



# **Q3 2020 Stockholder Presentation**

**October 27, 2020**

## 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>:  
**\$15.88 Per Share**

IPO Date:  
**May 2008**

Total Dividends Paid Since IPO<sup>1</sup>:  
**\$42.52 Per Share**

Total Common Equity Capital<sup>2</sup>:  
**\$9.2 B**



Type:  
**Preferred Stock**

Preferred Stock <sup>3</sup> :	Type <sup>4</sup> :	Issue Date:	Ticker:	Annual Dividend Rate:	Depository Shares Outstanding <sup>5</sup> :	Aggregate Liquidation Preference:
Series C	Fixed-to-Floating Rate	Aug 22, 2017	AGNCN	7.000%	13.0 Million	\$325 Million
Series D	Fixed-to-Floating Rate	Mar 6, 2019	AGNCM	6.875%	9.4 Million	\$235 Million
Series E	Fixed-to-Floating Rate	Oct 3, 2019	AGNCO	6.500%	16.1 Million	\$403 Million
Series F	Fixed-to-Floating Rate	Feb 11, 2020	AGNCP	6.125%	23.0 Million	\$575 Million

Note: Information as of Sep 30, 2020 unless otherwise indicated

- As of Oct 15, 2020
- "Tangible Net Book Value" and "Total Common Equity Capital" are net of preferred stock liquidation preference
- Series C, D, E and F preferred stock are redeemable at the Company's option, in whole or in part, at their liquidation preference of \$25 per depository share, plus any accumulated and unpaid dividends, on or after Oct 15, 2022, April 15, 2024, Oct 15, 2024 and April 15, 2025, respectively
- At the conclusion of the Series C, D, E and F fixed rate period on Oct 15, 2022, Apr 15, 2024, Oct 15, 2024 and April 15, 2025, respectively, the preferred stock dividend will accrue at a floating rate equal to 3M LIBOR plus a spread of 5.111%, 4.332%, 4.993% and 4.697%, respectively, per annum
- Each depository share outstanding represents a 1/1,000th interest in a share of preferred stock

- **\$1.28 Comprehensive Income per Share, Comprised of:**
  - \$1.15 net income per share
  - \$0.13 other comprehensive income (“OCI”) per share on investments marked-to-market through OCI
- **\$0.81 Net Spread and Dollar Roll Income per Share, Excluding Estimated “Catch-Up” Premium Amortization Cost <sup>1</sup>**
  - Includes \$0.28 per share of dollar roll income associated with a \$27.8 B average net long position in forward purchases and sales of Agency MBS in the “to-be-announced” (“TBA”) market <sup>2</sup>
  - Excludes \$(0.09) per share of estimated “catch-up” premium amortization cost due to change in projected constant prepayment rate (“CPR”) estimates
- **\$15.88 Tangible Net Book Value per Share as of Sep 30, 2020**
  - Increased \$0.96 per share, or 6.4%, from \$14.92 per share as of Jun 30, 2020
  - Excludes \$526 MM, or \$0.96 per share, of goodwill as of Sep 30, 2020
- **\$0.36 Dividends Declared per Share for the Third Quarter**
- **8.8% Economic Return on Tangible Common Equity for the Quarter**
  - Comprised of \$0.36 dividends per share and \$0.96 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

- **\$97.6 B Investment Portfolio as of Sep 30, 2020**
  - \$66.9 B Agency MBS
  - \$29.5 B net TBA mortgage position
  - \$1.2 B credit risk transfer ("CRT") and non-Agency securities
- **8.8x Tangible Net Book Value "At Risk" Leverage as of Sep 30, 2020 <sup>1</sup>**
  - 8.9x average tangible net book value "at risk" leverage for the quarter
- **Cash and Unencumbered Agency MBS Totaled Approximately \$5.2 B as of Sep 30, 2020**
  - Excludes unencumbered CRT and non-Agency securities and unencumbered capital held at the Company's broker-dealer subsidiary, Bethesda Securities
- **24.3% Portfolio CPR for the Quarter**
  - 15.9% average projected portfolio life CPR as of Sep 30, 2020
- **2.15% Annualized Net Interest Spread and TBA Dollar Roll Income for the Quarter, Excluding Estimated "Catch-Up" Premium Amortization Cost <sup>2</sup>**
  - Excludes -22 bps of "catch-up" premium amortization cost due to change in projected CPR estimates
- **11.0 MM Shares, or \$154 MM, of Common Stock Repurchased during the Quarter <sup>3</sup>**
  - Represents 2.0% of common stock outstanding as of June 30, 2020
  - \$13.95 per share average repurchase price inclusive of transaction costs

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

3. Includes common stock repurchases settling subsequent to quarter-end

Q3 2020							Q3 2020						
Security	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Δ Rate % / Price <sup>2</sup>	Security	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Δ Rate % / Price <sup>2</sup>
<b>Swap Rates <sup>1</sup></b>							<b>Treasury Rates <sup>1</sup></b>						
2 Yr Swap	1.63%	1.70%	0.49%	0.23%	0.22%	-0.01% / +0.01	2 Yr UST	1.62%	1.57%	0.25%	0.15%	0.13%	-0.02% / +0.04
5 Yr Swap	1.50%	1.73%	0.52%	0.33%	0.35%	+0.02% / -0.10	5 Yr UST	1.54%	1.69%	0.38%	0.29%	0.28%	-0.01% / +0.05
10 Yr Swap	1.56%	1.90%	0.72%	0.64%	0.71%	+0.07% / -0.70	10 Yr UST	1.66%	1.92%	0.67%	0.66%	0.69%	+0.03% / -0.27
30 Yr Swap	1.71%	2.09%	0.88%	0.92%	1.12%	+0.20% / -5.25	30 Yr UST	2.11%	2.39%	1.32%	1.41%	1.46%	+0.05% / -1.05
<b>Agency 30 Year Fixed Rate MBS Price <sup>3</sup></b>							<b>Spreads <sup>4</sup></b>						
2.00%	95.49	94.89	100.91	102.33	103.39	+1.06	30 Yr CC Tsy ZV	81	70	98	64	54	-10
2.50%	99.55	98.89	103.59	104.26	104.90	+0.64	30 Yr CC Tsy OAS	26	24	48	23	19	-4
3.00%	101.51	101.42	104.83	105.33	104.75	-0.58	CRT M2	198	193	1,136	332	321	-11
3.50%	102.58	102.86	105.70	105.18	105.40	+0.22	CMBS AAA	94	81	178	113	86	-27
4.00%	103.77	104.01	106.67	105.98	106.64	+0.66	CDX IG	60	45	114	76	59	-17

