UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report

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

Date of Report: May 6, 2015

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, NY 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 2.02 Results of Operations and Financial Condition.

On May 6, 2015, Two Harbors Investment Corp. issued a press release announcing its financial results for the fiscal quarter ended March 31, 2015. A copy of the press release and the 2015 First Quarter Earnings Call Presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

The information in this Current Report, including Exhibits 99.1 and 99.2 attached hereto, is furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be "filed" for any other purpose, including for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 2.02 of this Current Report, including Exhibits 99.1 and 99.2, shall not be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings (unless the registrant specifically states that the information or exhibit in this Item 2.02 is incorporated by reference).

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Two Harbors Investment Corp., dated May 6, 2015.
99.2	2015 First Quarter Earnings Call Presentation.

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: May 6, 2015

Exhibit Index

Exhibit No.	Description	Filing Method
99.1	Press Release of Two Harbors Investment Corp., dated May 6, 2015.	Electronically
99.2	2015 First Quarter Earnings Call Presentation.	Electronically

TWO HARBORS
Investment Corp.
A Pine River Capital Managed Company

Two Harbors Investment Corp. Reports First Quarter 2015 Financial Results

Building Franchise Value through Expansion of Operational Businesses

NEW YORK, May 6, 2015 - Two Harbors Investment Corp. (NYSE: TWO), a real estate investment trust that invests in residential mortgage-backed securities (RMBS), residential mortgage loans, mortgage servicing rights (MSR), commercial real estate and other financial assets, today announced its financial results for the quarter ended March 31, 2015.

Highlights

- Book value was $11.08 per common share, representing a 2.2%[1] total return on book value, after accounting for a dividend of $0.26 per share.
- Delivered Comprehensive Income of $88.9 million, a return on average equity of 8.7%, or $0.24 per weighted average common share.
- Reported Core Earnings of $94.1 million, or $0.26 per weighted average common share.[2]
- Generated an aggregate portfolio yield of 4.40% and a net interest margin of 3.07% for the quarter ended March 31, 2015.
- Completed two securitizations, issuing securities backed by approximately $573.9 million unpaid principal balance (UPB) of prime jumbo residential mortgage loans.
- Closed first commercial real estate loan of approximately $45.6 million.

“We are committed to building franchise value for our stockholders through our operational businesses,” stated Thomas Siering, Two Harbors’ President and Chief Executive Officer. “In the first quarter, we completed two securitizations, demonstrating our ability to be a regular issuer. We are also excited to announce that we closed on the first investment in our commercial real estate strategy.”

(1) Return on book value for the quarter ended March 31, 2015 is defined as the decrease in book value from December 31, 2014 to March 31, 2015 of $0.02, plus the dividend declared of $0.26 per share, divided by December 31, 2014 book value of $11.10 per share.
(2) Core Earnings is a non-GAAP measure that we define as GAAP net income, excluding impairment losses, realized and unrealized gains or losses on the aggregate portfolio, amortization of business combination intangible assets, reserve expense for representation and warranty obligations on MSR and certain upfront costs related to securitization transactions. As defined, Core Earnings includes interest income or expense and premium income or loss on derivative instruments and servicing income, net of estimated amortization on MSR. Core Earnings is provided for purposes of comparability to other peer issuers.

Operating Performance

The following table summarizes the company's GAAP and non-GAAP earnings measurements and key metrics for the first quarter of 2015:

Two Harbors Investment Corp. Operating Performance			
(dollars in thousands, except per share data)			
	Three Months Ended March 31, 2015		
	(unaudited)		
Earnings	Earnings	Per weighted share	Annualized return on average equity
Core Earnings[1]	$ 94,075	$ 0.26	9.2%
GAAP Net Income	$ 94,793	$ 0.26	9.3%
Comprehensive Income	$ 88,862	$ 0.24	8.7%
Operating Metrics			
Dividend per common share	$0.26		
Book value per share at period end	$11.08		
Other operating expenses as a percentage of average equity	1.6%		

(1) Please see page 13 of this press release for a reconciliation of GAAP to non-GAAP financial information.

Earnings Summary

Two Harbors reported Core Earnings for the quarter ended March 31, 2015 of $94.1 million, or $0.26 per weighted average common share outstanding, as compared to Core Earnings for the quarter ended December 31, 2014 of $83.1 million, or $0.23 per weighted average common share outstanding. On a Core Earnings basis, the company recognized an annualized return on average equity of 9.2% and 8.1% for the quarters ended March 31, 2015 and December 31, 2014, respectively.

For the first quarter of 2015, the company recognized:

- net realized gains on RMBS, trading securities and residential mortgage loans held-for-sale of $122.5 million, net of tax;
- unrealized gains on trading securities and residential mortgage loans held-for-sale of $8.6 million, net of tax;
- other-than-temporary impairment loss of $0.1 million, net of tax;
- net gains of $7.3 million, net of tax, related to swap and swaption terminations and expirations;
- net unrealized losses, net of tax, of $97.5 million associated with its interest rate swaps and swaptions economically hedging its investment portfolio, repurchase agreements and Federal Home Loan Bank of Des Moines (FHLB)advances;
- net realized and unrealized gains on other derivative instruments of approximately $0.8 million, net of tax;
- net realized and unrealized losses on consolidated financing securitizations of $2.9 million, net of tax;
- a net decrease in fair value of $46.9 million[2] on MSR, net of tax; and
- securitization deal costs of $1.7 million, net of tax.

(2) Decrease in fair value on MSR, net of tax, of $46.9 million is comprised of a decrease in fair value of $36.3 million, net of tax, excluded from Core Earnings and $10.6 million, net of tax, of estimated amortization included in Core Earnings.

The company reported GAAP Net Income of $94.8 million, or $0.26 per weighted average common share outstanding, for the quarter ended March 31, 2015, as compared to GAAP Net Loss of $37.0 million, or $0.10 per weighted average common share outstanding, for the quarter ended December 31, 2014. On a GAAP Net Income basis, the company recognized an annualized return on average equity of 9.3% and (3.6%) for the quarters ended March 31, 2015 and December 31, 2014, respectively.

The company reported Comprehensive Income of $88.9 million, or $0.24 per weighted average common share outstanding, for the quarter ended March 31, 2015, as compared to Comprehensive Income of $42.2 million, or $0.12 per weighted average common share outstanding, for the quarter ended December 31, 2014. The company records unrealized fair value gains and losses on RMBS securities, classified as available-for-sale, as Other Comprehensive Income. On a Comprehensive Income basis, the company recognized an annualized return on average equity of 8.7% and 4.1% for the quarters ended March 31, 2015 and December 31, 2014, respectively.

Other Key Metrics

Two Harbors declared a quarterly cash dividend of $0.26 per common share for the quarter ended March 31, 2015. The annualized dividend yield on the company's common stock for the quarter, based on the March 31, 2015 closing price of $10.62, was 9.8%.

The company's book value per share, after taking into account the first quarter 2015 dividend of $0.26 per share, was $11.08 as of March 31, 2015, compared to $11.10 as of December 31, 2014, which represented a total return on book value for the quarter of 2.2%.[1]

Other operating expenses for the quarter ended March 31, 2015 were approximately $16.1 million, or 1.6% of average equity, compared to approximately $15.0 million, or 1.5% of average equity, for the quarter ended December 31, 2014.

Portfolio Summary

The company's aggregate portfolio is principally comprised of RMBS available-for-sale securities, inverse interest-only securities (Agency Derivatives), MSR, residential mortgage loans held-for-sale, net economic interests in consolidated securitization trusts and commercial real estate loans held-for-investment. As of March 31, 2015, the total value of the company's portfolio was $16.3 billion.

