



# **Q1 2019 Stockholder Presentation**

**April 25, 2019**

## Safe harbor statement under the private securities litigation reform act of 1995

**This presentation contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. Actual outcomes and results could differ materially from such forecasts due to the impact of many factors beyond the control of AGNC Investment Corp. ("AGNC" or the "Company"). All forward-looking statements included in this presentation are made only as of the date of this presentation and are subject to change without notice. Certain important factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in our periodic reports filed with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov). AGNC disclaims any obligation to update such forward-looking statements unless required by law.**

**The following slides contain summaries of certain financial and statistical information about AGNC. They should be read in conjunction with our periodic reports that are filed from time to time with the SEC. Historical results discussed in this presentation are not indicative of future results.**



Type:  
**Common Stock**

Exchange / Ticker:  
**Nasdaq / AGNC**

IPO Price:  
**\$20.00 Per Share**

Tangible Net Book Value<sup>2</sup>:  
**\$17.23 Per Share**

IPO Date:  
**May 2008**

Total Dividends Paid Since IPO<sup>1</sup>:  
**\$39.86 Per Share**

Total Equity Capital<sup>2</sup>:  
**\$9.8 B**



Type:  
**Preferred Stock**

Preferred Stock <sup>3</sup> :	Type:	Issue Date:	Ticker:	Annual Dividend Rate:	Depository Shares Outstanding <sup>4</sup> :	Aggregate Liquidation Preference:
Series B	Fixed Rate	May 8, 2014	AGNCB	7.750%	7.0 Million	\$175 Million
Series C	Fixed-to-Floating Rate <sup>5</sup>	Aug 22, 2017	AGNCN	7.000%	13.0 Million	\$325 Million
Series D	Fixed-to-Floating Rate <sup>6</sup>	Mar 6, 2019	AGNCM	6.875%	9.4 Million	\$235 Million

Note: Information as of Mar 31, 2019 unless otherwise indicated

- As of Apr 15, 2019
- "Tangible Net Book Value" and "Total Equity Capital" are net of preferred stock liquidation preference
- Preferred stock is redeemable at the Company's option on or after May 8, 2019, Oct 15, 2022 and April 15, 2024 for Series B, C and D, respectively, in whole or in part, at the liquidation preference plus any accumulated and unpaid dividends
- Each depository share outstanding represents a 1/1,000th interest in a share of preferred stock
- The Series C Preferred Stock dividend converts at a floating rate equal to three-month LIBOR plus a spread of 5.111% per annum from (and including) October 15, 2022
- The Series D Preferred Stock dividend converts at a floating rate equal to three-month LIBOR plus a spread of 4.332% per annum from (and including) April 15, 2024

- **\$1.22 Comprehensive Income per Share, Comprised of:**
  - \$0.47 net income per share
  - \$0.75 other comprehensive income (“OCI”) per share on investments marked-to-market through OCI
- **\$0.52 Net Spread and Dollar Roll Income per Share, Excluding Estimated “Catch-Up” Premium Amortization Cost <sup>1</sup>**
  - Includes \$0.04 per share of dollar roll income associated with a \$8.0 B average net long position in forward purchases and sales of Agency MBS in the “to-be-announced” (“TBA”) market <sup>2</sup>
  - Excludes \$(0.07) per share of estimated “catch-up” premium amortization cost due to change in projected constant prepayment rate (“CPR”) estimates
- **\$17.23 Tangible Net Book Value per Share as of Mar 31, 2019**
  - Increased \$0.67 per share, or 4.0%, from \$16.56 per share as of Dec 31, 2018
  - Excludes \$526 MM, or \$0.98 per share, of goodwill as of Mar 31, 2019
- **\$0.54 Dividends Declared per Share for the First Quarter**
  - Anticipated reduction of monthly dividend to \$0.16 per common share, or \$0.48 per quarter, beginning with the dividend to be declared in May 2019
  - Adjusted rate represents a dividend yield of 10.6% based on Apr 23, 2019 closing stock price
- **7.3% Economic Return on Tangible Common Equity for the Quarter**
  - Comprised of \$0.54 dividends per share and \$0.67 increase in tangible net book value per share

Note: Per share amounts included throughout this presentation are per share of common stock, unless otherwise indicated. Income and loss per share amounts included throughout this presentation are per diluted common share, unless otherwise indicated

1. Represents a non-GAAP measure. Refer to the supplemental slides later in this presentation for a reconciliation and further discussion of non-GAAP measures
2. Dollar roll income (loss) is recognized in gain (loss) on derivative instruments and other securities, net

# Q1 2019 Other Highlights

- **\$102.2 B Investment Portfolio as of Mar 31, 2019**
  - \$93.5 B Agency MBS
  - \$7.0 B TBA mortgage position
  - \$1.8 B credit risk transfer and non-Agency securities
- **9.4x Tangible Net Book Value “At Risk” Leverage as of Mar 31, 2019 <sup>1</sup>**
  - 9.3x average tangible net book value “at risk” leverage for the quarter
- **6.3% Portfolio CPR for the Quarter**
  - 10.5% average projected portfolio life CPR as of Mar 31, 2019
- **1.06% Annualized Net Interest Spread and TBA Dollar Roll Income for the Quarter, Excluding Estimated “Catch-Up” Premium Amortization Cost <sup>2</sup>**
  - Excludes -16 bps of “catch-up” premium amortization cost due to change in projected CPR estimates
- **\$235 MM of 6.875% Fixed-to-Floating Rate Preferred Equity Issued During the Quarter**
  - \$227 MM of proceeds from offering, net of offering cost

1. Tangible net book value “at risk” leverage calculated as sum of Agency MBS repurchase agreements (“Agency repo”), net TBA position (at cost), net payable/receivable for investment securities not yet settled, and other debt divided by the sum of total stockholders’ equity less goodwill

2. Net interest spread and TBA dollar roll income calculated as the average asset yield, less average cost of funds (actual and implied). Average cost of funds includes Agency MBS repo, TBA implied cost of funds, other debt and periodic swap interest income/cost. Cost of funds excludes other supplemental hedges (such as swaptions), U.S. Treasury positions and U.S. Treasury repurchase agreements

# Market Update

Security	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	Q1 2019 Δ Price	Security	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	Q1 2019 Δ Rate % / Price <sup>2</sup>
<b>Agency 30 Year Fixed Rate MBS Price <sup>1</sup></b>							<b>Treasury Rates <sup>1</sup></b>						
3.00%	97.52	96.86	95.67	97.54	99.55	+2.01	2 Yr UST	2.27%	2.53%	2.82%	2.49%	2.27%	-0.22% / +0.43
3.50%	100.20	99.52	98.41	99.95	101.35	+1.40	5 Yr UST	2.57%	2.73%	2.95%	2.51%	2.24%	-0.27% / +1.27
4.00%	102.61	101.96	100.97	101.94	102.86	+0.92	10 Yr UST	2.74%	2.85%	3.06%	2.69%	2.41%	-0.28% / +2.46
4.50%	104.70	104.13	103.16	103.53	104.20	+0.67	30 Yr UST	2.97%	2.98%	3.20%	3.02%	2.82%	-0.20% / +4.14
<b>Agency 30 Year Static Spreads to Swaps <sup>3</sup></b>							<b>Swap Rates <sup>1</sup></b>						
3.00%	54	48	45	62	70	+8	2 Yr Swap	2.58%	2.79%	2.99%	2.67%	2.39%	-0.28% / +0.53
3.50%	70	64	60	81	92	+11	5 Yr Swap	2.71%	2.88%	3.07%	2.58%	2.29%	-0.29% / +1.38
4.00%	82	79	75	101	94	-7	10 Yr Swap	2.78%	2.93%	3.12%	2.72%	2.41%	-0.31% / +2.76
4.50%	85	83	81	112	97	-15	30 Yr Swap	2.82%	2.93%	3.13%	2.85%	2.58%	-0.27% / +5.81
<b>Agency 30 Year Option Adjusted Spreads <sup>4</sup></b>							<b>Credit Spreads <sup>5</sup></b>						
3.00%	18	14	16	21	23	+2	CRT M2	211	229	204	289	227	-62
3.50%	21	19	21	25	28	+3	CMBS AAA	81	87	73	104	89	-15
4.00%	29	26	26	29	33	+4	CDX IG	66	68	60	88	64	-24
4.50%	35	32	35	47	51	+4	CDX HY	358	359	328	449	346	-103

Note: Price information is provided for illustrative purposes only, is for generic instruments and is not meant to be reflective of securities held by AGNC. Prices can vary materially depending on the source

1. Source: Barclays

2. Change in Treasury and swap prices derived from Constant Maturity Treasury and Constant Maturity Swap and DV01 from JPM

