

TWO HARBORS INVESTMENT CORP.

AUDIT COMMITTEE CHARTER

I. Purpose

The principal purpose of the Audit Committee (the “**Committee**”) is to assist the Board of Directors (the “**Board**”) of Two Harbors Investment Corp. (the “**Company**”) in fulfilling its responsibilities relating to the corporate accounting and reporting practices of the Company and its subsidiaries, the quality and integrity of the Company’s consolidated financial statements, the Company’s compliance with applicable legal and regulatory requirements, the performance, qualifications and independence of the Company’s external auditors, and the performance of the Company’s internal audit function.

In discharging its oversight role, the Committee is granted the authority to adopt policies and procedures to ensure that the accounting and reporting practices of the Company are of the highest quality and integrity, including the authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Company, and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

It shall also be the responsibility of the Committee to maintain free and open means of communication among the Board and the Company’s external auditors, internal auditors and personnel. Through these lines of communication, the Committee shall monitor any issues or areas that fall within the scope of its duties, purpose or responsibilities that require special attention. The Company’s external auditors are ultimately accountable to the Committee and the Board.

To fulfill its obligations set forth in this Charter, the Committee may rely on management for the preparation and accuracy of the Company’s financial statements, management for establishing effective internal controls and procedures to ensure the Company’s compliance with accounting standards, financial reporting procedures and applicable laws and regulations, and the Company’s external auditors for an unbiased, diligent audit or review, as applicable, of the Company’s financial statements and the effectiveness of the Company’s internal controls. The members of the Committee are not employees of the Company and are not responsible for conducting the audit or performing other accounting procedures.

II. Membership

1. The Committee will have at least three members, each of whom shall be appointed by the Board and may be removed by the Board at any time with or without cause. Each member of the Committee shall be financially literate (i.e., able to read and understand financial statements, in general, and the Company’s financial statements, in particular, and aware of the functions of auditors for a company) as affirmatively determined by the Board in connection with such member’s appointment to the Committee.

2. The Committee shall be composed solely of “independent” directors who have no employment or professional relationship with the Company, who are independent of the Company’s management and who comply with the requirements for serving on audit committees as set forth in the corporate governance standards, as amended from time to time, of the New York Stock Exchange (“**NYSE**”) and all applicable laws, rules and regulations of the Securities and Exchange Commission (the “**SEC**”) or other similar governing bodies. The independence of each member of the Committee shall be reviewed on an annual basis by the Board or more frequently as the circumstances dictate.

3. At least one member of the Committee will be a person who fits the qualifications of “audit committee financial expert,” as defined by SEC rules and regulations. At least one member of the

Committee shall have accounting or related financial management expertise, as determined by the Board. A member who satisfies the SEC's definition of "audit committee financial expert" will also be presumed to have accounting or related management experience.

4. A director appointed to the Committee may not serve on more than two additional audit committees for publicly listed companies, unless the Board has made an affirmative determination that such director is able to effectively undertake the responsibilities of serving on the Committee in addition to his or her positions on other such audit committees.

5. The Board shall appoint one member of the Committee to serve as the Chair and shall affirmatively determine at the time of such appointment that such member possesses accounting or related financial management expertise.

III. Responsibilities and Duties

A. Financial and Related Reporting

1. The Committee shall, prior to each filing by the Company of a Quarterly Report on Form 10-Q (the "**Form 10-Q**") with the SEC, review with the Company's management and external auditors, and approve, the interim financial information to be included in the Form 10-Q and review the matters described in Public Company Accounting Oversight Board Auditing Standards No. 1301, Communications with Audit Committees, ("**AS 1301**"). In connection therewith, the Committee shall review any matters of significance, including significant adjustments, management judgments and accounting estimates, significant reserves and/or accruals, significant new accounting principles, disagreements between management and the external auditors and their effect, if any, on the Company's consolidated financial statements, recent or proposed requirements of the SEC, the Financial Accounting Standards Board (the "**FASB**") or other similar governing bodies, and the disclosure set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-Q.