The company's portfolio includes rates, credit and commercial real estate strategies. The rates strategy consisted of $12.2 billion of Agency RMBS, Agency Derivatives and MSR as well as associated notional hedges as of March 31, 2015. The credit strategy consisted of $4.1 billion of non-Agency RMBS, net economic interests in consolidated securitization trusts, prime jumbo residential mortgage loans and credit sensitive residential mortgage loans, as well as their associated notional hedges as of March 31, 2015. The commercial real estate strategy consisted of a $45.6 million loan as of March 31, 2015.

For the quarter ended March 31, 2015, the annualized yield on the company's average aggregate portfolio was 4.40% and the annualized cost of funds on the associated average borrowings, which includes net interest rate spread expense on interest rate swaps, was 1.33%. This resulted in a net interest rate spread of 3.07%.

(1) Return on book value for the quarter ended March 31, 2015 is defined as the decrease in book value from December 31, 2014 to March 31, 2015 of $0.02, plus the dividend declared of $0.26 per share, divided by December 31, 2014 book value of $11.10 per share.

RMBS and Agency Derivatives

For the quarter ended March 31, 2015, the annualized yield on average RMBS securities and Agency Derivatives was 4.2%, consisting of an annualized yield of 3.5% in Agency RMBS and Agency Derivatives and 7.9% in non-Agency RMBS.

The company experienced a three-month average constant prepayment rate (CPR) of 8.2% for Agency RMBS securities and Agency Derivatives held during the quarter ended March 31, 2015, compared to 7.5% for those securities held during the quarter ended December 31, 2014. The weighted average cost basis of the principal and interest Agency portfolio was 107.9% of par as of March 31, 2015, compared to 107.7% of par as of December 31, 2014. The net premium amortization was $35.4 million and $35.5 million as of March 31, 2015 and December 31, 2014, respectively.

The company experienced a three-month average CPR of 5.1% for non-Agency principal and interest RMBS securities held during the quarter ended March 31, 2015, as compared to 4.2% for those securities held during the quarter ended December 31, 2014. The weighted average cost basis of the non-Agency portfolio was 62.0% of par as of March 31, 2015, compared to 59.2% of par as of December 31, 2014. The discount accretion was $27.5 million for the quarter ended March 31, 2015, compared to $30.5 million for the quarter ended December 31, 2014. The total net discount remaining was $1.6 billion as of March 31, 2015, compared to $1.9 billion as of December 31, 2014, with $0.7 billion designated as credit reserve as of March 31, 2015.

As of March 31, 2015, fixed-rate investments composed 81.7% and adjustable-rate investments composed 18.3% of the company's RMBS and Agency Derivatives portfolio.

As of March 31, 2015, the company had residential mortgage loans held-for-investment with a carrying value of $2.2 billion and the company's collateralized borrowings had a carrying value of $1.4 billion, resulting in net economic interests in consolidated securitization trusts of $769.6 million.

Mortgage Servicing Rights

The company held MSR on mortgage loans with UPB totaling $44.0 billion. The MSR had a fair market value of $410.2 million as of March 31, 2015, a $52.4 million decrease from December 31, 2014.

The company does not directly service mortgage loans, but instead contracts with fully licensed subservicers to handle substantially all servicing functions for the loans underlying the company's MSR. The company recognized $32.1 million of servicing income and $6.7 million of servicing expenses during the quarter ended March 31, 2015.

Residential Mortgage Loans Held for Sale

As of March 31, 2015, the company held prime jumbo residential mortgage loans with a fair market value of $498.4 million and had outstanding purchase commitments to acquire an additional $707.3 million UPB of residential mortgage loans, subject to fallout if the loans do not close. For the quarter ended March 31, 2015, the annualized yield on the prime jumbo residential mortgage loan portfolio was 3.9%, compared to 4.0% for the quarter ended December 31, 2014.

During the quarter, the company completed two securitizations, Agate Bay Mortgage Trust 2015-1 and Agate Bay Mortgage Trust 2015-2. The trusts issued securities backed by approximately $573.9 million UPB of prime jumbo 30-year fixed residential mortgage loans.

Commercial Real Estate

In the fourth quarter of 2014, the company announced its intended expansion into the commercial real estate market, planning an initial allocation of approximately $500 million of equity capital. Target assets include first mortgage loans, mezzanine loans, b-notes and preferred equity. At March 31, 2015, the company held a $45.6 million senior mezzanine commercial real estate loan.

Other Investments and Risk Management Derivatives

The company held $2.0 billion of U.S. Treasuries, classified on its balance sheet as trading securities, as of March 31, 2015. The company also held $2.5 billion notional of net short TBAs as of March 31, 2015, which are accounted for as derivative instruments in accordance with GAAP.

As of March 31, 2015, the company was a party to interest rate swaps and swaptions with a notional amount of $32.9 billion. Of this amount, $12.2 billion notional in swaps were utilized to economically hedge interest rate risk associated with the company's LIBOR-based repurchase agreements and FHLB advances, $7.7 billion notional in swaps were utilized to economically hedge interest rate risk associated with the company's investment portfolio, and $13.0 billion net notional in swaptions were utilized as macroeconomic hedges.

The following table summarizes the company's investment portfolio:

Two Harbors Investment Corp. Portfolio (dollars in thousands)			
Portfolio Composition	As of March 31, 2015		
	(unaudited)		
Rates Strategy			
Agency Bonds			
Fixed Rate Bonds	$	11,401,979	69.8%
Hybrid ARMs		124,939	0.8%
Total Agency		11,526,918	70.6%
Agency Derivatives		187,808	1.2%
Mortgage servicing rights		410,229	2.5%
Credit Strategy			
Non-Agency Bonds			
Senior Bonds		2,086,215	12.8%
Mezzanine Bonds		722,159	4.4%
Non-Agency Other		7,553	—%
Total Non-Agency		2,815,927	17.2%
Net Economic Interest in Securitization[1]		769,635	4.7%
Residential mortgage loans held-for-sale		568,582	3.5%
Commercial real estate loans held-for-investment		45,556	0.3%
Aggregate Portfolio	$	16,324,655	

Portfolio Metrics	Three Months Ended March 31, 2015
	(unaudited)
Annualized portfolio yield during the quarter	4.40%
Rates Strategy	
Agency RMBS, Agency Derivatives and mortgage servicing rights	3.8%
Residential mortgage loans held-for-sale	
Ginnie Mae buyout residential mortgage loans	1.6%
Credit Strategy	
Non-Agency RMBS, Legacy[2]	8.5%
Non-Agency RMBS, New issue[2]	3.9%
Net economic interest in securitizations	4.6%
Residential mortgage loans held-for-sale	
Prime nonconforming residential mortgage loans	3.9%
Credit sensitive residential mortgage loans	5.4%
Commercial Strategy	7.0%
Annualized cost of funds on average borrowing balance during the quarter[3]	1.33%
Annualized interest rate spread for aggregate portfolio during the quarter	3.07%
Debt-to-equity ratio at period-end[4]	3.4:1.0

Portfolio Metrics Specific to RMBS and Agency Derivatives as of March 31, 2015		
Weighted average cost basis of principal and interest securities		
Agency[5]	$	107.86
Non-Agency[6]	$	61.96
Weighted average three month CPR		
Agency		8.2%
Non-Agency		5.1%
Fixed-rate investments as a percentage of aggregate RMBS and Agency Derivatives portfolio		81.7%
Adjustable-rate investments as a percentage of aggregate RMBS and Agency Derivatives portfolio		18.3%

(1) Net economic interest in securitization consists of residential mortgage loans held-for-investment, net of collateralized borrowings in consolidated securitization trusts.
(2) Legacy non-Agency RMBS includes non-Agency bonds issued up-to and including 2009. New issue non-Agency RMBS includes bonds issued after 2009.
(3) Cost of funds includes interest spread expense associated with the portfolio's interest rate swaps.
(4) Defined as total borrowings to fund RMBS, residential mortgage loans held-for-sale and Agency Derivatives, divided by total equity.
(5) Weighted average cost basis includes RMBS principal and interest securities only. Average purchase price utilized carrying value for weighting purposes.
(6) Average purchase price utilized carrying value for weighting purposes. If current face were utilized for weighting purposes, total non-Agency RMBS excluding the company's non-Agency interest-only portfolio would be $57.21 at March 31, 2015.