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: Bloomberg

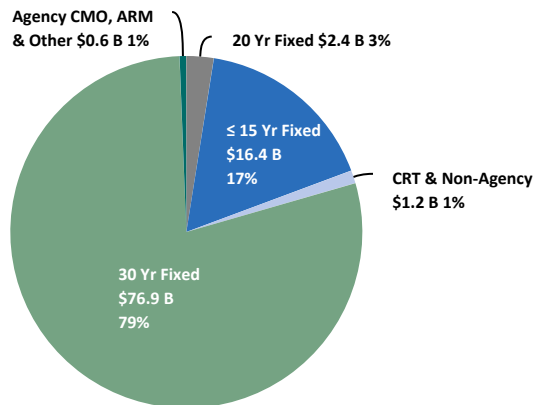
2. Change in Treasury and swap prices derived from Constant Maturity Treasury and Constant Maturity Swap and DV01 from JPM

3. Source: Barclays

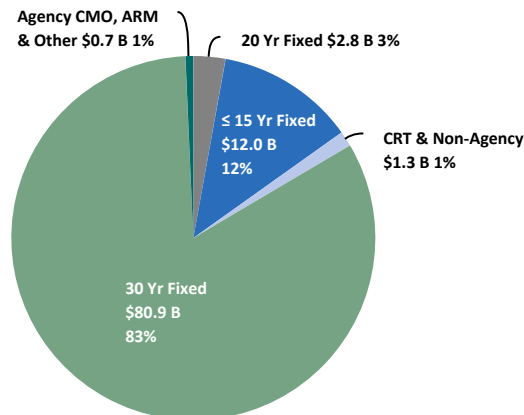
4. Source: CRT and CMBS spreads are averages of JP Morgan, Wells Fargo and Bank of America. CRT spreads are discount margins. CMBS spreads are spread to the swap curve. CDX and CC Agency spreads are sourced from JP Morgan.

# Agency Portfolio Update

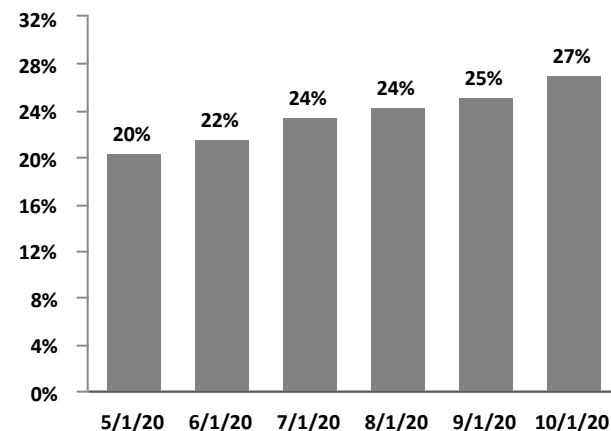
As of 9/30/20  
\$97.6 B Portfolio  
Including Net TBA Position



As of 6/30/20  
\$97.7 B Portfolio  
Including Net TBA Position



AGNC Actual CPR <sup>1</sup>



30 Year - \$76.9 B Portfolio (79% of Total) as of 9/30/20

(\$ In Millions)	Coupon	FMV	%	Specified Pool % <sup>2</sup>	WALA <sup>3</sup>	Oct '20 1 M Actual CPR <sup>1</sup>	12 M Forecast CPR <sup>4</sup>	Life Forecast CPR <sup>4</sup>
	2.0%	\$2,065	3%	—%	—	—%	9%	8%
	2.5%	6,549	9%	—%	2	5%	21%	14%
	3.0%	3,955	5%	17%	32	30%	28%	18%
	3.5%	16,771	22%	84%	61	27%	23%	15%
	4.0%	18,841	24%	93%	50	30%	25%	17%
	≥ 4.5%	10,682	14%	98%	35	31%	28%	19%
<b>30 Year MBS</b>		<b>58,863</b>	<b>77%</b>	<b>73%</b>	<b>42</b>	<b>27%</b>	<b>24%</b>	<b>16%</b>
<b>Net TBA</b>		<b>18,080</b>	<b>23%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total 30 Year</b>		<b>\$76,943</b>	<b>100%</b>	<b>56%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

≤15 Year - \$16.4 B Portfolio (17% of Total) as of 9/30/20

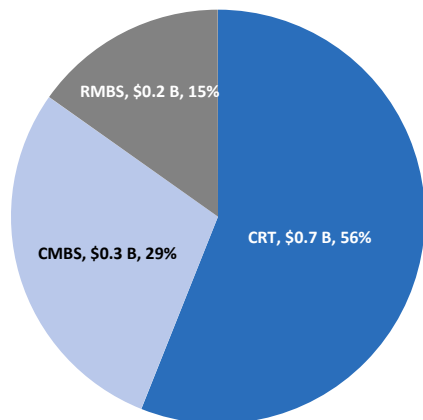
(\$ In Millions)	Coupon	FMV	%	Specified Pool % <sup>2</sup>	WALA <sup>3</sup>	Oct '20 1 M Actual CPR <sup>1</sup>	12 M Forecast CPR <sup>4</sup>	Life Forecast CPR <sup>4</sup>
	2.0%	\$942	6%	—%	—	2%	13%	12%
	2.5%	261	2%	44%	22	14%	19%	15%
	3.0%	1,348	8%	94%	41	19%	15%	13%
	3.5%	1,473	9%	100%	37	23%	16%	15%
	4.0%	849	5%	91%	35	28%	18%	16%
	≥ 4.5%	97	1%	97%	121	18%	16%	17%
<b>≤ 15 Year MBS</b>		<b>4,970</b>	<b>30%</b>	<b>75%</b>	<b>31</b>	<b>21%</b>	<b>16%</b>	<b>14%</b>
<b>Net TBA</b>		<b>11,456</b>	<b>70%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total ≤ 15 Year</b>		<b>\$16,426</b>	<b>100%</b>	<b>23%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Note: Amounts may not total due to rounding