2. The Committee shall, prior to each filing by the Company of an Annual Report on Form 10-K (the "**Form 10-K**") with the SEC, review with the Company's management and external auditors, and approve, the audited financial statements to be included in the Form 10-K and in the Company's annual report to stockholders (the "**Annual Report**") and review and consider the matters described in AS 1301. In connection therewith, the Committee shall review significant adjustments, management judgments and accounting estimates, significant reserves and/or accruals, significant new accounting principles, disagreements between management and the external auditors and their effect, if any, on the Company's consolidated financial statements, recent or proposed requirements of the SEC, the FASB or other similar governing bodies, and the disclosure set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K. Following such review, the Committee shall recommend to the Board whether the audited financial statements should be included in the Annual Report or the Form 10-K.

3. The Committee shall meet with the Company's Chief Executive Officer, Chief Financial Officer and/or any other officer of the Company responsible for certifying the Company's Form 10-K or Form 10-Qs filed with the SEC, prior to any such certification, and review with such officers their disclosures relating to (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and the identification of any material weakness in internal controls and (b) any fraud, whether or not material, that involves the Company's management or other employees who have a significant role relating to the Company's internal controls.

4. In connection with its review of each Form 10-Q and Form 10-K and prior to issuance of any earnings press release by the Company, the Committee shall review with the Company's management and external auditors the consolidated statements of operations, earnings guidance and other financial information to be included in such earnings press release. Prior to issuance of any release of financial information or earnings guidance to analysts or rating agencies, the Committee shall review with the Company's management and external auditors the financial information or earnings guidance to be included in such release to be provided to analysts or rating agencies.

5. The Committee shall annually issue a written report to the Board, a copy of which shall be included in the Company's proxy statement related to the annual meeting of stockholders, stating whether the Committee has (a) reviewed and discussed the audited financial statements with the Company's management, (b) discussed with the Company's external auditors the matters required to be discussed by the applicable requirements of the Public Accounting Oversight Board ("PCAOB") and the SEC, (c) received from the Company's external auditors disclosures in satisfaction of applicable PCAOB requirements regarding auditor independence and discussed with such auditors their independence, (d) recommended to the Board that the audited financial statements of the Company be included in the Annual Report and the Form 10-K and (e) reviewed and discussed such other information as may be required, from time to time, by the rules and/or regulations of the NYSE, the SEC, the FASB or other similar governing bodies.

6. The Committee shall, prior to the issuance of the Committee's annual written report to the Board, review and discuss with the Company's external auditors any other matters required to be discussed by AS 1301, including: (a) the Company's critical accounting policies, practices and estimates, (b) significant unusual transactions not in the ordinary course of business or that otherwise appear to be unusual and the external auditors' understanding of the business rationale for those transactions, (c) the external auditors' evaluation of the quality of the Company's financial reporting, (d) the external auditors' evaluation of the Company's ability to continue as a going concern, (e) any difficulties the external auditors encountered during the audit, such as significant delays by management or unreasonably brief time to complete the audit, (f) uncorrected and corrected misstatements, (g) other material written communications between the external auditors and management, (h) any departure from the external auditors' standard opinion or report, (i) disagreements with management, and (j) such other information as may be required, from time to time, by the rules and/or regulations of the NYSE, the SEC, the FASB or other similar governing bodies. The Committee shall, prior to the issuance of the Company's annual written report to the Board, review and discuss with the Company's external auditors any "critical accounting matters" included or proposed to be included in the external audit report as referred to in Public Company Accounting Oversight Board Auditing Standards No. 3101.

7. The Committee shall periodically discuss with the Company's external auditors, such auditors' judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its consolidated financial statements. The discussion should include such issues as the clarity of the Company's financial disclosures, the degree of aggressiveness or conservatism of the Company's accounting principles and the underlying estimates and other significant decisions made by the Company's management in preparing the financial disclosures.

8. The Committee shall obtain and review, on an annual basis, a report prepared by the Company's management and/or external auditors setting forth all significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effects on the financial statements of the Company of any alternative generally accepted accounting principle ("GAAP") methods adopted by the Company, any regulatory and/or accounting initiatives and any off-balance sheet structures and all critical accounting policies and practices the Company uses or expects to use.