"Our Rates and Credit strategies performed well in the first quarter," stated Bill Roth, Two Harbors' Chief Investment Officer. "We are pleased with the strong growth of our conduit business and broadening investor interest in our securitizations, which we believe is a result of becoming a more consistent issuer and having developed brand recognition."

Financing Summary
The company reported a debt-to-equity ratio, defined as total borrowings under repurchase agreements and FHLB advances to fund RMBS securities, Agency Derivatives and residential mortgage loans held-for-sale divided by total equity, of 3.4:1.0 and 3.3:1.0 as of March 31, 2015 and December 31, 2014, respectively.

As of March 31, 2015, the company had outstanding $13.1 billion of repurchase agreements funding RMBS securities, Agency Derivatives, residential mortgage loans held-for-sale and U.S. Treasuries with 24 different counterparties. Excluding the debt associated with the company's U.S. Treasuries and the effect of the company's interest rate swaps, the repurchase agreements had a weighted average borrowing rate of 0.70% and weighted average remaining maturity of 69 days as of March 31, 2015.

The company's wholly owned subsidiary, TH Insurance Holdings Company LLC (TH Insurance), is a member of the FHLB. As a member of the FHLB, TH Insurance has access to a variety of products and services offered by the FHLB, including secured advances. As of March 31, 2015, TH Insurance had $2.6 billion in outstanding secured advances, with a weighted average borrowing rate of 0.4% and a weighted average of 10.4 years to maturity, and had an additional $1.4 billion of available uncommitted credit for borrowings.

As of March 31, 2015, the company's aggregate repurchase agreements and FHLB advances funding RMBS securities, Agency Derivatives and residential mortgage loans held-for-sale had a weighted average of 2.2 years to maturity.

The following table summarizes the company's borrowings by collateral type under repurchase agreements and FHLB advances, excluding borrowings on U.S. Treasuries, and related cost of funds:

		As of March 31, 2015
(in thousands)		(unaudited)
Collateral type:		
Agency RMBS and Agency Derivatives	$	10,907,250
Mortgage servicing rights		—
Non-Agency RMBS		1,893,870
Net economic interests in consolidated securitization trusts[(1)]		586,628
Residential mortgage loans held-for-sale		
Prime nonconforming residential mortgage loans		330,880
Credit sensitive residential mortgage loans		—
	$	13,718,628

Cost of Funds Metrics	Three Months Ended March 31, 2015
	(unaudited)
Annualized cost of funds on average borrowings during the quarter:	0.6%
Agency RMBS and Agency Derivatives	0.4%
Mortgage servicing rights	—%
Non-Agency RMBS	1.8%
Net economic interests in consolidated securitization trusts[(1)]	1.2%
Residential mortgage loans held-for-sale	
Prime nonconforming residential mortgage loans	0.4%
Credit sensitive residential mortgage loans	3.8%

(1) Includes the retained interests from on-balance sheet securitizations, which are eliminated in consolidation in accordance with U.S. GAAP.

Conference Call

Two Harbors Investment Corp. will host a conference call on May 7, 2015 at 9:00 a.m. EDT to discuss first quarter 2015 financial results and related information. To participate in the teleconference, please call toll-free (877) 868-1835 (or (914) 495-8581 for international callers), Conference Code 20689000, approximately 10 minutes prior to the above start time. You may also listen to the teleconference live via the Internet on the company's website at www.twoharborsinvestment.com in the Investor Relations section under the Events and Presentations link. For those unable to attend, a telephone playback will be available beginning at 12:00 p.m. EDT on May 7, 2015, through 12:00 a.m. EDT on May 14, 2015. The playback can be accessed by calling (855) 859-2056 (or (404) 537-3406 for international callers), Conference Code 20689000. The call will also be archived on the company's website in the Investor Relations section under the Events and Presentations link.

Two Harbors Investment Corp.

Two Harbors Investment Corp., a Maryland corporation, is a real estate investment trust that invests in residential mortgage-backed securities, residential mortgage loans, mortgage servicing rights, commercial real estate and other financial assets. Two Harbors is headquartered in New York, New York, and is externally managed and advised by PRCM Advisers LLC, a wholly owned subsidiary of Pine River Capital Management L.P. Additional information is available at www.twoharborsinvestment.com.

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, 2014, 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 successfully implement new strategies and to diversify our business into new asset classes; 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 loans and successfully securitize the mortgage loans we acquire; 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; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; the impact of new or modified government mortgage refinance 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.

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this press release and the accompanying investor presentation present non-GAAP financial measures, such as Core Earnings and Core Earnings per common share, that exclude certain items. Two Harbors' management believes that these non-GAAP measures enable it to perform meaningful comparisons of past, present and future results of the company's core business operations, and uses these measures to gain a comparative understanding of the company's operating performance and business trends. The non-GAAP financial measures presented by the company represent supplemental information to assist investors in analyzing the results of its operations. However, because these measures are not calculated in accordance with GAAP, they should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. The company's GAAP financial results and the reconciliations from these results should be carefully evaluated. See the GAAP to non-GAAP reconciliation table on page 13 of this release.

Additional Information

Stockholders of Two Harbors and other interested persons may find additional information regarding the company at the SEC's Internet site at www.sec.gov or by directing requests to: Two Harbors Investment Corp., Attn: Investor Relations, 590 Madison Avenue, 36th Floor, New York, NY 10022, telephone (612) 629-2500.

Contact

July Hugen, Director of Investor and Media Relations, Two Harbors Investment Corp., (612) 629-2514 or
July.hugen@twoharborsinvestment.com

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TWO HARBORS INVESTMENT CORP.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share data)

	March 31, 2015	December 31, 2014
	(unaudited)	(audited)
ASSETS		
Available-for-sale securities, at fair value	$ 14,342,845	$ 14,341,102
Trading securities, at fair value	2,010,000	1,997,656
Residential mortgage loans held-for-sale, at fair value	568,582	535,712
Residential mortgage loans held-for-investment in securitization trusts, at fair value	2,170,206	1,744,746
Commercial real estate loans held-for-investment	45,556	—
Mortgage servicing rights, at fair value	410,229	452,006
Cash and cash equivalents	1,020,338	1,005,792
Restricted cash	441,158	336,771
Accrued interest receivable	62,516	65,529
Due from counterparties	30,723	35,625
Derivative assets, at fair value	362,646	380,791
Other assets	213,256	188,579
Total Assets	$ 21,678,055	$ 21,084,309
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Repurchase agreements	$ 13,094,878	$ 12,932,463
Collateralized borrowings in securitization trusts, at fair value	1,400,571	1,209,663
Federal Home Loan Bank advances	2,625,000	2,500,000
Derivative liabilities, at fair value	155,149	90,233
Due to counterparties	186,352	124,206
Dividends payable	95,307	95,263
Other liabilities	59,303	64,439
Total Liabilities	17,616,560	17,016,267
Stockholders' Equity		
Preferred stock, par value $0.01 per share; 50,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value $0.01 per share; 900,000,000 shares authorized and 366,566,133 and 366,395,920 shares issued and outstanding, respectively	3,666	3,664
Additional paid-in capital	3,813,914	3,811,027
Accumulated other comprehensive income	849,858	855,789
Cumulative earnings	1,287,338	1,195,536
Cumulative distributions to stockholders	(1,893,281)	(1,797,974)
Total stockholders' equity	4,061,495	4,068,042
Total Liabilities and Stockholders' Equity	$ 21,678,055	$ 21,084,309