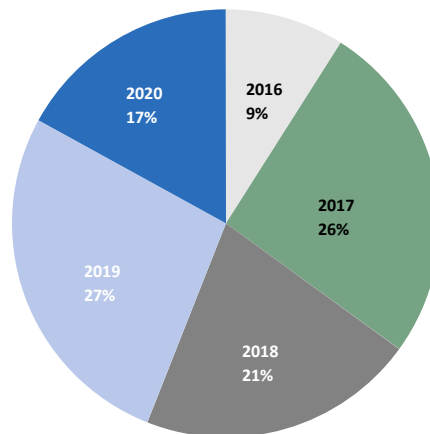
1. Wtd/avg actual 1 month annualized CPR released at the beginning of each month based on securities held as of the preceding month-end, excludes net TBA position
2. Specified pools include pools backed by lower balance loans with original loan balances of up to \$200K, HARP pools (defined as pools that were issued between May 2009 and Dec 2018 and backed by 100% refinance loans with original LTVs ≥ 80%) and pools backed by loans 100% originated in N.Y. and Puerto Rico. Lower balance pools have a wtd. avg. original loan balance of \$115 K for ≤15-year and \$117 K for 30-year securities as of Sep 30, 2020. HARP pools have a wtd. avg. original LTV of 126% for ≤15-year and 137% for 30-year securities as of Sep 30, 2020
3. WALA represents the weighted average loan age presented in months, excluding net TBA position
4. Average projected CPR as of Sep 30, 2020 excludes net TBA position

# Credit Portfolio Update

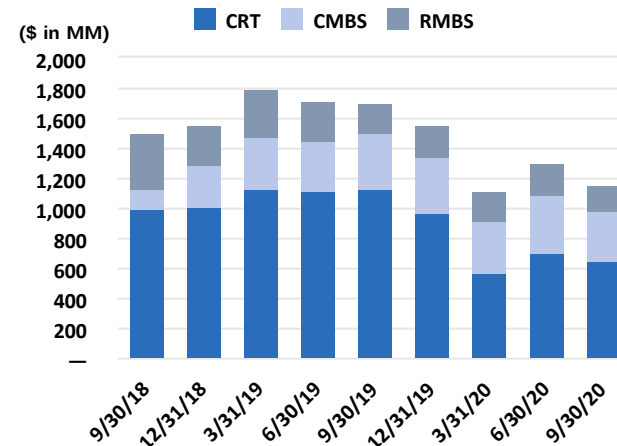
## Credit Portfolio \$1.2 B as of Sep 30, 2020



## GSE CRT Portfolio by Issuance Year



## Historical Credit Portfolio



## Credit Portfolio Characteristics <sup>1</sup>

Sector	Current Face	FMV	%	Price	Coupon	Credit Enhancement	60+ DQ
GSE Credit Risk Transfer	\$671	\$647	56%	96.35	3.32%	1.50%	5.83%
New Issue Jumbo/Conforming	181	177	15%	97.54	4.03%	4.17%	4.61%
MI Credit Risk Transfer	7	7	1%	93.75	3.05%	4.29%	6.08%
<b>Residential Credit Total</b>	<b>859</b>	<b>831</b>	<b>71%</b>	<b>96.58</b>	<b>3.47%</b>	<b>2.08%</b>	<b>5.57%</b>
Conduit	201	233	20%	115.65	4.35%	19.95%	5.90%
Single Asset/Single Borrower	108	102	9%	94.64	3.62%	23.38%	3.78%
<b>Commercial Credit Total</b>	<b>309</b>	<b>335</b>	<b>29%</b>	<b>108.31</b>	<b>4.12%</b>	<b>21.00%</b>	<b>5.25%</b>
<b>Total</b>	<b>\$1,168</b>	<b>\$1,166</b>	<b>100%</b>	<b>99.69</b>	<b>3.66%</b>	<b>7.52%</b>	<b>5.48%</b>

## Ratings Distribution by Sector <sup>1,2</sup>

Sector	AAA	AA	A	BBB	Below Investment Grade	Total
GSE Credit Risk Transfer	0%	0%	0%	6%	94%	100%
New Issue Jumbo/Conforming	0%	12%	18%	46%	24%	100%
MI Credit Risk Transfer	0%	0%	0%	0%	100%	100%
<b>Residential Credit Total</b>	<b>0%</b>	<b>2%</b>	<b>4%</b>	<b>15%</b>	<b>79%</b>	<b>100%</b>
Conduit	17%	78%	2%	3%	0%	100%
Single Asset/Single Borrower	0%	0%	16%	47%	37%	100%
<b>Commercial Credit Total</b>	<b>12%</b>	<b>54%</b>	<b>6%</b>	<b>17%</b>	<b>11%</b>	<b>100%</b>
<b>Total</b>	<b>4%</b>	<b>17%</b>	<b>5%</b>	<b>15%</b>	<b>59%</b>	<b>100%</b>

1. As of Sep 30, 2020

2. Represents the lowest of Standard and Poor's ("S&P"), Moody's, Fitch, DBRS, Kroll Bond Rating Agency ("KBRA") and Morningstar credit ratings, stated in terms of the S&P equivalent rating

3. Excludes interest only securities (face value of \$59MM as of Sep 30, 2020)



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

- **Our average Agency repo cost for the third quarter was 0.40%, compared to 0.76% for the second quarter**
  - As of Sep 30, 2020, our Agency repo cost was 0.37%, compared to 0.41% as of Jun 30, 2020
- **Our total cost of funds, inclusive of our TBA dollar roll funding and interest rate swaps, for the third quarter was 0.15%, compared to 0.88% for the second quarter**
- **\$26.2 B of Agency repo funded through captive broker-dealer subsidiary, Bethesda Securities, as of Sep 30, 2020, compared to \$33.3 B as of Jun 30, 2020**

Agency Repurchase Agreements <sup>1</sup>				
As of Sep 30, 2020				
Maturity	%	Amount (\$ MM)	Interest Rate	Days to Maturity
≤ 3 Mths	75%	\$41,025	0.21%	23
> 3 to ≤ 6	14%	7,642	1.27%	104
> 6 to ≤ 12	10%	5,699	0.35%	224
<b>Total / Wtd Avg</b>	<b>100%</b>	<b>\$54,366</b>	<b>0.37%</b>	<b>55</b>
As of Jun 30, 2020				
<b>Total / Wtd Avg</b>	<b>100%</b>	<b>\$69,166</b>	<b>0.41%</b>	<b>60</b>

Average Cost of Funds For Q3 2020			
	%	Amount (\$ MM)	Interest Rate <sup>2</sup>
Agency Repo	69%	\$61,008	0.40%
TBA	31%	27,785	(0.58)%
<b>Total Funding Liabilities</b>	<b>100%</b>	<b>\$88,793</b>	<b>0.09%</b>
<b>Interest Rate Swaps</b>	<b>46%</b>	<b>\$41,094</b>	<b>0.06%</b>
<b>Total Avg. Cost of Funds</b>	<b>N/A</b>	<b>N/A</b>	<b>0.15%</b>

1. Includes \$0.3 B of CRT repurchase agreements and excludes \$0.2 B of debt of consolidated VIE's and \$0.2 B of U.S. Treasury repurchase agreements as of Sep 30, 2020

