# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 8-K

**Current Report**
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **March 18, 2014**

# Two Harbors Investment Corp.
(Exact name of registrant as specified in its charter)

| **Maryland** | **001-34506** | **27-0312904** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**590 Madison Avenue, 36th Floor**
**New York, New York 10022**
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: **(612) 629-2500**

**Not Applicable**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD.**

An investor presentation providing a business overview of Two Harbors Investment Corp. is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The company has prepared and made available on its website a webinar entitled "Introduction to Non-Agency Securities Webinar" dated March 18, 2014. The presentation provides general information about non-Agency securities. The presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information in Item 7.01 of this Current Report, including Exhibits 99.1 and 99.2 attached hereto, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed "filed" for any other purpose, including for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that Section. This information shall not be deemed to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Exchange Act regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Fourth Quarter 2013 Investor Presentation |
| 99.2 | Introduction to Non-Agency Securities Webinar |



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**TWO HARBORS INVESTMENT CORP.**

By: /s/ Rebecca B. Sandberg
**Rebecca B. Sandberg**
**General Counsel and Secretary**

Date: March 18, 2014



## EXHIBIT INDEX

| Exhibit No. | Description | Filing Method |
|---|---|---|
| 99.1 | Fourth Quarter 2013 Investor Presentation | Filed Electronically |
| 99.2 | Introduction to Non-Agency Securities Webinar | Filed Electronically |

Exhibit 99.1

# Fourth Quarter 2013 Investor Presentation

TWO HARBORS
Investment Corp.
A Pine River Capital Managed Company

## Safe Harbor Statement

### 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, 2013, 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, higher than expected operating costs, changes in prepayment speeds of mortgages underlying our residential mortgage-backed securities (RMBS), the rates of default or decreased recovery on the mortgages underlying our non-Agency securities, failure to recover credit losses in our portfolio, changes in interest rates and the market value of our assets, the availability of financing, the availability of target assets at attractive prices, our ability to manage various operational risks associated with our business, our ability to maintain our REIT qualification, limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940, the impact of new legislation or regulatory changes on our operations, the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process, our ability to acquire mortgage loans or securitize the mortgage loans we acquire, our involvement in securitization transactions, the timing and profitability of our securitization transactions, the risks associated with our securitization transactions, our ability to acquire mortgage servicing rights, the impact of new or modified government mortgage refinance or principal reduction programs, unanticipated changes in overall market and economic conditions, and our exposure to claims and litigation, including litigation arising from our involvement in securitization transactions.

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.

This presentation may include industry and market data obtained through research, surveys, and studies conducted by third parties and industry publications. We have not independently verified any such market and industry data from third-party sources. This presentation is provided for discussion purposes only and may not be relied upon as legal or investment advice, nor is it intended to be inclusive of all the risks and uncertainties that should be considered. This presentation does not constitute an offer to purchase or sell any securities, nor shall it be construed to be indicative of the terms of an offer that the parties or their respective affiliates would accept.

Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the company's independent auditors.

# Mission Based Strategy

OUR MISSION IS TO BE RECOGNIZED AS THE INDUSTRY-LEADING MORTGAGE REIT:

- Largest hybrid mortgage REIT investing in residential mortgage assets
- Market capitalization of approximately $3.8 billion[1]
- Provider of permanent capital to the U.S. mortgage market over the long-term

BENEFITS OF OUR HYBRID MORTGAGE REIT MODEL:

- Flexibility to take advantage of opportunities across Agency and non-Agency RMBS sectors and unsecuritized mortgage assets, including:
  - RMBS
  - Residential mortgage loans
  - Mortgage servicing rights (MSR)
  - Other financial assets

IMPERATIVES:

- Rigorous risk management system
- Strong administrative infrastructure
- Best practice disclosure and corporate governance

(1) Source: Bloomberg as of February 26, 2014



# 2013 In Review

ADVANCING STRATEGIC INITIATIVES

- Added staff and built infrastructure to support strategic initiatives
- Increased total market capitalization by approximately $400 million in 2013 after giving effect to the Silver Bay common stock dividend amounting to $345.8 million[1]

| First Quarter 2013 | Second Quarter 2013 | Third Quarter 2013 | Fourth Quarter 2013 |
|---|---|---|---|
| Completed accretive public offering of common stock for net proceeds of approximately $762.9 million | Acquired Matrix Financial Services Corporation, which has seller-servicer approvals<br><br>Repurchased 1 million shares of our common stock at average price of $10.50 per share (accretive) | Acquired two small bulk MSR portfolios<br><br>Completed first securitization using our own depositor<br><br>Repurchased 1.45 million shares of our common stock at average price of $9.23 per share (accretive) | Finalized a two-year flow sale agreement to acquire MSR from PHH Mortgage Corporation<br><br>Acquired substantial bulk MSR portfolio from Flagstar Bank<br><br>Wholly-owned subsidiary granted membership in the Federal Home Loan Bank of Des Moines (FHLB) |

(1) $345.8 million represents the tax value of the distribution of Silver Bay common stock.

# Fourth Quarter 2013 Market Overview

## MACROECONOMIC & POLICY CONSIDERATIONS

- Macroeconomic considerations include:
  - Rising treasury and mortgage rates
  - Improving unemployment metrics
  - Improving home prices; CoreLogic Home Price Index +12%[1] on a rolling 12-month basis
- Policy considerations include:
  - New Federal Housing Finance Agency (FHFA) Director Mel Watt
  - New Federal Reserve Chair Janet Yellen
  - Future of Federal Reserve's Quantitative Easing plan
  - GSE Reform
  - Final Qualified Mortgage (QM) and proposed Qualified Residential Mortgage (QRM) rules

## AGENCY RMBS

- Federal Reserve remains the largest buyer in the mortgage market
- Federal Reserve tapering can create opportunities; uncertainty remains on timing

## NON-AGENCY RMBS

- Non-Agency fundamental performance is strong
- Continued improvements in housing metrics were good for portfolio
- Strong technical factor in place
- Supply remains muted

(1) Source: CoreLogic Home Price Index rolling 12-month change as of January 31, 2014



# Delivering Total Return

Since inception, we have generated total stockholder return of 111%,[1] which compares favorably to the Pine River Mortgage REIT Index.


(1) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through February 28, 2014. Total stockholder return is defined as stock price appreciation including dividends. Source: Bloomberg.
(2) Pine River Mortgage REIT index total stockholder return for the period October 29, 2009 through February 28, 2014. Pine River Mortgage REIT index includes: AGNC, NLY, ANH, ARR, CMO, CIM, CYS, HTS, IVR, MFA, PMT, RWT, TWO, MITT, MTGE, AMTG, DX, NYMT, WMC and NRZ. Source: Bloomberg.

