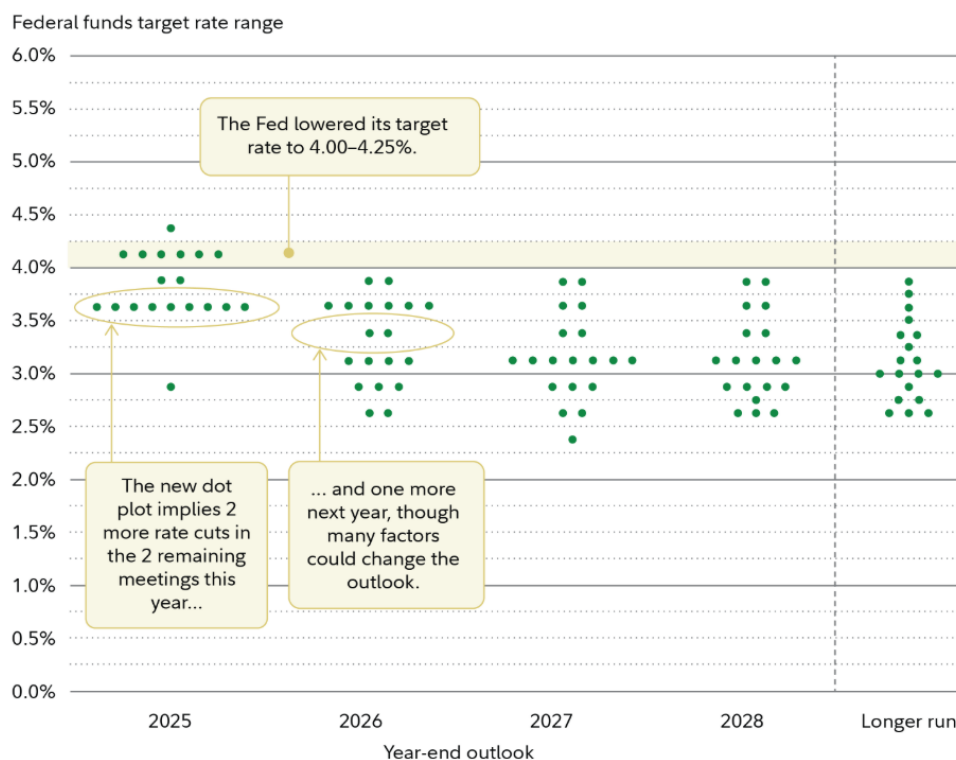
Source: Exec Edge Research, Company Investor Presentation. Note: RMBS hedge ratio represents net notional value of RMBS-related payer and receiver swaps relative to outstanding repurchase agreement borrowings.

Industry Trends and Company Positioning

Dual-Sleeve Portfolio to Drive Upside in Book Value for CHMI As the Rate-Cut Cycle Begins

- The Federal Reserve initiated its first rate cut in 2025, shifting policy from pause to gradual easing.** The U.S. Federal Reserve officially began its easing cycle on September 17, 2025, when it cut its target range by 25 basis points to 4.00–4.25%, its first cut since December 2024. Updated projections show the median Fed dot plot expecting two additional quarter-point cuts in 2025, pushing rates toward 3.5–3.75%, before further easing into 2026. This marks a shift from the earlier expectation of cuts only later in the year. This easing has broad implications for the REIT sector. Lower interest rates reduce borrowing costs, improve refinancing conditions, and enhance asset valuations across both equity and mortgage REITs. For mREITs, declining short-term rates can widen net interest spreads, support book values, and unlock upside in securities pricing. Additionally, lower rates often stimulate real estate demand and transaction volumes, indirectly supporting underlying asset performance. As rate volatility declines and financing stabilizes, REITs are positioned to benefit from a more accommodative environment and potentially improved investor sentiment toward yield-driven assets. For CHMI, lower rates reduce funding costs and enhance the valuation of its interest-rate-sensitive RMBS portfolio. Additionally, the hybrid pairing of MSRs and Agency RMBS becomes more valuable as spread volatility declines. The firm's hedging strategy and earnings visibility are expected to improve as the easing cycle continues.

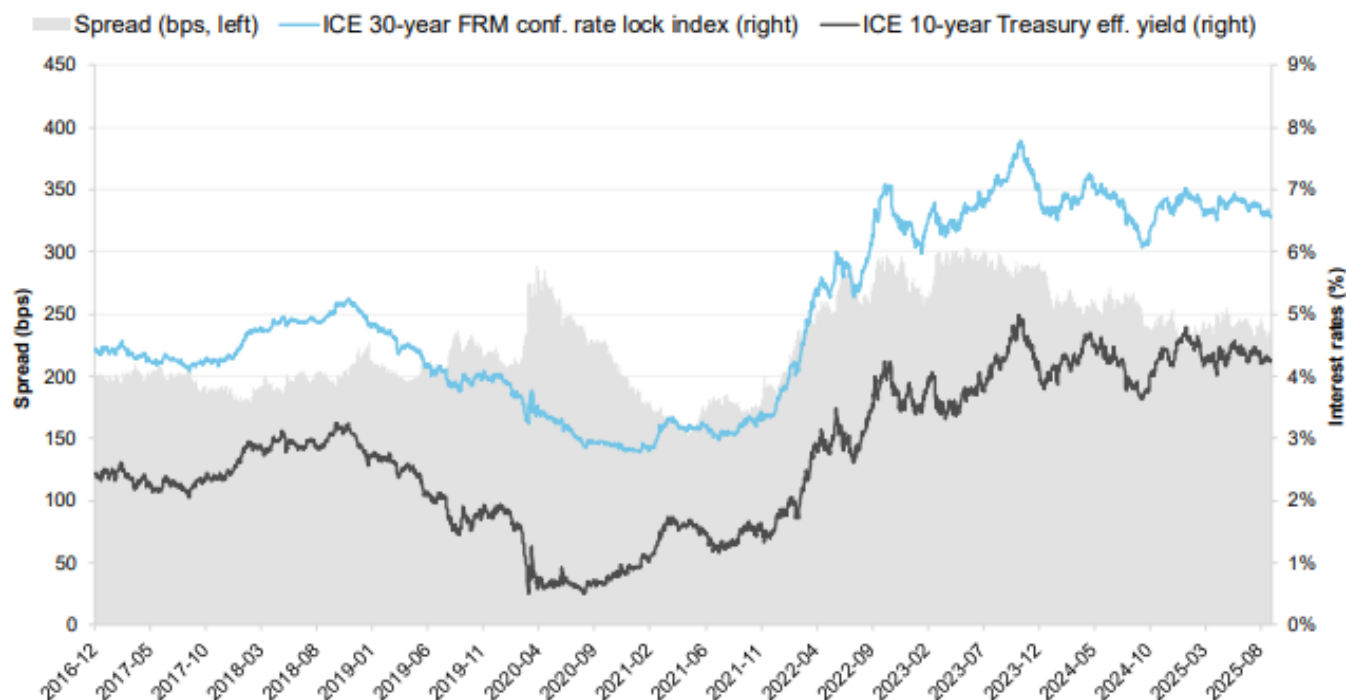
Chart 14: September 2025, Dot Plot Indicates Target Interest Rates Range of 3.5% to 3.75% by 2025 End



Source: Exec Edge Research, Fidelity, Federal Reserve Board Summary of Economic Projections, September 2025

- Despite modest improvements, mortgage spreads remain elevated.** By August 27, the 30-year fixed mortgage rate had fallen to 6.54%, its lowest level since early in the year, with spreads narrowing to 232 bps. Futures pricing suggests further compression: ICE 30-year fixed mortgage futures imply rates could reach ~6.35% by February, although only about a third of expected Fed rate cuts are projected to pass through into mortgage rates. While these moves offer respite, the remaining spread premium still sits above long-term norms, underscoring persistent risk aversion and liquidity premiums in the mortgage market. As rate cuts roll out, the market now anticipates that only a portion of easing will translate to lower borrowing costs for homeowners, limiting immediate drop in mortgage rates unless volatility and credit premium pressures ease further.

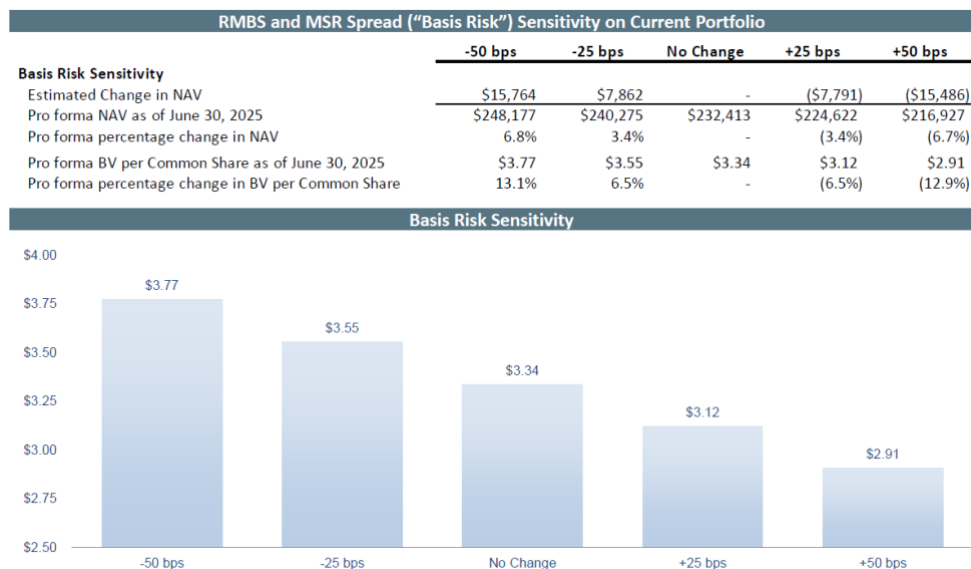
Chart 15: 30-year Mortgage to 10-year Treasury Yield Spread



Source: Exec Edge Research, ICE Index Platform. Data through August 27, 2025

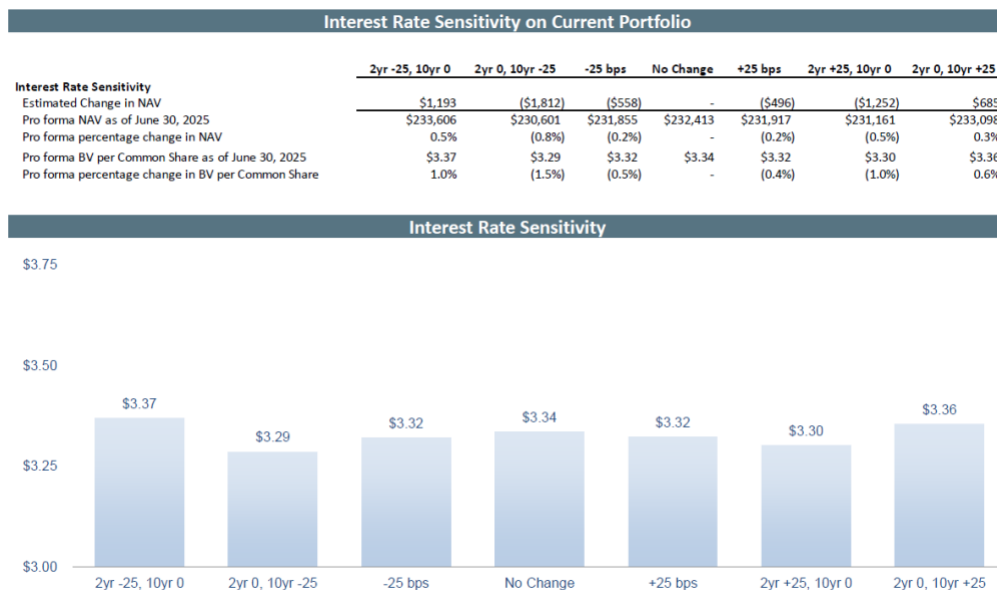
- **CHMI is positioned for book value upside as basis risk narrows and rate cuts progress.** CHMI remains favorably positioned to capitalize on the ongoing Federal Reserve rate cut cycle and the gradual normalization of mortgage spreads through 2026. The firm's dual exposure to interest rate movements and RMBS–MSR basis differentials continues to be a strategic advantage in a shifting macro environment. CHMI's latest sensitivity analysis (as of 2Q25) shows book value per share (BVPS) resilience across various rate scenarios, with potential upside emerging from basis risk compression.
 - In interest rate terms, CHMI's book value is largely stable across modest curve shifts, with BVPS ranging from \$3.29 to \$3.37 in most scenarios. A 25-bps lowering of the rate in the short end (2-year) paired with a flat long end (10-year) lifts BVPS modestly to \$3.37 (+1.0%), while even an inverted curve (-25 bps in long end only) results in a manageable decline to \$3.29. This underlines the effectiveness of CHMI's hedging and duration matching strategy.
 - The real upside is driven by basis risk sensitivity. A 50-bps compression between RMBS and MSR spreads would increase BVPS by 13.1% to \$3.77, while a 25-bps compression boosts it by 6.5% to \$3.55. With mortgage spreads compressing from 245 bps to 232 bps (as of August 27) and ICE futures projecting further narrowing, CHMI is structurally well-positioned. Even partial transmission of Fed easing into mortgage markets supports the valuation of interest-sensitive assets. CHMI's convex portfolio positioning, combining MSRs and Agency RMBS, provides downside protection in volatile markets and amplifies upside as liquidity improves and prepayment risk declines.