2. Refer to slide 16 for additional information regarding our average cost of funds

# Hedging Summary

- **Our hedge portfolio totaled \$59.6 B and covered 71% of our funding liabilities (Agency repo, other debt and net TBA position) as of Sep 30, 2020, compared to 66% as of Jun 30, 2020**
- **Interest Rate Swaps**
  - \$43.0 B pay fixed swaps as of Sep 30, 2020
  - Increase of \$0.9 B from Jun 30, 2020
  - Covered 51% of funding liabilities as of Sep 30, 2020
  - 69% and 31% of swaps indexed to SOFR and OIS, respectively, as of Sep 30, 2020
- **Payer Swaptions**
  - \$6.9 B payer swaptions
  - Decrease of \$2.5 B from Jun 30, 2020
- **U.S. Treasury Securities and Futures**
  - \$9.8 B net short Treasury position
  - Increase of \$1.6 B from Jun 30, 2020

Hedge Portfolio Summary				
As of Sep 30, 2020				
\$ in MM	Notional/ Market Value 9/30/2020	Duration 9/30/2020 <sup>1</sup>	Net Hedge Gains/ (Losses) Q3 2020 <sup>2</sup>	Net Hedge Gains/ (Losses) Per Share Q3 2020
Interest Rate Swaps	\$42,975	(5.3)	\$153	\$0.28
Payer Swaptions	6,900	(0.3)	(1)	—
U.S. Treasuries, Net Short	9,767	(7.7)	(19)	(0.03)
<b>Total / Q3 2020<sup>3</sup></b>	<b>\$59,642</b>	<b>(3.2)</b>	<b>\$133</b>	<b>\$0.25</b>
As of Jun 30, 2020 / Q2 2020				
<b>Total / Q2 2020<sup>3</sup></b>	<b>\$59,565</b>	<b>(2.9)</b>	<b>\$(398)</b>	<b>\$(0.70)</b>

Interest Rate Swaps				
As of Sep 30, 2020				
Years to Maturity	Notional Amount (\$ MM)	Pay Rate	Receive Rate	Average Maturity (Years)
≤ 3 Years	\$8,750	0.04%	0.08%	2.6
> 3 to ≤ 5	16,750	0.10%	0.08%	4.3
> 5 to ≤ 7	9,800	0.21%	0.08%	6.0
> 7 to ≤ 10	6,200	0.28%	0.08%	8.8
> 10	1,475	0.47%	0.08%	14.4
<b>Total / Wtd Avg</b>	<b>\$42,975</b>	<b>0.15%</b>	<b>0.08%</b>	<b>5.3</b>
As of Jun 30, 2020				
<b>Total / Wtd Avg</b>	<b>\$42,075</b>	<b>0.39%</b>	<b>0.13%</b>	<b>5.1</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

Our interest rate exposure remains limited over a wide range of interest rate scenarios

Duration Gap Sensitivity <sup>1,2</sup>			
As of Sep 30, 2020			
	Rates - 100 bps	Duration 9/30/2020	Rates + 100 bps
Mortgage Assets: <sup>3</sup>			
30-Year MBS	1.4	3.3	5.8
15-Year MBS and Other Securities	2.3	3.3	4.7
<b>Total Mortgage Assets</b>	1.6	3.3	5.5
Liabilities and Hedges	(3.3)	(3.3)	(3.3)
<b>Net Duration Gap</b>	<b>(1.7)</b>	<b>0.0</b>	<b>2.2</b>
As of Jun 30, 2020			
<b>Net Duration Gap</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>1.8</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 12/31/19)	9/30/20	6/30/20	3/31/20	12/31/19	9/30/19
Agency Securities, at Fair Value	\$66,556	\$75,488	\$70,292	\$98,516	\$98,577
Agency Securities Transferred to Consolidated Variable Interest Entities, at Fair Value	323	344	358	371	393
Credit Risk Transfer Securities, at Fair Value	653	712	574	976	1,134
Non-Agency Securities, at Fair Value	512	599	552	579	579
U.S. Treasury Securities, at Fair Value	—	1,181	3,721	97	215
Cash and Cash Equivalents	857	859	1,289	831	906
Restricted Cash	1,557	1,306	1,978	451	734
Derivative Assets, at Fair Value	130	140	664	190	175
Receivable for Investment Securities Sold	10	489	—	—	105
Receivable under Reverse Repurchase Agreements	8,625	7,944	4,938	10,181	6,093
Goodwill	526	526	526	526	526
Other Assets	219	265	245	364	324
<b>Total Assets</b>	<b>\$79,968</b>	<b>\$89,853</b>	<b>\$85,137</b>	<b>\$113,082</b>	<b>\$109,761</b>
Repurchase Agreements	\$54,566	\$69,685	\$66,540	\$89,182	\$90,612
Debt of Consolidated Variable Interest Entities, at Fair Value	192	204	214	228	238
Payable for Investment Securities Purchased	5,887	1,468	3,273	2,554	3,094
Derivative Liabilities, at Fair Value	13	3	138	6	22
Dividends Payable	90	92	113	104	100
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	8,372	7,929	4,886	9,543	5,114
Accounts Payable and Other Liabilities	128	122	175	424	368
<b>Total Liabilities</b>	<b>69,248</b>	<b>79,503</b>	<b>75,339</b>	<b>102,041</b>	<b>99,548</b>
Preferred Equity at Aggregate Liquidation Preference	1,538	1,538	1,538	963	735
Common Equity	9,182	8,812	8,260	10,078	9,478
<b>Total Stockholders' Equity</b>	<b>10,720</b>	<b>10,350</b>	<b>9,798</b>	<b>11,041</b>	<b>10,213</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$79,968</b>	<b>\$89,853</b>	<b>\$85,137</b>	<b>\$113,082</b>	<b>\$109,761</b>
<b>Other Supplemental Data:</b>					
Net Long TBA, at Fair Value <sup>1</sup>	\$29,536	\$20,543	\$21,222	\$7,429	\$1,867
Tangible Net Book Value "At Risk" Leverage <sup>2</sup>	8.8x	9.2x	9.4x	9.4x	9.8x
Tangible Net Book Value Per Common Share <sup>3</sup>	\$15.88	\$14.92	\$13.62	\$17.66	\$16.55

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.