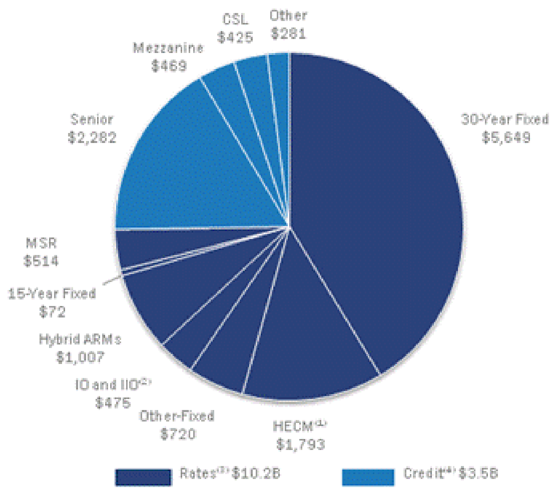
# Portfolio Composition

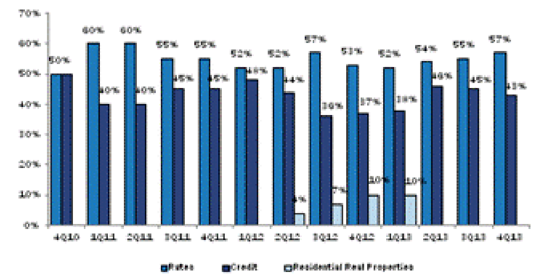
| PORTFOLIO COMPOSITION | TARGETED CAPITAL ALLOCATION |
|---|---|

AS OF DECEMBER 31, 2013

$13.7B Portfolio

*$ Millions*




## HIGHLIGHTS – DECEMBER 31, 2013

- Capital allocation was 57% Rates(3) and 43% Credit(4)
- Agencies declined to 44% of capital allocation while MSR increased to 13%
- Expect capital allocation to MSR to increase going forward as operational platform continues to be built
- Credit allocation substantially focused on assets that benefit from HPA, servicer actions and better borrower performance

(1) Home Equity Conversion Mortgage loans (HECMs) are loans that allow the homeowner to convert home equity into cash collateralized by the value of their home.
(2) Includes Agency Derivatives (IIO) of $218.5 million.
(3) Assets in the "Rates" category include Agency securities and MSR.
(4) Assets in the "Credit" category include non-Agency securities, prime jumbo loans, net economic interest in securitization trusts and credit sensitive loans (CSL).



# MSR in a Portfolio Context

MORTGAGE REIT PORTFOLIOS WITH MSR COULD HAVE HIGHER ROE, LOWER LEVERAGE AND REDUCED BASIS RISK

## PORTFOLIO WITHOUT MSR

- Begin with $100 initial capital investment, 100% allocated to Agency RMBS
- Assumes 7x debt-to-equity on Agency RMBS

| | Amount ($) | Yield (%)(1) | 10bps Rate Increase (%) | 10bps Basis Increase (%) |
|---|---|---|---|---|
| Agency RMBS | $800 | 3.40% | (6.00%) | (6.00%) |
| Agency Repo | $700 | (0.40%) | | |
| 5-year Swap Cost | $1,200 | (1.45%) | 6.00% | –% |
| MSR | $– | –% | –% | –% |
| Total | | 7.00% | –% | (6.00%) |

**ROE: 7.00%**

**Debt-to-equity: 7.0x**

**Impact to Book Value of 10bps RMBS spread widening: (6.00%)**

## PORTFOLIO WITH MSR

- Begin with $100 initial capital investment, 25% allocated to Agency RMBS and 75% to MSR; still meeting whole pool test
- Assumes 7x debt-to-equity on Agency RMBS and no leverage on MSR

| | Amount ($) | Yield (%)(1) | 10bps Rate Increase (%) | 10bps Basis Increase (%) |
|---|---|---|---|---|
| Agency RMBS | $200 | 3.40% | (1.50%) | (1.50%) |
| Agency Repo | $175 | (0.40%) | | |
| 5-year Swap Cost | $– | (1.45%) | –% | –% |
| MSR | $75 | 8.00% | 1.50% | 1.90% |
| Total | | 12.10% | –% | 0.40% |

**ROE: 12.10%**

**Debt-to-equity: 1.75x**

**Impact to Book Value of 10bps RMBS spread widening: 0.40%**

1) Illustrative market yields as of January 31, 2014.

Note: The above scenarios are intended to illustrate the potential benefits to a mortgage REIT portfolio that holds MSR. The numbers used in the scenarios above are hypothetical amounts and are not based on our financial results, nor are they projections of our results. The above scenarios are provided for illustration purposes only and may not represent all assumptions used. Actual results of a portfolio may differ materially.

# Mortgage Loan Conduit & Securitization

## EXPANDING TWO HARBORS' CONDUIT PROGRAM IS A KEY A FOCUS IN 2014

- Diversifying business model by building an operational business structure
- Aim to generate attractive credit investments for portfolio while providing capital to the U.S. mortgage market
- Control and manage purchased and securitized loans via robust mortgage acquisition process and infrastructure, including credit and servicing oversight
- Ongoing progress building mortgage loan conduit:
  - Approximately 30 originators in various stages of approval
  - Target of 40 originators by year-end 2014
  - Ability to source a variety of products, creating mutually beneficial relationships with originator partners
- Opportunities include:
  - Prime loans
  - MSR
  - Non-QM Loans: both prime and non-prime loans



# Two Harbors' Infrastructure

## SUBSTANTIAL PROGRESS BUILDING AN EFFICIENT AND SCALABLE CORE PLATFORM THAT ALLOWS TWO HARBORS TO RESPOND QUICKLY TO A BROAD ARRAY OF MARKET OPPORTUNITIES

- Our external manager hired over 30 full-time employees who are dedicated to Two Harbors and serve in key leadership and staff roles in MSR operations, technology, compliance and risk management serving the MSR and Conduit platforms
- Key transaction management processes and teams are in place
  - Due diligence
  - Contract management
  - Seller-servicer onboarding and implementation
- Core technology infrastructure and oversight teams in place to provide active surveillance and performance management of our sub-servicer and originator partners
- Efficiencies between strategies due to infrastructure overlap