TWO HARBORS INVESTMENT CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
Interest income:		
Available-for-sale securities	$ 135,525	$ 123,913
Trading securities	4,695	1,926
Residential mortgage loans held-for-sale	4,271	4,586
Residential mortgage loans held-for-investment in securitization trusts	18,237	7,893
Commercial real estate loans held-for-investment	44	—
Cash and cash equivalents	197	217
Total interest income	162,969	138,535
Interest expense:		
Repurchase agreements	20,565	20,572
Collateralized borrowings in securitization trusts	10,708	5,353
Federal Home Loan Bank advances	2,230	153
Total interest expense	33,503	26,078
Net interest income	129,466	112,457
Other-than-temporary impairments:		
Total other-than-temporary impairment losses	(127)	(212)
Non-credit portion of loss recognized in other comprehensive (loss) income	—	—
Net other-than-temporary credit impairment losses	(127)	(212)
Other income:		
Gain (loss) on investment securities	129,457	(38,655)
Loss on interest rate swap and swaption agreements	(126,443)	(105,528)
Gain on other derivative instruments	2,967	5,801
Gain (loss) on residential mortgage loans held-for-sale	9,092	(3,181)
Servicing income	32,087	30,441
Loss on servicing asset	(52,403)	(32,760)
Other (loss) income	(1,857)	460
Total other loss	(7,100)	(143,422)
Expenses:		
Management fees	12,721	12,111
Securitization deal costs	2,611	—
Servicing expenses	6,716	5,225
Other operating expenses	16,055	14,534
Total expenses	38,103	31,870
Income (loss) before income taxes	84,136	(63,047)
Benefit from income taxes	(10,657)	(33,902)
Net income (loss)	$ 94,793	$ (29,145)
Basic and diluted earnings (loss) per weighted average common share	$ 0.26	$ (0.08)
Dividends declared per common share	$ 0.26	$ 0.26
Basic and diluted weighted average number of shares of common stock outstanding	366,507,657	365,611,890

TWO HARBORS INVESTMENT CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended March 31,	
	2015	**2014**
	(unaudited)	
Comprehensive income:		
Net income (loss)	$ 94,793	$ (29,145)
Other comprehensive (loss) income:		
Unrealized (loss) gain on available-for-sale securities, net	(5,931)	181,735
Other comprehensive (loss) income	(5,931)	181,735
Comprehensive income	$ 88,862	$ 152,590

TWO HARBORS INVESTMENT CORP.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

(dollars in thousands, except share data)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(unaudited)	
Reconciliation of net income (loss) to Core Earnings:		
Net income (loss)	$ 94,793	$ (29,145)
Adjustments for non-core earnings:		
(Gain) loss on sale of securities and residential mortgage loans, net of tax	(122,527)	38,476
Unrealized (gain) loss on trading securities and residential mortgage loans held-for-sale, net of tax	(8,644)	2,293
Other-than-temporary impairment loss, net of tax	127	212
Realized (gain) loss on termination or expiration of swaps and swaptions, net of tax	(7,279)	1,981
Unrealized losses on interest rate swaps and swaptions economically hedging investment portfolio, repurchase agreements and FHLB advances, net of tax	97,469	59,687
Gain on other derivative instruments, net of tax	(824)	(4,654)
Realized and unrealized loss (gain) on financing securitizations, net of tax	2,902	(313)
Realized and unrealized losses on mortgage servicing rights, net of tax	36,318	19,406
Securitization deal costs, net of tax	1,697	—
Amortization of business combination intangible assets, net of tax	—	260
Change in representation and warranty reserve, net of tax	43	—
Core Earnings	$ 94,075	$ 88,203
Weighted average shares outstanding	366,507,657	365,611,890
Core Earnings per weighted average share outstanding	$ 0.26	$ 0.24

TWO HARBORS INVESTMENT CORP.

SUMMARY OF QUARTERLY CORE EARNINGS

(dollars in millions, except per share data)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended				
	March 31, 2015	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**
			(unaudited)		
Net Interest Income:					
Interest income	$ 163.0	$ 156.2	$ 142.3	$ 140.1	$ 138.5
Interest expense	33.5	31.7	24.7	24.9	26.0
Net interest income	129.5	124.5	117.6	115.2	112.5
Other income:					
Interest spread on interest rate swaps	(27.5)	(32.2)	(26.8)	(18.9)	(13.8)
Interest spread on other derivative instruments	7.7	7.0	7.1	7.9	4.7
Servicing income, net of amortization(1)	19.1	17.9	17.6	19.9	17.9
Other income	1.0	0.7	0.6	0.2	0.2
Total other income (loss)	0.3	(6.6)	(1.5)	9.1	9.0
Expenses	35.4	33.7	30.8	33.2	31.5
Core Earnings before income taxes	94.4	84.2	85.3	91.1	90.0
Income tax expense	0.3	1.1	2.5	1.4	1.8
Core Earnings	$ 94.1	$ 83.1	$ 82.8	$ 89.7	$ 88.2
Basic and diluted weighted average Core EPS	$ 0.26	$ 0.23	$ 0.23	$ 0.24	$ 0.24

(1) Amortization refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio. This amortization has been deducted from Core Earnings. Amortization of MSR is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.


First Quarter 2015 Earnings Call
May 6, 2015
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, 2014, 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 successfully implement new strategies and to diversify our business into new asset classes; 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 loans and successfully securitize the mortgage loans we acquire; 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; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; the impact of new or modified government mortgage refinance 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.

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.

Financial Summary and Business Overview

SOLID FINANCIAL RESULTS

- Total return on book value of 2.2%[(1)]
  - Q1-2015 cash dividend of $0.26 per share
- Comprehensive Income of $88.9 million
  - Return on average equity of 8.7%, or $0.24 per share
- Generated Core Earnings of $94.1 million, or $0.26 per share[(2)]

ADVANCING OPERATIONAL BUSINESSES

- Mortgage Loan Conduit and Securitization
  - Completed two securitizations in Q1-2015; approximately $575 million in unpaid principal balance (UPB)
  - Gaining momentum; $1.2 billion in pipeline at March 31, 2015
- Commercial Real Estate
  - Closed on first investment; acquired a $46 million senior mezzanine real estate loan
  - Team and infrastructure being developed

(1) See Appendix slide 13 for calculation of first quarter 2015 return on book value.
(2) Core Earnings is a non-GAAP measure that we define as GAAP net income, excluding impairment losses, realized and unrealized gains or losses on the aggregate portfolio, amortization of business combination intangible assets, reserve expense for representation and warranty obligations on MSR and certain upfront costs related to securitization transactions. As defined, Core Earnings includes interest income or expense and premium income or loss on derivative instruments and servicing income, net of estimated amortization on MSR. Core Earnings is provided for purposes of comparability to other peer issuers. For a reconciliation of GAAP to non-GAAP financials, please refer to the GAAP to non-GAAP reconciliation table in the Appendix on slide 16.

Market and Policy Update

MACROECONOMIC ENVIRONMENT & POLICY CONSIDERATIONS

- Low, but volatile, interest rate environment
  - Roughly 60% probability the Federal Reserve will raise rates by at least 25 basis points by December; expected value of 35 basis points[1]
- Home price appreciation continues
  - CoreLogic Home Price Index up 5.9% on rolling 12-month basis[2]
- Steady improvement in unemployment
  - 5.5% in March 2015 versus 6.6% in March 2014
- Actively engaged with a variety of parties in Washington D.C.
  - Private label securitization market
  - Servicing standards
  - GSE risk sharing and housing finance reform
  - FHFA proposed rulemaking

(1) Source: CME Group, as of May 6, 2015.
(2) Source: CoreLogic Home Price Index rolling 12-month change in March 2015.