Chart 16: CHMI's Book Value Shows Strong Upside from Spread Normalization Scenarios



Source: Exec Edge Research, Company Presentation. Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2025, unless noted otherwise. 1. Spread sensitivities are derived from a model that is dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Rates are floored at zero percent.

Chart 17: CHMI's Portfolio is Designed for Resilience Against Minor Rate Adjustments

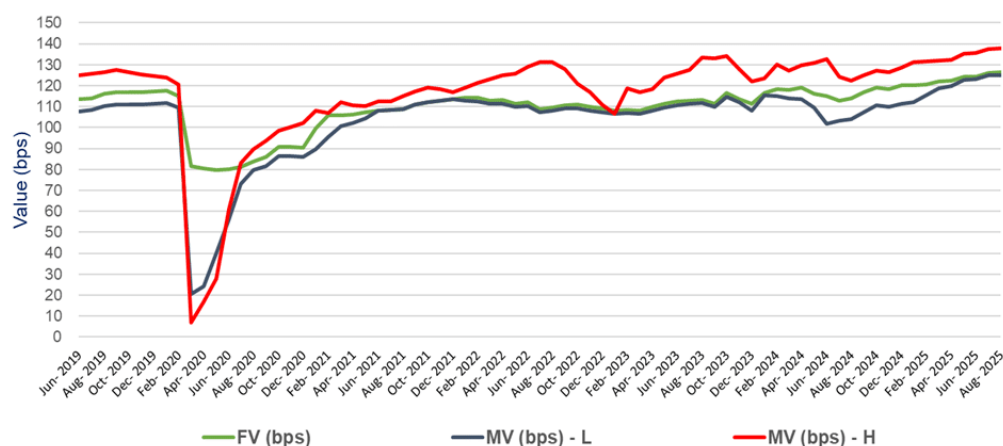


Source: Exec Edge Research, Company Presentation. Figures presented are rounded. Dollars in thousands, except per share figures. As of June 30, 2025, unless noted otherwise. 1. Interest rate sensitivities are derived from a model that is dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates.

Disciplined MSR Acquisition Help CHMI Amid Elevated Bulk MSR Pricing and SRPs

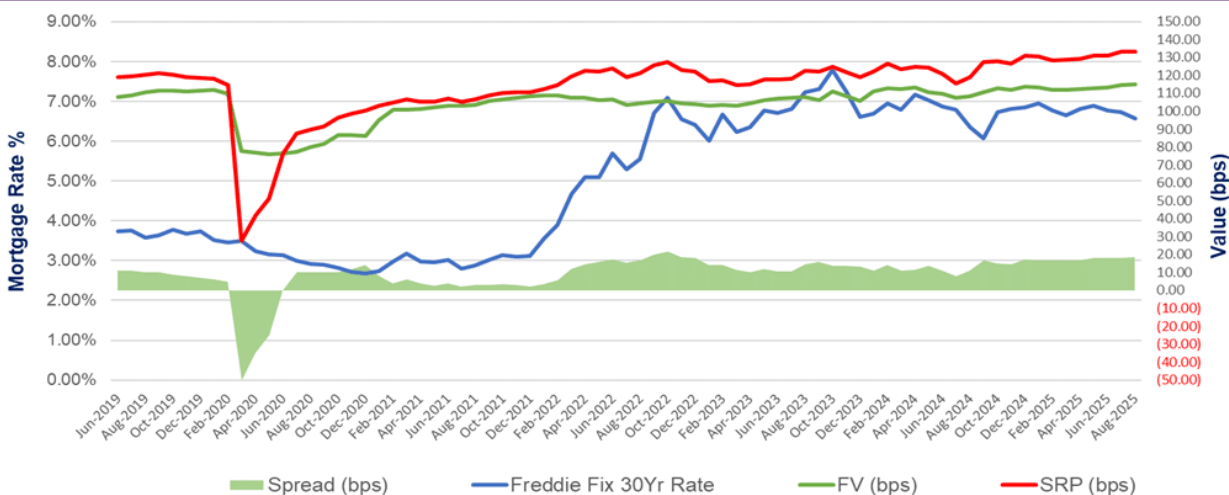
- Elevated MSR pricing persists, though bulk activity slows amid market uncertainty.** The Mortgage Servicing Rights (MSR) market continues to command elevated valuations, with recent bulk trade pricing in August falling within the 135–140 basis point range, translating to multiples of 5.40x to 5.60x on the servicing strip, according to MCT's September 2025 update. This pricing strength reflects ongoing supply-demand imbalances, though bulk MSR offerings have notably slowed as economic uncertainty and yield curve volatility prompted sellers to pause and reassess. While brokered transactions were subdued during the month of August, direct bilateral trades between buyers and sellers remained resilient, suggesting that core demand for MSRs continues despite broader market caution. Notably, newer production portfolios with interest rates in the 6.50%–6.75% range also garnered healthy valuations, with one portfolio fetching a 4.90x multiple. The elevated pricing backdrop is underpinned by a contraction in mortgage origination volumes, which limits MSR supply and keeps competition elevated. However, this supply-driven pricing support remains vulnerable. A dovish Fed stance and any material drop in mortgage rates could release pent-up origination demand, raising MSR availability and exerting downward pressure on valuations. Thus, sustainability of elevated pricing will likely depend more on persistent origination softness than on transitory rate conditions.

Chart 18: Bulk MSR/ Fair Value Vs. Market Value



Source: Exec Edge Research, Mortgage Capital Trading

Chart 19: SRP/ Fair Value Trend



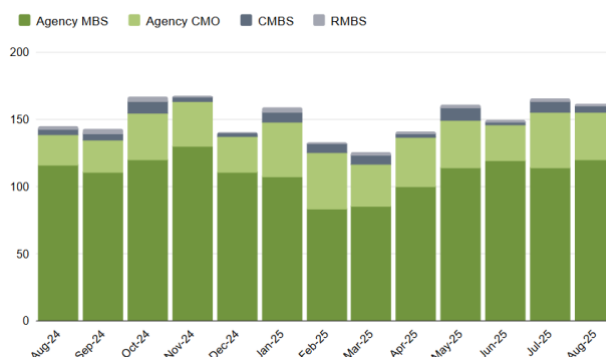
Source: Exec Edge Research, Mortgage Capital Trading

- **Servicing release premiums (SRPs) remain elevated despite recent rate-driven optimism, underpinned by tight production pipelines and sustained servicing scarcity.** While mortgage rates have declined since late August, drifting between 6.25% and 6.50%, many prospective borrowers remain on the sidelines, delaying action in anticipation of further rate relief. As a result, origination volumes have shown only modest month-over-month improvement. Refinancing activity remains subdued but could rebound quickly if rates continue to trend lower. In this context, major aggregators are offering record-high SRP pricing, including on FHA loan production, with current average premiums standing 15-25 basis points above modeled fair value. However, market participants caution that these premiums are more reflective of aggregator scale advantages and temporary supply-demand imbalances than true fair value. While SRPs currently offer an incremental lift to servicers choosing the latter, the pricing window is fragile. Any meaningful uptick in loan production could dilute SRP premiums as the market normalizes. Consequently, while current SRP levels offer near-term economic benefit, they warrant a cautious stance when capitalizing new servicing assets, especially at moderate pricing levels that may not hold if liquidity conditions shift.
- **Acquiring MSRs at elevated prices and high SRPs presents several structural risks that can erode return on capital and introduce valuation volatility.** When MSRs are purchased at historically high multiples, expressed in basis points (bps) of unpaid principal balance (UPB) or as a “servicing strip” future performance becomes highly sensitive to changes in interest rates, prepayment speeds, and loan delinquency trends. The most immediate disadvantage is compressed yield. If the underlying loans prepay faster than modeled due to refinance activity or borrower mobility, the investor amortizes the capitalized MSR value over a shorter-than-expected lifespan, leading to yield dilution and, in some cases, impairment charges.
 - **Moreover, when SRPs are elevated, (currently 15–25 bps above fair value), it can lead to "winner's curse" dynamics where acquirers overbid to win servicing rights.** While refinancing activity remains subdued, a potential pickup, especially amid falling mortgage rates, may introduce cash flow modeling risks. High acquisition costs reduce resilience to mark-to-market volatility if discount rate assumptions shift or cost-to-service rises. As a result, in turbulent markets, even cash flow-positive MSRs may trigger valuation markdowns.
 - **High-priced MSRs also reduce operational flexibility.** Re-securitizing or selling becomes less attractive due to the risk of sale losses when market clearing prices fall below the cost basis. This can slow capital recycling and limit a company's ability to pivot portfolios in a timely manner. Finally, elevated pricing narrows the margin buffer available to absorb rising servicing expenses such as advances, compliance costs, or counterparty fees, pressuring returns in a shifting policy or regulatory environment.
- **CHMI is navigating elevated MSR and SRP pricing with a disciplined and opportunistic strategy, leveraging Aurora's internal retention capabilities and selectively allocating capital.** During 1H25, CHMI resisted participating in high-priced bulk MSR trades, especially as August saw brokered deal flow slow amid market uncertainty and yield curve volatility. Instead, capital was redirected toward RMBS opportunities offering superior risk-adjusted returns. Meanwhile, CHMI's servicing subsidiary, Aurora, has capitalized on historically high SRPs by retaining servicing rights internally and structuring excess MSRs, allowing the firm to benefit from strong release premiums without incurring high external acquisition costs. Aurora's approach maximizes float income and servicing revenue, aligning with the firm's focus on disciplined return optimization.
 - This measured approach positions CHMI to benefit from both today's elevated pricing and tomorrow's market normalization, balancing patience with opportunism within its servicing strategy framework.

CHMI Is Well Positioned to Capture Growth Opportunities in the RMBS Market

- **The U.S. RMBS market demonstrated healthy momentum in 1H25, surpassing issuance volumes seen in 1H 2024.** According to data from SIFMA, as of August 2025, the U.S. MBS market saw \$1.2 trillion in YTD issuance (up 21.7% y/y) and robust trading activity. Agency MBS trading averaged \$345.1 billion daily (+15.9% y/y), while non-agency volumes rose 19.8%. This rebound in market depth and liquidity enhances portfolio deployment opportunities for CHMI, particularly within its agency RMBS allocation strategy. Growth was supported by a broad base of collateral types, including prime, non-QM, CRTs, and esoteric segments like home equity and residential transition loans (RTLs). The environment remained conducive to issuance, driven by a combination of stable mortgage rates in the 6%-7% range, resilient home price appreciation, and a still-supportive credit backdrop. While conforming originations remained relatively flat, demand for non-QM and "new-age" equity products increased, highlighting a market shift toward more customized credit offerings amid affordability constraints in traditional lending.