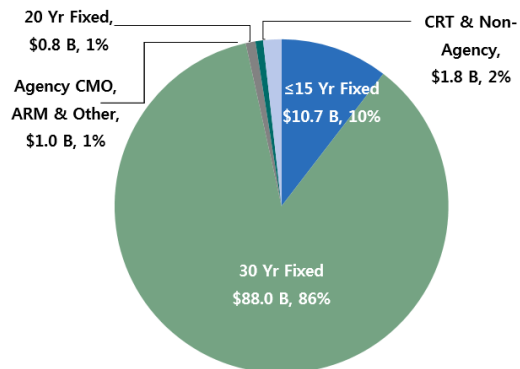
3. Source: Average of Citi, Credit Suisse and Blackrock

4. Source: Average of Citi, JP Morgan, Credit Suisse and Barclays

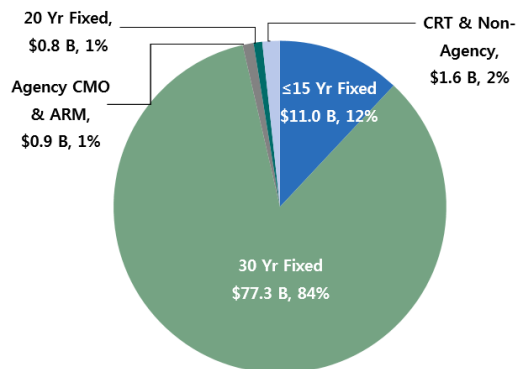
5. Source: CRT and CMBS spreads are averages of JP Morgan, Wells Fargo and Bank of America. CRT spreads are discount margins. CMBS spreads are spread to the swap curve. CDX spreads are sourced from JP Morgan.

# Q1 2019 Portfolio Update

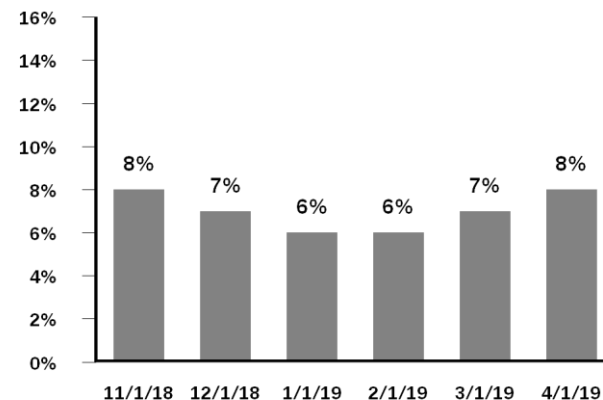
As of 3/31/19  
\$102.2 B Portfolio  
Including Net TBA Position



As of 12/31/18  
\$91.6 B Portfolio  
Including Net TBA Position



AGNC Actual CPR <sup>1</sup>



## ≤15 Year - \$10.7 B Portfolio (10% of Total) as of 3/31/19

Coupon	FMV	%	Specified Pool % <sup>2</sup>	WALA <sup>3</sup>	Apr '19 1 M Actual CPR <sup>1</sup>	Life Forecast CPR <sup>4</sup>
2.5%	\$1,097	10%	75%	77	11%	10%
3.0%	2,040	19%	95%	58	10%	9%
3.5%	2,691	25%	70%	28	9%	12%
≥ 4.0%	1,377	13%	91%	28	9%	12%
<b>≤ 15 Year MBS</b>	<b>7,205</b>	<b>68%</b>	<b>82%</b>	<b>44</b>	<b>10%</b>	<b>11%</b>
<b>Net TBA</b>	<b>3,457</b>	<b>32%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total ≤ 15 Year</b>	<b>\$10,662</b>	<b>100%</b>	<b>55%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## 30 Year - \$88.0 B Portfolio (86% of Total) as of 3/31/19

Coupon	FMV	%	Specified Pool % <sup>2</sup>	WALA <sup>3</sup>	Apr '19 1 M Actual CPR <sup>1</sup>	Life Forecast CPR <sup>4</sup>
3.0%	\$2,105	2%	5%	50	7%	6%
3.5%	27,681	31%	57%	38	7%	8%
4.0%	40,657	46%	62%	24	8%	12%
≥ 4.5%	14,093	16%	88%	16	7%	12%
<b>30 Year MBS</b>	<b>84,536</b>	<b>96%</b>	<b>63%</b>	<b>28</b>	<b>8%</b>	<b>10%</b>
<b>Net TBA</b>	<b>3,498</b>	<b>4%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total 30 Year</b>	<b>\$88,034</b>	<b>100%</b>	<b>61%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Note: Amounts may not total due to rounding

- Wtd/avg actual 1 month annualized CPR released at the beginning of each month based on securities held as of the preceding month-end, excludes net TBA position
- Specified pools include pools backed by lower balance loans with original loan balances of up to \$200K, HARP pools defined as pools backed by 100% refinance loans with original LTVs ≥ 80% issued between May 2009 and Sept 2017, and pools backed by loans 100% originated in N.Y. and Puerto Rico. Lower balance pools have a wtd/avg original loan balance of \$111 K for ≤15-year and \$117 K for 30-year securities as of Mar 31, 2019. HARP pools have a wtd/avg original LTV of 119% for ≤15-year and 136% for 30-year securities as of Mar 31, 2019
- WALA represents the weighted average loan age presented in months, excluding net TBA position
- Average projected life CPR as of Mar 31, 2019, excludes net TBA position

# Financing Summary

AGNC has significant access to attractive funding across a wide range of counterparties and financing terms

- **Weighted average Agency repo cost totaled 2.82% as of Mar 31, 2019, compared to 2.79% as of Dec 31, 2018**
- **\$35.6 B of Agency repo funded through captive broker-dealer subsidiary, Bethesda Securities, as of Mar 31, 2019, compared to \$26.7 B as of Dec 31, 2018**
- **Weighted average Agency repo days to maturity totaled 81 days as of Mar 31, 2019, compared to 49 days as of Dec 31, 2018**
- **47 repo counterparties as of Mar 31, 2019**

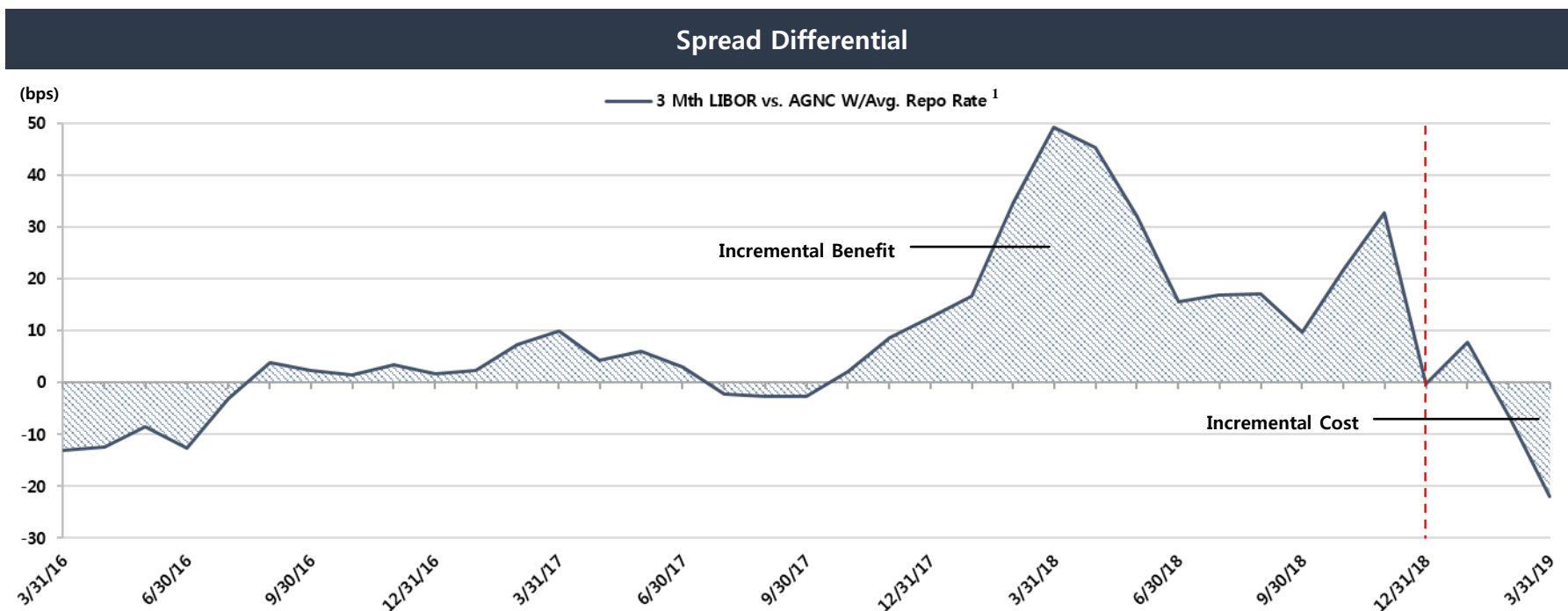
Agency Repurchase Agreements <sup>1</sup>				
As of Mar 31, 2019				
Maturity	%	Amount (\$ MM)	Interest Rate	Avg. Days to Maturity
≤ 3 Mths	83%	\$71,314	2.84%	29
> 3 to ≤ 6	3%	2,181	2.67%	125
> 6 to ≤ 12	12%	10,004	2.73%	267
> 1 to ≤ 3 Yrs	3%	2,825	2.87%	703
<b>Total / Wtd Avg</b>	<b>100%</b>	<b>\$86,324</b>	<b>2.82%</b>	<b>81</b>
As of Dec 31, 2018				
<b>Total / Wtd Avg</b>	<b>100%</b>	<b>\$75,717</b>	<b>2.79%</b>	<b>49</b>

1. Includes \$156 MM of CRT & Non-Agency repurchase agreements and excludes \$0.3 B of debt of consolidated VIE's and \$361 MM of U.S. Treasury repurchase agreements as of Mar 31, 2019.