Book Value

(Dollars in millions, except per share data)	Q4-2014 Book Value ($M)	Q4-2014 Book Value per share	Q1-2015 Book Value ($M)	Q1-2015 Book Value per share
Beginning stockholders' equity	**$4,118.1**	**$11.25**	**$4,068.0**	**$11.10**
Cumulative effect of adoption of new accounting principle (ASU 2014-13)	n/a		(3.0)	
Beginning stockholders' equity - Adjusted	**$4,118.1**	**$11.25**	**$4,065.0**	**$11.09**
GAAP Net Income:				
Core Earnings, net of tax	83.1		94.1	
Realized gains, net of tax	9.9		118.5	
Unrealized mark-to-market losses, net of tax	(130.0)		(117.8)	
Other comprehensive income (loss)	79.2		(5.9)	
Dividend declaration	(95.2)		(95.3)	
Other	2.7		2.7	
Balance before capital transactions	$4,067.8		$4,061.3	
Issuance of common stock, net of offering costs	0.2		0.2	
Ending stockholders' equity	**$4,068.0**	**$11.10**	**$4,061.5**	**$11.08**

Q1-2015 Comprehensive Income of $88.9 million; includes $117.5 million of realized gains on the sale of RMBS

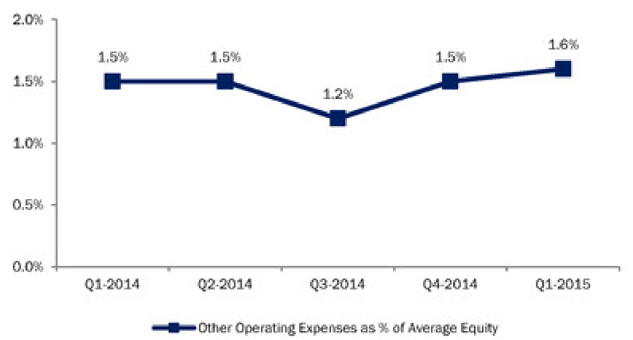
Cash dividend of $0.26 per common share in Q1-2015

Financial Summary

Q1-2015 FINANCIAL HIGHLIGHTS

- Core Earnings of $0.26 per share; annualized return on average equity of 9.2%[1]
- Results impacted by:
  - Decreased swap expense due to lower average swap notional during the quarter; added to swap notional in March, which will drive higher swap costs in future periods
  - Modestly higher leverage on Agency and non-Agency portfolios; implied debt-to-equity[2] 2.8x at March 31, 2015 decreased due to short TBA position
  - Operating expense ratio consistent with expectations; ratio likely to increase as Commercial strategy is built
- Commercial real estate loans to be reported at amortized cost; evaluated for impairment on a quarterly basis

EXPENSE RATIO



CORE EARNINGS[1]

(1) See footnote 2 on slide 3 for Core Earnings definition. For a reconciliation of GAAP to non-GAAP financials, refer to Appendix slide 16.
(2) Implied debt-to-equity is calculated after including net long or short TBA position. As of March 31, 2015, the net TBA position was short $2.5 billion notional.

Financing Profile(1)

FEDERAL HOME LOAN BANK OF DES MOINES

- Outstanding secured advances of $2.6 billion at quarter-end
- Average maturity approximately 10.4 years; borrowing rate 0.4%
- Capacity was increased to $4.0 billion during the quarter
  - $125 million drawn subsequent to quarter-end
  - $1.25 billion available capacity at April 30, 2015

REPURCHASE AGREEMENTS

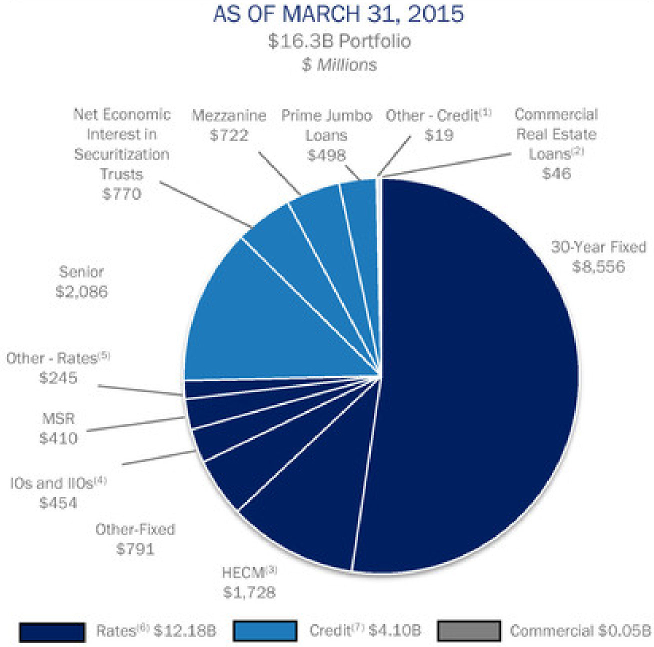
- Repo markets functioning normally; no meaningful shifts in financing haircuts or repo rates
- Focused on diversification and financial stability across repo counterparties
  - Outstanding borrowings of $13.1 billion with 24 active counterparties
- Continued to ladder repo maturities; average 69 days to maturity(2)

MATURITY PROFILE OF **OVER 2 YEARS** ON AGGREGATE REPO BORROWINGS AND FHLB ADVANCES(2)

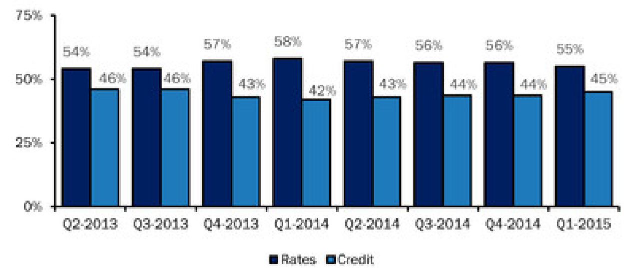
(1) Data as of March 31, 2015, except where noted.
(2) Excludes repurchase agreements collateralized by U.S. Treasuries.

Portfolio Composition

PORTFOLIO COMPOSITION



TARGETED CAPITAL ALLOCATION



Q1-2015 ALLOCATION HIGHLIGHTS

- 55% capital allocation to Rates
  - Added specified pools
- 45% capital allocation to Credit
  - Continued sales of legacy non-Agency RMBS[8]
  - Capital allocation to conduit continued to increase
  - Added modestly to GSE risk sharing holdings
- Initial investment in Commercial

(1) Assets in "Other - Credit" include credit sensitive residential mortgage loans (CSL) and non-Agency interest-only securities (IOs).
(2) Commercial real estate loans consists of senior mezzanine debt.
(3) HECM are loans that allow the homeowner to convert home equity into cash collateralized by the value of their home.
(4) Includes inverse interest-only securities (IIOs or Agency Derivatives) of $187.8 million.
(5) Assets in "Other - Rates" include hybrid ARM and 15-year fixed Agency securities, as well as Ginnie Mae buyout residential mortgage loans.
(6) Assets in "Rates" include Agency RMBS, Agency Derivatives, MSR and Ginnie Mae buyout residential mortgage loans.
(7) Assets in "Credit" include non-Agency RMBS, prime jumbo residential mortgage loans, net economic interest in securitization trusts and CSL.
(8) Non-Agency RMBS, meaning RMBS that are not issued or guaranteed by the Government National Mortgage Association (or Ginnie Mae), the Federal National Mortgage Association (or Fannie Mae), or the Federal Home Loan Mortgage Corporation (or Freddie Mac).