Chart 20: U.S. MBS Issuance (\$ billion) – As of August 2025



Source: Exec Edge Research, SIFMA Research

- **Credit conditions remain favorable despite economic uncertainty and recession concerns.** Despite a less robust macroeconomic picture, credit conditions across RMBS sectors were largely stable through 1H25. Unemployment remained low at 4.2%, home equity levels were preserved by stable-to-rising property prices, and deal-level prepayment rates helped drive quicker deleveraging. These factors contributed to a healthy upgrade/downgrade ratio across the RMBS credit rating book, as Morningstar DBRS recorded 1,050 upgrades and zero downgrades in the first, reflecting structural soundness and conservative underwriting. This resilience is notable given headwinds like elevated inflation, stagnating wages, and the looming risk of an economic slowdown. Prime RMBS pools maintained very low delinquency rates (0.92%), while non-QM deals, though riskier by nature, also saw improved delinquency trends. Constant prepayment rates (CPRs) for prime loans ticked up slightly in 2Q due to seasonality and lower benchmark yields, which is a positive sign for credit curves. As 2H25 unfolds, continued strength in job markets and controlled credit behaviors are expected to support investor confidence. However, the downside risk from any abrupt macro shocks, especially recessionary signals, will require careful surveillance.

Chart 21: Morningstar DBRS Credit Rating Activity – 1H 2025 vs 2024 and 2023

Credit Rating Actions	Morningstar DBRS Credit Ratings: U.S. RMBS		
	H1 2025	2024	2023
New Deal	89	167	96
New Rating	1,670	2,614	1,061
Confirmed	5,797	11,327	11,195
Upgraded	1,050	2,947	2,791
Downgraded	0	0	9
Upgrade/Downgrade Ratio	-	-	310/1
Under Review - Developing	0	0	0
Under Review - Negative	0	0	0
Under Review - Positive	0	0	0
Discontinued	278	426	609
Credit Ratings Book	18,291	16,878	14,731
Turnover Ratio (%)	1.58	2.70	4.21

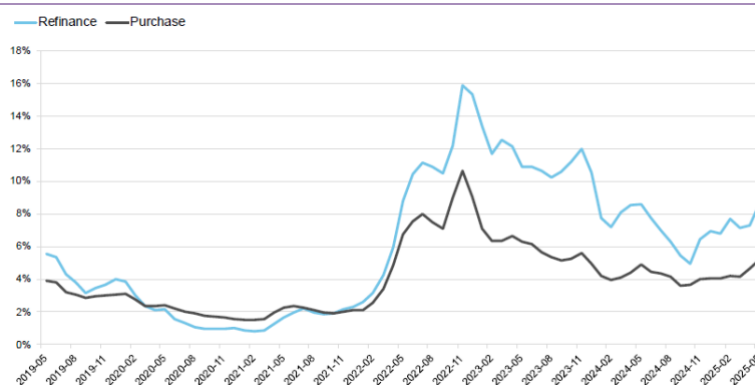
Source: Exec Edge Research, Morningstar DBRS

- **CHMI's agency RMBS portfolio is well-positioned to benefit from improving liquidity and stable credit fundamentals in the mortgage bond market.** CHMI stands to gain from enhanced execution in a deeper market, while resilient credit trends, driven by low delinquencies, preserved home equity, and continued MBS ratings stability, support asset valuations and reduce impairment risk. With prepayment rates normalizing and spreads remaining attractive, CHMI's RMBS sleeve remains a key earnings and book value contributor.
- **Potential government-sponsored enterprise (GSE) reform remains a topic of debate, but its timeline and final shape remain uncertain.** Debate continues around the role of the implicit government backstop, capital recaps, and future guarantee-fee (g-fee) structures. While FHFA has recently rescinded a proposed debt-to-income surcharge and committed to increased transparency in g-fee setting, no definitive rule changes have been implemented. Investor markets still appear to assume the continuation of government support, as reflected in relatively tight spreads for agency MBS. For CHMI, with its reliance on GSE-backed agency RMBS, policy overruns or shifts in subsidy signals could pressure valuations or pricing dynamics. But as of mid-2025, management sees no strong evidence that reform risk is being priced into market levels. In short, until actionable regulation or legislation emerges, CHMI's agency RMBS strategy is likely to remain structurally insulated from GSE reform uncertainty.

Lending Activity Remains Resilient Amid Evolving Consumer Behavior; CHMI Well Placed

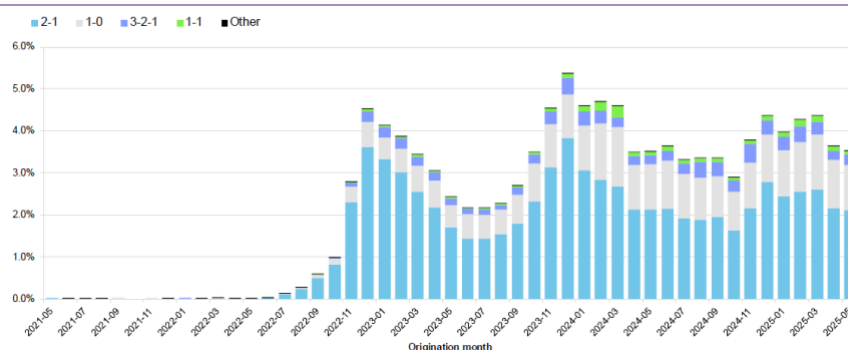
- **Purchase lending activity remains resilient amid modest rate increases.** Despite a modest uptrend in mortgage rates beginning in April 2025, the U.S. housing market continues to demonstrate resilience in purchase lending activity. According to the ICE Mortgage Monitor, seasonally adjusted purchase mortgage application volumes registered y/y growth for 21 consecutive weeks, as of June 25. Weekly application growth has remained consistently strong, ranging between +13% and +21% y/y, an encouraging signal of stable borrower demand despite prevailing rate headwinds. Notably, three of the five strongest purchase application readings over the last 12 months occurred in the last eight weeks, reflecting continued market momentum amid gradually improving inventory conditions.
- **As interest rates edged up through the second quarter, a notable behavioral shift among borrowers emerged, particularly the increased use of Adjustable-Rate Mortgages (ARMs).** While fixed-rate loans remain dominant, the ARM share of total mortgage lending reached its highest level since late 2023. Specifically, ARMs accounted for just over 5% of all purchase loans and 8.6% of refinance loans by late June 2025. This uptick underscores a growing borrower preference for more flexible loan structures in a high-rate environment, particularly among those seeking affordability in early loan years. While ARM utilization remains modest in absolute terms, its directional rise offers insights into borrower psychology, signaling rate sensitivity and a willingness to explore alternative loan formats to preserve affordability. The parallel increase in applications and ARM share also reflects increased lender activity in catering to more nuanced borrower needs, possibly aided by technology and competitive loan offerings.

Chart 22: Adjustable-Rate Share of First Lien Originations



Source: Exec Edge Research, ICE Origination Data

Chart 23: Temporary Buydown Share of Purchase Origination

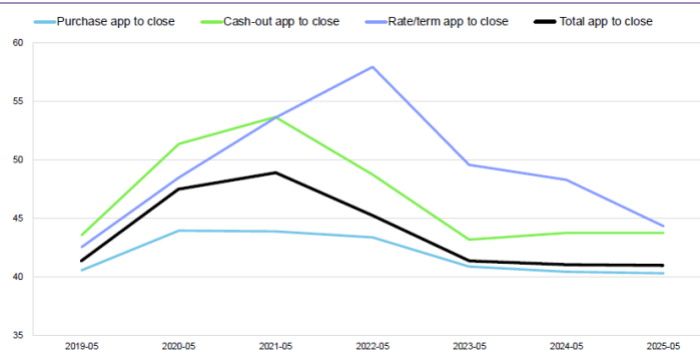


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loan-to-value (LTV) ratios remain elevated above 85%. While these tools offer short-term relief, they introduce longer-term risks, especially if interest rates don't decline as expected or if borrowers are unable to refinance before rates reset.

- **The mortgage industry has achieved significant tech-driven efficiency gains in loan processing, with closing timelines falling to their lowest May levels in over six years.** The average time from application to close dropped to 41 days, while rate lock-to-close timelines narrowed to 29.3 days, per ICE Origination Data. This trend reflects both technological improvements and reduced origination volumes, allowing lenders to process applications more swiftly. From a macro perspective, faster cycle times improve borrower experience and enable quicker pipeline churn. However, the decline in volumes is also indicative of underlying affordability constraints and buyer hesitation despite rising inventories.
- For the RMBS market, quicker origination cycles can slightly compress the seasoning period of collateral, potentially affecting early payment characteristics. MSRs benefit from cleaner onboarding, but persistently low origination volumes may constrain growth in new servicing rights, especially in a rate environment where refinancing remains subdued.

Chart 24: Application To Close Timeline



Source: Exec Edge Research, ICE Origination Data

- **CHMI is well positioned to navigate evolving loan dynamics through pricing discipline and platform agility.** CHMI is well positioned to benefit from the resilient lending market, as home buyers continue to take mortgages despite higher rates. Recent shifts in borrower behavior, marked by increased adoption of ARMs, higher usage of temporary buydowns, and accelerated loan closing timelines, have introduced new considerations for mortgage investors like CHMI, particularly in the MSR market.
- While ARMs still represent a small share of originations (~5% of purchase loans and 8.6% of refinances as of June 2025), their rising prevalence can potentially shorten the expected life of servicing assets due to their more frequent refinancing and payoff behavior. CHMI's historical focus on purchasing servicing assets with conservative prepay assumptions and resilient net servicing cash flows positions it well to underwrite and price MSRs in this evolving landscape.
- Temporary buydowns, which offer borrowers lower initial monthly payments, can artificially suppress prepayment behavior in the early months of the loan. While this can benefit MSR cash flow stability in the short term, it also complicates valuation models. However, as noted in CHMI's 2Q25 earnings commentary, the company did not acquire any new MSRs in the quarter, reflecting its disciplined capital deployment amid elevated servicing premiums and shifting borrower profiles. This restraint reduces the risk of overpaying for assets with uncertain long-term economics.
- Meanwhile, the shortening of average loan closing timelines, from rate lock to funding, compresses the operational window for secondary market participants to hedge rate risk effectively. For CHMI, which actively uses TBAs and other hedging tools to manage pipeline exposure, this trend reinforces the need for a nimble capital markets platform like Aurora. The ability to model cash flows rapidly and adjust hedging in real-time becomes critical in maintaining net interest spreads and preserving book value. **Collectively, these trends emphasize the value of adaptive servicing analytics and cautious MSR underwriting, both of which are already embedded in CHMI's operating playbook.**

Growth Strategy

Well Rounded Strategy Balancing Yield, Risk, and Market Responsiveness

- **CHMI's growth strategy is anchored in a disciplined capital allocation framework designed to optimize returns through a balanced deployment of equity across Servicing Related Assets and Agency RMBS.** A substantial portion of capital is directed toward the acquisition of MSRs, executed through wholly owned servicing subsidiary, Aurora Financial Group. CHMI further enhances the economics of these assets by creating intercompany Excess MSRs, which are structured to retain REIT eligibility and improve tax efficiency. On the securities side, the company acquires Agency RMBS on a leveraged basis, allowing it to scale yield exposure while preserving capital. To protect asset yields and net interest margins, CHMI actively manages prepayment, interest rate, and credit risks using a range of hedging tools including interest rate swaps, swaptions, and recapture agreements. This multi-pronged strategy is designed to be adaptable, enabling the company to respond to evolving market conditions and capitalize on structural dislocations in the mortgage finance ecosystem. We discuss these elements of the strategy in detail below.