# Federal Home Loan Bank of Des Moines

OUR WHOLLY OWNED SUBSIDIARY, TH INSURANCE HOLDINGS COMPANY LLC, GRANTED MEMBERSHIP IN THE FHLB

### CAPACITY AND ELIGIBLE COLLATERAL

- Facility provides current funding capacity up to $ 1 billion; may increase or decrease at the FHLB's sole discretion because it is uncommitted
- Collateral posted at an asset level versus blanket lien (i.e., each advance will require approval by the FHLB)
- Eligible Collateral Includes:
  - Conventional 1-4 family residential loans
  - Agency RMBS
  - Non-Agency RMBS with an A rating or above

### BORROWING RATES AND COLLATERAL HAIRCUTS

- Lending rates generally range from LIBOR to LIBOR +30 with advance rates comparable to, or a little lower than, market terms
- FHLB offers fixed and floating rates, which provides us flexibility from a hedging perspective
- Financing maturities up to 5 years for eligible collateral and longer in certain cases

### BENEFITS AND OPPORTUNITIES

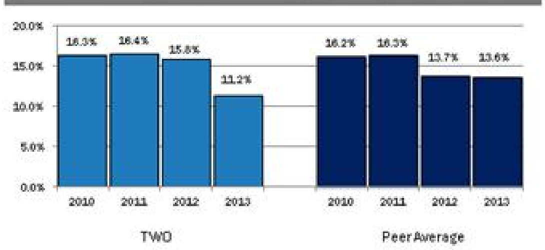
- Diversification beyond the repo market is prudent so we can respond to market events as well as optimize our daily funding mix relative to advance rates and borrowing rates
- Allows for greater flexibility to pledge collateral over time because a security or loan may support future advances



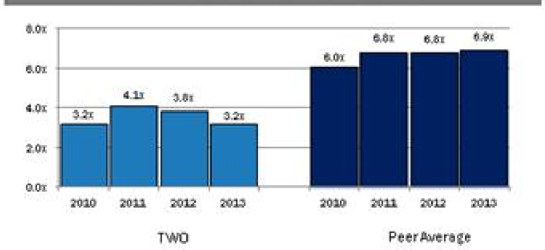
# Attractive Returns With Lower Risk

SUPERIOR ASSET SELECTION AND RISK MANAGEMENT DRIVE RETURNS WHILE WE TAKE ON LESS RISK

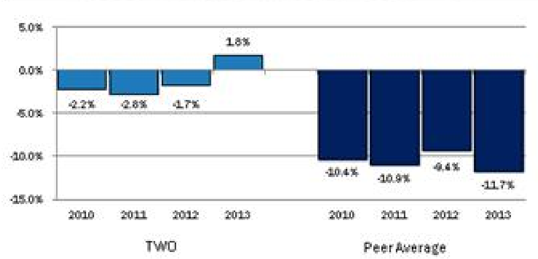
### ATTRACTIVE & COMPARABLE DIVIDEND YIELD(1)