Portfolio Performance and Hedging

Q1-2015 PERFORMANCE HIGHLIGHTS

RATES(1)

- Strong MSR performance; yield of 9.8% in quarter

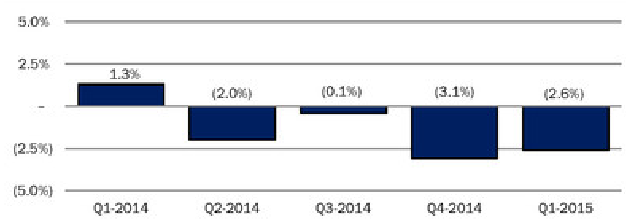
CREDIT(2)

- New issue non-Agency yield up 20 basis points; purchased higher-yielding bonds from GSE credit risk sharing deals

HEDGING

- Positioned for Federal Reserve to move interest rates higher on a measured basis
- Maintain optional protection with swaptions and other hedging instruments should a dramatic change in rates occur

BV EXPOSURE TO +100BPS CHANGE IN RATES(3)



Q1-2015 NET INTEREST YIELD

Three Months Ended	Dec. 31, 2014	Mar. 31, 2015
Annualized portfolio yield during the quarter	**4.46%**	**4.40%**
Rates(1)		
Agency RMBS, Agency derivatives and MSR	3.7%	3.8%
Ginnie Mae buyout residential mortgage loans	1.7%	1.6%
Credit(2)		
Non-Agency RMBS, legacy(4)	8.8%	8.5%
Non-Agency RMBS, new issue(4)	3.7%	3.9%
Net economic interest in securitization trusts	4.7%	4.6%
Prime jumbo residential mortgage loans	4.0%	3.9%
Credit sensitive loans (CSL)	5.8%	5.4%
Commercial	n/a	7.0%
Annualized cost of funds on average repurchase and advance balance during the quarter(5)	**1.55%**	**1.33%**
Annualized interest rate spread for aggregate portfolio during the quarter	**2.91%**	**3.07%**

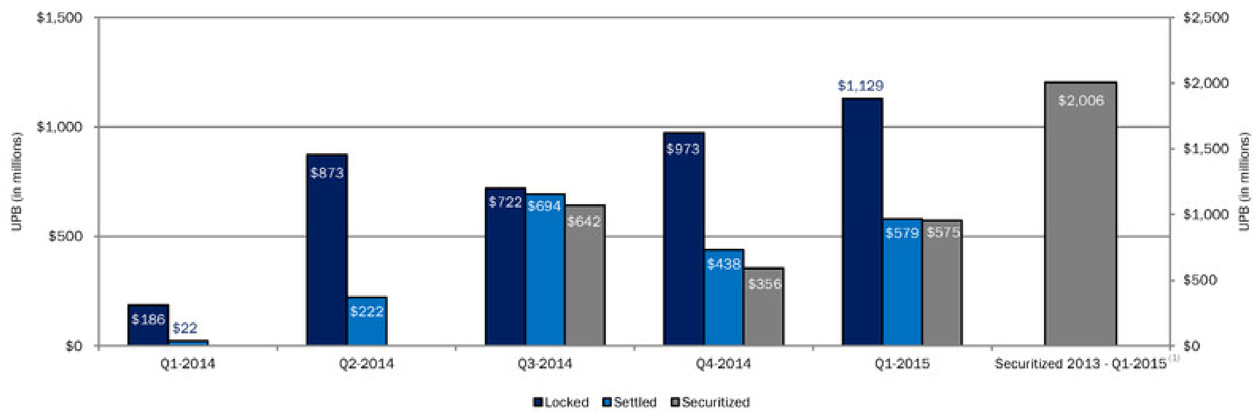
(1) Assets in "Rates" include Agency RMBS, IIOs (or Agency Derivatives), MSR and Ginnie Mae buyout residential mortgage loans.
(2) Assets in "Credit" include non-Agency RMBS, prime jumbo residential mortgage loans, net economic interest in securitization trusts and CSL.
(3) Represents estimated percentage change in equity value for theoretical +100 bps parallel shift in interest rates at period end. Change in equity value is total net asset change.
(4) "Legacy" non-Agency RMBS includes non-Agency bonds issued up to and including 2009. "New issue" non-Agency RMBS includes bonds issued after 2009.
(5) Cost of funds includes interest spread expense associated with the portfolio's interest rate swaps.

Conduit Update

PRIME JUMBO LOAN SUMMARY

- Completed two securitizations during the quarter, totaling approximately $575 million unpaid principal balance (UPB)
- Pipeline (interest rate locks and prime jumbo residential mortgage loan holdings) strong; approximately $1.2 billion UPB at March 31, 2015
- Retained interest includes AAAs of approximately $585 million and Subs and IOs of approximately $185 million
- 33 sellers at quarter-end; focus on building additional seller relationships
- Closed Agate Bay 2015-3 subsequent to quarter-end; secured by prime jumbo residential mortgage loans with a UPB of roughly $240 million

LOCKED, SETTLED AND SECURITIZED LOANS



(1) Includes only securitizations completed using our own depositor, Agate Bay Mortgage Trust.

MSR and Commercial Real Estate Update

MORTGAGE SERVICING RIGHTS

- Opportunity has recently become more attractive
- Aim to develop high-quality flow seller network
- View MSR as an attractive asset for portfolio

COMMERCIAL REAL ESTATE

- Closed first Commercial Real Estate investment
  - Acquired a $46 million senior mezzanine real estate loan
- Building out personnel and infrastructure requirements necessary to fully ramp program

Appendix


TWO HARBORS
Investment Corp.
A Pine River Capital Managed Company

Return on Book Value

Return on book value Q1-2015 (Per share amounts, except for percentage)	
Book value at December 31, 2014	$11.10
Book value at March 31, 2015	$11.08
Decrease in book value	($0.02)
Dividend declared in Q1-2015	$0.26
Return on book value Q1-2015	$0.24
Return on book value Q1-2015[1]	2.2%

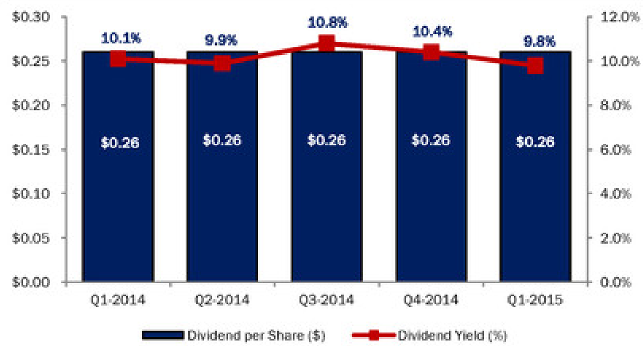
(1) Return on book value for quarter ended March 31, 2015 is defined as the decrease in book value from December 31, 2014 to March 31, 2015 of $0.02 per share, plus dividend declared of $0.26 per share, divided by December 31, 2014 book value of $11.10 per share.