Chart 25: CHMI's Three-Pronged Growth Strategy

Servicing-Related Assets Acquisition	Agency RMBS Acquisition	Hedging & Risk Management
Selectively acquire Mortgage Servicing Rights (or MSRs) through flow or bulk purchases with mortgage servicers.	Opportunistically acquire and manage Agency Residential Mortgage Backed Securities (or RMBS) on a leveraged basis.	Attempt to mitigate our prepayment, interest rate and, to a lesser extent, credit risk by using a variety of hedging instruments and, where available and applicable, recapture agreements, enabling us to preserve book value in times of volatility.

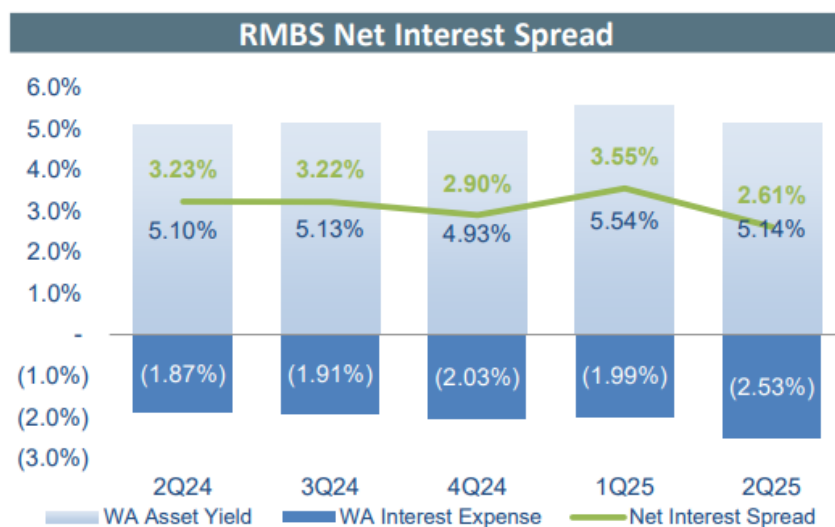
Source: Exec Edge Research, Company Filings

- **CHMI's Servicing related asset strategy serves as a foundational growth pillar, prioritizing the acquisition of MSRs to generate durable, fee-based cash flows that complement the interest rate sensitivity of its RMBS portfolio.** MSRs are acquired through Aurora Financial Group via both bulk and flow agreements with third-party servicers. These MSRs are then partially transferred to REIT-qualified subsidiaries as Excess MSRs, an internal structuring approach that maximizes tax efficiency while retaining economic exposure. By segregating the interest-strip payments from the MSRs into Excess MSRs, CHMI ensures a substantial portion of these cash flows are shielded from corporate-level taxation, preserving net returns for shareholders. While the core MSRs reside within Aurora and are subject to federal and state corporate income taxes, the Excess MSRs allow CHMI to harness the favorable REIT structure. Importantly, the servicing of underlying loans is outsourced to specialized subservicers, ensuring operational scalability without direct servicing exposure. Management acknowledges that default risk and credit losses are inherent in MSR investing, particularly as the broader economic environment evolves. However, the structure provides flexibility in capturing servicing economics while mitigating direct exposure to loan performance.
- **CHMI's RMBS strategy is centered on generating risk-adjusted returns through selective acquisition and management of Agency RMBS, primarily whole-pool residential mortgage pass-through certificates.** These securities, backed by GSEs such as Fannie Mae and Freddie Mac, offer principal and interest guarantees, aligning with CHMI's emphasis on capital preservation and steady income generation. The company also tactically allocates capital to CMOs, including interest-only (IOs) and inverse IOs, when pricing dislocations or prepayment dynamics present favorable risk-reward trade-offs. A hallmark of CHMI's execution is its adept use of the TBA (To-Be-Announced) market. By engaging in dollar roll strategies, the company captures "drop income," which is

economically similar to net interest income from Agency RMBS, but with added liquidity and settlement flexibility. This allows CHMI to optimize portfolio duration and yield profiles while staying within its credit risk framework.

- While CHMI's weighted average asset yield rose to 5.14% in 2Q25, its financing cost increased to 2.53%, driving a decline in net interest spread to 2.61% in 2Q25.
- CHMI's RMBS strategy remains adaptive.** While the portfolio is predominantly Agency-focused, management retains the flexibility to allocate to GSE credit risk transfer (CRT) securities or private-label non-Agency RMBS when spread widening creates upside potential. All such exposures are carefully structured to comply with REIT asset and income tests. Though the 2Q25 earnings call did not signal material changes in portfolio size, management reiterated its intent to capitalize on relative value across the coupon stack and to deploy leverage opportunistically where spreads are attractive. Ultimately, CHMI's RMBS strategy continues to serve as a countercyclical balance to MSR investments, enhancing earnings stability and capital efficiency through thoughtful execution and active market surveillance.

Chart 26: 2Q25 Net Interest Spread Declined to 2.61%, Reversing Prior Quarter Spike



Source: Exec Edge Research, Company Investor Presentation

- Proactive hedging to manage interest rate and financing risk.** As part of its disciplined risk management framework, CHMI employs a comprehensive hedging strategy to mitigate interest rate and financing risks that stem primarily from its repurchase agreement borrowings and MSR financing facilities. The company actively utilizes a suite of derivative financial instruments including interest rate swaps, Treasury futures, swaptions, TBAs, and forward sales, to help dampen volatility and preserve portfolio value amid shifting rate environments. Additionally, CHMI uses these instruments to manage duration and basis risk within its RMBS holdings. The company's hedging program is tailored to maintain REIT compliance and remain outside the definition of an "investment company" under applicable regulations. While RMBS are typically sensitive to rising rates, CHMI's Servicing Related Assets provide a natural hedge due to their positive valuation correlation with higher rates. This dual-layered strategy enhances CHMI's ability to sustain attractive yields and safeguard book value through interest rate cycles.

Management Team

Best-In-Class Management Team Led by Jay Lown and Julian Evans

- **Cherry Hill Mortgage Investment Corporation (CHMI) is led by President and CEO Jeffrey Lown and Chief Investment Officer Julian Evans, both of whom bring decades of experience in structured mortgage assets and capital markets.** The internalization of management in late 2024 enhanced strategic agility and operational alignment. CHMI's Board of Directors adds further strength through its diverse composition, featuring veterans from investment banking, real estate, and risk oversight, providing valuable governance, macro perspective, and financial stewardship.

Chart 27: CHMI – Management Team



Jay Lown, President and Chief Executive Officer

Jay Lown is a seasoned mortgage and capital markets executive with over two decades of experience, including leadership roles at Freedom Mortgage, Avenue Capital, UBS, and Salomon Brothers, with expertise spanning origination, trading, and regulatory advisory.



Apeksha Patel, Chief Financial Officer

Apeksha has been recently promoted to the position of CFO and has been with CHMI since 2017. Prior to CHMI, she has worked extensively in the public accounting space, with firms such as Mazars USA LLP and SB Partners LLP.



Julian Evans, Chief Investment Officer

With over 20 years in financial services, Julian is a seasoned investment professional. In his past roles, he has led RMBS investment strategy at Deutsche Asset Management, managed MBS trading at Times Square Capital, and held earlier roles at Bear Stearns and Chemical Bank.

Source: Exec Edge Research, Company Website

Chart 28: CHMI – Board of Directors (In addition to Jay Lown)



Sharon Lee Cook, Independent Director

With over 30 years in financial services and regulation, Sharon held senior roles at Legg Mason, the U.S. Treasury, and FDIC, and contributed to TARP and HAMP. She also advises boards on risk and governance.



Robert C. Mercer, Jr., Independent Director

With over 40 years in consumer lending and mortgage finance, Robert brings deep expertise in credit risk, M&A due diligence, and portfolio management, including senior roles at FHFA, Citicorp, and American Equity Mortgage.



Joseph Murin, Independent Director

With over 40 years in financial services and mortgage banking, Joseph has led multiple firms, co-founded The Collingwood Group, and served as President of Ginnie Mae. He brings deep expertise in strategy, policy, and capital markets.



Dale Hoffman, Independent Director

With over 30 years in fixed income markets, Dale held senior trading roles at Piper Jaffray, Legg Mason, and BMO Capital. He brings deep expertise in compliance, structured products, and regulatory policy development across capital markets.

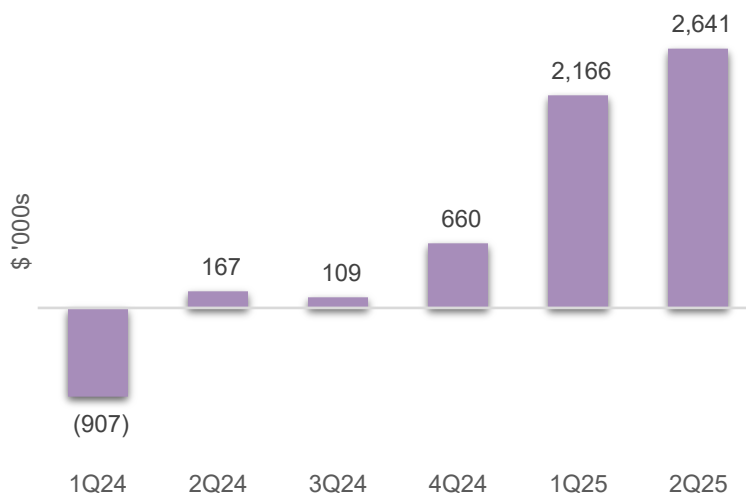
Source: Exec Edge Research, Company Website

Fundamentals & Valuation

Resilient Income and Strategic Asset Allocation Underline Strong Fundamentals

- **CHMI reported net interest income (NII) of \$2.6 million in 2Q25, a 21.9% sequential increase from \$2.2 million in 1Q25 and a significant improvement over \$0.2 million in 2Q24.** Interest income remained flat at \$14.8 million sequentially, while interest expense declined modestly from \$12.6 million in 1Q25 to \$12.2 million in 2Q25, contributing to the net improvement. For the six-month period ended June 30, 2025, CHMI's NII stood at \$4.8 million, a significant turnaround from a negative \$0.7 million in the same period last year. This y/y improvement was driven by a \$3.2 million increase in interest income, reflecting both new RMBS purchases and reinvestment of proceeds into higher-yielding securities, as well as a \$2.4 million reduction in interest expense, aided by lower financing costs and a reduction in notes payable. Management highlighted that the decline in financing rates and disciplined leverage positioning were instrumental in the recovery of NII. This improvement in core earnings generation supports CHMI's focus on stabilizing distributable income and aligns with its broader strategy of actively managing asset-liability dynamics in a volatile rate environment. Overall, the positive NII trajectory underscores CHMI's ongoing efforts to enhance earnings power through asset rotation and funding cost optimization.