# Repo vs. 3 Month LIBOR Funding Dynamic

The funding benefit associated with the spread between our repo funding and 3 month LIBOR throughout 2018 reversed in Q1 2019 and negatively impacted our net spread and dollar roll income



1. AGNC weighted average repo rate represents AGNC's weighted average repo rate at the end of each month during the periods disclosed

# Hedging Summary

- Our hedge portfolio totaled \$71.9 B and covered 77% of our funding liabilities (Agency repo, other debt and net TBA position) as of Mar 31, 2019, compared to 94% as of Dec 31, 2018, while our net duration gap remained unchanged at 0.2 years
- **Interest Rate Swaps**
  - \$48.2 B pay fixed swaps as of Mar 31, 2019
  - Covered 52% of funding liabilities as of Mar 31, 2019
  - Decrease of \$3.5 B from Dec 31, 2018
- **Payer Swaptions**
  - \$2.6 B payer swaptions
  - Decrease of \$1.0 billion from Dec 31, 2018
- **U.S. Treasury Securities and Futures**
  - \$21.2 B Treasury position
  - Decrease of \$2.2 B from Dec 31, 2018

Hedge Portfolio Summary				
As of Mar 31, 2019				
\$ in MM	Notional/ Market Value 3/31/2019	Duration 3/31/2019 <sup>1</sup>	Net Hedge Gains/ (Losses) Q1 2019 <sup>2</sup>	Net Hedge Gains/ (Losses) Per Share Q1 2019
Interest Rate Swaps	\$48,175	(3.8)	\$(679)	\$(1.26)
Payer Swaptions	2,550	(1.1)	(27)	(0.05)
U.S. Treasuries, Net Short	21,204	(6.5)	(456)	(0.85)
<b>Total / Q1 2019 <sup>3</sup></b>	<b>\$71,929</b>	<b>(3.2)</b>	<b>\$(1,162)</b>	<b>\$(2.16)</b>
As of Dec 31, 2018 / Q4 2018				
<b>Total / Q4 2018 <sup>3</sup></b>	<b>\$78,523</b>	<b>(4.1)</b>	<b>\$(1,760)</b>	<b>\$(3.49)</b>

Interest Rate Swaps				
As of Mar 31, 2019				
Years to Maturity	Notional Amount (\$ MM) <sup>4</sup>	Pay Rate <sup>5</sup>	Receive Rate	Average Maturity (Years)
≤ 3 Years	\$20,900	1.71%	2.69%	1.2
> 3 to ≤ 5	9,425	2.11%	2.69%	3.7
> 5 to ≤ 7	6,225	2.38%	2.67%	5.8
> 7 to ≤ 10	9,700	2.30%	2.68%	8.6
> 10	1,925	2.30%	2.69%	13.2
<b>Total / Wtd Avg</b>	<b>\$48,175</b>	<b>2.01%</b>	<b>2.69%</b>	<b>4.3</b>
As of Dec 31, 2018				
<b>Total / Wtd Avg</b>	<b>\$51,625</b>	<b>2.11%</b>	<b>2.63%</b>	<b>5.0</b>

1. Duration is a model estimate of interest rate sensitivity measured in years as of a point in time

2. Net hedge gains/losses exclude periodic swap income/costs and TBA dollar roll income/loss (both components of net spread income) and mark-to-market gains/losses on our net TBA dollar roll position

3. Total duration is expressed in the asset unit equivalent

4. Notional amount includes forward starting swaps of \$4.0 B and \$5.7 B as of Mar 31, 2019 and Dec 31, 2018, respectively, with an average forward start date of 0.2 and 0.5 years, respectively

5. Weighted average pay rate includes forward starting swaps. Excluding forward starting swaps, the weighted average pay rate was 1.96% and 1.98% as of Mar 31, 2019 and Dec 31, 2018, respectively

We manage our exposure to interest rate fluctuations over a wide range of scenarios through disciplined risk management

Duration Gap Sensitivity <sup>1,2</sup>			
As of Mar 31, 2019			
	Rates - 100 bps	Duration 3/31/2019	Rates + 100 bps
Mortgage Assets: <sup>3</sup>			
30-Year MBS	1.8	3.6	5.7
15-Year MBS and Other Securities	1.9	2.8	3.6
<b>Total Mortgage Assets</b>	1.8	3.5	5.4
Liabilities and Hedges	(3.4)	(3.3)	(3.3)
<b>Net Duration Gap</b>	<b>(1.6)</b>	<b>0.2</b>	<b>2.1</b>
As of Dec 31, 2018			
<b>Net Duration Gap</b>	<b>(1.6)</b>	<b>0.2</b>	<b>1.5</b>

1. Duration is a model estimate of interest rate sensitivity measured in years as of a point in time. The sensitivity analysis assumes an instantaneous parallel shift in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions
2. Durations are expressed in years. Liability and hedge durations are expressed in asset unit equivalents
3. Mortgage assets include net TBA position.

# Financial Results

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# Balance Sheets

(\$ in millions, except per share data, unaudited except 12/31/18)	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Agency Securities, at Fair Value	\$93,044	\$82,291	\$70,408	\$55,524	\$54,141
Agency Securities Transferred to Consolidated Variable Interest Entities, at Fair Value	425	436	453	587	621
Credit Risk Transfer Securities, at Fair Value	1,129	1,012	997	936	884
Non-Agency Securities, at Fair Value	672	548	507	60	36
U.S. Treasury Securities, at Fair Value	121	46	109	—	224
REIT Equity Securities, at Fair Value	—	—	—	46	42
Cash and Cash Equivalents	929	921	1,071	863	972
Restricted Cash	517	599	456	447	386
Derivative Assets, at Fair Value	253	273	412	458	410
Receivable for Investment Securities Sold	439	489	524	31	—
Receivable under Reverse Repurchase Agreements	20,430	21,813	16,309	13,306	10,770
Goodwill and Other Intangible Assets, Net	526	526	526	550	550
Other Assets	322	287	259	330	185
<b>Total Assets</b>	<b>\$118,807</b>	<b>\$109,241</b>	<b>\$92,031</b>	<b>\$73,138</b>	<b>\$69,221</b>
Repurchase Agreements	\$86,685	\$75,717	\$65,734	\$48,839	\$48,956
Debt of Consolidated Variable Interest Entities, at Fair Value	266	275	291	313	336
Payable for Investment Securities Purchased	1,125	1,204	23	1,503	457
Derivative Liabilities, at Fair Value	53	84	62	6	32
Dividends Payable	107	106	95	87	80
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	19,275	21,431	15,549	12,898	10,352
Accounts Payable and Other Liabilities	795	518	650	450	670
<b>Total Liabilities</b>	<b>108,306</b>	<b>99,335</b>	<b>82,404</b>	<b>64,096</b>	<b>60,883</b>
Preferred Equity at Aggregate Liquidation Preference	735	500	500	500	500
Common Equity	9,766	9,406	9,127	8,542	7,838
<b>Total Stockholders' Equity</b>	<b>10,501</b>	<b>9,906</b>	<b>9,627</b>	<b>9,042</b>	<b>8,338</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$118,807</b>	<b>\$109,241</b>	<b>\$92,031</b>	<b>\$73,138</b>	<b>\$69,221</b>
<b>Other Supplemental Data:</b>					
Net Long TBA, at Fair Value <sup>1</sup>	\$6,955	\$7,322	\$9,393	\$20,003	\$13,611
Tangible Net Book Value "At Risk" Leverage <sup>2</sup>	9.4x	9.0x	8.2x	8.3x	8.2x
Tangible Net Book Value Per Common Share <sup>3</sup>	\$17.23	\$16.56	\$18.00	\$18.41	\$18.63

1. Reported in derivative assets/liabilities at net carrying value (fair value less cost basis)
2. Calculated as the sum of Agency MBS repurchase agreements, net payable/receivable for investment securities not yet settled, net TBA dollar roll position (at cost) and debt of consolidated variable interest entities divided by the sum of total stockholders' equity less goodwill and other intangible assets and the fair value of investments in REIT equity securities.
3. Calculated as stockholders' equity, less the Preferred Stock liquidation preference and goodwill and other intangible assets, divided by total common shares outstanding