3. Calculated as stockholders' equity, less the Preferred Stock liquidation preference and goodwill, divided by total common shares outstanding

# Income Statements



(\$ in millions, except per share data) (Unaudited)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Interest Income	\$364	\$429	\$491	\$768	\$676
Interest Expense	(62)	(134)	(426)	(481)	(557)
<b>Net Interest Income</b>	<b>302</b>	<b>295</b>	<b>65</b>	<b>287</b>	<b>119</b>
Realized Gain on Sale of Investment Securities, Net	346	153	494	107	89
Unrealized Gain (Loss) on Investment Securities Measured at Fair Value through Net Income, Net	(365)	679	197	(160)	355
Gain (Loss) on Derivative Instruments and Other Securities, Net	400	(385)	(3,154)	662	(548)
<b>Total Other Gain (Loss), Net</b>	<b>381</b>	<b>447</b>	<b>(2,463)</b>	<b>609</b>	<b>(104)</b>
Compensation and Benefits	(13)	(13)	(13)	(16)	(10)
Other Operating Expenses	(8)	(11)	(10)	(9)	(9)
<b>Total Operating Expenses</b>	<b>(21)</b>	<b>(24)</b>	<b>(23)</b>	<b>(25)</b>	<b>(19)</b>
<b>Net Income (Loss)</b>	<b>662</b>	<b>718</b>	<b>(2,421)</b>	<b>871</b>	<b>(4)</b>
Dividend on Preferred Stock	(25)	(25)	(21)	(18)	(13)
Issuance Costs of Redeemed Preferred Stock	—	—	—	(6)	—
<b>Net Income (Loss) Available (Attributable) to Common Stockholders</b>	<b>\$637</b>	<b>\$693</b>	<b>\$(2,442)</b>	<b>\$847</b>	<b>\$(17)</b>
<b>Net Income (Loss)</b>	<b>\$662</b>	<b>\$718</b>	<b>\$(2,421)</b>	<b>\$871</b>	<b>\$(4)</b>
Unrealized Gain on Available-for-Sale Securities Measured at Fair Value through Other Comprehensive Income, Net	70	203	464	15	246
<b>Comprehensive Income (Loss)</b>	<b>732</b>	<b>921</b>	<b>(1,957)</b>	<b>886</b>	<b>242</b>
Dividend on Preferred Stock	(25)	(25)	(21)	(18)	(13)
Issuance Costs of Redeemed Preferred Stock	—	—	—	(6)	—
<b>Comprehensive Income (Loss) Available (Attributable) to Common Stockholders</b>	<b>\$707</b>	<b>\$896</b>	<b>\$(1,978)</b>	<b>\$862</b>	<b>\$229</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>553.2</b>	<b>560.3</b>	<b>548.0</b>	<b>541.4</b>	<b>546.4</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>554.3</b>	<b>560.8</b>	<b>548.0</b>	<b>542.6</b>	<b>546.4</b>
<b>Net Income (Loss) per Common Share – Basic</b>	<b>\$1.15</b>	<b>\$1.24</b>	<b>\$(4.46)</b>	<b>\$1.56</b>	<b>\$(0.03)</b>
<b>Net Income (Loss) per Common Share – Diluted</b>	<b>\$1.15</b>	<b>\$1.24</b>	<b>\$(4.46)</b>	<b>\$1.56</b>	<b>\$(0.03)</b>
<b>Comprehensive Income (Loss) per Common Share – Basic</b>	<b>\$1.28</b>	<b>\$1.60</b>	<b>\$(3.61)</b>	<b>\$1.59</b>	<b>\$0.42</b>
<b>Comprehensive Income (Loss) per Common Share – Diluted</b>	<b>\$1.28</b>	<b>\$1.60</b>	<b>\$(3.61)</b>	<b>\$1.59</b>	<b>\$0.42</b>
<b>Dividends Declared per Common Share</b>	<b>\$0.36</b>	<b>\$0.36</b>	<b>\$0.48</b>	<b>\$0.48</b>	<b>\$0.48</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)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>GAAP Net Interest Income:</b>					
Interest Income	\$364	\$429	\$491	\$768	\$676
Interest Expense	(62)	(134)	(426)	(481)	(557)
<b>GAAP Net Interest Income</b>	<b>302</b>	<b>295</b>	<b>65</b>	<b>287</b>	<b>119</b>
TBA Dollar Roll Income <sup>1</sup>	155	78	16	24	29
Interest Rate Swap Periodic (Cost) Income, Net <sup>1</sup>	(13)	(59)	31	85	146
Other Interest and Dividend Income <sup>1</sup>	—	1	2	3	4
<b>Adjusted Net Interest and Dollar Roll Income</b>	<b>444</b>	<b>315</b>	<b>114</b>	<b>399</b>	<b>298</b>
Operating Expenses	(21)	(24)	(23)	(25)	(19)
<b>Net Spread and Dollar Roll Income</b>	<b>423</b>	<b>291</b>	<b>91</b>	<b>374</b>	<b>279</b>
Dividend on Preferred Stock	(25)	(25)	(21)	(18)	(13)
<b>Net Spread and Dollar Roll Income Available to Common Stockholders</b>	<b>398</b>	<b>266</b>	<b>70</b>	<b>356</b>	<b>266</b>
Estimated "Catch Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast <sup>2</sup>	50	57	243	(48)	55
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, Available to Common Stockholders</b>	<b>\$448</b>	<b>\$323</b>	<b>\$313</b>	<b>\$308</b>	<b>\$321</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>553.2</b>	<b>560.3</b>	<b>548.0</b>	<b>541.4</b>	<b>546.4</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>554.3</b>	<b>560.8</b>	<b>549.2</b>	<b>542.6</b>	<b>547.1</b>
<b>Net Spread and Dollar Roll Income per Common Share – Basic</b>	<b>\$0.72</b>	<b>\$0.47</b>	<b>\$0.13</b>	<b>\$0.66</b>	<b>\$0.49</b>
<b>Net Spread and Dollar Roll Income per Common Share – Diluted</b>	<b>\$0.72</b>	<b>\$0.47</b>	<b>\$0.13</b>	<b>\$0.66</b>	<b>\$0.49</b>
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, per Common Share – Basic</b>	<b>\$0.81</b>	<b>\$0.58</b>	<b>\$0.57</b>	<b>\$0.57</b>	<b>\$0.59</b>