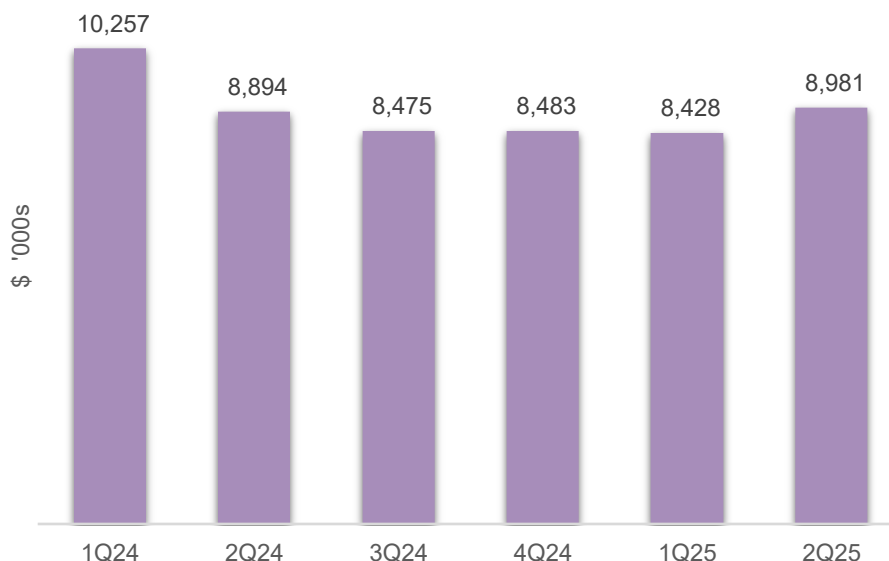
Chart 29: Net Interest Income Continued to Rise in 2Q25



Source: Exec Edge Research, Company Filings

- **Net servicing income continues to grow amid portfolio rightsizing.** CHMI reported net servicing income of \$9.0 million in 2Q25, up 1.0% from \$8.9 million in 2Q24, and up 6.6% sequentially from \$8.4 million in 1Q25. The servicing fee income of the company declined y/y and sequentially due to smaller size of the portfolio; however, this decline was more than offset by strong reduction in servicing costs that declined 23.3% sequentially, and by 43.5% y/y.
 - **For 1H25, the net servicing income stood at \$17.4 million, compared to \$19.2 million in 1H24.** The contraction was driven by a sharp reduction in servicing fee income which declined from \$25.2 million to \$21.9 million during this period, due to a smaller servicing portfolio. At the same time, the company's servicing costs reduced from \$6.1 million to \$4.5 million.
 - **Management continues to reaffirm the strategic role of MSRs as a natural hedge to Agency RMBS volatility, emphasizing their durable cash flow characteristics.** Despite portfolio contraction, the company noted that servicing revenue remained robust and continues to offer a recurring source of income that helps stabilize earnings in changing rate environments. Looking ahead, CHMI reiterated its focus on optimizing the MSR sleeve for defensive yield and further hedging benefits. Overall, the servicing platform remains an important ballast to CHMI's earnings, supporting both income stability and capital resilience.

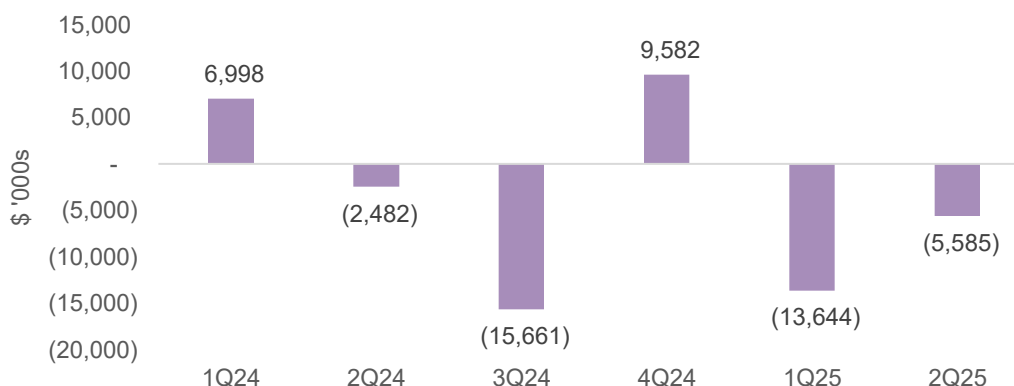
Chart 30: Net Servicing Income Remains Resilient Despite Shrinking MSRs



Source: Exec Edge Research, Company Filings

- **CHMI reported a net other loss of \$5.6 million in 2Q25, down 59% compared to 1Q25, primarily driven by lower unrealized losses across its portfolio and strong realized gains on derivatives.** Breaking down the key components:
 - Realized losses on RMBS decreased to \$(2.1) million, vs. \$(4.0) million in 1Q25, reflecting volume and timing of asset sales as CHMI repositioned its RMBS portfolio amid shifting rate expectations. For 1H25, the losses stood at \$(6.0) million compared to \$(1.9) million a year ago.
 - Realized gains on derivatives jumped 3.2x q/q in 2Q25, growing from \$4.6 million to \$14.8 million, primarily due to higher TBA gains and strong gains on U.S. treasury futures. For 1H25, realized gains on derivatives stood at \$19.5 million compared to \$15.7 million in 1H24.
 - In contrast, unrealized gains on RMBS declined sharply to \$3.5 million, from \$14.7 million in 1Q25, due to changes in interest rates through the quarter and widening spread. Unrealized gains for 1H25 were, however, higher compared to 1H24, increasing from a loss of \$(12.8) million to a gain of \$18.3 million.
 - The unrealized loss on derivatives also narrowed during the quarter, declining from \$(22.7) million in 1Q25 to \$(19.1) million in 2Q25, due to changing composition of derivatives and changing interest rates. For 1H25, the loss stood at \$(41.9) million, compared to a gain of \$9.3 million in 1H24.
 - Additionally, unrealized loss on investments in Servicing Related Assets also declined from \$(6.3) million in 1Q25 to \$(2.7) million in 2Q25, due to changes in valuation inputs or assumptions and paydown of some underlying loans during the quarter. For 1H25, this loss stood at \$(9.1) million compared to \$(6.6) million in 1H24.
 - Overall, we note that CHMI's earnings (especially Other Income) remain sensitive to market-driven fair value marks, especially in volatile rate environments. (See chart below.) However, management's transparent reporting and dynamic hedging posture provide critical tools for navigating these swings.
- **Driven by a combination of the movement in interest income, servicing income, and other income, CHMI reported a total income of \$6.0 million in 2Q25.** This was in sharp contrast to a loss of \$(3.1) million incurred in 1Q25, but was down by 8.2% y/y, when the company had a total income of \$6.6 million.

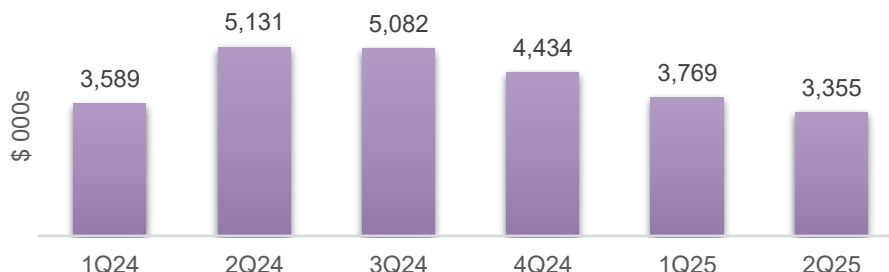
Chart 31: Net Other Income Remains Heavily Dependent on Market Performance of Investments



Source: Exec Edge Research, Company Filings

- **Positive impact of internalization is reflected in rationalization of operating expenses.** One of the key structural shifts in CHMI's financial profile is the full internalization of management, which was completed in November 2024. As a result, management fees paid to the former external manager have been eliminated, leading to a decline in total operating expenses. For 2Q25, general and administrative expenses were \$1.9 million, and compensation and benefits totaled \$1.4 million, down 5.4% and 17.7% sequentially. In 1H25, the general and administrative expenses were \$4.0 million compared to \$4.9 million a year ago, whereas compensation and benefits expenses increased from \$0.3 million to \$3.1 million, because the company started operating as an internally managed company.
 - **Management expects that the internalized model will drive \$1.1–\$1.6 million in annualized cost savings, equating to a \$0.03–\$0.05 per share benefit, a material improvement for a REIT with a small equity base.**

Chart 32: Internalization Has Led to Rationalization of Operating Expenses



Source: Exec Edge Research, Company Filings

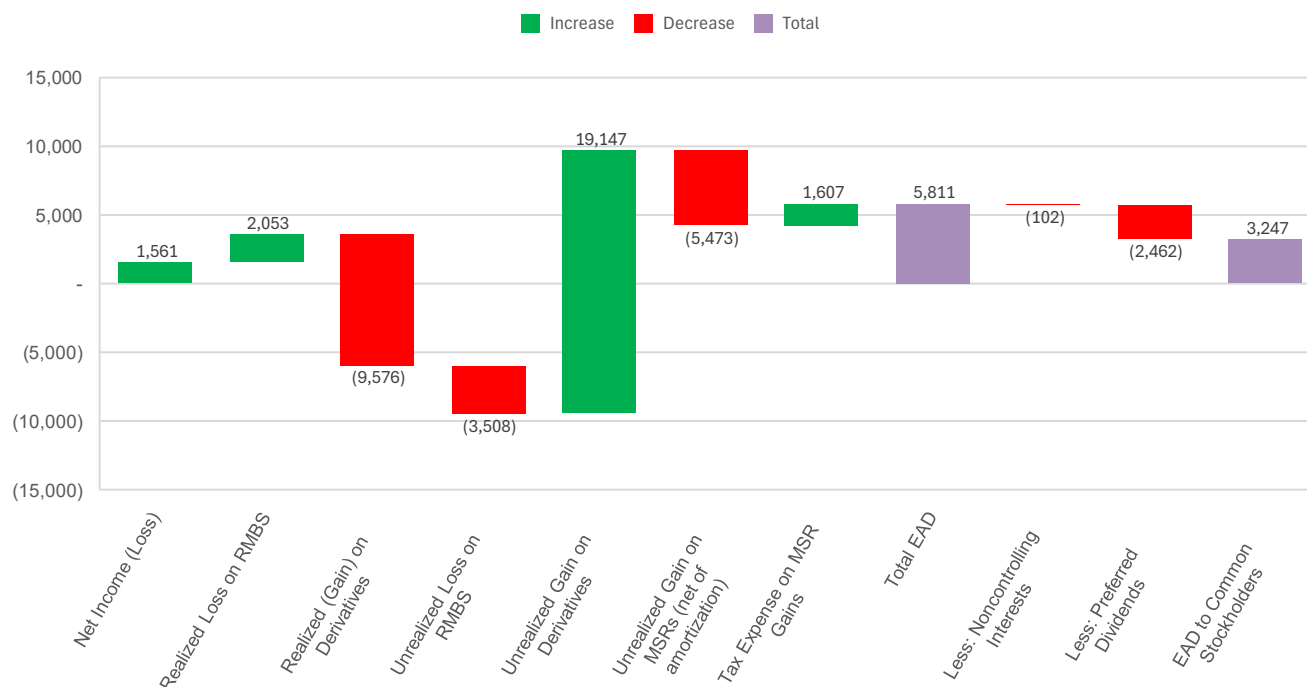
- Adjusting the operating expenses of \$3.4 million to the net total profit of \$6.0 million, the pre-tax income stood at \$2.7 million in 2Q25. After accounting for a corporate tax provision of \$1.1 million, the net loss before preferred obligations stood at \$1.6 million. Additional downward adjustments included \$0.03 million allocated to noncontrolling interests and \$2.5 million in preferred stock dividends. The final net loss attributable to common shareholders in 2Q25 stood at \$(0.9) million. For 1H25, the final net loss stood at \$(10.2) million, compared to a final net income of \$7.8 million in 1H24. While this figure reflects both market-driven volatility and structural exposures to interest rate movements, it is important to note that the loss was largely non-cash in nature and does not reflect deterioration in credit quality.
- **Earnings available for distribution (EAD) to common shareholders declined sequentially in 2Q25, but remained well above year-ago levels, underscoring robust fundamentals.** EAD is a critical non-GAAP metric for hybrid REITs such as CHMI, as it strips out fair value noise and non-cash mark-to-market impacts to better reflect core earnings power. CHMI reported total EAD of \$5.8 million in 2Q25, down from \$8.0 million in 1Q25, and EAD to common shareholders of \$3.2 million, or \$0.10 per diluted share, compared to \$0.17 in the prior quarter and \$0.08 in 2Q24 (+25% y/y). The sequential decline was largely driven by a decrease in interest rate swap periodic interest income, some of which was offset by a decrease in expenses. As shown in the EAD reconciliation waterfall chart

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below, non-cash adjustments related to mark-to-market movements on RMBS and derivatives continue to be the dominant driver of EAD normalization.