# Income Statements

(\$ in millions, except per share data) (Unaudited)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest Income	\$705	\$604	\$500	\$414	\$431
Interest Expense	(541)	(418)	(312)	(237)	(206)
<b>Net Interest Income</b>	<b>164</b>	<b>186</b>	<b>188</b>	<b>177</b>	<b>225</b>
Realized Gain (Loss) on Sale of Investment Securities, Net	60	(21)	(40)	(74)	(2)
Unrealized Gain (Loss) on Investment Securities Measured at Fair Value through Net Income, Net	1,060	683	(363)	(94)	(523)
Gain (Loss) on Derivative Instruments and Other Securities, Net	(1,000)	(1,633)	430	298	738
Management Fee Income	—	—	46	4	4
<b>Total Other Gain (Loss), Net</b>	<b>120</b>	<b>(971)</b>	<b>73</b>	<b>134</b>	<b>217</b>
Compensation and Benefits	(10)	(11)	(14)	(10)	(10)
Other Operating Expenses	(9)	(8)	(31)	(8)	(8)
<b>Total Operating Expenses</b>	<b>(19)</b>	<b>(19)</b>	<b>(45)</b>	<b>(18)</b>	<b>(18)</b>
<b>Net Income (Loss)</b>	<b>265</b>	<b>(804)</b>	<b>216</b>	<b>293</b>	<b>424</b>
Dividend on Preferred Stock	(10)	(9)	(9)	(9)	(9)
<b>Net Income (Loss) Available (Attributable) to Common Stockholders</b>	<b>\$255</b>	<b>\$(813)</b>	<b>\$207</b>	<b>\$284</b>	<b>\$415</b>
<b>Net Income (Loss)</b>	<b>\$265</b>	<b>\$(804)</b>	<b>\$216</b>	<b>\$293</b>	<b>\$424</b>
Unrealized Gain (Loss) on Available-for-Sale Securities Measured at Fair Value through Other Comprehensive Income (Loss), Net	400	361	(193)	(145)	(621)
<b>Comprehensive Income (Loss)</b>	<b>665</b>	<b>(443)</b>	<b>23</b>	<b>148</b>	<b>(197)</b>
Dividend on Preferred Stock	(10)	(9)	(9)	(9)	(9)
<b>Comprehensive Income (Loss) Available (Attributable) to Common Stockholders</b>	<b>\$655</b>	<b>\$(452)</b>	<b>\$14</b>	<b>\$139</b>	<b>\$(206)</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>536.7</b>	<b>504.2</b>	<b>462.3</b>	<b>404.9</b>	<b>391.3</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>537.2</b>	<b>504.2</b>	<b>462.7</b>	<b>405.2</b>	<b>391.5</b>
<b>Net Income (Loss) per Common Share – Basic</b>	<b>\$0.48</b>	<b>\$(1.61)</b>	<b>\$0.45</b>	<b>\$0.70</b>	<b>\$1.06</b>
<b>Net Income (Loss) per Common Share – Diluted</b>	<b>\$0.47</b>	<b>\$(1.61)</b>	<b>\$0.45</b>	<b>\$0.70</b>	<b>\$1.06</b>
<b>Comprehensive Income (Loss) per Common Share – Basic and Diluted</b>	<b>\$1.22</b>	<b>\$(0.90)</b>	<b>\$0.03</b>	<b>\$0.34</b>	<b>\$(0.53)</b>
<b>Dividends Declared per Common Share</b>	<b>\$0.54</b>	<b>\$0.54</b>	<b>\$0.54</b>	<b>\$0.54</b>	<b>\$0.54</b>

# Reconciliation of GAAP Net Interest Income to Net Spread and Dollar Roll Income (a Non-GAAP Measure)



(\$ in millions, except per share data) (Unaudited)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>GAAP Net Interest Income:</b>					
Interest Income	\$705	\$604	\$500	\$414	\$431
Interest Expense	(541)	(418)	(312)	(237)	(206)
<b>GAAP Net Interest Income</b>	<b>164</b>	<b>186</b>	<b>188</b>	<b>177</b>	<b>225</b>
TBA Dollar Roll Income <sup>1</sup>	19	27	68	70	62
Interest Rate Swap Periodic Income (Cost) <sup>1</sup>	83	63	56	41	(9)
Other Interest and Dividend Income <sup>1</sup>	3	—	1	1	1
<b>Adjusted Net Interest and Dollar Roll Income</b>	<b>269</b>	<b>276</b>	<b>313</b>	<b>289</b>	<b>279</b>
Operating Expenses	(19)	(19)	(45)	(18)	(18)
Less Non-Recurring Charge-Offs and Other Expenses Associated with Termination of Management Agreement	—	1	26	—	—
Management Fee Income	—	—	46	4	4
Less Termination Fee Income from Management Agreement	—	—	(42)	—	—
<b>Total Operating Income (Expense), Net</b>	<b>(19)</b>	<b>(18)</b>	<b>(15)</b>	<b>(14)</b>	<b>(14)</b>
<b>Net Spread and Dollar Roll Income</b>	<b>250</b>	<b>258</b>	<b>298</b>	<b>275</b>	<b>265</b>
Dividend on Preferred Stock	(10)	(9)	(9)	(9)	(9)
<b>Net Spread and Dollar Roll Income Available to Common Stockholders</b>	<b>240</b>	<b>249</b>	<b>289</b>	<b>266</b>	<b>256</b>
Estimated "Catch Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast <sup>2</sup>	39	16	(6)	(12)	(21)
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, Available to Common Stockholders</b>	<b>\$279</b>	<b>\$265</b>	<b>\$283</b>	<b>\$254</b>	<b>\$235</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>536.7</b>	<b>504.2</b>	<b>462.3</b>	<b>404.9</b>	<b>391.3</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>537.2</b>	<b>504.7</b>	<b>462.7</b>	<b>405.2</b>	<b>391.5</b>
<b>Net Spread and Dollar Roll Income per Common Share – Basic</b>	<b>\$0.45</b>	<b>\$0.49</b>	<b>\$0.63</b>	<b>\$0.66</b>	<b>\$0.65</b>
<b>Net Spread and Dollar Roll Income per Common Share – Diluted</b>	<b>\$0.45</b>	<b>\$0.49</b>	<b>\$0.62</b>	<b>\$0.66</b>	<b>\$0.65</b>
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, per Common Share – Basic</b>	<b>\$0.52</b>	<b>\$0.53</b>	<b>\$0.61</b>	<b>\$0.63</b>	<b>\$0.60</b>
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, per Common Share – Diluted</b>	<b>\$0.52</b>	<b>\$0.53</b>	<b>\$0.61</b>	<b>\$0.63</b>	<b>\$0.60</b>

Note: Table includes non-GAAP financial measures. Please refer to additional information regarding non-GAAP financial measures at the end of this presentation

1. Reported in gain (loss) on derivative instruments and other securities, net in the accompanying income statement
2. "Catch-up" premium amortization (cost)/benefit is reported in interest income on the accompanying income statement