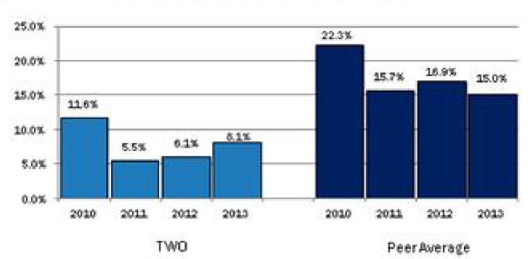

### ...WITH LOWER LEVERAGE(2)...

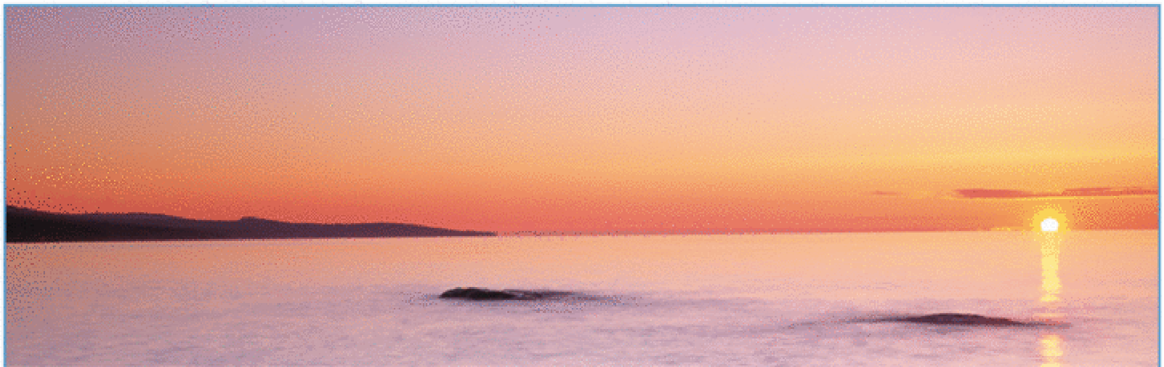



### ...LESS INTEREST RATE EXPOSURE(3)...

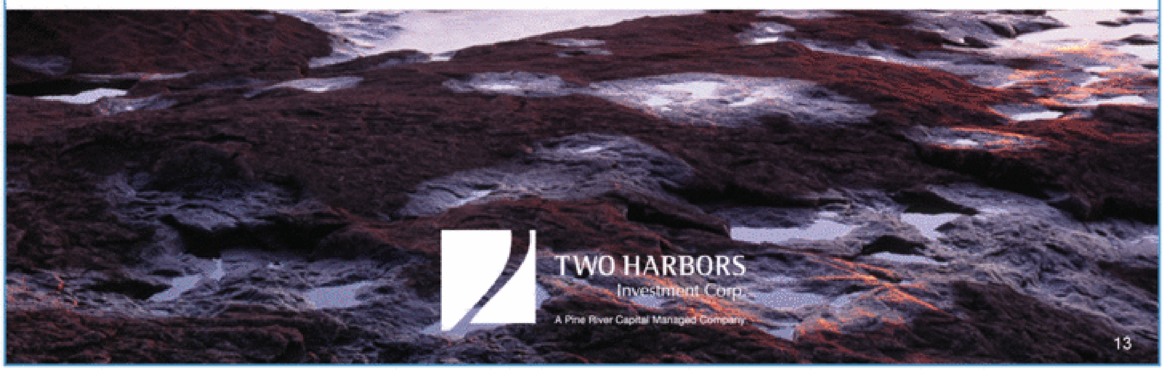



### ...AND LESS PREPAYMENT RISK(4)





# Appendix






# Agency Securities as of December 31, 2013

| | Par Value (M) | Market Value (M) | % of Agency Portfolio | Amortized Cost Basis (M) | Weighted Average Coupon | Weighted Average Age (Months) |
|---|---|---|---|---|---|---|
| 30-Year Fixed | | | | | | |
| 3.0-3.5% | $719 | $715 | 7.4% | $765 | 3.5% | 19 |
| 4.0-4.5% | 3,855 | 4,008 | 41.3% | 4,185 | 4.1% | 19 |
| ≥ 5.0% | 837 | 926 | 9.5% | 909 | 5.5% | 60 |
| | $5,411 | $5,649 | 58.2% | $5,859 | 4.3% | 26 |
| | | | | | | |
| 15-Year Fixed | | | | | | |
| 3.0-3.5% | $68 | $69 | 0.7% | $67 | 3.0% | 38 |
| 4.0-4.5% | 2 | 2 | 0.0% | 2 | 4.0% | 43 |
| ≥ 5.0% | 1 | 1 | 0.0% | 1 | 6.7% | 105 |
| | $71 | $72 | 0.7% | $70 | 3.1% | 38 |
| | | | | | | |
| HECM | $1,641 | $1,793 | 18.4% | $1,747 | 4.7% | 26 |
| Hybrid ARMs | 994 | 1,007 | 10.4% | 1,001 | 2.5% | 22 |
| Other-Fixed | 658 | 720 | 7.4% | 715 | 4.9% | 73 |
| IO and IIO | 4,670 | 475[1] | 4.9% | 485 | 4.2% | 65 |
| Total | $13,445 | $9,716 | 100.0% | $9,877 | 4.2% | 31 |

(1) Represents the market value of $256.4 million of IO and $218.5 million of Agency Derivatives.

# Mortgage Servicing Rights

## BULK ACQUISITION FROM FLAGSTAR BANK

- MSR on residential mortgage loans
- Underlying pool of mortgage loans is comprised of Fannie Mae and Ginnie Mae loans; originated primarily after 2010
- Subservicing agreement with Flagstar Bank

## FLOW AGREEMENT WITH PHH MORTGAGE CORP. (PHH)

- Two-year flow sale agreement; subservicing agreement with PHH
- Acquiring at least 50% of eligible newly-originated residential mortgage loans (including Fannie Mae and Ginnie Mae)
- Subject to quarterly pricing

## FOURTH QUARTER PERFORMANCE

- Recognized $10.8 million of servicing income, $2.2 million of sub-servicing expense and $13.1 million increase in fair value of MSR, net of $5.4 million which represents implied amortization (i.e. prepayments)

## POTENTIAL BENEFITS OF MSR IN OUR PORTFOLIO

- Natural hedge; higher ROE from reduced hedging cost to portfolio
- Lower leverage
- Reduced basis risk

| MSR PORTFOLIO CHARACTERISTICS AT DECEMBER 31, 2013 | |
|---|---|
| Fair Value ($M) | $514.4 |
| Unpaid Principal Balance ($B) | $42.3 |
| Weighted Average Coupon | 3.9% |
| Original FICO Score | 734 |
| Original LTV | 76% |
| 60+ Day Delinquencies | 0.9% |
| Servicing Spread (less subservicing expense) | 25 basis points |
| | |
| Vintage: | |
| Pre-2009 | 4% |
| 2009-2012 | 64% |
| Post 2012 | 32% |
| | |
| Percent of MSR Portfolio: | |
| Ginnie Mae | ~33.5% |
| Fannie Mae | ~66.3% |



# Non-Agency Securities as of December 31, 2013

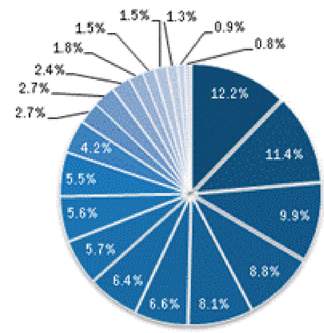
| | Senior Bonds | Mezzanine Bonds | Total P&I Bonds |
|---|---|---|---|
| **Portfolio Characteristics** | | | |
| Carrying Value ($M) | $2,282 | $469 | $2,751 |
| % of Non-Agency Portfolio | 83.0% | 17.0% | 100.0% |
| Average Purchase Price [1] | $52.58 | $59.09 | $53.69 |
| Average Coupon | 2.5% | 1.6% | 2.3% |
| Weighted Average Market Price [2] | $65.27 | $72.70 | $66.43 |
| | | | |
| **Collateral Attributes** | | | |
| Average Loan Age (months) | 86 | 99 | 88 |
| Average Loan Size ($K) | $263 | $196 | $252 |
| Average Original Loan-to-Value | 73.1% | 72.6% | 73.0% |
| Average Original FICO [3] | 614 | 647 | 620 |
| | | | |
| **Current Performance** | | | |
| 60+ Day Delinquencies | 32.7% | 26.6% | 31.7% |
| Average Credit Enhancement [4] | 9.0% | 20.8% | 11.0% |
| 3-Month CPR [5] | 3.5% | 5.6% | 3.8% |

(1) Average purchase price utilized carrying value for weighting purposes. If current face were utilized for weighting purposes, the average purchase price for senior, mezzanine and total non-Agency RMBS, excluding our non-Agency interest-only portfolio, would have been $47.97, $56.87 and $49.28, respectively.
(2) Weighted average market price utilized current face for weighting purposes.
(3) FICO represents a mortgage industry accepted credit score of a borrower, which was developed by Fair Isaac Corporation.
(4) Average credit enhancement remaining on our non-Agency RMBS portfolio, which is the average amount of protection available to absorb future credit losses due to defaults on the underlying collateral.
(5) 3-Month CPR is reflective of the prepayment speed on the underlying securitization; however, it does not necessarily indicate the proceeds received on our investment tranche. Proceeds received for each security are dependent on the position of the individual security within the structure of each deal.

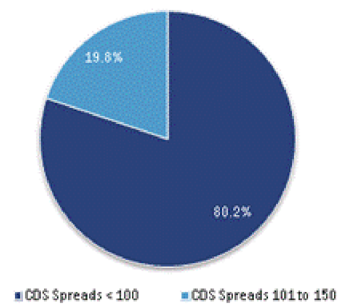
# Financing Profile(1)

- Laddered repo maturities; averaged 72 days to maturity with 20 counterparties at year-end
- Agency and non-Agency repo held with counterparties having credit default swap (CDS) spreads lower than 150 bps; implies low overall counterparty risk
- 54% of Agency and 61% of non-Agency repo held with North American counterparties

DIVERSE COUNTERPARTIES(2)




HIGH-QUALITY COUNTERPARTIES(3)




(1) As of December 31, 2013.
(2) Reflects the counterparty percentage of our outstanding repurchase agreements for our Agency and non-Agency portfolio.
(3) Reflects the CDS Spread for our Agency and non-Agency portfolio repo counterparties.