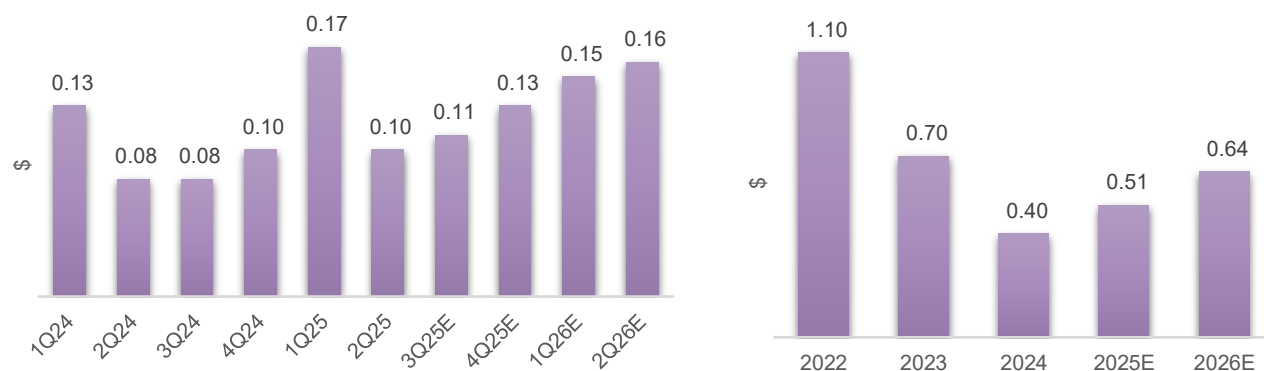
- While EAD per share of \$0.10 was down from the previous quarter's peak, it remains in line with pre-1Q25 averages and reflects the company's structural resilience. Street estimates sourced from TIKR suggest that EAD per share will continue to grow in coming quarters, reaching \$0.16 per share in 2Q26, implying a full-year 2025E EAD per share of ~\$0.55, up 37.5% from \$0.40 in 2024. The EAD trajectory is expected to improve into 2026 as rate cuts progress and spread compression boosts portfolio valuations. **Current estimates peg 2026E EAD per share at \$0.64, translating to \$20.2 million in EAD, up from \$17.5 million in 2025E and \$12.1 million in 2024.** CHMI's flexible capital deployment, along with Aurora's efficient MSR retention model, underpins this improving core earnings outlook despite near-term mark-to-market volatility.

Chart 33: EAD in 2Q25



Source: Exec Edge Research, Company Filings

Chart 34: Estimates for Core EPS or EAD/Share Suggest Strengthening Fundamentals

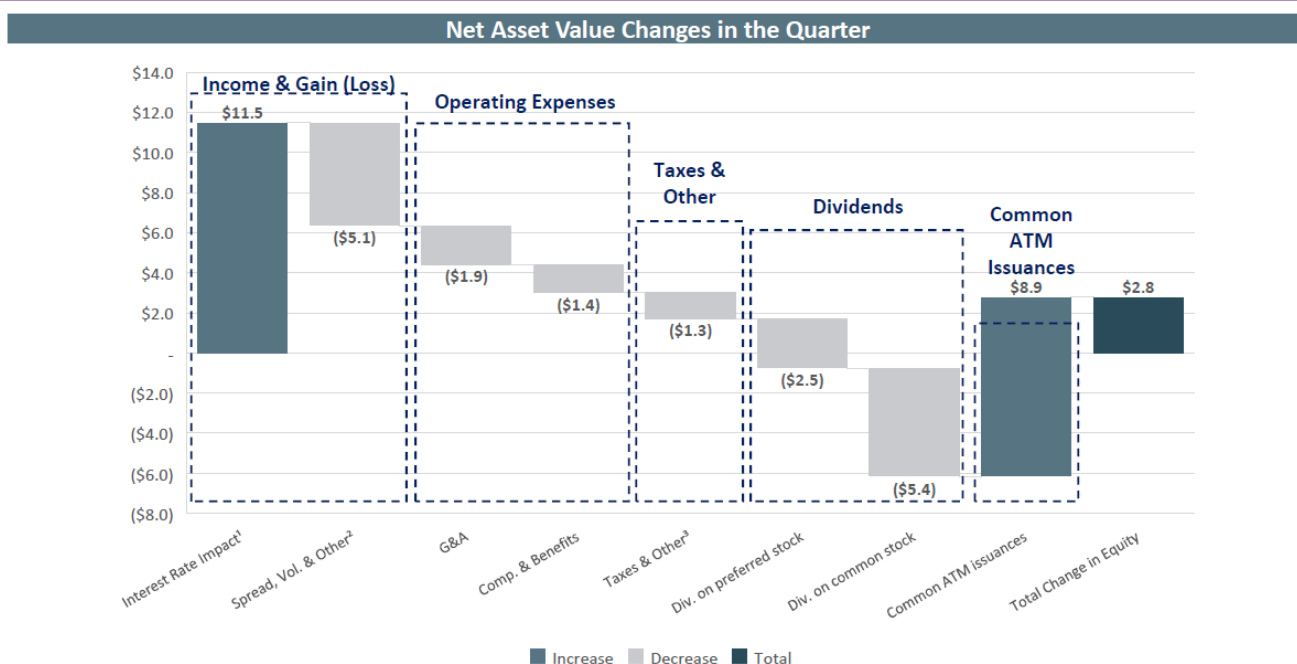


Source: Exec Edge Research, Company Filings, Forward Estimates from TIKR.

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- **Book value drivers in 2Q25 highlight positive rate impacts offset by structural costs and dividend outflows.** CHMI's NAV bridge for the quarter illustrates how favorable interest rate dynamics contributed \$11.5 million to equity, partially offset by \$5.1 million in spread, volume, and other asset-level mark-to-market impacts. Operating expenses remained elevated, with G&A costs at \$1.9 million and compensation and benefits at \$1.4 million, totaling \$3.3 million in core operating costs. Taxes and other charges further reduced NAV by \$1.3 million. CHMI continued its capital return program with \$5.4 million in common dividends and \$2.5 million in preferred dividends, in line with its consistent dividend policy. On the capital raise front, the company executed \$8.9 million in common equity issuances via its ATM program, resulting in a net positive equity change of \$2.8 million for the quarter. The balanced flow-through of market tailwinds, disciplined expense management, and accretive capital raise helped CHMI preserve book value stability despite ongoing macro uncertainty.

Chart 35: CHMI NAV Bridge – 2Q25



Source: Exec Edge Research, Company Filings. Note: Figures presented are rounded. Dollars in millions, except per share figures. As of June 30, 2025, unless noted otherwise. 1. Interest Rate Impact comprised of Net interest income (expense) plus Net servicing income plus Other income (loss) plus Unrealized loss on RMBS, available-for-sale, net minus Spread, Vol. & Other Impact. 2. Spread, Vol. & Other Impact refers to the estimated total realized and unrealized gains and losses attributed to factors other than changes in the yield curve (e.g. changes in OAS, volatility) as implied utilizing Yieldbook's third party prepayment model. 3. Taxes & Other comprised of Provision for corporate business taxes plus Comprehensive (income) loss attributable to noncontrolling interests in Operating Partnership plus other miscellaneous income and expenses.

- **Dividend payout amid volatile market conditions underscores shareholder focus despite the recent cut.** Book value per share (BVPS) has declined from \$4.49 per share in 1Q24 to \$3.34 per share in 2Q25. This gradual decline has resulted from interest rate volatility on asset valuations, particularly mark-to-market losses on derivatives and servicing-related assets. However, despite this volatility, CHMI continues to maintain dividend payments – it had been paying a consistent dividend of \$0.15 per share for past several quarters, maintaining a healthy dividend yield of 22%+. In September 2025, it cut the payout to \$0.10/share. We believe this move likely reflects the company's efforts to manage its cash flow and maintain a stable financial position in a volatile market.
 - **We also note that despite the cut, CHMI's dividend yield (basis an annualized payout of \$0.40/share) stands at 16.2%, which is healthy and in line with peer average of 16.1%, and continues to be underpinned by its dual-sleeve investment structure, which pairs relatively stable servicing income from MSRs with yield-seeking RMBS exposure, delivering both interest and fee-based earnings streams.**

Chart 36: CHMI – Book Value

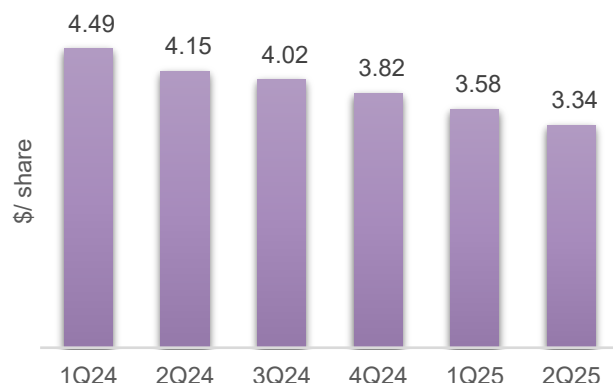
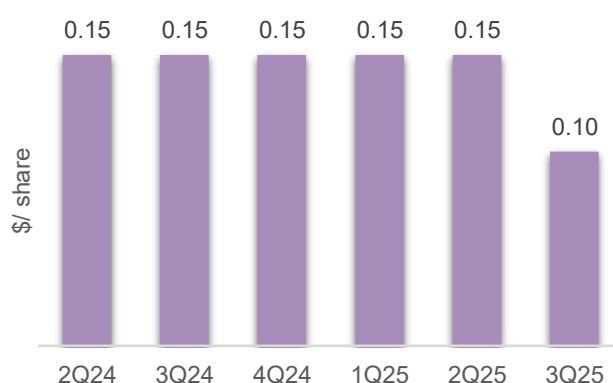


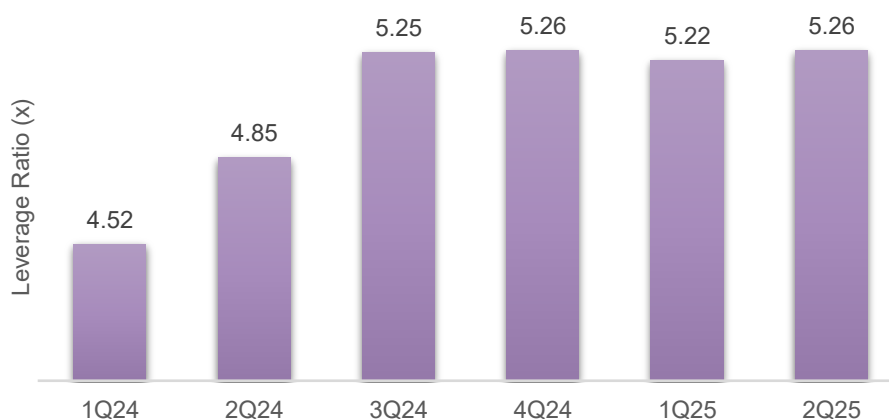
Chart 37: CHMI – Dividend Payout



Source: Exec Edge Research, Company Filings

- **From a balance sheet perspective, CHMI ended 2Q25 with \$1.49 billion in total assets, flat versus \$1.49 billion at the end of FY24.** While RMBS holdings increased modestly to \$1.15 billion from \$1.12 billion, the Investments in Servicing Related Assets declined slightly to \$224.6 million from \$233.7 million, maintaining the firm's hybrid portfolio allocation strategy. These two asset classes together account for ~100% of investable assets, reinforcing CHMI's focus on interest-sensitive and servicing-based return streams. Liquidity remained adequate, with \$58.0 million in cash and cash equivalents, up from \$46.3 million in 4Q24, and \$47.3 million in 1Q25, while restricted cash fell to \$10.0 million from \$24.4 million in 4Q24. On the liability side, repurchase agreements stood at \$1.07 billion, largely unchanged from 4Q24, and total liabilities remained stable at \$1.26 billion. Derivative liabilities rose to \$10.9 million, reflecting updated hedging valuations. CHMI continues to employ a disciplined hedging strategy using a mix of interest rate swaps and Treasury futures to manage rate and funding risk. As of 2Q24 end, leverage levels were consistent with the company's risk framework, targeting balanced capital deployment without excess duration exposure. Notably, CHMI issued \$8.9 million in common equity via its ATM program during the quarter, representing a proactive approach to capital optimization. This move reflects the company's continued use of equity markets for incremental capital without resorting to larger, dilutive offerings. CHMI did not repurchase any common or preferred shares during the quarter under its existing share repurchase authorizations.