Financial Performance

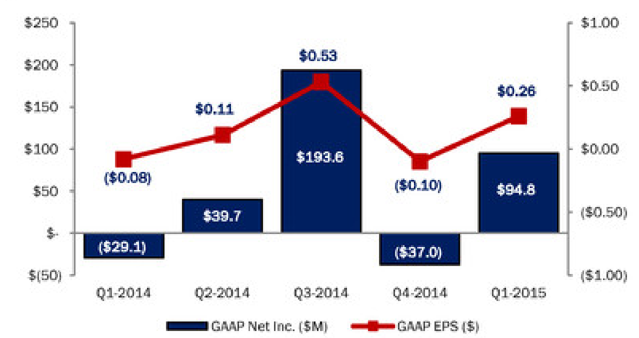
COMPREHENSIVE INCOME

BOOK VALUE AND DIVIDEND PER SHARE[1]

DIVIDENDS[1]



GAAP NET INCOME (LOSS)



(1) Historical dividends may not be indicative of future dividend distributions. The company ultimately distributes dividends based on its taxable income per common share, not GAAP earnings. The annualized dividend yield on the company's common stock is calculated based on the closing price of the last trading day of the relevant quarter.

Operating Performance

(In millions, except for per share data)	Core Earnings	Realized Gains	Unrealized MTM	Q4-2014 Financials	Core Earnings	Realized Gains	Unrealized MTM	Q1-2015 Financials
Interest income	$156.2	$ -	$ -	$156.2	$163.0	$ -	$ -	$163.0
Interest expense	31.7	-	-	31.7	33.5	-	-	33.5
Net interest income	124.5	-	-	124.5	$129.5	-	-	$129.5
Net other-than-temporary impairment losses	-	-	(0.2)	(0.2)	-	-	(0.1)	(0.1)
Gain on investment securities	-	24.5	4.2	28.7	-	117.4	12.0	129.4
(Loss) gain on interest rate swaps and swaptions	(32.2)	(3.7)	(116.7)	(152.6)	(27.5)	11.8	(110.7)	(126.4)
Gain (loss) on other derivative instruments	7.0	(14.6)	2.4	(5.2)	7.7	(9.1)	4.4	3.0
Gain on residential mortgage loans held-for-sale	-	9.1	1.9	11.0	-	7.8	1.3	9.1
Servicing income	31.6	-	-	31.6	32.1	-	-	32.1
Loss on servicing asset	(13.7)	-	(41.6)	(55.3)	(13.0)	-	(39.4)	(52.4)
Other income (loss)	0.7	(0.7)	(1.4)	(1.4)	1.0	(3.6)	0.7	(1.9)
Total other (loss) income	(6.6)	14.6	(151.2)	(143.2)	0.3	124.3	(131.7)	(7.1)
Management fees & other operating expenses	33.7	(3.9)	-	29.8	35.4	2.7	-	38.1
Net income (loss) before income taxes	84.2	18.5	(151.4)	(48.7)	94.4	121.6	(131.8)	84.2
Income tax expense (benefit)	1.1	8.6	(21.4)	(11.7)	0.3	3.1	(14.0)	(10.6)
Net income (loss)	**$83.1**	**$9.9**	**$(130.0)**	**$(37.0)**	**$94.1**	**$118.5**	**$(117.8)**	**$94.8**
Weighted average EPS	$0.23	$0.03	$(0.36)	$(0.10)	$0.26	$0.32	$(0.32)	$0.26

GAAP to Core Earnings Reconciliation

(In thousands, except for per share data)	Three Months Ended December 31, 2014	Three Months Ended March 31, 2015
Reconciliation of GAAP to non-GAAP information		
Core Earnings:		
Net (loss) income	$(36,963)	$94,793
Adjustments for non-core earnings:		
Gain on sale of securities and residential mortgage loans, net of tax	(30,447)	(122,527)
Unrealized gain on trading securities, equity securities and residential mortgage loans held-for-sale, net of tax	(3,983)	(8,644)
Other-than-temporary impairment loss	180	127
Realized loss (gain) on termination or expiration of swaps and swaptions, net of tax	8,458	(7,279)
Unrealized losses on interest rate swaps and swaptions economically hedging investment portfolio, repurchase agreements and FHLB advances, net of tax	103,239	97,469
Loss (gain) on other derivative instruments, net of tax	6,028	(824)
Realized and unrealized losses on financing securitizations, net of tax	2,129	2,902
Realized and unrealized losses on mortgage servicing rights, net of tax	36,978	36,318
Securitization deal costs, net of tax	834	1,697
Change in representation and warranty reserve, net of tax	(3,345)	43
Core Earnings	**$83,108**	**$94,075**
Weighted average shares outstanding	366,230,566	366,507,657
Core Earnings per weighted average share outstanding	$0.23	$0.26

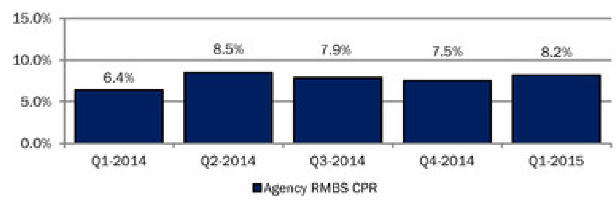
Rates: Agency RMBS Metrics

AGENCY PORTFOLIO YIELDS AND METRICS

Portfolio Yield	Realized Q4-2014	At Dec. 31, 2014	Realized Q1-2015	At Mar. 31, 2015
Agency yield	3.4%	3.2%	3.5%	3.1%
Repo and FHLB costs	0.4%	0.4%	0.4%	0.4%
Swap costs	1.0%	0.9%	0.9%	1.1%
Net interest spread	2.0%	1.9%	2.2%	1.6%

Portfolio Metrics	Q4-2014	Q1-2015
Weighted average 3-month CPR(3)	7.5%	8.2%
Weighted average cost basis(4)	$107.7	$107.9

AGENCY RMBS CPR(3)



AGENCY PORTFOLIO COMPOSITION

Agency: Vintage & Prepayment Protection	Q4-2014	Q1-2015
Other Low Loan Balance Pools(1)	33%	41%
$85K Max Pools(2)	22%	16%
HECM	15%	15%
2006 & subsequent vintages – Premium and IOs	12%	12%
High LTV (predominately MHA)(5)	5%	4%
Seasoned (2005 and prior vintages)	4%	4%
Prepayment Protected	4%	4%
2006 & subsequent vintages – Discount	4%	3%
Low FICO(6)	1%	1%

(1) Securities collateralized by loans of less than or equal to $175K, but more than $85K.
(2) Securities collateralized by loans of less than or equal to $85K.
(3) Agency weighted average 3-month Constant Prepayment Rate (CPR) includes IIOs (or Agency Derivatives).
(4) Weighted average cost basis includes RMBS principal and interest securities only. Average purchase price utilized carrying value for weighting purposes.
(5) Securities collateralized by loans with greater than or equal to 80% loan-to-value ratio (LTV). High LTV pools are predominately Making Homeownership Affordable (MHA) pools, consisting of borrowers who have refinanced through HARP.
(6) Securities collateralized by loans held by lower credit borrowers as defined by Fair Isaac Corporation (FICO).

Rates: Agency RMBS

As of March 31, 2015	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%	$852	$902	7.7%	$905	3.5%	3
4.0-4.5%	$6,309	$6,898	58.9%	$6,775	4.2%	22
≥ 5.0%	$664	$756	6.5%	$719	5.5%	74
	$7,825	$8,556	73.0%	$8,399	4.2%	27
15-Year Fixed						
3.0-3.5%	$55	$58	0.5%	$54	3.0%	52
4.0-4.5%	$2	$2	0.0%	$2	4.0%	57
≥ 5.0%	$1	$1	0.0%	$1	6.6%	112
	$58	$61	0.5%	$57	3.1%	53
HECM	$1,597	$1,728	14.8%	$1,671	4.7%	42
Hybrid ARMs	$115	$125	1.1%	$121	3.5%	132
Other-Fixed	$737	$791	6.8%	$753	4.6%	82
IOs and IIOs	$4,267	$454[1]	3.9%	$420	3.8%	68
Total	**$14,599**	**$11,715**	**100.0%**	**$11,421**	**4.3%**	**33**

(1) Represents the market value of $266.1 million of IOs and $187.8 million of Agency Derivatives.

