Two Harbors Investment Corp.
Second Quarter 2018 Fact Sheet

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 – 6/30/18

Stock Price:	$15.80
Shares Outstanding:	175.5 million
52-Week Range:	$13.85-$20.51
Market Cap:	$2.8 billion

Q2-2018 KEY STATISTICS

(at/quarter ended June 30, 2018):

Book Value/Share:	$15.69
Q2 Dividend:	$0.47
Q2 Dividend Yield:[1]	11.9%
GAAP Basic EPS:	$0.72
GAAP Basic ROAE:[2]	18.1%
Aggregate Portfolio:	$20.8 billion
Economic Debt-to-Equity:[3]	6.2x

ANALYST COVERAGE

Barclays Capital
Compass Point Research and Trading, LLC
Credit Suisse Securities (USA), LLC
Deutsche Bank
JMP Securities
J.P. Morgan
Keefe, Bruyette & Woods
Maxim Group

CONTACT INFORMATION

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INVESTOR AND MEDIA RELATIONS

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LEADING HYBRID MORTGAGE REAL ESTATE INVESTMENT TRUST

We believe that our hybrid model of Rates and Credit strategies[4], 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.

BY THE NUMBERS

$2.8 billion
market capitalization

$20.8 billion
hybrid portfolio

11.9%
dividend yield[1]

218%
total stockholder return since inception[5]

16.8%
substantial book value growth since inception[6][7]

9.5%
low book value volatility since inception[7][8]

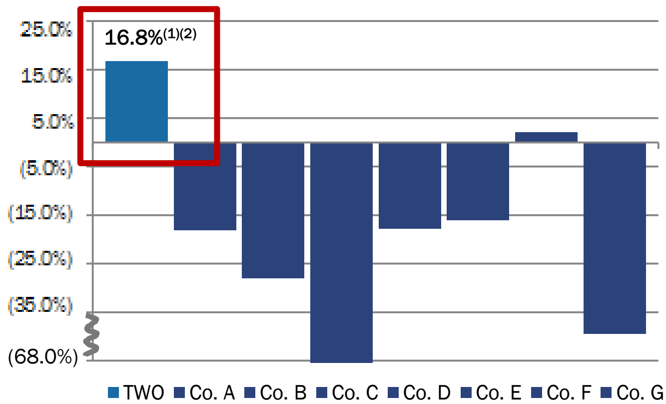
KEY DIFFERENTIATING FACTORS

- ✓ **PAIR AGENCY RMBS WITH MSR:** Our strategy of pairing MSR with Agency RMBS generates better returns with less risk. MSR is very valuable in the current market environment as it elegantly hedges both interest rate and spread risk in our Rates[4] strategy.
- ✓ **UTILIZE A VARIETY OF INSTRUMENTS TO MORE EFFECTIVELY HEDGE INTEREST RATE EXPOSURE:** We use a suite of tools to hedge our interest rate exposure, including swaps, swaptions, mortgage options and MSR. We believe that the combination of these hedging instruments allows us to better protect book value and income through a variety of interest rate and spread environments.
- ✓ **UNIQUE PORTFOLIO OF DISCOUNTED LEGACY NON-AGENCY SECURITIES:** Our unique portfolio of deeply discounted legacy non-Agency RMBS is one that can't be easily replicated and is a distinguishing factor because of the total return opportunities that exist. This portfolio has benefitted from, and we believe will continue to benefit from, strong residential housing tailwinds and falling loan-to-value ratios, which positively affect both default probabilities and prepayment speeds.

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

BOOK VALUE STABILITY AND GROWTH...

- Book value has grown by 16.8% since our inception through June 30, 2018, when adjusted to include the value of the Granite Point and Silver Bay stock distributions to Two Harbors stockholders[6][7]
- Peer average over same time period was (26.5%)[6][9]



...WITH LESS VOLATILITY

- Importantly, these results were achieved with less book value volatility than comparable mortgage REIT peers, reflecting sophisticated approach to risk management

	Mortgage REIT Average[10]	TWO[7]	Difference
Book value volatility since our inception[8]	11.9%	9.5%	(2.4%)
Book value volatility in 2013[8]	8.3%	2.9%	(5.4%)
Book value volatility in 2016[8]	3.3%	1.5%	(1.8%)

Footnotes

1) Represents dividend yield, calculated based on annualizing the second quarter dividend of $0.47 divided by the June 30, 2018 closing share price of $15.80.
2) "ROAE" is defined as Return on Average Equity.
3) Economic debt-to-equity is defined as total borrowings to fund RMBS, MSR and Agency Derivatives, plus the implied debt on net TBA positions, divided by total equity.
4) Assets in "Rates" include Agency RMBS, MSR and other interest rate sensitive assets. Assets in "Credit" include non-Agency securities and other credit sensitive assets.
5) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through June 30, 2018. Total stockholder return is defined as stock price appreciation including dividends. Source: Bloomberg
6) Book value growth since our inception is measured from December 31, 2009 through June 30, 2018.
7) Two Harbors quarterly book values have been adjusted for each quarter from Q1 2013 forward to include $1.88 of stock distributions associated with the special dividend of Silver Bay common stock and, beginning in Q4 2017, $3.67 of stock distributions associated with the special dividend of Granite Point common stock.
8) Book value volatility since our inception is measured from December 31, 2009 or the company's inception, whichever is later, through June 30, 2018. Book value volatility for 2013 is measured from December 31, 2012 to December 31, 2013 and for 2016 is measured from December 31, 2015 through December 31, 2016. Book value volatility calculated by dividing the standard deviation of book values in the measured period by the average book value from the measured period.
9) Companies A-G and peer average represent comparable mortgage REIT peers. Peer average book value figures are based on publicly reported data and have not been adjusted for the return of capital from dividends, if any, to peer stockholders during the same period.
10) Mortgage REITs include AGNC, ANH, ARR, CIM, CMO, IVR, MFA, MITT, NLY and NYMT.