Chart 38: CHMI Maintains a Steady Leverage Ratio



Source: Exec Edge Research, Company Filings

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Chart 39: CHMI – Financial Snapshot

Income Statement (\$ '000s Except per Share Values)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2022	2023	2024	LTM
Income										
Interest income	12,741	13,677	14,327	15,053	14,801	14,813	29,642	49,985	55,798	58,994
Interest expense	13,648	13,510	14,218	14,393	12,635	12,172	17,563	51,642	55,769	53,418
Net interest income (expense)	(907)	167	109	660	2,166	2,641	12,079	(1,657)	29	5,576
Servicing fee income	12,891	12,349	11,681	11,606	10,973	10,933	53,430	53,427	48,527	45,193
Servicing costs	2,634	3,455	3,206	3,123	2,545	1,952	11,837	11,248	12,418	10,826
Net servicing income	10,257	8,894	8,475	8,483	8,428	8,981	41,593	42,179	36,109	34,367
Other income (loss)										
Realized loss on RMBS, net	-	(1,859)	(3,651)	(1,085)	(3,992)	(2,053)	(99,694)	(36,315)	(6,595)	(10,781)
Realized gain on investments in MSRs, net	-	741	(237)	-	-	-	-	-	504	(237)
Realized gain on derivatives, net	6,252	9,430	(7,987)	13,627	4,634	14,838	1,363	33,821	21,322	25,112
Realized gain on acquired assets, net	-	-	2	-	-	-	12	23	2	2
Unrealized gain (loss) on RMBS, measured at fair value through earnings	(8,321)	(4,440)	24,990	(31,674)	14,780	3,508	-	9,755	(19,445)	11,604
Unrealized gain (loss) on derivatives, net	12,324	(3,042)	(21,311)	21,838	(22,741)	(19,147)	61,864	(43,071)	9,809	(41,361)
Unrealized gain (loss) on investments in Servicing Related Assets	(3,257)	(3,312)	(7,467)	6,876	(6,325)	(2,731)	22,976	(25,937)	(7,160)	(9,647)
Net other income (loss)	6,998	(2,482)	(15,661)	9,582	(13,644)	(5,585)	(13,479)	(61,724)	(1,563)	(25,308)
Total Income (Loss)	16,348	6,579	(7,077)	18,725	(3,050)	6,037	40,193	(21,202)	34,575	14,635
Expenses										
General and administrative expense	1,717	3,197	3,411	2,329	2,059	1,947	5,810	6,434	10,654	9,746
Compensation and benefits	124	174	-	1,274	1,710	1,408	495	466	1,572	4,392
Management fee to affiliate	1,748	1,760	1,671	858	-	-	6,629	6,830	6,037	2,529
Total Expenses	3,589	5,131	5,082	4,434	3,769	3,355	12,934	13,730	18,263	16,640
Income (Loss) Before Income Taxes	12,759	1,448	(12,159)	14,264	(6,819)	2,682	27,259	(34,932)	16,312	(2,032)
Provision for corporate business taxes	703	664	285	2,450	173	1,121	5,070	523	4,102	4,029
Net Income (Loss)	12,056	784	(12,444)	11,814	(6,992)	1,561	22,189	(35,455)	12,210	(6,061)
Net (income) loss allocated to noncontrolling interests in Operating Partners	(235)	(19)	246	(232)	133	(34)	(450)	661	(240)	113
Dividends on preferred stock	(2,307)	(2,555)	(2,594)	(2,513)	(2,454)	(2,462)	(9,853)	(9,853)	(9,969)	(10,023)
Gain on repurchase and retirement of preferred stock	152	(74)	-	-	-	-	-	-	78	-
Net Income (Loss) Applicable to Common Stockholders	9,666	(1,864)	(14,792)	9,069	(9,313)	(935)	11,886	(44,647)	2,079	(15,971)
Net Income (Loss) Per Share of Common Stock										
Basic	0.32	(0.06)	(0.49)	0.29	(0.29)	(0.03)	0.60	(1.70)	0.07	(0.52)
Diluted	0.32	(0.06)	(0.49)	0.29	(0.29)	(0.03)	0.60	(1.70)	0.07	(0.52)
Core EPS										
EAD/share	0.13	0.08	0.08	0.10	0.17	0.10	1.10	0.70	0.40	0.45
Weighted Average Number of Shares of Common Stock Outstanding										
Basic	29,978,134	29,978,791	30,216,341	30,438,081	31,690,657	33,199,712	19,768,286	26,262,407	30,438,081	31,690,657
Diluted	30,019,969	30,029,960	30,216,341	30,440,349	31,690,657	33,199,712	19,795,639	26,293,903	30,440,349	31,690,657
Balance Sheet (\$ '000s)										
Assets										
RMBS, at fair value	1,046,649	1,067,317	1,214,123	1,122,420	1,119,441	1,152,443	931,431	1,012,130	1,122,420	1,152,443
Investments in Servicing Related Assets, at fair value	250,380	234,263	226,782	233,658	227,333	224,601	279,739	253,629	233,658	224,601
Cash and cash equivalents	47,518	52,424	50,152	46,313	47,291	58,042	57,320	52,886	46,313	58,042
Restricted cash	5,237	6,113	4,502	24,446	2,005	9,953	8,234	16,441	24,446	9,953
Derivative assets	19,998	21,232	23,263	30,048	21,618	12,105	45,553	19,504	30,048	12,105
Receivables from unsettled trades	-	-	-	-	-	-	49,803	-	-	-
Receivables and other assets	36,141	35,196	32,567	34,290	31,820	33,515	36,765	38,402	34,290	33,515
Total Assets	1,405,923	1,416,545	1,551,389	1,491,175	1,449,508	1,490,659	1,408,825	1,392,992	1,491,175	1,490,659
Liabilities and Stockholders' Equity										
Liabilities										
Repurchase agreements	965,005	994,764	1,108,496	1,077,257	1,049,867	1,072,294	825,962	903,489	1,077,257	1,072,294
Derivative liabilities	5,268	4,751	4,749	3,869	3,210	10,902	24,718	16,617	3,869	10,902
Notes payable	166,392	159,470	150,848	151,226	149,304	149,381	183,888	169,314	151,226	149,381
Dividends payable	6,500	6,761	7,065	7,011	7,137	7,643	8,483	6,650	7,011	7,643
Due to manager	1,797	1,756	1,623	-	-	-	1,870	1,789	-	-
Payables for unsettled trades	-	-	28,337	-	-	-	78,881	-	-	-
Accrued expenses and other liabilities	10,822	11,290	10,575	18,190	10,358	18,026	19,507	36,758	18,190	18,026
Total Liabilities	1,155,784	1,178,792	1,311,693	1,257,553	1,219,876	1,258,246	1,143,309	1,134,617	1,257,553	1,258,246
Stockholders' Equity										
Preferred Stock Series A (8.20%)	67,311	67,311	67,311	67,311	67,311	67,311	67,311	67,311	67,311	67,311
Preferred Stock Series B (8.25%)	40,931	38,553	38,553	38,553	38,553	38,553	48,068	48,068	38,553	38,553
Common Stock	305	307	322	322	332	365	239	305	322	365
Additional paid-in capital	375,546	375,612	380,914	381,069	384,675	394,004	344,510	375,498	381,069	394,004
Accumulated Deficit	(227,997)	(234,382)	(253,944)	(249,643)	(263,875)	(270,241)	(168,989)	(233,161)	(249,643)	(270,241)
Accumulated other comprehensive loss	(9,141)	(12,875)	3,525	(7,270)	(420)	(100)	(29,104)	(2,545)	(7,270)	(100)
Total Cherry Hill Mortgage Investment Corporation Stockholders' Equity	246,955	234,526	236,681	230,342	226,576	229,892	262,035	255,476	230,342	229,892
Non-controlling interests in Operating Partnership	3,184	3,227	3,015	3,280	3,056	2,521	3,481	2,899	3,280	2,521
Total Stockholders' Equity	250,139	237,753	239,696	233,622	229,632	232,413	265,516	258,375	233,622	232,413
Total Liabilities and Stockholders' Equity	1,405,923	1,416,545	1,551,389	1,491,175	1,449,508	1,490,659	1,408,825	1,392,992	1,491,175	1,490,659
Book Value per Share	4.49	4.15	4.02	3.82	3.58	3.34			3.82	3.34
Dividend per Common Share	0.15	0.15	0.15	0.15	0.15	0.10			0.60	0.55

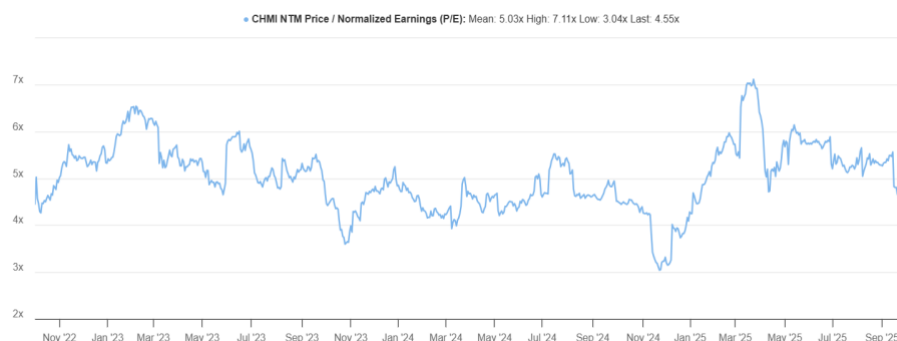
Source: Exec Edge Research, Company Filings

Attractively Valued Given Earnings Growth Potential and Robust Dividend Yield

- **The CHMI stock has come under pressure due to prevailing uncertainties in the macroeconomic set-up and the recently announced dividend cut, but our analysis based on multiple valuation metrics shows that it has upside potential.** Please note that the following analysis is for illustrative purposes and is not meant to be a stock recommendation/price target or a buy/sell/hold recommendation on the stock. We use multiple approaches, including absolute valuation (time series) and comparison with trading peers. While we do not have a price target for CHMI, our analysis shows that the stock has upside potential. **Please note that the upside shown in the analysis below is not a stock price target and is just an illustration of the valuation analysis conducted by us.**
 - **CHMI currently trades at a discount across all core valuation metrics, underscoring a compelling opportunity for re-rating as sentiment stabilizes and fundamentals strengthen.** The stock is trading at an 84% discount to its 3-year high NTM P/E multiple, and a 58% discount to its 3-year price-to-book (P/BVPS) multiple. Such steep discounts, particularly for a mortgage REIT with a proven track record of prudent capital allocation, hedging discipline, and consistent dividend payouts suggest that CHMI is a re-rating candidate. Catalysts for re-rating could include a clearer Fed policy path, continued dividend sustainability, EAD growth, and improving sentiment toward hybrid mREITs. As earnings visibility improves and capital markets stabilize, CHMI could see a reversion closer to historical average multiples.
- **We analyzed CHMI's P/E and P/BVPS multiples and note that the stock is trading at a discount to its 3-year high multiples.**
 - **P/E multiple analysis.** CHMI is trading at a 4.6x NTM P/E multiple, a discount to its 3-year high of 7.1x. Applying the 7.1x multiple to its FY26E EAD/share results in a price/share of \$4.6, significantly higher than the current price.