# Net Interest Spread Components by Funding Source

\$ in millions (Unaudited)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Adjusted Net Interest and Dollar Roll Income, Excluding "Catch-Up" Amortization:</b>					
<b>Economic Interest Income:</b>					
Investment Securities - GAAP Interest Income	\$705	\$604	\$500	\$414	\$431
Estimated "Catch-Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast <sup>1</sup>	39	16	(6)	(12)	(21)
TBA Dollar Roll Income - Implied Interest Income <sup>2,3</sup>	71	74	162	144	120
<b>Economic Interest Income, Excluding "Catch-Up" Amortization</b>	<b>\$815</b>	<b>\$694</b>	<b>\$656</b>	<b>\$546</b>	<b>\$530</b>
<b>Economic Interest Expense:</b>					
Repurchase Agreements and Other Debt - GAAP Interest Expense	\$(541)	\$(418)	\$(312)	\$(237)	\$(206)
TBA Dollar Roll Income - Implied Interest Expense <sup>2,3</sup>	(52)	(47)	(94)	(74)	(58)
Interest Rate Swap Periodic Income (Cost) <sup>2</sup>	83	63	56	41	(9)
<b>Economic Interest Expense</b>	<b>\$(510)</b>	<b>\$(402)</b>	<b>\$(350)</b>	<b>\$(270)</b>	<b>\$(273)</b>
Other Interest and Dividend Income <sup>2</sup>	3	—	1	1	1
<b>Adjusted Net Interest and Dollar Roll Income, Excluding "Catch-Up" Amortization</b>	<b>\$308</b>	<b>\$292</b>	<b>\$307</b>	<b>\$277</b>	<b>\$258</b>
<b>Net Interest Spread, Excluding "Catch-Up" Amortization:</b>					
<b>Average Asset Yield:</b>					
Investment Securities - Average Asset Yield	3.14%	3.13%	3.11%	2.99%	3.05%
Estimated "Catch-Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast	0.17%	0.08%	(0.04)%	(0.08)%	(0.15)%
Investment Securities Average Asset Yield, Excluding "Catch-Up" Amortization	3.31%	3.21%	3.07%	2.91%	2.90%
TBA Securities - Average Implied Asset Yield	3.55%	3.66%	3.54%	3.41%	3.08%
<b>Average Asset Yield, Excluding "Catch-Up" Amortization <sup>4</sup></b>	<b>3.33%</b>	<b>3.26%</b>	<b>3.18%</b>	<b>3.02%</b>	<b>2.94%</b>
<b>Average Total Cost of Funds:</b>					
Repurchase Agreements and Other Debt - Average Funding Cost	2.64%	2.42%	2.20%	1.99%	1.69%
TBA Securities - Average Implied Funding Cost	2.60%	2.32%	2.05%	1.75%	1.49%
Average Cost of Funds, Before Interest Rate Swap Periodic (Income) Costs <sup>4</sup>	2.64%	2.41%	2.18%	1.92%	1.62%
Interest Rate Swap Periodic (Income) Cost of Funds <sup>5</sup>	(0.37)%	(0.32)%	(0.30)%	(0.25)%	0.06%
<b>Average Total Cost of Funds</b>	<b>2.27%</b>	<b>2.09%</b>	<b>1.88%</b>	<b>1.67%</b>	<b>1.68%</b>
<b>Net Interest Spread, Excluding "Catch-Up" Amortization</b>	<b>1.06%</b>	<b>1.17%</b>	<b>1.30%</b>	<b>1.35%</b>	<b>1.26%</b>

Note: Table includes non-GAAP financial measures. Please refer to additional information regarding non-GAAP financial measures at the end of this presentation

- "Catch-up" premium amortization cost/(benefit) is reported in interest income on the accompanying income statement
- Reported in gain (loss) on derivative instruments and other securities, net in the accompanying income statement
- TBA implied cost of funds derived from the Company's executed TBA roll levels and TBA delivery assumptions sourced from Barclays for the associated weighted average coupon, weighted average maturity and 1 month projected CPR. TBA implied asset yields derived from the implied funding costs and gross executed TBA roll levels
- Calculated on a weighted basis relative to the average TBA balance and, as applicable, the average investment securities or average repo balance outstanding
- Represents interest rate swap periodic (income)/cost measured as a percent of total mortgage funding (Agency repurchase agreements, other debt and TBA securities)



# Reconciliation of GAAP Net Income to Estimated Taxable Income (Non-GAAP Measure)



(\$ in millions, except per share data) (Unaudited)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Net Income / (Loss)</b>	<b>\$265</b>	<b>\$(804)</b>	<b>\$216</b>	<b>\$293</b>	<b>\$424</b>
<b>Book to Tax Differences:</b>					
Premium Amortization, Net	54	15	(21)	(22)	(23)
Realized Gain / Loss, Net	627	928	(291)	(221)	(652)
Net Capital Loss / (Utilization of Net Capital Loss Carryforward)	(12)	(105)	(67)	109	245
Unrealized (Gain) / Loss, Net	(719)	140	316	(46)	108
Other	(9)	(1)	(2)	—	(13)
<b>Total Book to Tax Differences</b>	<b>(59)</b>	<b>977</b>	<b>(65)</b>	<b>(180)</b>	<b>(335)</b>
<b>Estimated REIT Taxable Income</b>	<b>206</b>	<b>173</b>	<b>151</b>	<b>113</b>	<b>89</b>
Dividend on Preferred Stock	(10)	(9)	(9)	(9)	(9)
<b>Estimated REIT Taxable Income, net of Preferred Stock Dividend</b>	<b>\$196</b>	<b>\$164</b>	<b>\$142</b>	<b>\$104</b>	<b>\$80</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>536.7</b>	<b>504.2</b>	<b>462.3</b>	<b>404.9</b>	<b>391.3</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>537.2</b>	<b>504.7</b>	<b>462.7</b>	<b>405.2</b>	<b>391.5</b>
<b>Estimated REIT Taxable Income per Common Share – Basic</b>	<b>\$0.37</b>	<b>\$0.33</b>	<b>\$0.31</b>	<b>\$0.26</b>	<b>\$0.20</b>
<b>Estimated REIT Taxable Income per Common Share – Diluted</b>	<b>\$0.36</b>	<b>\$0.32</b>	<b>\$0.31</b>	<b>\$0.26</b>	<b>\$0.20</b>
<b>Beginning Cumulative Non-Deductible Net Capital Loss</b>					
<b>Beginning Cumulative Non-Deductible Net Capital Loss</b>	<b>\$182</b>	<b>\$644</b>	<b>\$711</b>	<b>\$602</b>	<b>\$357</b>
Increase (Decrease) in Net Capital Loss Carryforward <sup>1</sup>	(12)	(462)	(67)	109	245
<b>Ending Cumulative Non-Deductible Net Capital Loss</b>	<b>\$170</b>	<b>\$182</b>	<b>\$644</b>	<b>\$711</b>	<b>\$602</b>
<b>Ending Cumulative Non-Deductible Net Capital Loss per Common Share</b>	<b>\$0.32</b>	<b>\$0.34</b>	<b>\$1.35</b>	<b>\$1.64</b>	<b>\$1.54</b>

Amounts may not total due to rounding

Table includes non-GAAP financial measures. Please refer to information regarding non-GAAP financial measures at the end of this presentation

1. Includes decrease in net capital loss carryforwards due to expiration of unutilized net capital loss carryforwards from prior years

# Net Book Value Roll Forward

(In millions, except per share data) (Unaudited)	Q1 2019		
	Balance	Common Shares Outstanding	Net Book Value per Common Share
<b>Beginning Net Common Equity <sup>1</sup></b>	<b>\$9,406</b>	<b>536.3</b>	<b>\$17.54</b>
Net Income	265		
Other Comprehensive Income, Net	400		
Common Stock Dividend	(289)		
Preferred Stock Dividend	(10)		
Series D Preferred Stock Issuance Costs	(8)		
Stock-Based Compensation	2		
<b>Ending Net Common Equity</b>	<b>\$9,766</b>	<b>536.3</b>	<b>\$18.21</b>
Goodwill	(526)		
<b>Ending Tangible Net Common Equity</b>	<b>\$9,240</b>	<b>536.3</b>	<b>\$17.23</b>
Preferred Stock Liquidation Preference	735		
<b>Ending Tangible Total Stockholders' Equity</b>	<b>\$9,975</b>		
<b>Ending Total Stockholders' Equity</b>	<b>\$10,501</b>		

Amounts may not total due to rounding

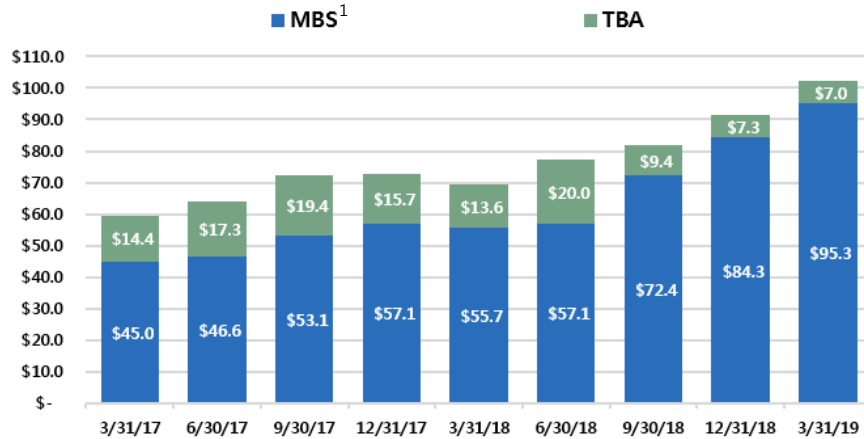
1. Common equity is net of the Company's Preferred Stock liquidation preference

# Supplemental Slides

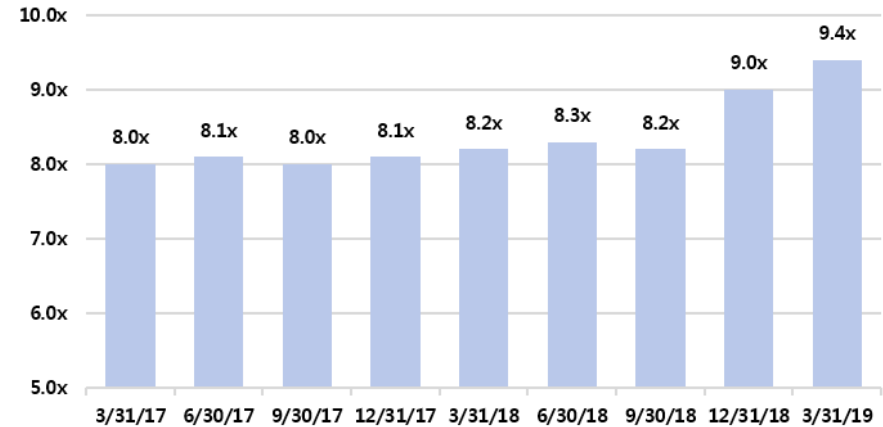
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# AGNC Historical Overview