Rates: Mortgage Servicing Rights

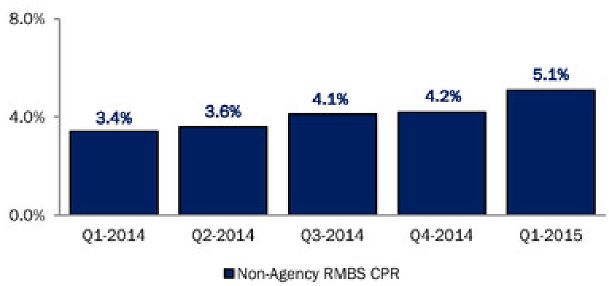
	As of Jun. 30, 2014	As of Sept. 30, 2014	As of Dec. 31, 2014	As of Mar. 31, 2015
Fair Value ($M)	$500.5	$498.5	$452.0	$410.2
Unpaid Principal Balance ($M)	$45,629.2	$45,526.8	$44,949.1	$43,974.9
Weighted Average Coupon	3.9%	3.9%	3.9%	3.9%
Original FICO Score	740	730	748	748
Original LTV	74%	74%	74%	74%
60+ Day Delinquencies	1.2%	1.4%	1.5%	1.3%
Net Servicing Spread	25 basis points	25 basis points	25 basis points	25 basis points
Vintage:				
Pre-2009	3.8%	3.6%	3.5%	3.4%
2009-2012	64.5%	63.0%	61.2%	60.4%
Post 2012	31.7%	33.4%	35.3%	36.2%
Percent of MSR Portfolio:				
Conventional	71.1%	72.1%	72.9%	73.6%
Government FHA	21.7%	20.9%	20.3%	19.7%
Government VA/USDA	7.2%	7.0%	6.8%	6.7%

Credit: Non-Agency RMBS Metrics

NON-AGENCY PORTFOLIO YIELDS AND METRICS

Portfolio Yield	Realized Q4-2014	At Dec. 31, 2014	Realized Q1-2015	At Mar. 31, 2015
Non-Agency yield	8.1%	8.1%	7.9%	7.8%
Repo and FHLB costs	1.8%	1.7%	1.8%	1.9%
Swap costs	0.8%	0.6%	0.1%	0.0%
Net interest spread	5.5%	5.8%	6.0%	5.9%

NON-AGENCY RMBS CPR



NON-AGENCY PORTFOLIO COMPOSITION

Non-Agency: Loan Type	Q4-2014	Q1-2015
Sub-Prime	73%	68%
Prime	13%	15%
Option-ARM	7%	7%
Other	4%	6%
Alt-A	3%	4%
Portfolio Metrics	**Q4-2014**	**Q1-2015**
Weighted average 3-month CPR	4.2%	5.1%
Weighted average cost basis[1]	$59.2	$62.0

(1) Weighted average cost basis includes RMBS principal and interest securities only. Average purchase price utilized carrying value for weighting purposes. If current face were utilized for weighting purposes, total non-Agency RMBS excluding the company's non-Agency interest-only portfolio would have been $57.21 at March 31, 2015.

Credit: Non-Agency RMBS

As of March 31, 2015	Senior Bonds	Mezzanine Bonds	Total P&I
Portfolio Characteristics:			
Carrying Value ($M)	$2,086.2	$722.2	$2,808.4
% of Credit Portfolio	74%	26%	100%
Average Purchase Price[(1)]	$57.63	$74.46	$61.96
Average Coupon	2.5%	2.6%	2.6%
Weighted Average Market Price[(2)]	$75.41	$88.02	$78.30
Collateral Attributes:			
Average Loan Age (months)	92	80	89
Average Loan Size ($K)	$380	$460	$399
Average Original Loan-to-Value	69.8%	72.8%	70.6%
Average Original FICO[(3)]	633	686	646
Current Performance:			
60+ Day Delinquencies	26.9%	16.2%	24.3%
Average Credit Enhancement[(4)]	8.8%	15.7%	10.5%
3-Month CPR[(5)]	3.5%	10.4%	5.1%

(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 $53.10, $71.05 and $57.21, respectively.
(2) Weighted average market price utilized current face for weighting purposes.
(3) FICO represents a mortgage industry accepted credit score of a borrower.
(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.

Repo and FHLB Financing(1)

Repo and FHLB Collateral(2)(3)	Repo	FHLB	Total ($M)
Available–for-sale securities, at fair value	$12,016.8	$2,158.9	$14,175.7
Derivative asset, at fair value	$186.8	-	$186.8
Residential mortgage loans held-for-sale, at fair value	$13.2	$402.7	$415.9
Net economic interests in consolidated securitization trusts	$359.4	$317.7	$677.1
	$12,576.2	$2,879.3	$15,455.5

Repo Maturities(4)	Amount ($M)	Percent (%)
Within 30 days	$3,490.4	29%
30 to 59 days	$4,030.5	33%
60 to 89 days	$1,508.5	12%
90 to 119 days	$826.0	7%
120 to 364 days	$2,139.9	18%
One year and over	$98.3	1%
	$12,093.6	

FHLB Maturities	Amount ($M)	Percent (%)
> 1 and ≤ 3 years	$651.2	25%
> 3 and ≤ 5 years	$815.0	31%
> 10 years	$1,158.8	44%
	$2,625.0	

(1) As of March 31, 2015.
(2) Repo pledged collateral does not include U.S. Treasuries with repurchase agreements of $2.0 billion outstanding, cash and cash equivalents (restricted and unrestricted) and collateral due from counterparties.
(3) Excludes FHLB membership and activity stock totaling $110.3 million as of March 31, 2015.
(4) Excludes repurchase agreements collateralized by U.S. Treasuries.

Interest Rate Swaps[1]

Maturities	Notional Amounts ($B)	Average Fixed Pay Rate	Average Receive Rate	Average Maturity (Years)
Payers Hedging Repo and FHLB Advances				
2016	$3.4	0.644%	0.268%	1.37
2017	$4.3	1.075%	0.266%	2.35
2018	$2.8	1.145%	0.266%	2.93
2019 and after	$1.7	2.350%	0.260%	7.80
	$12.2	1.152%	0.266%	2.98
Other Payers				
2017	$2.0	1.070%	0.254%	2.29
2018	$2.1	1.563%	0.265%	3.69
2019 and after	$1.2	2.164%	0.265%	5.83
	$5.3	1.514%	0.261%	3.65

Maturities	Notional Amounts ($B)	Average Pay Rate	Average Fixed Receive Rate	Average Maturity (Years)
Other Receivers				
2018	$0.6	0.262%	1.440%	3.64
2019 and after	$1.9	0.263%	2.588%	8.35
	$2.5	0.263%	2.320%	7.25

(1) As of March 31, 2015.

Interest Rate Swaptions[1]

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	$259.3	$112.1	53.14	$9,210	4.01%	3M LIBOR	6.9
Total Payer		$259.3	$112.1	53.14	$9,210	4.01%	3M LIBOR	6.9
Receiver	< 6 Months	$26.0	$6.9	3.99	$4,550	3M LIBOR	1.40%	6.7
Total Receiver		$26.0	$6.9	3.99	$4,550	3M LIBOR	1.40%	6.7
Sale Contracts:								
Payer	≥ 6 Months	$(81.2)	$(14.5)	27.02	$(800)	3.44%	3M LIBOR	10.0
Total Payer		$(81.2)	$(14.5)	27.02	$(800)	3.44%	3M LIBOR	10.0

(1) As of March 31, 2015.


TWO HARBORS
Investment Corp.
A Pine River Capital Managed Company