# Hedging Strategy

HEDGING

### HEDGING STRATEGY

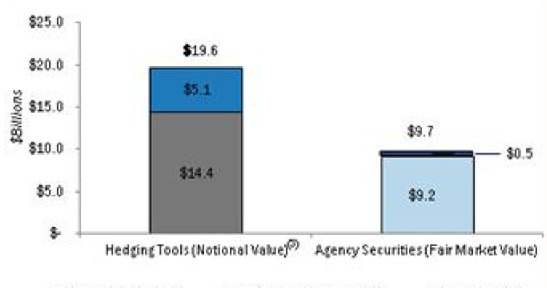
- Protect book value regardless of interest rate environment
- Use a variety of hedging tools to protect book value, including swaps, swaptions, interest-only bonds and short To Be Announced (TBA) contracts
- Daily interest rate exposure monitoring

### FOURTH QUARTER HEDGE POSITION

- Low overall exposure to rates
  - Exposure includes duration measures for MSR, non-Agency RMBS and loan positions, as well as all associated rate hedges
- Low leverage and Agency RMBS positioning drives low basis risk exposure

BV EXPOSURE TO +100 BPS CHANGE IN RATES(1)


SWAPS, SWAPTIONS AND IO(2)




(1) Represents estimated percentage change in equity value for theoretical +100bps parallel shift in interest rates. Change in equity value is total net asset change.
(2) Positions as of December 31, 2013.
(3) Notional amounts do not include $1.0 billion of notional interest rate swaps economically hedging our trading securities, $3.1 billion of notional interest rate swaps hedging our available-for-sale securities, and $1.1 billion of notional interest rate swaps economically hedging our TBA contracts and MSR.

# Financing and Hedging Strategy[1]

## INTEREST RATE SWAPS[2]

| Swaps Maturities | Notional Amounts ($M) | Average Fixed Pay Rate | Average Receive Rate | Average Maturity (Years) |
|---|---|---|---|---|
| 2014 | $ 3,900 | 0.300% | 0.245% | 0.76 |
| 2015 | 1,000 | 0.383% | 0.244% | 1.04 |
| 2016 | 2,950 | 0.626% | 0.246% | 2.42 |
| 2017 | 5,300 | 0.920% | 0.217% | 3.49 |
| 2018 and after | 1,275 | 1.406% | 0.242% | 5.04 |
| | $ 14,425 | 0.696% | 0.235% | 2.50 |

## FINANCING

| Repurchase Agreements: RMBS and Agency Derivatives[3] | Amount ($M) | Percent (%) |
|---|---|---|
| Within 30 days | $3,832 | 35% |
| 30 to 59 days | 2,014 | 18% |
| 60 to 89 days | 2,226 | 20% |
| 90 to 119 days | 1,386 | 12% |
| 120 to 364 days | 1,448 | 13% |
| One year and over | 200 | 2% |
| | $11,106 | |

(1) As of December 31, 2013.
(2) Notional amounts do not include $1.0 billion of notional interest rate swaps economically hedging our trading securities, $3.1 billion of notional interest rate swaps hedging our available-for-sale securities, and $1.1 billion of notional interest rate swaps economically hedging our TBA contracts and MSR.
(3) Does not include repurchase agreements collateralized by U.S. Treasuries of $1.0 billion and mortgage loans held-for-sale of $147.3 million.



# Financing and Hedging Strategy[1]

## INTEREST RATE SWAPTIONS

| | Option | | | | Underlying Swap | | | |
|---|---|---|---|---|---|---|---|---|
| Swaption | Expiration | Cost ($M) | Fair Value ($M) | Average Months to Expiration | Notional Amount ($M) | Average Pay Rate | Average Receive Rate | Average Term (Years) |
| Purchase Contracts: | | | | | | | | |
| Payer | < 6 Months | $ 10.4 | $ 10.5 | 2.76 | $ 675 | 3.33% | 3M Libor | 10.0 |
| Payer | ≥ 6 Months | 223.5 | 353.1 | 39.14 | 6,000 | 4.27% | 3M Libor | 9.0 |
| Total Payer | | $ 233.9 | $ 363.6 | 38.16 | $ 6,675 | 4.18% | 3M Libor | 9.1 |
| | | | | | | | | |
| Receiver | < 6 Months | $ 4.0 | $ 0.7 | 1.93 | $ 275 | 3M Libor | 2.89% | 10.0 |
| Total Receiver | | $ 4.0 | $ 0.7 | 1.93 | $ 275 | 3M Libor | 2.89% | 10.0 |
| | | | | | | | | |
| Sale Contracts: | | | | | | | | |
| Payer | < 6 Months | $ (3.5) | $ (7.7) | 1.93 | $ (510) | 1.60% | 3M Libor | 5.0 |
| Payer | ≥ 6 Months | (81.2) | (86.4) | 42.02 | (800) | 3.44% | 3M Libor | 10.0 |
| Total Payer | | $ (84.7) | $ (94.1) | 33.68 | $ (1,310) | 2.72% | 3M Libor | 8.1 |
| | | | | | | | | |
| Receiver | < 6 Months | $ (3.5) | $ (0.5) | 1.93 | $ (510) | 3M Libor | 1.60% | 5.0 |
| Total Receiver | | $ (3.5) | $ (0.5) | 1.93 | $ (510) | 3M Libor | 1.60% | 5.0 |

(1) As of December 31, 2013.

# Overview of Two Harbors Team

## EXECUTIVE OFFICERS

### CHIEF INVESTMENT OFFICER WILLIAM ROTH

- Also serves as Pine River Capital Management Partner
- 33 years in mortgage securities market
- Managing Director in proprietary trading group at Citi and Salomon Brothers prior to Two Harbors

### CHIEF EXECUTIVE OFFICER THOMAS SIERING

- Also serves as Pine River Capital Management Partner
- 33 years of investing and management experience; commenced career at Cargill
- Previously Partner and head of Value Investment Group at EBF & Associates

### CHIEF FINANCIAL OFFICER BRAD FARRELL

- Most recently served as Two Harbors' Controller from 2009 to 2011
- Previously Vice President and Executive Director of Financial Reporting at GMAC ResCap from 2007 to 2009 and held financial roles at XL Capital Ltd from 2002 to 2007; began his career with KPMG

## INVESTMENT & OPERATIONS TEAM

### SIGNIFICANT OPERATIONS AND RMBS EXPERTISE

- Substantial operations team; deep servicing and mortgage operations experience
- Strong RMBS team focused on trading, investment analysis and research
- Leverages proprietary analytical systems