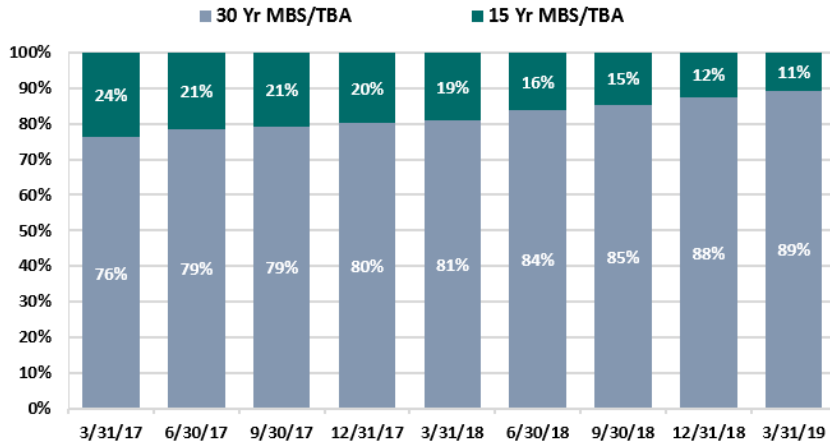
## Asset Composition (\$ B)



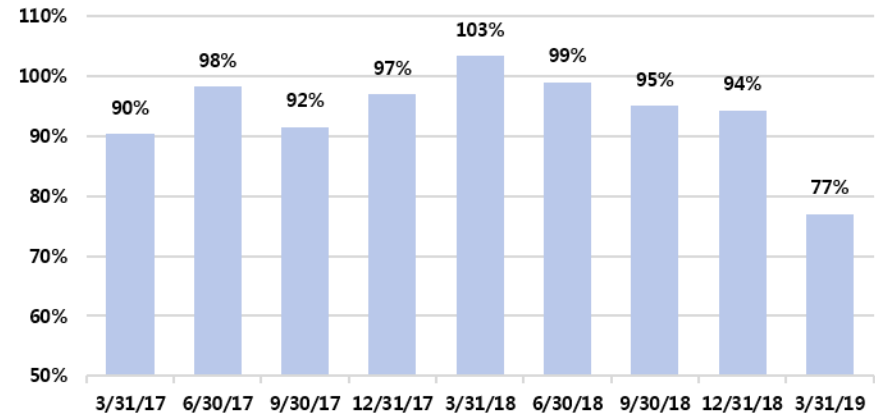
## Tangible Net Book Value "At Risk" Leverage<sup>2</sup>



## Agency MBS Fixed Rate Securities<sup>3</sup>



## Hedge Ratio<sup>4</sup>



1. MBS includes CRT securities

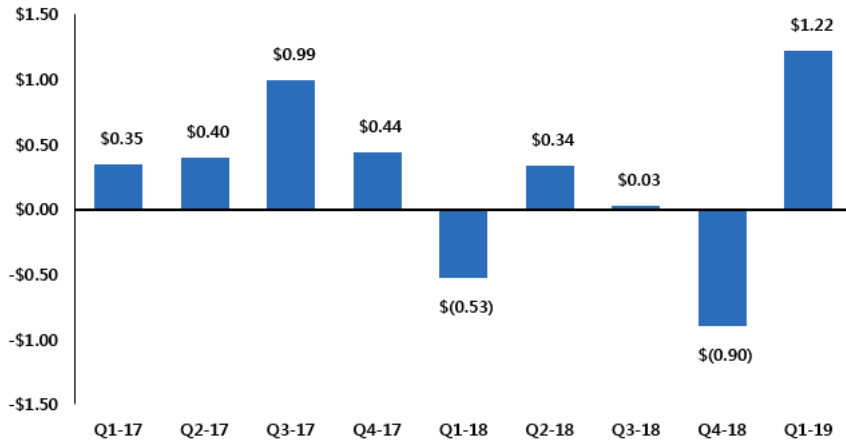
2. Tangible net book value "at risk" leverage calculated as sum of Agency MBS repurchase agreements, other debt, net payable/receivable for investment securities not yet settled and TBA dollar roll position (at cost) divided by the sum of total stockholders' equity less the fair value of investments in REIT equity securities and goodwill and other intangible assets, net. Leverage excludes U.S. Treasury repurchase agreements

3. Chart excludes 20 Yr fixed rate MBS

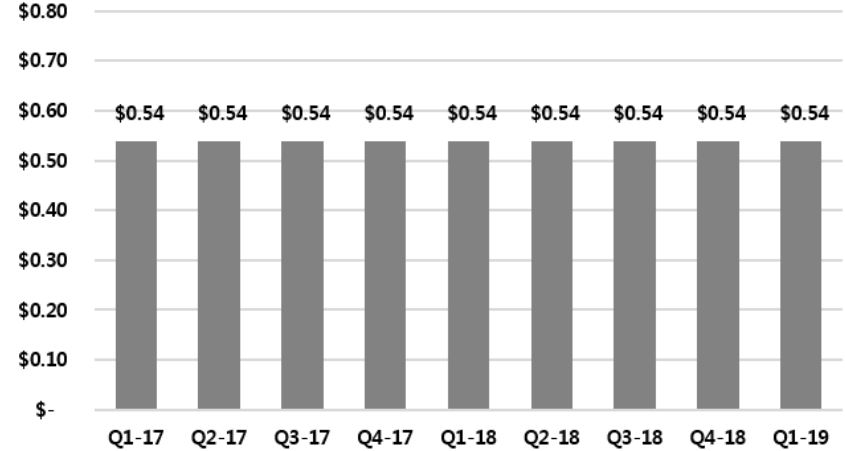
4. Measured as the ratio of interest rate swaps, swaptions and net U.S. Treasury position over repo agreements, other debt and net TBA position excluding U.S. Treasury repurchase agreements, at cost

# AGNC Historical Overview

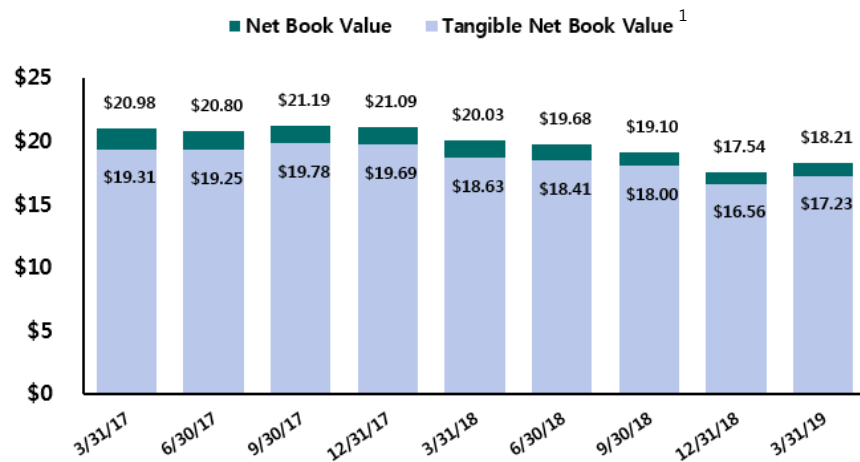
## Comprehensive Income (Loss) per Share



