TWO HARBORS Investment Corp.

A Pine River Capital Managed Company

Third Quarter 2016 Fact Sheet

NYSE: TWO

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), residential mortgage loans, commercial real estate 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 – 9/30/16

Stock Price:	$8.53
Shares Outstanding:	347.6 million
52-Week Range:	$6.91–$9.24
Market Cap:	$3.0 billion

Q3-2016 KEY STATISTICS

(at/quarter ended September 30, 2016):

Book Value/Share:	$10.01
Q2 Dividend:	$0.23
Q2 Dividend Yield:(1)	10.8%
GAAP EPS:	$0.34
GAAP ROAE:(2)	13.6%
Aggregate Portfolio:	$17.0 billion
Debt-to-Equity:(3)	4.2x

ANALYST COVERAGE

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

CONTACT INFORMATION

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INVESTOR AND MEDIA RELATIONS

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CORE STRATEGY

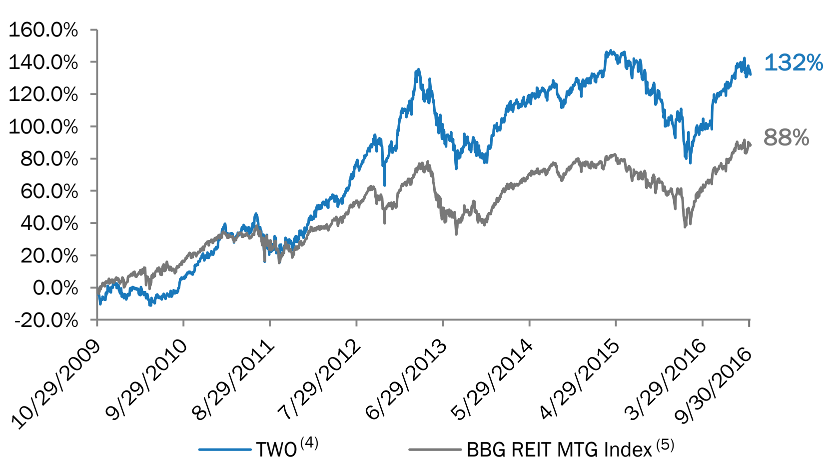
DIVERSIFIED BUSINESS MODEL DRIVES STOCKHOLDER RETURNS: We believe that our hybrid model, which allows us to take advantage of the evolving mortgage financing landscape, is superior to a single-sector investment approach. We seek to provide attractive risk-adjusted returns over the long-term, primarily 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, Credit and Commercial strategies. Through our value driven investment approach, we evaluate the U.S. mortgage and commercial real estate markets 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.

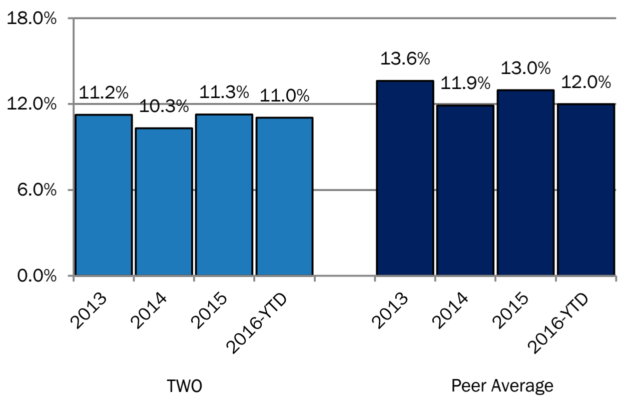
DIVERSIFIED FINANCING PROFILE ACHIEVES STABILITY: We take a measured approach to leverage and tend to be more conservatively levered than many of our peers. We seek to achieve stability and flexibility across our financing profile, using a diversified counterparty mix and staggering maturity periods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

DELIVERING TOTAL STOCKHOLDER RETURN

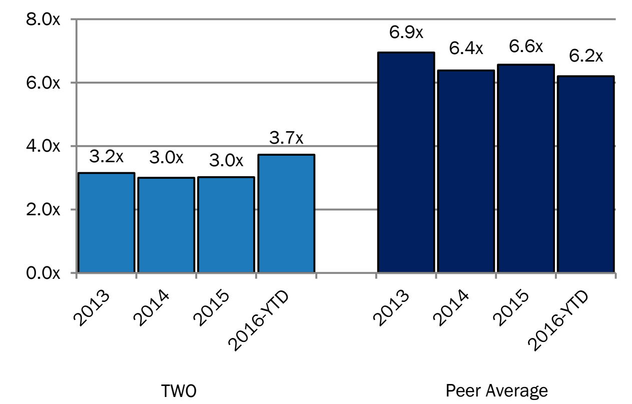


FOCUSED ON GENERATING ATTRACTIVE RETURNS LEADING TO STRONG DIVIDENDS, WHILE MAINTAINING A CONSERVATIVE RISK PROFILE AND PROTECTING INVESTORS' CAPITAL.

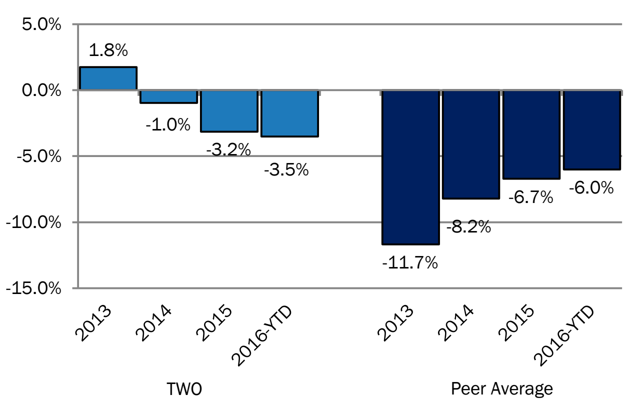
ATTRACTIVE & COMPARABLE DIVIDEND YIELD[6]



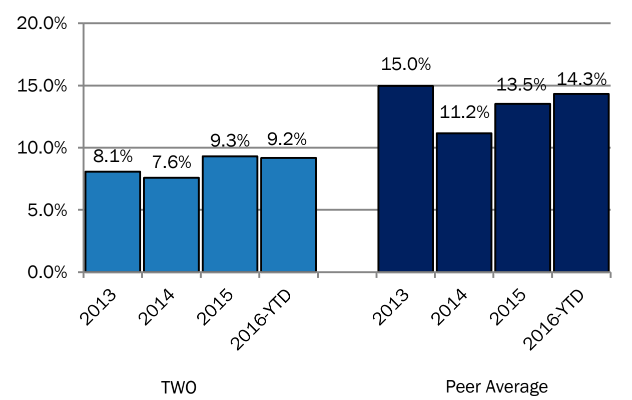
...WITH LOWER LEVERAGE[7]...



...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 September 30, 2016 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 third quarter dividend of $0.23 divided by the September 30, 2016 closing share price of $8.53.
2) "ROAE" is defined as Return on Average Equity.
3) 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 (inverse interest-only securities) divided by total equity.
4) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through September 30, 2016. 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 September 30, 2016. 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. Two Harbors' first quarter 2013 dividend yield used in annual average calculation was based on cash dividend of $0.32 per share and does not include Silver Bay Realty Trust common stock distribution of $1.01 per share. 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 equity 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.