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, per Common Share – Diluted</b>	<b>\$0.81</b>	<b>\$0.58</b>	<b>\$0.57</b>	<b>\$0.57</b>	<b>\$0.59</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)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>Adjusted Net Interest and Dollar Roll Income, Excluding "Catch-Up" Amortization:</b>					
<b>Economic Interest Income:</b>					
Investment Securities - GAAP Interest Income	\$364	\$429	\$491	\$768	\$676
Estimated "Catch-Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast <sup>1</sup>	50	57	243	(48)	55
TBA Dollar Roll Income - Implied Interest Income <sup>2,3</sup>	114	74	48	58	81
<b>Economic Interest Income, Excluding "Catch-Up" Amortization</b>	<b>\$528</b>	<b>\$560</b>	<b>\$782</b>	<b>\$778</b>	<b>\$812</b>
<b>Economic Interest Expense:</b>					
Repurchase Agreements and Other Debt - GAAP Interest Expense	\$(62)	\$(134)	\$(426)	\$(481)	\$(557)
TBA Dollar Roll Income - Implied Interest Benefit (Expense) <sup>2,3</sup>	41	4	(32)	(34)	(52)
Interest Rate Swap Periodic (Cost) Income, Net <sup>2</sup>	(13)	(59)	31	85	146
<b>Economic Interest Expense</b>	<b>\$(34)</b>	<b>\$(189)</b>	<b>\$(427)</b>	<b>\$(430)</b>	<b>\$(463)</b>
Other Interest and Dividend Income <sup>2</sup>	—	1	2	3	4
<b>Adjusted Net Interest and Dollar Roll Income, Excluding "Catch-Up" Amortization</b>	<b>\$494</b>	<b>\$372</b>	<b>\$357</b>	<b>\$351</b>	<b>\$353</b>
<b>Net Interest Spread, Excluding "Catch-Up" Amortization:</b>					
<b>Average Asset Yield:</b>					
Investment Securities - Average Asset Yield	2.28%	2.39%	2.01%	3.28%	2.91%
Estimated "Catch-Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast	0.31%	0.32%	0.99%	(0.20)%	0.24%
Investment Securities Average Asset Yield, Excluding "Catch-Up" Amortization	2.59%	2.71%	3.00%	3.08%	3.15%
TBA Securities - Average Implied Asset Yield	1.64%	1.90%	2.54%	3.29%	3.19%
<b>Average Asset Yield, Excluding "Catch-Up" Amortization <sup>4</sup></b>	<b>2.30%</b>	<b>2.56%</b>	<b>2.97%</b>	<b>3.09%</b>	<b>3.16%</b>
<b>Average Total Cost of Funds:</b>					
Repurchase Agreements and Other Debt - Average Funding Cost	0.40%	0.76%	1.80%	2.12%	2.48%
TBA Securities - Average Implied Funding (Benefit) Cost	(0.58)%	(0.09)%	1.67%	1.88%	2.00%
Average Cost of Funds, Before Interest Rate Swap Periodic Cost (Income), Net <sup>4</sup>	0.09%	0.61%	1.79%	2.10%	2.43%
Interest Rate Swap Periodic Cost (Income), Net <sup>5</sup>	0.06%	0.27%	(0.12)%	(0.34)%	(0.58)%
<b>Average Total Cost of Funds</b>	<b>0.15%</b>	<b>0.88%</b>	<b>1.67%</b>	<b>1.76%</b>	<b>1.85%</b>
<b>Net Interest Spread, Excluding "Catch-Up" Amortization</b>	<b>2.15%</b>	<b>1.68%</b>	<b>1.30%</b>	<b>1.33%</b>	<b>1.31%</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 Credit Suisse 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)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>Net Income / (Loss)</b>	<b>\$662</b>	<b>\$718</b>	<b>\$(2,421)</b>	<b>\$871</b>	<b>\$(4)</b>
<b>Book to Tax Differences:</b>					
Premium Amortization, Net	(11)	22	237	(77)	47
Realized Gain / Loss, Net	(472)	—	2,555	(504)	521
Net Capital Loss / (Utilization of Net Capital Loss Carryforward)	—	(426)	32	(130)	34
Unrealized (Gain) / Loss, Net	354	(291)	(263)	(47)	(428)
Other	—	(2)	(8)	2	(1)
<b>Total Book to Tax Differences</b>	<b>(129)</b>	<b>(697)</b>	<b>2,553</b>	<b>(756)</b>	<b>173</b>
<b>Estimated REIT Taxable Income</b>	<b>533</b>	<b>21</b>	<b>132</b>	<b>115</b>	<b>169</b>
Dividend on Preferred Stock	(25)	(25)	(21)	(18)	(13)
<b>Estimated REIT Taxable Income (Loss), Net of Preferred Stock Dividend</b>	<b>\$508</b>	<b>\$(4)</b>	<b>\$111</b>	<b>\$97</b>	<b>\$156</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>553.2</b>	<b>560.3</b>	<b>548.0</b>	<b>541.4</b>	<b>546.4</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>554.3</b>	<b>560.3</b>	<b>549.2</b>	<b>542.6</b>	<b>547.1</b>
<b>Estimated REIT Taxable Income (Loss) per Common Share – Basic</b>	<b>\$0.92</b>	<b>-\$0.01</b>	<b>\$0.20</b>	<b>\$0.18</b>	<b>\$0.29</b>
<b>Estimated REIT Taxable Income (Loss) per Common Share – Diluted</b>	<b>\$0.92</b>	<b>-\$0.01</b>	<b>\$0.20</b>	<b>\$0.18</b>	<b>\$0.29</b>
<b>Beginning Cumulative Non-Deductible Net Capital Loss</b>					
	<b>\$—</b>	<b>\$426</b>	<b>\$394</b>	<b>\$524</b>	<b>\$490</b>
Increase (Decrease) in Net Capital Loss Carryforward	—	(426)	32	(130)	34
<b>Ending Cumulative Non-Deductible Net Capital Loss</b>	<b>\$—</b>	<b>\$—</b>	<b>\$426</b>	<b>\$394</b>	<b>\$524</b>
<b>Ending Cumulative Non-Deductible Net Capital Loss per Common Share</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.75</b>	<b>\$0.73</b>	<b>\$0.97</b>