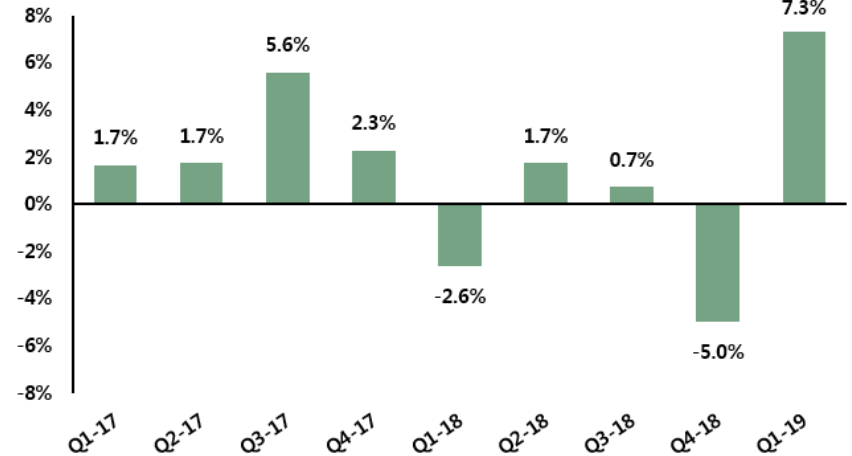
## Dividend per Common Share



## Net Book Value per Common Share



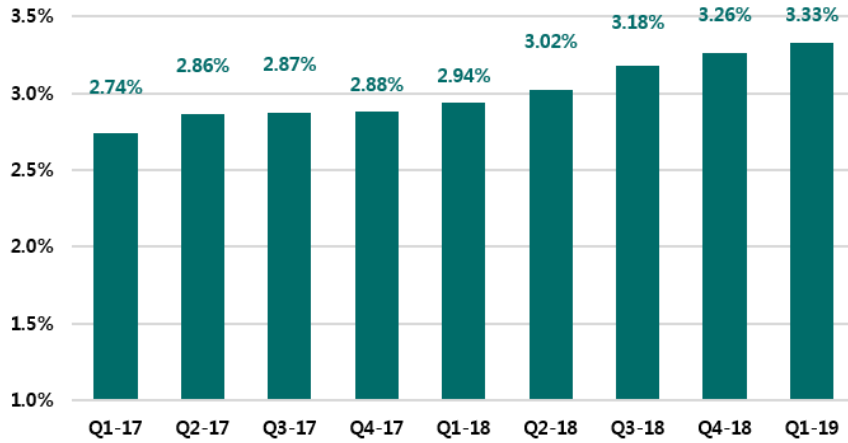
## Economic Return<sup>2</sup>



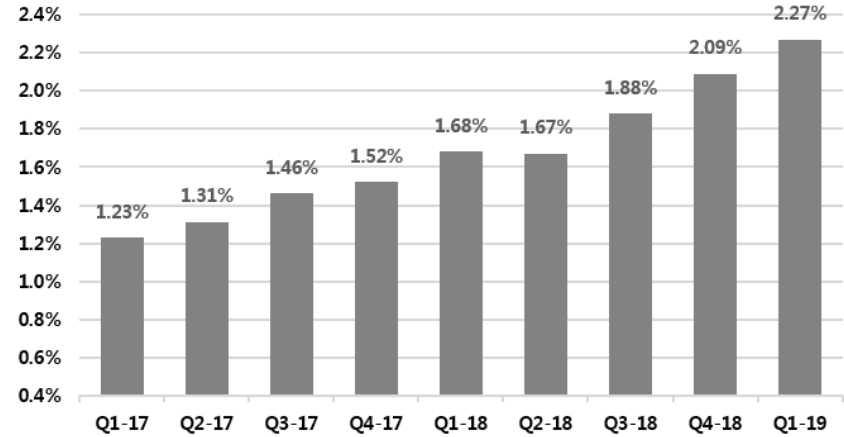
1. Tangible net book value per common share excludes goodwill and other intangible assets, net  
 2. Economic return represents the change in tangible NAV per share plus dividends declared.

# AGNC Historical Overview

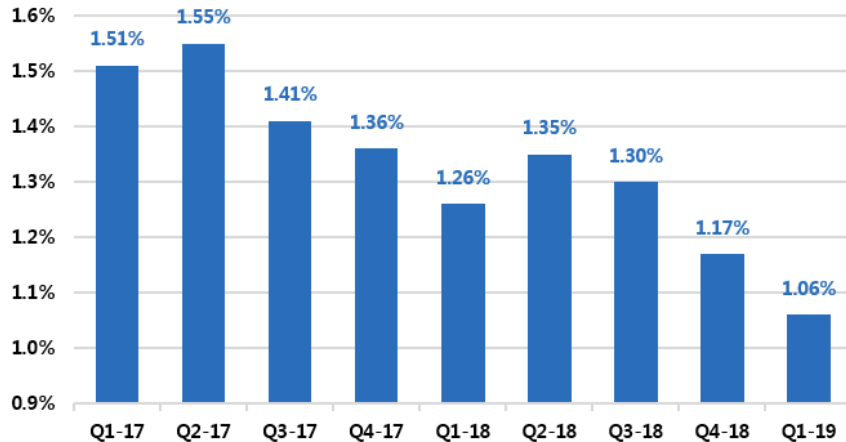
Average Asset Yield <sup>1</sup>



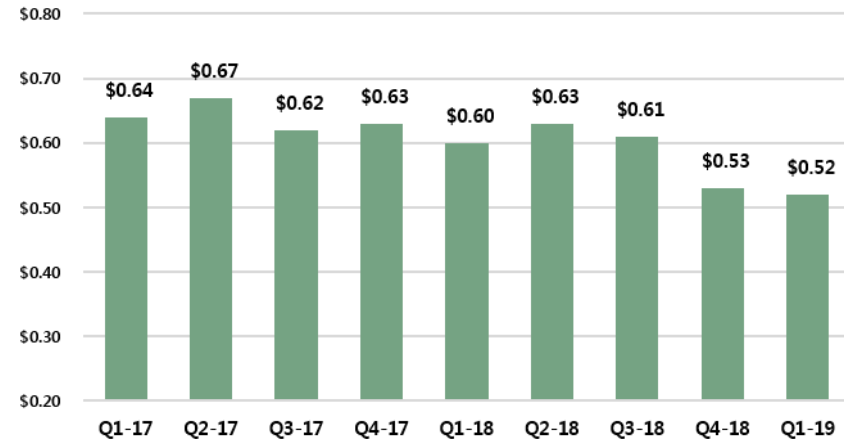
Average Cost of Funds <sup>2</sup>



Net Interest Spread <sup>1,2</sup>



Net Spread and TBA Dollar Roll Income per Common Share, Excluding "Catch-Up" Premium Amortization <sup>3</sup>



1. Asset yields include investment and TBA securities on a weighted average basis. Amounts exclude "catch-up" premium amortization

2. Cost of funds include repo and implied TBA funding costs on a weighted average basis and periodic swap costs. TBA implied fund cost is derived from AGNC's executed roll levels and TBA delivery assumptions sourced from Barclays for the associated weighted average coupon, weighted average maturity and 1 month projected CPR

3. Represents a non-GAAP measure. Please refer to the supplemental slides within this presentation for a reconciliation and further discussion of non-GAAP measures

# Fixed Rate Agency Securities – MBS and Net TBA Position

\$ in millions – as of Mar 31, 2019

MBS Coupon <sup>1</sup>	Par Value <sup>2</sup>	Market Value <sup>2</sup>	Specified Pools <sup>3</sup>	MBS Amortized Cost Basis <sup>4</sup>	MBS Average WAC <sup>4,5</sup>	MBS Average Age (Months) <sup>4</sup>	MBS Actual 1 Month CPR <sup>4,6</sup>	Duration (Years) <sup>2,7</sup>
<b>≤15 YR Mortgage Securities</b>								
2.5%	\$1,099	\$1,096	75%	101.1%	2.98%	77	11%	3.0
3.0%	2,343	2,369	81%	101.7%	3.51%	58	10%	3.3
3.5%	4,594	4,704	40%	102.2%	4.06%	28	9%	2.6
4.0%	2,257	2,335	47%	103.2%	4.59%	18	8%	2.8
4.5%	150	156	98%	103.9%	4.87%	102	15%	2.3
≥ 5.0%	2	2	100%	102.2%	6.59%	138	3%	1.4
<b>Subtotal ≤15 YR</b>	<b>\$10,445</b>	<b>\$10,662</b>	<b>55%</b>	<b>102.1%</b>	<b>3.85%</b>	<b>44</b>	<b>10%</b>	<b>2.9</b>
<b>20 YR Mortgage Securities</b>								
3.5%	304	312	80%	101.9%	4.05%	73	12%	3.0
4.0%	202	210	91%	103.3%	4.44%	27	9%	2.8
4.5%	223	237	100%	105.0%	5.00%	28	11%	2.7
≥ 5.0%	2	2	—%	105.5%	5.94%	132	33%	1.6
<b>Subtotal 20 YR</b>	<b>\$731</b>	<b>\$761</b>	<b>89%</b>	<b>103.3%</b>	<b>4.46%</b>	<b>46</b>	<b>11%</b>	<b>2.9</b>
<b>30 YR Mortgage Securities</b>								
3.0%	\$3,012	\$3,005	3%	100.1%	3.58%	50	7%	5.1
3.5%	30,221	30,806	51%	102.9%	4.07%	38	7%	4.2
4.0%	35,956	37,419	68%	103.6%	4.57%	24	8%	3.2
4.5%	15,640	16,587	73%	104.8%	5.00%	15	7%	3.1
5.0%	128	139	120%	106.5%	5.53%	63	6%	4.9
≥ 5.5%	72	78	50%	110.0%	6.18%	149	14%	3.2
<b>Subtotal 30 YR</b>	<b>\$85,029</b>	<b>\$88,034</b>	<b>61%</b>	<b>103.5%</b>	<b>4.45%</b>	<b>28</b>	<b>8%</b>	<b>3.6</b>
<b>Total Fixed</b>	<b>\$96,205</b>	<b>\$99,457</b>	<b>61%</b>	<b>103.3%</b>	<b>4.41%</b>	<b>29</b>	<b>8%</b>	<b>3.5</b>