B. Controls and Compliance

1. The Committee shall periodically review with the Company's management, external auditors and internal auditors (a) the adequacy and effectiveness of the Company's system of internal accounting controls, (b) any recommendations of such external and/or internal auditors with respect to any material weaknesses in the Company's system of internal controls, (c) any material matters or problems with respect to accounting, EDP records, procedures or operations of the Company which have not been resolved to such external and/or internal auditors' satisfaction after having been brought to the attention of management and (d) any material matters or problems with respect to the safeguarding of the Company's assets and limitations on authority of the Company's management relating to, among other things, investments, borrowings and derivative instruments. Such review should also consider the impact of the adequacy and effectiveness of the Company's system of internal accounting controls on the Company's financial reporting on both an annual and quarterly basis.
2. The Committee shall discuss and review policies with respect to risk assessment and risk management, including, (a) guidelines and policies to govern the process by which risk assessment and risk management is undertaken by the Company and its management, (b) the adequacy of the Company's insurance coverage, (c) any uninsured or commercially uninsurable risks, (d) the Company's interest rate risk management, (e) the Company's counter-party and credit risks and (f) any environmental risks relating to the Company.
3. The Committee shall review with the Company's management and tax advisors the status of all tax returns, including open years and potential disputes. The Committee shall review with the Company's external auditors the adequacy of tax reserves included in the Company's consolidated financial statements.
4. On at least an annual basis, the Committee shall review with the Company's legal counsel, (a) any legal or regulatory matters that could have a significant impact on the Company's financial statements, (b) the Company's compliance with applicable laws and regulations and (c) inquiries received from regulators or governmental agencies.
5. The Committee shall review the status of significant litigation with the Company's legal counsel and external auditors, if appropriate, and whether reserves, if any, in connection with actual and/or potential litigation are appropriate.
6. The Committee shall monitor and review the Company's compliance with applicable SEC and NYSE rules and regulations relating to, among other things, the Company's corporate accounting and reporting practices, the quality and integrity of the Company's consolidated financial statements, the performance, qualifications and independence of the Company's external auditors and the performance of the Company's internal audit function.
7. The Committee shall review, approve, and oversee any transaction between the Company and any "related person," as defined by SEC rules and regulations, on an ongoing basis and may develop policies and procedures for the Committee's approval of related party transactions.

C. Internal Audit

1. The Committee shall oversee the Company's internal audit activities, including discussing with management the internal audit function's organization, objectivity, responsibilities, plans, results, budget and staffing.

D. External Audit

1. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the external auditors to be used to audit the consolidated financial statements of the Company.
2. The Committee shall review and pre-approve the engagement fees and the terms of all auditing and non-auditing services to be provided by the Company's external auditors and evaluate the effect thereof on the independence of the external auditors. The Committee shall also review and evaluate the scope of all non-auditing services to be provided by the Company's external auditors in order to confirm that such services are permitted by the rules and/or regulations of the NYSE, the SEC, FASB or other similar governing bodies. As necessary, the Committee shall consult with the Company's management regarding the engagement fees or terms of any such auditing or non-auditing services.
3. The Committee shall, at least annually, evaluate the Company's external auditors' qualifications, performance and independence and present a written report to the Board of its conclusions with respect to such evaluation. In connection with this evaluation, the external auditors shall provide a written annual report to the Committee describing: (a) such external auditors' internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of such external auditors or by any inquiry or investigation by government or professional authorities within the preceding five years, respecting one or more independent audits carried out by such external auditors, and any steps taken to deal with any such issues; and (c) in order to assess such external auditors' independence, all relationships between such external auditors and the Company. The Committee shall consult with the Company's management, its external auditors and/or personnel responsible for its internal audit function, as necessary, regarding this evaluation.
4. The Committee shall review and evaluate the qualifications, performance and independence of the lead partner of the external auditors, ensure that neither the lead partner nor the concurring partner of the external auditors serves, respectively, in that capacity for more than five years (or such other period as may be prescribed by rules and/or regulations of the NYSE, the SEC, the FASB or other similar governing bodies) and present its conclusions with respect to the independent auditors, including whether the audit firm itself should be changed periodically, to the Board.
5. The Committee shall meet with the Company's management and external auditors prior to commencement of the annual audit by such external auditors for the purpose of reviewing and discussing (a) the external auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (b) the overall audit strategy and procedures of such audit, and (c) the scope and timing of the audit. The Committee shall also meet with the Company's external auditors after the commencement of the annual audit by such auditors for the purpose of reviewing and discussing (x) any significant risks identified during the external auditors' risk assessment procedures and (y) when completed, the results of the annual audit.
6. The Committee shall obtain and review any written reports issued by the Company's external auditors regarding all critical accounting policies and practices the Company uses or expects to use, all alternative treatments of financial information within GAAP that have been discussed with the Company's management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors.
7. The Committee shall meet regularly, but in no event less than once every six months, with the Company's external auditors in executive sessions without the Company's management present. Among the items to be discussed at these meetings are the auditors' evaluation of the Company's financial,