# Overview of Pine River Capital Management

## GLOBAL ASSET MANAGEMENT FIRM

- Global, multi-strategy asset management firm
- Comprehensive portfolio management, transparency and liquidity
- Institutional and high net worth investors
- Founded in 2002
- Demonstrated success achieving growth and managing scale
- Approximately $13.9[1] billion assets under management today
  - $7.3 billion is dedicated to mortgage strategies[2]
  - Experience managing Agency RMBS, non-Agency RMBS and other mortgage-related assets

## EXPERIENCED, COHESIVE TEAM[3]

- Sixteen partners with average of 22 years experience
- Approximately 420 total employees, 140 investment professionals
- Historically low attrition

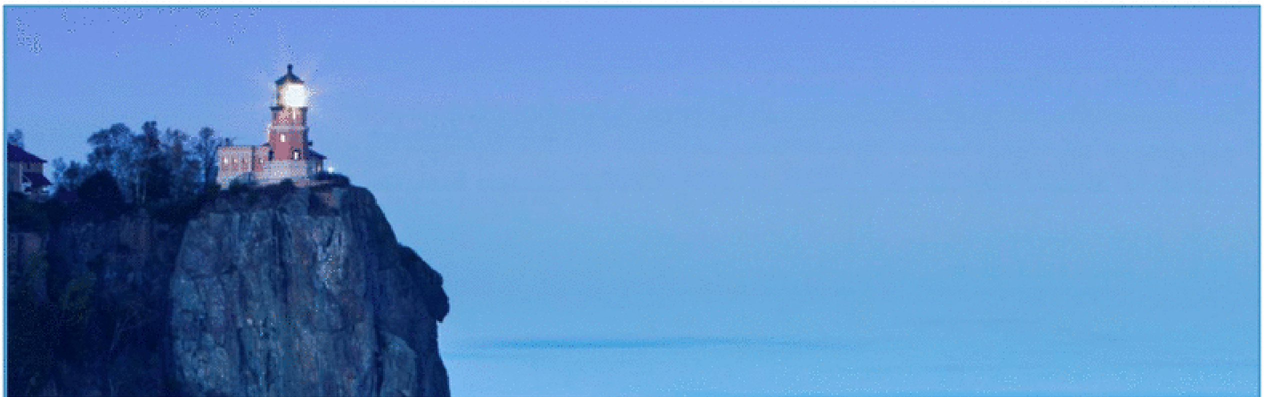
## ESTABLISHED INFRASTRUCTURE

- Strong corporate governance
- Registrations include: SEC/NFA (U.S.), FSA (U.K.), SFC (Hong Kong) and SEBI (India)
- Proprietary technology
- Global footprint with 8 offices world-wide

(1) Defined as estimated assets under management as of December 31, 2013, inclusive of Two Harbors and Silver Bay Realty Trust Corp.
(2) Defined as estimated mortgage-related assets under management as of December 31, 2013, inclusive of Two Harbors and Silver Bay Realty Trust Corp.
(3) Employee data as of December 31, 2013.


TWO HARBORS
Investment Corp.
A Pine River Capital Managed Company

Exhibit 99.2



# Introduction to Non-Agency Securities Webinar

March 18, 2014

TWO HARBORS
Investment Corp.
A Pine River Capital Managed Company

# Safe Harbor Statement

## 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, 2013 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, higher than expected operating costs, changes in prepayment speeds of mortgages underlying our residential mortgage-backed securities, the rates of default or decreased recovery on the mortgages underlying our non-Agency securities, failure to recover credit losses in our portfolio, changes in interest rates and the market value of our assets, the availability of financing, the availability of target assets at attractive prices, our ability to manage various operational risks associated with our business, our ability to maintain our REIT qualification, limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940, the impact of new legislation or regulatory changes on our operations, the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process, our ability to acquire mortgage loans or securitize the mortgage loans we acquire, our involvement in securitization transactions, the timing and profitability of our securitization transactions, the risks associated with our securitization transactions, our ability to acquire mortgage servicing rights, the impact of new or modified government mortgage refinance or principal reduction programs, unanticipated changes in overall market and economic conditions, and our exposure to claims and litigation, including litigation arising from our involvement in securitization transactions.

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.

Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation, and unless otherwise noted, has not been audited by the company's independent auditors. This presentation may include industry and market data obtained through research, surveys, and studies conducted by third parties and industry publications. We have not independently verified any such market and industry data from third-party sources.

# Agency & Non-Agency Mortgage-Backed Securities

## WHAT IS AN AGENCY SECURITY?

- An Agency residential mortgage-backed security (RMBS) conforms with certain requirements, such as size, documentation and loan-to-value (LTV) ratios, and is backed by Fannie Mae, Freddie Mac or Ginnie Mae.
  - Fannie Mae and Freddie Mac are collectively called Government-Sponsored Enterprises (GSEs).
  - Ginnie Mae securities are backed by the full faith and credit of the U.S. Government.

## WHAT IS A NON-AGENCY SECURITY?

- A non-Agency RMBS is a security that is not backed by a government Agency. The underlying collateral generally consists of mortgages that are not required to conform to the requirements (size, documentation, LTV, etc.) for inclusion in RMBS issued by Agencies.
- The non-Agency RMBS market is generally comprised of four sub-sectors: Prime, Sub-prime, Alt-A and Option ARM.(1)
- Non-Agency RMBS can be classified into two categories: Legacy and New Issue.
- Legacy non-Agency RMBS contain loans that were originated prior to the 2008 financial crisis and therefore, trade at a deep discount due to having experienced high levels of defaults by the underlying borrowers.
- New Issue non-Agency RMBS are backed by newly originated, high quality, well-underwritten loans.
- Two Harbors invests in both Legacy and New Issue non-Agency RMBS.
  - The majority of our non-Agency holdings are in the Legacy category and were purchased at a deep discount to par.
  - Over 80% of our Legacy non-Agency holdings are in Sub-Prime RMBS.

(1) See Appendix slides 11 and 12 for more information on non-Agency RMBS market.