1. The wtd/avg coupon on fixed rate securities held as of Mar 31, 2019 was 3.85% excluding the net long TBA mortgage position and 3.83% including the net long TBA position

2. Excluding net TBA position, total fixed-rate MBS as of Mar 31, 2019 had a par value of \$89,383, market value of \$92,502 and avg duration of 3.5 years

3. Specified pools include pools backed by lower balance loans with original loan balances of up to \$200K, HARP pools defined as pools backed by 100% refinance loans with original LTVs ≥ 80% issued between May 2009 and Sept 2017, and pools backed by loans 100% originated in N.Y. and Puerto Rico. Lower balance pools have a wtd/avg original loan balance of \$111 K for ≤15-year and \$117 K for 30-year securities as of Mar 31, 2019. HARP pools have a wtd/avg original LTV of 119% for ≤15-year and 136% for 30-year securities as of Mar 31, 2019

4. Average MBS cost basis, WAC, Age and CPR exclude net TBA position

5. Average WAC represents the weighted average coupon of the underlying collateral

6. Actual 1 month annualized CPR published during Apr 2019 for Agency securities held as of Mar 31, 2019

7. Duration derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates

# Repo Counterparty Credit Risk

Our repo funding is well diversified by counterparty and geography

Counterparty Region	Number of Counterparties	% of Agency Repo Funding	Counterparty Exposure as a % of Tangible Equity <sup>1</sup>
<b>North America:</b>			
FICC	1	40%	7%
Other	27	40%	23%
<b>North America</b>	<b>28</b>	<b>80%</b>	<b>30%</b>
<b>Asia</b>	<b>5</b>	<b>6%</b>	<b>4%</b>
<b>Europe</b>	<b>14</b>	<b>14%</b>	<b>8%</b>
<b>Total</b>	<b>47</b>	<b>100%</b>	<b>42%</b>

Note: All figures as of Mar 31, 2019

1. Counterparty exposure includes collateral pledged under Agency repo agreements. Amounts do not include collateral pledged or received under derivative agreements, prime brokerage agreements, reverse repurchase agreements or other debt



# Other Hedge and Derivative Instruments

## U.S. Treasury Position

- \$19.2 B short U.S. Treasury securities
- \$2.1 B short U.S. Treasury futures

## Payer Swaptions

- \$2.6 B notional payer swaptions as of Mar 31, 2019
- 0.5 year average remaining option term, 7.6 years average underlying swap term

U.S. Treasury Position Net Long / (Short) As of Mar 31, 2019 (\$ MM)		
Maturity	Face Amount	Market Value
5 Year	\$120	\$121
7 Year	(12,990)	(13,285)
10 Year	(7,395)	(8,040)
<b>Total</b>	<b>\$(20,265)</b>	<b>\$(21,204)</b>
As of Dec 31, 2018		
<b>Total</b>	<b>\$(22,950)</b>	<b>\$(23,398)</b>

Payer Swaptions As of Mar 31, 2019 (\$ MM)					
Current Option Expiration Date <sup>1</sup>	Notional Amount	Cost	Market Value	Pay Rate	Swap Term (Years)
≤ 1 Year	\$2,050	\$71	\$5	2.98%	7.0
> 1 Year ≤ 2 Years	500	18	6	2.78%	10.0
<b>Total</b>	<b>\$2,550</b>	<b>\$89</b>	<b>\$11</b>	<b>2.94%</b>	<b>7.6</b>
As of Dec 31, 2018					
<b>Total / Wtd Avg</b>	<b>\$3,500</b>	<b>\$98</b>	<b>\$37</b>	<b>2.93%</b>	<b>7.4</b>

1. As of Mar 31, 2019, ≤ 1 year payer swaption notional amount includes \$700 million of Bermudan swaptions where the options may be exercised on predetermined dates up to their final exercise date, which is six months prior to the underlying swaps' maturity date

# NAV Sensitivity to Rates and MBS Spreads

Changes in interest rates and MBS spreads relative to U.S. Treasury securities and interest rate swaps can impact the market value of our equity

## Interest Rate Sensitivity

- The estimated change in the market value of our asset portfolio, net of hedges, incorporates the dual effects of both duration and convexity and assumes no portfolio rebalancing actions

## MBS Spread Sensitivity (“Basis Risk”)

- The MBS spread sensitivity is the sensitivity of our assets to changes in MBS spreads
- The estimated spread sensitivity is based on model predictions and assumes a spread duration of 4.9 years, which is based on interest rates and MBS prices as of Mar 31, 2019

Interest Rate Sensitivity <sup>1</sup> As of Mar 31, 2019 (based on instantaneous parallel shift in interest rates)		
Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value <sup>2</sup>	Estimated Change in Tangible Common Equity
-100	(1.0)%	(10.6)%
-50	(0.2)%	(2.6)%
+50	(0.3)%	(3.6)%
+100	(1.1)%	(12.4)%

MBS Spread Sensitivity (“Basis Risk”) <sup>1</sup> As of Mar 31, 2019		
MBS Spread Shock (bps)	Estimated Change in Portfolio Market Value <sup>2</sup>	Estimated Change in Tangible Common Equity
-25	1.2%	13.5%
-10	0.5%	5.4%
+10	(0.5)%	(5.4)%
+25	(1.2)%	(13.5)%

1. Interest rate and MBS spread sensitivity are derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates

2. Estimated dollar change in value expressed as a percentage of the total market value of “at risk” assets

# Use of Non-GAAP Financial Information

In addition to the results presented in accordance with GAAP, the Company's results of operations discussed in this presentation include certain non-GAAP financial information, including "net spread and dollar roll income," "net spread and dollar roll income, excluding 'catch-up' premium amortization," "economic interest income" and "economic interest expense" (both components of "net spread and dollar roll income"), "estimated taxable income" and the related per common share measures and certain financial metrics derived from such non-GAAP information, such as "cost of funds" and "net interest margin."

"Net spread and dollar roll income" is measured as (i) net interest income (GAAP measure) adjusted to include TBA dollar roll income, interest rate swap periodic costs and dividend income from REIT equity securities (referred to as "adjusted net interest and dollar roll income"), plus (ii) management fee income (GAAP measure) and less (iii) total operating expense (GAAP measure). "Net spread and dollar roll income, excluding 'catch-up' premium amortization," further excludes retrospective "catch-up" adjustments to premium amortization cost or benefit due to changes in projected CPR estimates. Related amounts available to common stockholders exclude non-recurring issuance costs of redeemed preferred stock.

By providing users of our financial information with such measures in addition to the related GAAP measures, we believe users will have greater transparency into the information used by our management in its financial and operational decision-making. We also believe that it is important for users of our financial information to consider information related to our current financial performance without the effects of certain transactions that are not necessarily indicative of our current investment portfolio performance and operations.

Specifically, in the case of "adjusted net interest and dollar roll income," we believe the inclusion of TBA dollar roll income is meaningful as TBAs, which are accounted for under GAAP as derivative instruments with gains and losses recognized in other gain (loss) in our statement of operations, are economically equivalent to holding and financing generic Agency MBS using short-term repurchase agreements. Similarly, we believe that the inclusion of periodic interest rate swap settlements in such measure, which are recognized under GAAP in other gain (loss), is meaningful as interest rate swaps are the primary instrument we use to economically hedge against fluctuations in our borrowing costs and inclusion of periodic interest rate swap settlement costs is more indicative of our total cost of funds than interest expense alone. In the case of "net spread and dollar roll income, excluding 'catch-up' premium amortization," we believe the exclusion of "catch-up" adjustments to premium amortization cost or benefit is meaningful as it excludes the cumulative effect from prior reporting periods due to current changes in future prepayment expectations and, therefore, exclusion of such cost or benefit is more indicative of the current earnings potential of our investment portfolio. We also believe the exclusion of issuance costs of redeemed preferred stock reported as reduction to net income available to common stockholders under GAAP is meaningful as they represent non-recurring costs associated capital transactions and are not representative of our ongoing costs. In the case of estimated taxable income, we believe it is meaningful information as it is directly related to the amount of dividends we are required to distribute in order to maintain our REIT qualification status.

However, because such measures are incomplete measures of our financial performance and involve differences from results computed in accordance with GAAP, they should be considered as supplementary to, and not as a substitute for, results computed in accordance with GAAP. In addition, because not all companies use identical calculations, our presentation of such non-GAAP measures may not be comparable to other similarly-titled measures of other companies. Furthermore, estimated taxable income can include certain information that is subject to potential adjustments up to the time of filing our income tax returns, which occurs after the end of our fiscal year.

A reconciliation of GAAP net interest income to non-GAAP "net spread and dollar roll income, excluding 'catch-up' premium amortization" and a reconciliation of GAAP net income to non-GAAP "estimated taxable income" is included in this presentation.