accounting and internal auditing personnel and the cooperation that the auditors received during the course of the audit, including any audit problems or difficulties, together with the responses of the Company's management thereto, any restrictions on the scope of such external auditors' activities and any significant disagreements with the Company's management. If applicable, such review may also include any accounting adjustments that were noted or proposed by such auditors but were "passed" (including similar adjustments that were passed because individually they were not material), any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, any "management" or "internal control" letter issued, or proposed to be issued, by such auditors to the Company and all other material written communications between the external auditors and the management of the Company.

E. Other Committee Activities

1. The Committee shall report to the Board on a regular basis.
2. The Committee shall serve as access for the Company's management, external auditors and internal auditors to the Board with respect to all matters within the scope of the Committee's duties.
3. In accordance with the applicable rules and/or regulations of the NYSE, the SEC, the FASB or other similar governing bodies, the Committee shall set clear policies for the Company's hiring of employees or former employees of the Company's external auditors. In addition, the Committee shall also conduct exit interviews with departing executive officers in order to evaluate the Company's corporate accounting and reporting practices.
4. The Committee shall conduct an annual evaluation of its own performance, including the performance of individual members, and confirm annually that all of the Committee's responsibilities set forth in this Charter have been performed and report its findings to the Board.
5. The Committee shall annually review and assess this Charter and recommend any proposed changes to the Board for approval. This Charter may be amended by the recommendation of the Committee and the approval of the independent members of the Board.

IV. Complaint Procedures

Any issue of significant financial misconduct shall be brought to the attention of the Committee for its consideration. In this connection, the Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Company's employees and stockholders regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall investigate all matters brought to its attention within the scope of its duties, including the review of any significant fraudulent or illegal activities that may be discovered and any preventative action taken in response to such activities.

V. Committee Powers

In the course of fulfilling its responsibilities and duties, the Committee shall be empowered (a) to initiate, if warranted, an investigation of any special situation, (b) to retain outside legal, accounting or other advisors and consultants without seeking approval from the Board if, in the Committee's judgment, it is appropriate and (c) to delegate to one or more of its members any responsibility or duty of the Committee, which by its nature is not required to be performed by the entire Committee. The Company shall provide

appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of compensation to any external auditors employed to audit the Company's consolidated financial statements and any legal, accounting or other advisors and consultants employed by the Committee in carrying out its duties and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

VI. Meetings

The Committee shall meet at least four times annually (including meetings in compliance with Section III.D.7, above) or more frequently as the circumstances dictate. For each Committee meeting, the Committee will appoint a secretary to keep minutes of such meeting. After approval of each set of minutes by the Committee, the Committee will submit such minutes to the Board for review and will cause such minutes to be filed with the minutes of the Board. The Committee is governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee shall also meet separately, and periodically, with management, the internal auditors, and the external auditors.

VII. Limitations on Scope

The Committee members shall serve on the Committee subject to the understanding on their part and the part of the Company's management, external auditors and internal auditors that:

1. The Committee members are not employees or officers of the Company and are not directly involved in the Company's daily operations and they will not serve as members of the Committee on a full-time basis.
2. The Committee members expect the Company's management, external auditors and internal auditors to provide the Committee with prompt and accurate information, so that the Committee can discharge its duties properly.
3. To the extent permitted by law, the Committee shall be entitled to rely on the information and opinions of the persons and entities noted above in carrying out its responsibilities.

The Committee members, in adopting this Charter and in agreeing to serve on the Committee, do so in reliance on, among other things, the provisions of the Company's Articles of Incorporation which, together with the Company's By-laws, provide indemnification for their benefit and, to the fullest extent provided by law, provide that no director shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director.

Approved by the Board: September 21, 2020