



TWO HARBORS INVESTMENT CORP. is a publicly-traded hybrid mortgage real estate investment trust (REIT) that invests in residential mortgage-backed securities (RMBS), mortgage servicing rights (MSR) and other financial assets. We are externally managed and advised by PRCM Advisers LLC, a wholly owned subsidiary of Pine River Capital Management L.P. (Pine River). Pine River is a global multi-strategy asset management firm providing comprehensive portfolio management, transparency and liquidity to institutional and high net worth investors.

STOCK INFORMATION – 6/30/17

Stock Price: \$9.91
 Shares Outstanding: 348.9 million
 52-Week Range: \$7.91–\$10.54
 Market Cap: \$3.5 billion

Q2-2017 KEY STATISTICS

(at/quarter ended June 30, 2017):

Book Value/Share: \$9.87
 Q2 Dividend: \$0.26
 Q2 Dividend Yield:⁽¹⁾ 10.5%
 GAAP EPS: \$0.01
 GAAP ROAE:⁽²⁾ 0.5%
 Aggregate Portfolio: \$19.5 billion
 Debt-to-Equity:⁽³⁾ 4.5x

ANALYST COVERAGE

Barclays Capital
 Compass Point Research and Trading, LLC
 Credit Suisse Securities (USA), LLC
 Deutsche Bank
 FBR Capital Markets
 JPM Securities
 J.P. Morgan
 Keefe, Bruyette & Woods
 Maxim Group
 Wells Fargo Securities, LLC
 Wunderlich Securities, LLC

CONTACT INFORMATION

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INVESTOR AND MEDIA RELATIONS

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CORE STRATEGY

DIVERSIFIED BUSINESS MODEL DRIVES STOCKHOLDER RETURNS: We believe that our hybrid model, which allows us to take advantage of the evolving mortgage financing landscape, is superior to a single-sector investment approach. We seek to provide attractive risk-adjusted returns over the long-term, primarily through dividends and secondarily through capital appreciation.

OPPORTUNISTIC CAPITAL ALLOCATION LEADS TO BALANCED PORTFOLIO

CONSTRUCTION: We take a holistic view of the market and opportunistically allocate capital across our Rates and Credit strategies. Through our value driven investment approach, we evaluate the U.S. mortgage market to identify the most attractive investment opportunities.

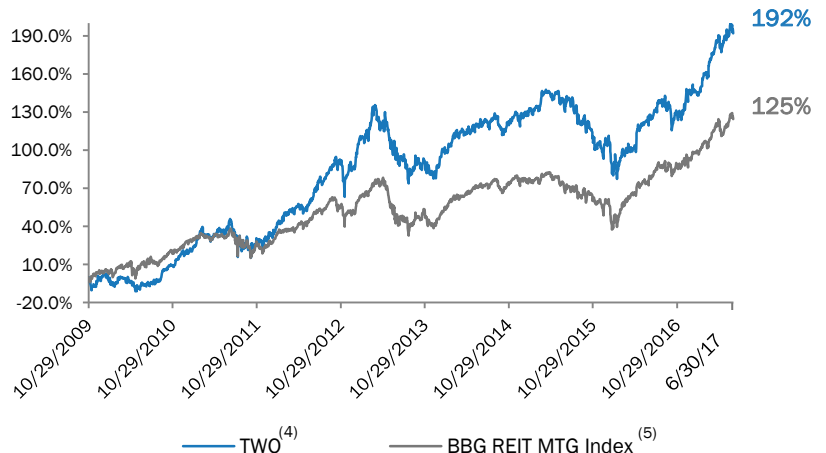
DISCIPLINED RISK MANAGEMENT LARGELY INSULATES BOOK VALUE AND INCOME FROM

CHANGES IN INTEREST RATES: With an investment objective of achieving attractive returns with low risk, our portfolio construction targets low and stable prepayment rates, as well as a balanced approach toward interest rate exposure and credit risk. We are focused on maintaining a conservative risk profile and protecting investors' capital.

DIVERSIFIED FINANCING PROFILE ACHIEVES STABILITY:

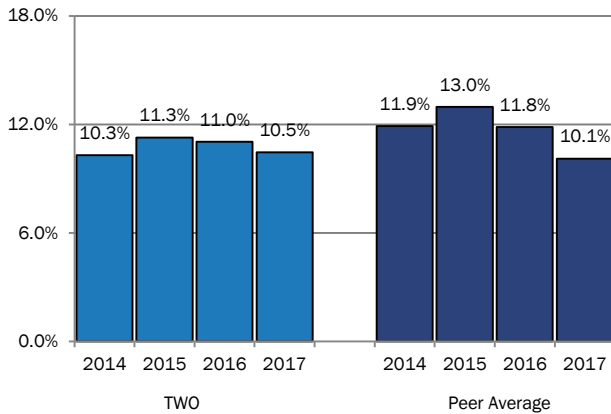
We take a measured approach to leverage and tend to be more conservatively levered than many of our peers. We seek to achieve stability and flexibility across our financing profile, using a diversified counterparty mix and staggering maturity periods on our borrowings.

DELIVERING TOTAL STOCKHOLDER RETURN

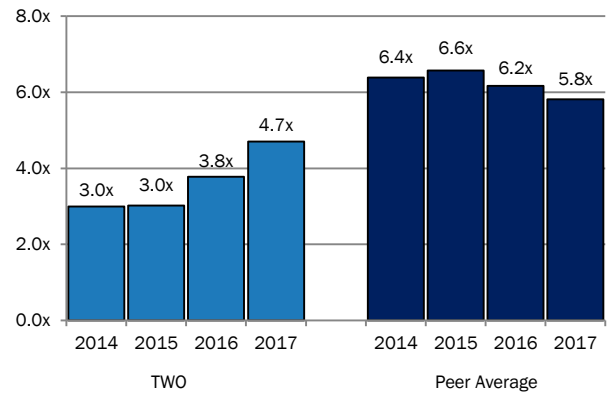


FOCUSED ON GENERATING ATTRACTIVE RETURNS LEADING TO STRONG DIVIDENDS, WHILE MAINTAINING A CONSERVATIVE RISK PROFILE AND PROTECTING INVESTORS' CAPITAL.