# Portfolio Composition

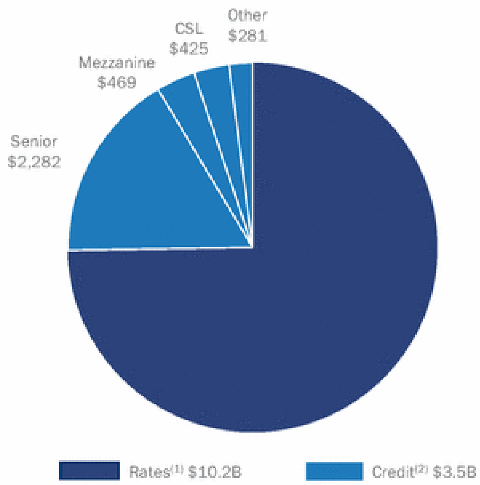
## TWO HARBORS MAINTAINS SUBSTANTIAL HOLDINGS OF LOWER PRICED LEGACY NON-AGENCY RMBS

### PORTFOLIO COMPOSITION

AS OF DECEMBER 31, 2013

$13.7B Portfolio

*$ Millions*




### CREDIT PORTFOLIO SUMMARY

- $3.5 billion Credit portfolio includes:
  - Non-Agency RMBS
  - Net economic interest in securitization trusts
  - Prime jumbo residential mortgage loans
  - Credit sensitive loans (CSL)
- Strong Credit strategy returns drove aggregate portfolio performance in 2013
- Substantial progress expanding the foundation for our mortgage loan conduit platform
- Leverage 1.1x as of December 31, 2013

(1) Assets in the "Rates" category include Agency RMBS and Mortgage Servicing Rights (MSR).

(2) Assets in the "Credit" category include non-Agency RMBS, prime jumbo loans, net economic interest in securitization trusts and CSL. See slide 5 for details regarding Two Harbors Credit holdings.

# Non-Agency Securities

## PORTFOLIO OF LOWER PRICED LEGACY NON-AGENCY RMBS

- Take advantage of improving home prices and better borrower performance
- Declining delinquencies
- Upside optionality remains to increasing prepayments as fundamentals improve

### NON-AGENCY PORTFOLIO COMPOSITION AS OF DECEMBER 31, 2013[1]

| | |
|---|---|
| **Portfolio Characteristics** | |
| Carrying Value ($M) | $2,751 |
| Average Purchase Price[2] | $53.69 |
| Average Coupon | 2.3% |
| Weighted Average Market Price[3] | $66.43 |
| | |
| **Current Performance** | |
| 60+ Day Delinquencies | 31.7% |
| Average Credit Enhancement[4] | 11.0% |
| 3-Month CPR[5] | 3.8% |

(1) Excludes non-Agency interest-only portfolio.
(2) Average purchase price utilized carrying value for weighting purposes. If current face value were utilized for weighting purposes, the average purchase price would have been $49.28.
(3) Weighted average market price utilized current face value for weighting purposes.
(4) Average credit enhancement remaining on our non-Agency RMBS portfolio, which is the average amount of protection available to absorb future credit losses due to defaults on the underlying collateral.
(5) 3-Month CPR is reflective of the prepayment speed on the underlying securitization; however, it does not necessarily indicate the proceeds received on our investment tranche. Proceeds received for each security are dependent on the position of the individual security within the structure of each transaction.

# Non-Agency Performance

## TWO HARBORS' LEGACY NON-AGENCY RMBS FOCUSED ON AREAS WITH STRONG HOUSING RECOVERY METRICS

- Non-Agency RMBS have rallied as the housing market has recovered
- In 2013, the national average housing price appreciation (HPA) was +11.0%(1)
  - In predominantly "subprime" areas, HPA exceeded national average by several hundred basis points
  - Still potential for appreciation: National HPA is 22% higher than the bottom of the housing market, but still 18% lower than the peak(2)
  - Analysts project 5% HPA in 2014(3)

## VIDEO OF HPA GROWTH BY METROPOLITAN STATISTICAL AREA (MSA)(4)

- http://tinyurl.com/k25jnjk

## DRIVERS OF LEGACY NON-AGENCY PERFORMANCE GOING FORWARD

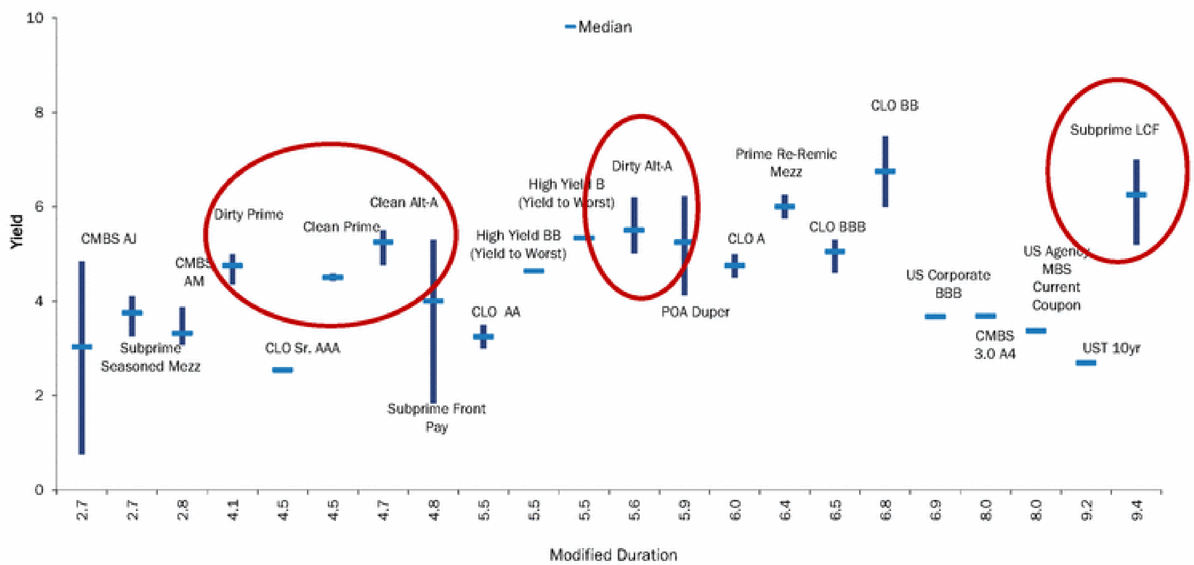
- Return of borrowers' equity
- Prepayments: turnover & refinancings
- Lower delinquencies and defaults
- Possible government sponsored refinancing program

(1) CoreLogic Home Price Index as of December 31, 2013
(2) CoreLogic Housing Trend Report, December 2013 HPI History
(3) Credit Suisse research, November 22, 2013
(4) Video utilizes data from CoreLogic Housing Trend Report, which illustrates HPA growth by MSA as of December 2013. The video is provided for illustration purposes only and is not indicative of future HPA or portfolio performance.

