Two Harbors Investment Corp.
Second Quarter 2019 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 – 6/30/19

Stock Price:	$12.67
Shares Outstanding:	272.9 million
52-Week Range:	$12.06-16.23
Market Cap:	$3.5 billion

Q2-2019 KEY STATISTICS

(at/quarter ended June 30, 2019):

Book Value/Share:	$14.17
Q2 Dividend:	$0.40
Q2 Dividend Yield:[2]	12.6%
Aggregate Portfolio:	$32.1 billion
Economic Debt-to-Equity:[3]	7.8x

ANALYST COVERAGE

Barclays Capital

Credit Suisse Securities (USA), LLC

Instinet, A Nomura Company

JMP Securities

J.P. Morgan

Keefe, Bruyette & Woods

Maxim Group

Raymond James

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[1], 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

$3.5 billion
market capitalization

$32.1 billion
hybrid portfolio

12.6%
dividend yield[2]

191%
total stockholder return since inception[4]

8.4%
book value growth since inception[5]

35%
lower book value volatility since inception compared to mREIT average[5]

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, caps, 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.
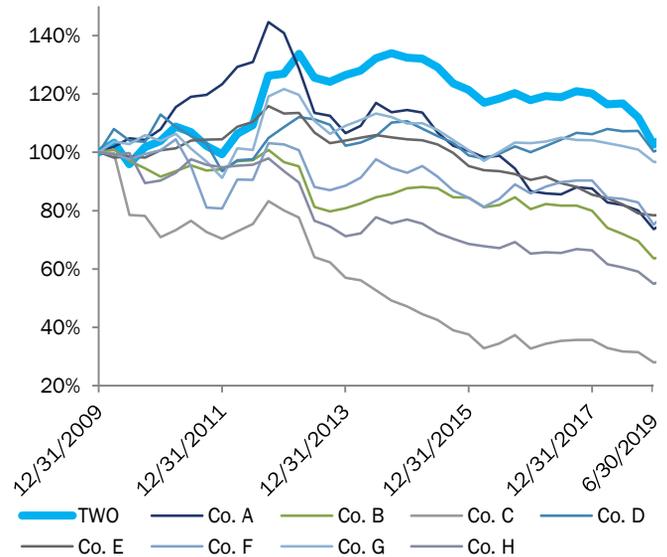
BOOK VALUE STABILITY AND GROWTH SINCE INCEPTION[5]

- We have grown our book value by 8.4% since our inception in 2009
- Peer average over same time period was (28.7%)
- 35% lower book value volatility since inception compared to mortgage REIT average

BOOK VALUE GROWTH[5]
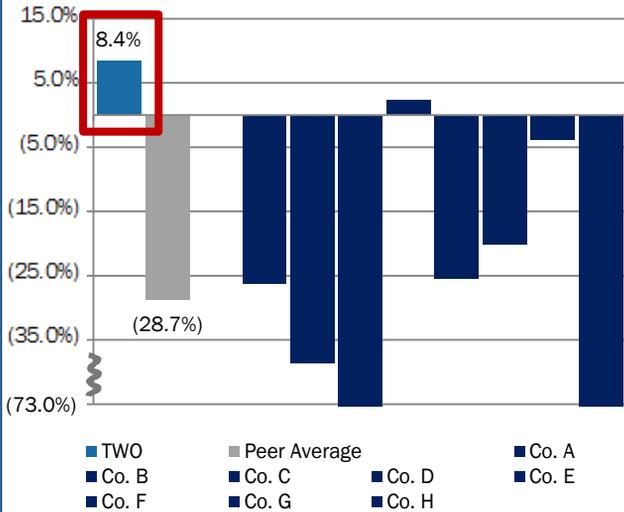
BOOK VALUE OUTPERFORMANCE[5]

Footnotes
1) 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.
2) Dividend yield is calculated based on annualizing the dividends declared in the given period, divided by the closing share price as of the end of the period.
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) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through June 30, 2019. Total stockholder return is defined as stock price appreciation including dividends. Source: Bloomberg.
5) Book value growth, outperformance and volatility since our inception is measured from December 31, 2009 or the peer company's inception, whichever is later, through June 30, 2019. 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 Realty Trust and, beginning in Q4 2017, $3.67 of stock distributions associated with the special dividend of Granite Point Mortgage Trust Inc. common stock. Peer mortgage REITs (companies A-H) include AGNC, ANH, ARR, CIM, CMO, IVR, MFA and NLY. Peer 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. 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. Source: Bloomberg.

Forward-Looking Statements
Certain statements in this fact sheet that are neither reported financial results nor other historical information are forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those described under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, and any subsequent Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission. Our actual results and our plans and objectives may differ materially from those expressed in any forward-looking statements expressed herein, and you are cautioned not to place undue reliance on them.