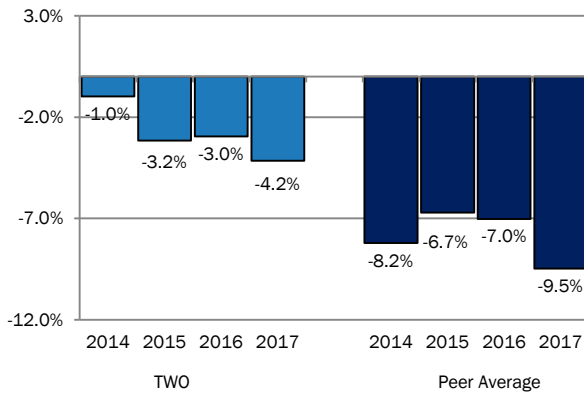
ATTRACTIVE & COMPARABLE DIVIDEND YIELD⁽⁶⁾



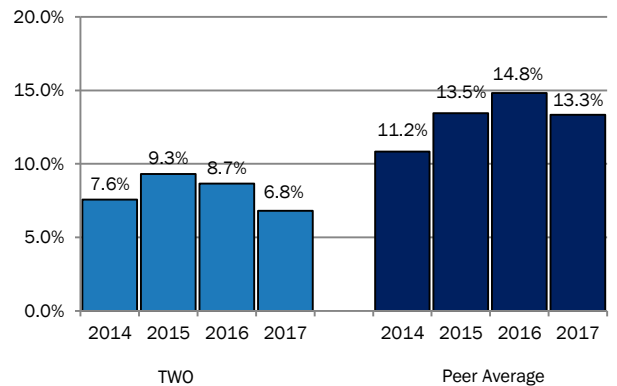
...WITH LOWER LEVERAGE⁽⁷⁾...



...LESS INTEREST RATE RISK⁽⁸⁾...



...AND LESS PREPAYMENT EXPOSURE⁽⁹⁾



Note: Two Harbors and peer financial data for Dividend Yield, Leverage, Prepayment Risk and Interest Rate Exposure on this slide is based on available financial information as of June 30, 2017 as filed with the SEC. Peers include AGNC, ANH, ARR, CMO, CYS, IVR, MFA, NLY and HTS (financial information for HTS is included in peer financial data only for the periods ending prior to the second quarter of 2016).

Footnotes

- 1) Represents dividend yield, calculated based on annualizing the second quarter dividend of \$0.26 divided by the June 30, 2017 closing share price of \$9.91.
- 2) "ROAE" is defined as Return on Average Equity.
- 3) Debt-to-equity is defined as total borrowings to fund RMBS, commercial real estate assets, MSR and Agency Derivatives (inverse interest-only securities) divided by total equity.
- 4) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through June 30, 2017. Total stockholder return is defined as stock price appreciation including dividends. Source: Bloomberg
- 5) Bloomberg REIT Mortgage Index total stockholder return for the period October 29, 2009 through June 30, 2017. The Bloomberg REIT Mortgage Index tracks publicly traded REITs whose principal business consists of originating, servicing or investing in residential mortgage interests. The index uses a modified market capitalization weighted methodology, and components are reviewed quarterly for eligibility. Source: Bloomberg.
- 6) Represents average of annualized yields on all quarterly cash dividends per respective fiscal year. Annualized yields for each quarter are calculated by dividing annualized quarterly dividends by closing share price as of respective quarter-ends. Peer dividend data based on peer company press releases. Historical dividends may not be indicative of future dividend distributions. Our company ultimately distributes dividends based on its taxable income per share of common stock.
- 7) Represents average of debt-to-equity ratios for all reportable quarters per respective fiscal year. Debt-to-equity is defined as total borrowings to fund RMBS, residential mortgage loans held-for-sale, commercial real estate assets MSR and Agency Derivatives divided by total equity.
- 8) Represents average of estimated change in value for theoretical +100bps parallel shift in interest rates for all reportable quarters per respective fiscal year. Change in equity market capitalization is adjusted for leverage.
- 9) Represents average of the constant prepayment rate (CPR) on Agency RMBS, including Agency Derivatives, for all reportable quarters per respective fiscal year.

Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2016, and any subsequent Quarterly Reports on Form 10-Q, under the caption "Risk Factors." Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; changes in prepayment rates of mortgages underlying our target assets; the rates of default or decreased recovery on the mortgages underlying our target assets; the occurrence, extent and timing of credit losses within our portfolio; the concentration of credit risks we are exposed to; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; the availability and cost of financing; changes in the competitive landscape within our industry; our ability to effectively execute and to realize the benefits of strategic transactions and initiatives we have pursued or may in the future pursue; our ability to manage various operational risks and costs associated with our business; interruptions in or impairments to our communications and information technology systems; our ability to acquire mortgage servicing rights (MSR) and successfully operate our seller-servicer subsidiary and oversee our subservicers; the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process; the state of commercial real estate markets; our anticipated distribution of Granite Point shares to the holders of our common stock; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; the impact of new or modified government mortgage refinancing or principal reduction programs; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Two Harbors does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in Two Harbors' most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning Two Harbors or matters attributable to Two Harbors or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.