# Net Book Value Roll Forward

(In millions, except per share data) (Unaudited)	Q3 2020		
	Balance	Common Shares Outstanding	Net Book Value per Common Share
<b>Beginning Net Common Equity <sup>1</sup></b>	<b>\$8,812</b>	<b>555.5</b>	<b>\$15.86</b>
Net Income	662		
Other Comprehensive Income, Net	70		
Common Stock Dividend	(198)		
Preferred Stock Dividend	(25)		
Common Stock Repurchases	(144)	(10.3)	\$13.95
Stock-Based Compensation	5		
<b>Ending Net Common Equity</b>	<b>\$9,182</b>	<b>545.2</b>	<b>\$16.84</b>
Goodwill	(526)		
<b>Ending Tangible Net Common Equity</b>	<b>\$8,656</b>	<b>545.2</b>	<b>\$15.88</b>
Preferred Stock Liquidation Preference	1,538		
<b>Ending Tangible Total Stockholders' Equity</b>	<b>\$10,194</b>		
<b>Ending Total Stockholders' Equity</b>	<b>\$10,720</b>		

Amounts may not total due to rounding

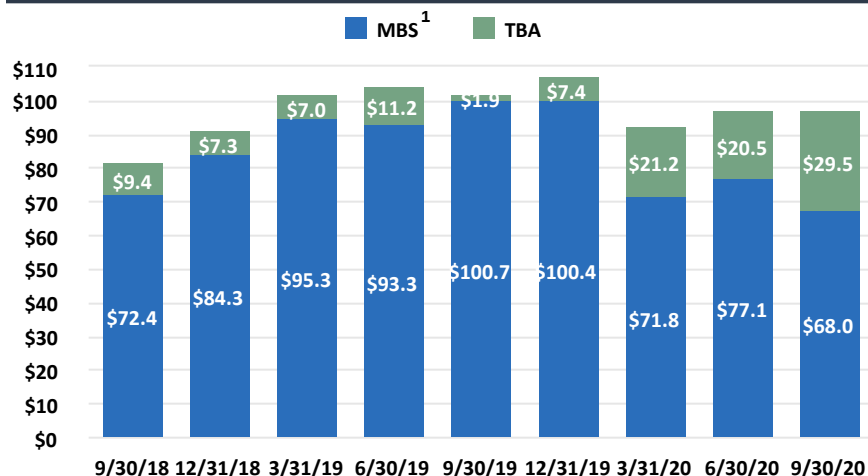
1. Common equity is net of the Company's Preferred Stock liquidation preference

# Supplemental Slides

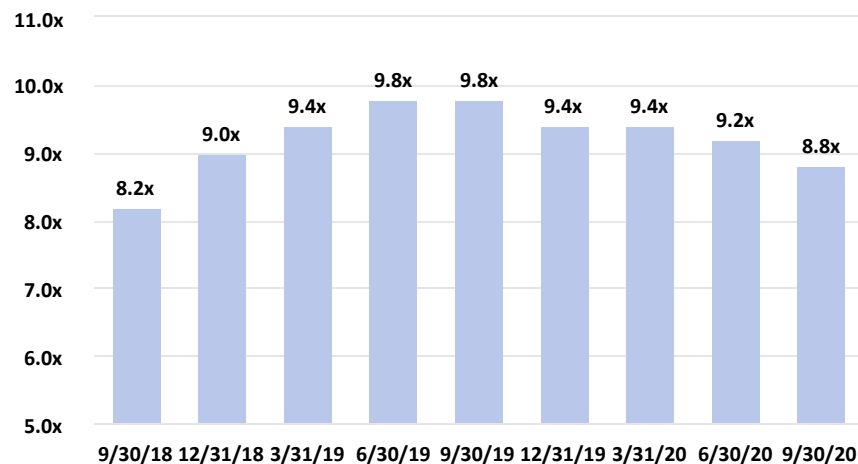
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# AGNC Historical Overview

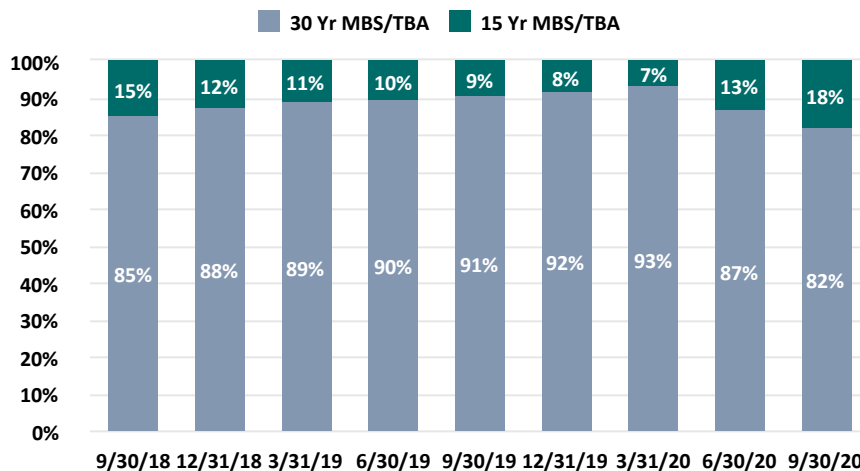
## Asset Composition (\$ B)



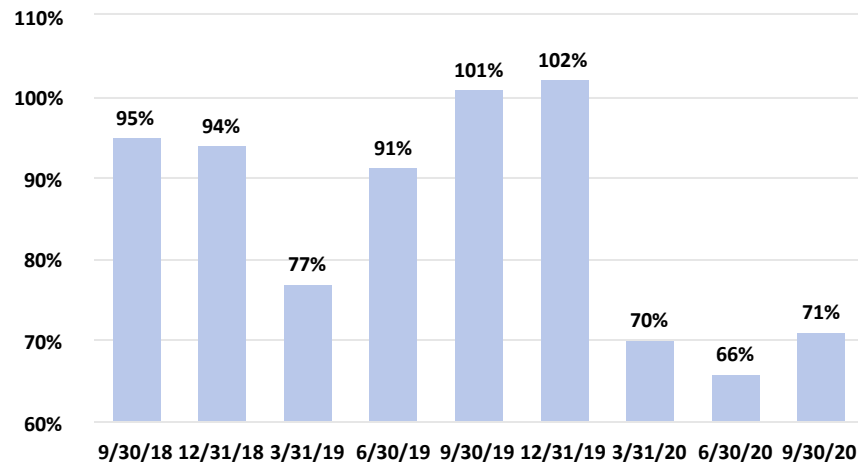
## Tangible Net Book Value "At Risk" Leverage<sup>2</sup>