Chart 40: Valuation Analysis Based on NTM P/E* Multiple

FY26E EAD/share	0.64
P/E Multiple (x)	7.11
Price/share (\$)	4.6
Current Price (\$)	2.47
Upside Potential	84%



Source: Exec Edge Research, TIKR. Data as of 10/3 close. *Core EPS/EAD per share has been used for calculation of the P/E multiple.

- **LTM P/BVPS multiple analysis.** CHMI is trading at 0.72x LTM P/BVPS (book value per share), a discount to its 3-year high of 1.14x. Applying the 1.14x multiple to its BVPS results in a price/share of \$3.9.

Chart 41: Valuation Analysis Based on LTM P/BVPS Multiple

LTM BVPS (\$)	3.3
LTM P/BVPS Multiple (x)	1.1
Price/share (\$)	3.9
Current Price (\$)	2.47
Upside Potential	58%



Source: Exec Edge Research, TIKR. Data as of 10/3 close.

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- **Peer analysis (relative valuation).** We also analyzed CHMI's performance on the above multiples by comparing them with peers and found that the company's valuation multiples are at a discount to peer average. Its NTM P/E multiple of 4.6x, reflects a discount of 33% to the peer average of 6.8x, and its LTM P/BVPS multiple of 0.7x is also a discount to the peer average.
 - On the other hand, CHMI's dividend yield of 16.2% is ~in line with industry average of 16.1%, despite the recent 33% reduction in dividend.
 - **Overall, our analysis shows that CHMI is attractively valued both on a time series and relative basis, and is a re-rating candidate, given strong underlying fundamentals and a robust dividend yield.**

Chart 42: Trading Comps – CHMI vs. Peers

Ticker	Peer Companies	Market Cap (\$Mn)	LTM P/BV (x)	NTM P/E (x)	Div. Yield (%)
CHMI	Cherry Hill Mortgage Investment Corporation	89	0.7	4.6	16.2%
AOMR	Angel Oak Mortgage REIT, Inc.	225	0.9	7.2	13.5%
ARR	ARMOUR Residential REIT, Inc.	1,743	0.8	5.0	18.6%
AGNC	AGNC Investment Corp.	10,479	1.2	6.4	14.3%
DX	Dynex Capital, Inc.	1,653	1.1	10.5	16.0%
IVR	Invesco Mortgage Capital Inc.	514	1.0	3.5	17.5%
NLY	Annaly Capital Management, Inc.	13,329	1.1	7.1	13.5%
ORC	Orchid Island Capital, Inc.	1,041	1.0	9.6	20.2%
TWO	Two Harbors Investment Corp.	1,021	0.8	7.2	15.5%
	Average	3,344	1.0	6.8	16.1%
	CHMI's Multiple vs. Peer Average		-25%	-33%	0.3%

Source: Exec Edge Research, TIKR. Data as of 10/3 close. *Core EPS/EAD per share has been used for calculation of the P/E multiple for CHMI.

Ownership

Top 25 Institutional Owners

Chart 43: CHMI – Top 25 Owners

Owner Name	Date	Shares Held	Change (Shares)	Change (%)	Value (In 1,000s)
Vanguard Group Inc	06/30/25	1,592,370	50,848	3.3%	\$3,933
Citadel Advisors Llc	06/30/25	871,563	871,563	New	\$2,153
Renaissance Technologies Llc	06/30/25	616,784	33,200	5.7%	\$1,523
Blackrock, Inc.	06/30/25	424,457	(15,711)	-3.6%	\$1,048
Geode Capital Management, Llc	06/30/25	361,034	(892)	-0.2%	\$892
Corient Private Wealth Llc	06/30/25	332,616	332,616	New	\$822
Two Sigma Advisers, Lp	06/30/25	308,641	(52,700)	-14.6%	\$762
Hudson Bay Capital Management Lp	06/30/25	137,036	137,036	New	\$338
Two Sigma Investments, Lp	06/30/25	135,260	(29,326)	-17.8%	\$334
State Street Corp	06/30/25	134,891	20,300	17.7%	\$333
Northern Trust Corp	06/30/25	126,965	200	0.2%	\$314
Royal Bank Of Canada	06/30/25	102,800	102,610	54005.3%	\$254
Gladstone Institutional Advisory Llc	06/30/25	83,000	83,000	New	\$205
Vident Advisory, Llc	06/30/25	59,061	21,731	58.2%	\$146
Pvg Asset Management Corp	06/30/25	49,510	49,510	New	\$122
Invesco Ltd.	06/30/25	48,886	(27,924)	-36.4%	\$121
Price T Rowe Associates Inc /Md/	06/30/25	44,762	-	0.0%	\$111
Jane Street Group, Llc	06/30/25	42,774	(50,898)	-54.3%	\$106
O'shaughnessy Asset Management, Llc	06/30/25	42,770	42,770	New	\$106
Summit Financial, Llc	06/30/25	30,202	30,202	New	\$75
Cetera Investment Advisers	06/30/25	27,546	430	1.6%	\$68
D. E. Shaw & Co., Inc.	06/30/25	26,593	26,593	New	\$66
Ritholtz Wealth Management	06/30/25	24,002	24,002	New	\$59
Gables Capital Management Inc.	06/30/25	22,899	(5,966)	-20.7%	\$57
Cambridge Investment Research Advisors, Inc.	06/30/25	21,021	6,140	41.3%	\$52

Source: Exec Edge Research, NASDAQ. Data as of 10/3 close.

Technical Analysis

Bearish Momentum Weighs on the Stock

- **Technical indicators suggest CHMI stock remains under pressure, with persistent downward momentum and weak investor sentiment.** Since peaking near \$3.70 in early April 2025, the stock has declined to around \$2.50, trading below both its 50-day (\$2.79) and 200-day (\$2.97) moving averages. The gap below these key averages, along with their downward slopes, confirms a sustained bearish trend. The stock is also near its 52-week low of \$2.34. The daily Relative Strength Index (RSI) at 26.2 indicates strong bearish momentum and oversold conditions, while the weekly RSI of 36.5 reflects weak relative strength over the medium term, suggesting that any short-term bounce is likely to be sold into. The MACD oscillator supports this bearish view, with both the MACD and signal lines below zero and no bullish crossover in sight. The negative histogram reinforces continued selling pressure. Volumes have surged significantly since the stock price dropped >13% on 9/16, closing at \$2.62, indicating selling pressure. The stock has since moved lower and may continue to drift lower or at best trade sideways. Given the lack of a near-term catalyst and continued technical weakness, CHMI is likely to remain under selling pressure, barring a shift in sentiment or new fundamental developments.

Chart 44: CHMI – Stock Price and Technical Indicators



Source: Exec Edge Research, Barchart.com. Data as of 9/24.

Risks

- **Interest rate sensitivity.** CHMI's portfolio is highly sensitive to changes in interest rates, which can significantly affect the market value of its assets and liabilities. When interest rates rise, the value of fixed-rate mortgage-backed securities (RMBS) typically declines, potentially leading to lower book value and earnings volatility. Moreover, higher rates can impact the fair value of CHMI's MSRs, which are sensitive to changes in prepayment expectations and discount rates. Conversely, falling rates may trigger increased prepayments, reducing expected cash flows from MSRs and increasing reinvestment risk for RMBS holdings. While CHMI employs various hedging strategies to mitigate some of this exposure, including interest rate swaps and options, these measures may not fully eliminate risk. Additionally, the company's cost of funding is linked to short-term interest rates, which may rise faster than asset yields in certain environments, compressing net interest margins. Overall, CHMI's performance and valuation are closely tied to rate movements and the company's ability to proactively manage interest rate risk through dynamic portfolio rebalancing and hedging.
- **Liquidity risk.** CHMI relies heavily on short-term repurchase agreements to fund its RMBS and MSR investment activities. This dependence on secured financing markets introduces liquidity risk, particularly if access to funding becomes constrained due to broader market stress or lender-specific issues. In such scenarios, CHMI may be forced to sell assets at unfavorable prices or reduce its leverage, negatively impacting earnings and book value. Moreover, counterparties may impose stricter haircuts or margin requirements, further tightening liquidity. While the company maintains unencumbered assets and seeks to diversify its funding counterparties, the inherent maturity mismatch between long-duration mortgage assets and short-term liabilities remains a structural risk. Disruptions in repo markets, changes in risk appetite among lenders, or sudden market volatility could challenge CHMI's ability to finance its operations efficiently. Therefore, maintaining strong liquidity reserves and prudent leverage levels is essential for the company to navigate periods of financial stress and sustain its dividend-paying capacity.
- **Prepayment and extension risk.** CHMI faces dual risks related to the timing of mortgage prepayments. When interest rates decline, borrowers tend to refinance their mortgages, accelerating prepayments. This behavior shortens the duration of CHMI's RMBS holdings and reduces the projected cash flows from MSRs, potentially leading to asset write-downs. On the other hand, in rising rate environments, slower prepayment speeds can extend the duration of mortgage assets, exposing the company to duration mismatch and funding cost pressures. CHMI uses sophisticated models to forecast prepayment behavior, but these models may not fully capture real-time borrower decisions or changes in macroeconomic conditions. External factors such as government stimulus, regulatory interventions, or shifts in home price appreciation may also influence prepayment patterns unpredictably. While MSRs tend to benefit from slower prepayments by extending the servicing income stream, RMBS performance may suffer if cash flows are delayed or reinvestment opportunities diminish. Effectively managing this prepayment and extension risk is critical for CHMI to stabilize its income and preserve capital over various interest rate cycles.
- **Regulatory risk.** CHMI operates within a complex regulatory environment, and changes in rules affecting REITs, mortgage lending, or GSEs could materially impact its business. For instance, any amendment to REIT income or asset tests might restrict CHMI's investment flexibility or subject it to corporate-level taxation. Likewise, evolving capital standards for counterparties such as banks and broker-dealers could affect the cost or availability of repo financing. Regulatory reforms targeting GSEs like Fannie Mae or Freddie Mac may alter the dynamics of the RMBS and MSR markets, influencing pricing, liquidity, and credit risk. Additionally, the SEC's focus on fair value disclosures, risk management practices, or cybersecurity could introduce new compliance burdens. CHMI must constantly monitor regulatory developments and engage with legal counsel to ensure adherence to applicable laws and timely adaptation of its business model. Non-compliance or misinterpretation of regulatory changes could result in penalties, reputational damage, or operational disruption.
- **Valuation risk.** The fair value of CHMI's investment portfolio, particularly MSRs and certain non-agency RMBS, is based on estimates and assumptions that may not reflect actual market prices. These assets often lack active secondary markets, making their valuation highly sensitive to model inputs such as prepayment speeds, discount rates, and delinquency expectations. Even minor changes in these assumptions can cause significant fluctuations in reported book value and earnings. Valuation uncertainties are further magnified during periods of market stress when pricing transparency deteriorates. Although CHMI uses third-party pricing vendors and independent valuation firms to validate its internal models, there is no assurance that fair value estimates are accurate or will be realized upon asset sale. Inaccurate valuations may mislead investors, impair capital planning, or trigger regulatory scrutiny. As such, maintaining rigorous governance around valuation methodologies and updating assumptions based on prevailing market conditions is vital for the credibility of CHMI's financial reporting.

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