# Non-Agency RMBS Remain Attractive

## NON-AGENCY RMBS PROVIDE ATTRACTIVE YIELDS COMPARED TO OTHER OPPORTUNITIES IN CREDIT SECTOR

MARKET YIELDS[1]

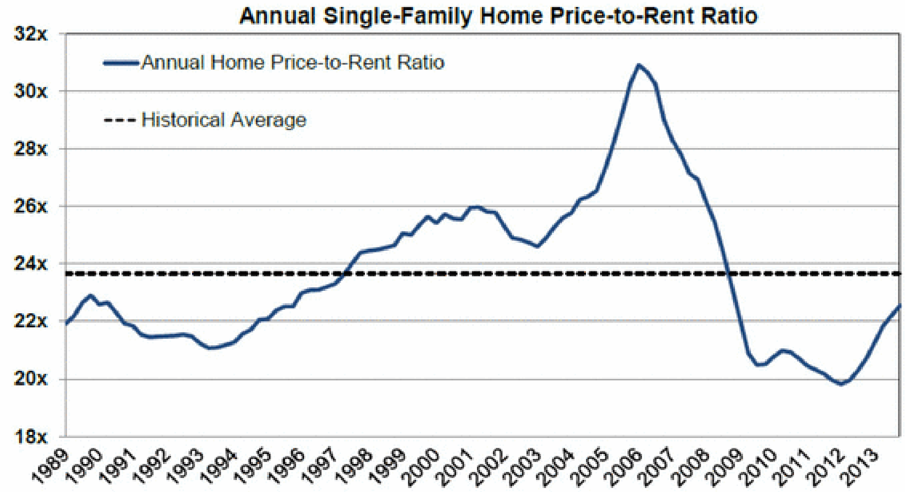



(1) Source: Credit Suisse research as of January 31, 2014

# Non-Agency Outlook

## AFFORDABILITY REMAINS HIGH; CHEAPER TO OWN THAN RENT

- Current mortgage payment-to-income ratio of 18.3% is 25% below the historical mean from 1990 to 2000 of 24.4%[1]
- Home price vs. rental cost ratio is low; owning a home is cheaper than renting[2]




Source: Census Bureau, NAR, JBREC; 2013Q4

(1) CoreLogic Housing Trend Report, December 2013 HPI History
(2) U.S. Housing Analysis and Forecast, John Burns Real Estate Consulting, February 7, 2014

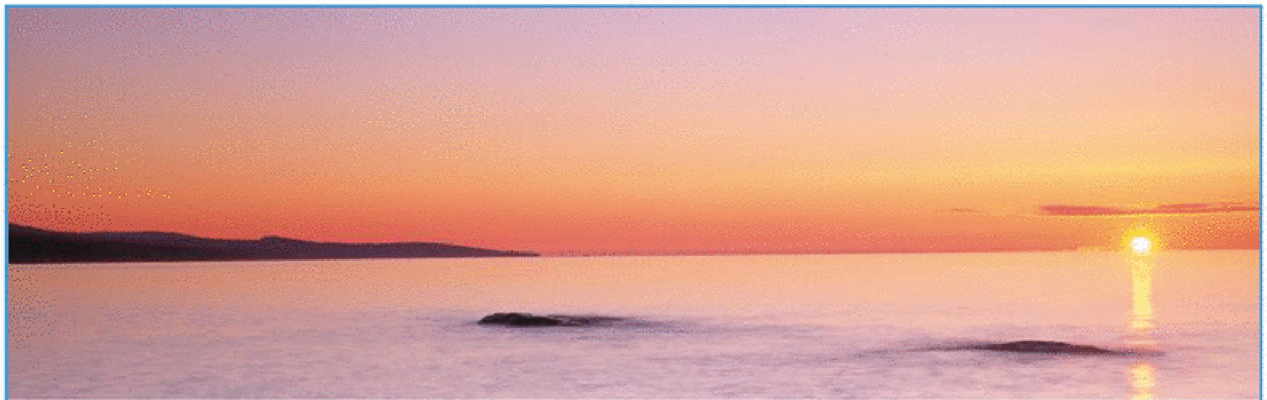
# Non-Agency Outlook

## EXPECT PREPAYMENTS TO RISE

- Drivers of higher prepayments include:
  - Refinancings due to low interest rates
  - Better economic growth
  - HPA
  - Increasing housing turnover from better mobility as employment metrics improve
- Prepayments for Two Harbors' non-Agency RMBS portfolio:
  - 3.8% in 2013
  - 3.2% in 2012
  - 2.4% in 2011
- Prepays still well below historic average

## WE BELIEVE SIGNIFICANT UPSIDE POTENTIAL REMAINS

- Conservative prepay/default assumptions
- Servicer actions are helping borrowers



# Appendix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# Non-Agency RMBS Market

THE NON-AGENCY RMBS MARKET IS GENERALLY COMPRISED OF FOUR SUB-SECTORS: PRIME, SUB-PRIME, ALT-A AND OPTION ARM. THESE SECTORS REPRESENT A DIVERSE RANGE OF LOAN AND BORROWER CHARACTERISTICS.

## PRIME LOANS:

- Borrowers generally have the highest credit worthiness based on a number of different factors, including high borrower credit score, low leverage or LTV ratio, and comprehensive supporting loan documentation.
- Do not qualify as conforming loans for Fannie Mae or Freddie Mac due to the loan size of the mortgage.

## SUB-PRIME LOANS:

- Borrowers generally have lower credit worthiness based on a number of factors, including lower borrower credit score, higher LTV ratio and poor supporting loan documentation.
- Loan size is typically smaller than other types of non-Agency loans.
- Historically were a relatively small segment of the non-Agency market, but issuance rose considerably in the early 2000s as a result of government initiatives.
- Have fared poorly as housing values declined and sub-prime delinquencies and defaults have soared above historical averages.

# Non-Agency RMBS Market (cont.)

THE NON-AGENCY RMBS MARKET IS GENERALLY COMPRISED OF FOUR SUB-SECTORS: PRIME, SUB-PRIME, ALT-A AND OPTION ARM. THESE SECTORS REPRESENT A DIVERSE RANGE OF LOAN AND BORROWER CHARACTERISTICS.

## ALT-A LOANS:

- Borrowers typically have strong credit backgrounds, but one or more factors pertaining to underwriting increases the loan's risk profile, such as a higher LTV ratio or incomplete documentation.
- Until 2003, Alt-A loans were usually granted to borrowers of prime credit worthiness who could only provide limited documentation.
- Beginning in 2004, this category of loans began evolving to include riskier loans such as "stated income loans" or "no doc loans."
- Risk profile falls between Prime and sub-prime loans.

## OPTION ARMS:

- Borrowers generally seeking ultimate affordability, as some borrowers could make a payment based on a rate as low as 1%.
- Variable interest rate loans where the mortgage rate is periodically adjusted based on a predefined index plus an incremental spread.
- Option ARMs give the borrower the choice to make a lower payment than that implied by the stated interest rate, while the outstanding loan balance increases over time by the deferred interest amount plus accrued interest on the outstanding principal.


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