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



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



1. MBS includes CRT securities

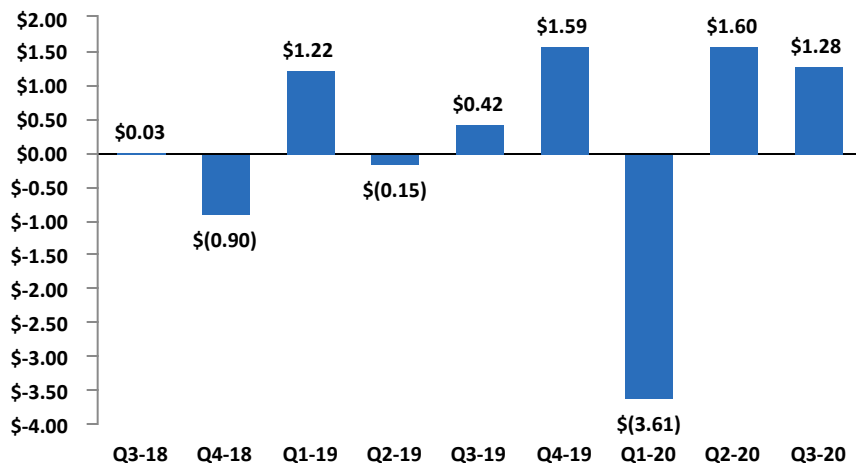
2. Tangible net book value "at risk" leverage calculated as sum of Agency MBS repurchase agreements, other debt, net payable/receivable for investment securities not yet settled and net TBA position (at cost) divided by the sum of total stockholders' equity less the fair value of investments in REIT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

3. Chart excludes 20 Yr fixed rate MBS

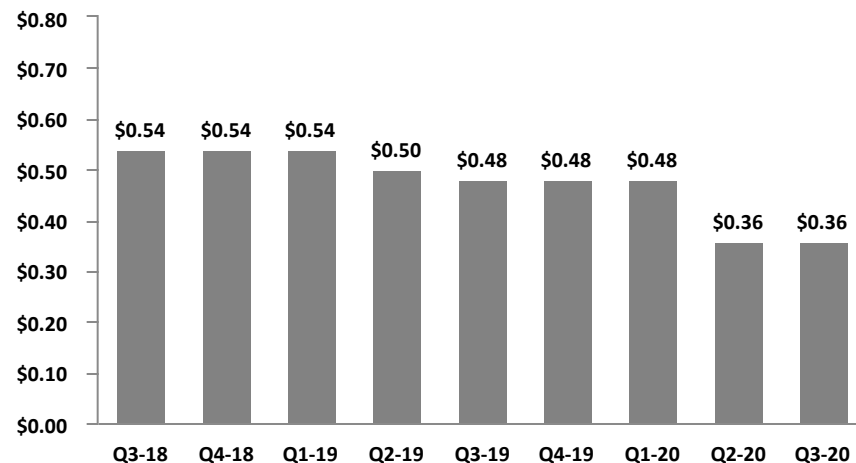
4. Measured as the ratio of interest rate swaps, swaptions and net U.S. Treasury position over repo agreements, other debt, forward settling securities and net TBA position excluding U.S. Treasury repurchase agreements, at cost

# AGNC Historical Overview

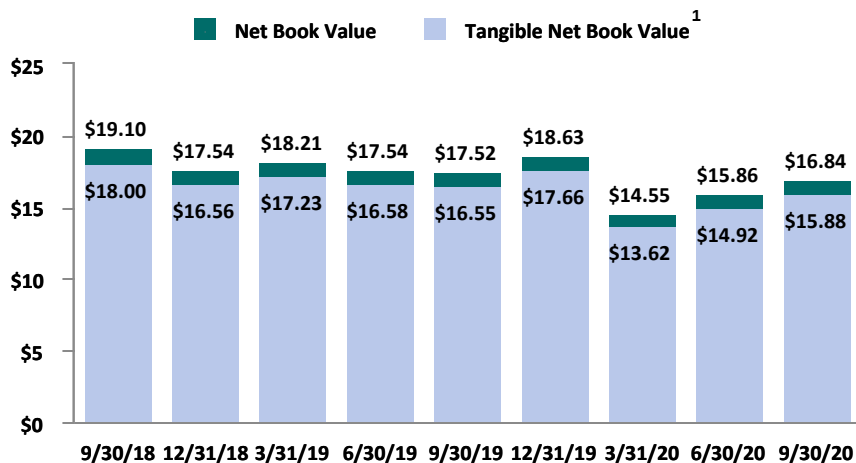
## Comprehensive Income (Loss) per Common Share



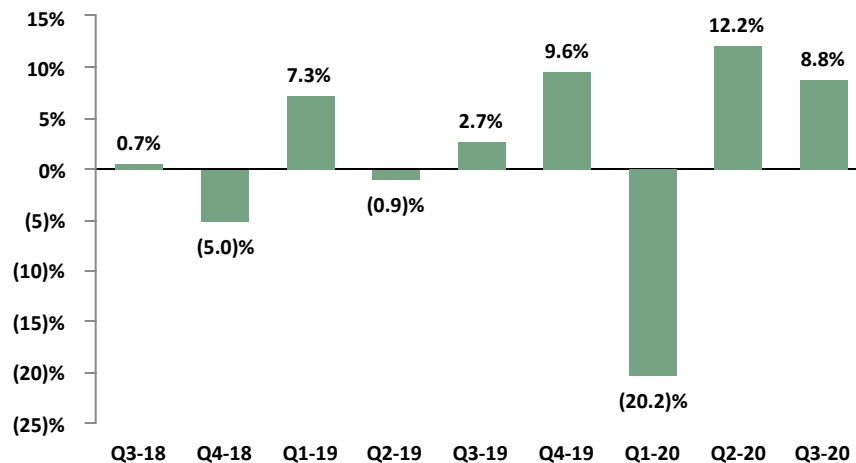
## Dividends per Common Share



## Net Book Value per Common Share



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

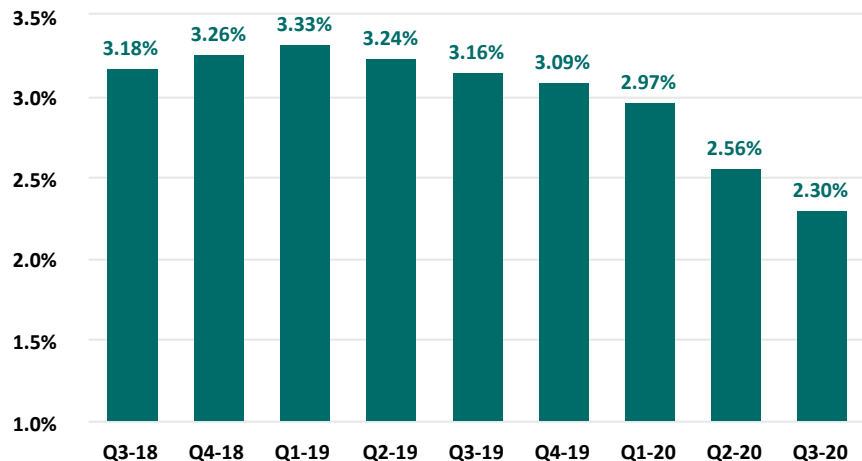


1. Tangible net book value per common share excludes goodwill and other intangible assets, net

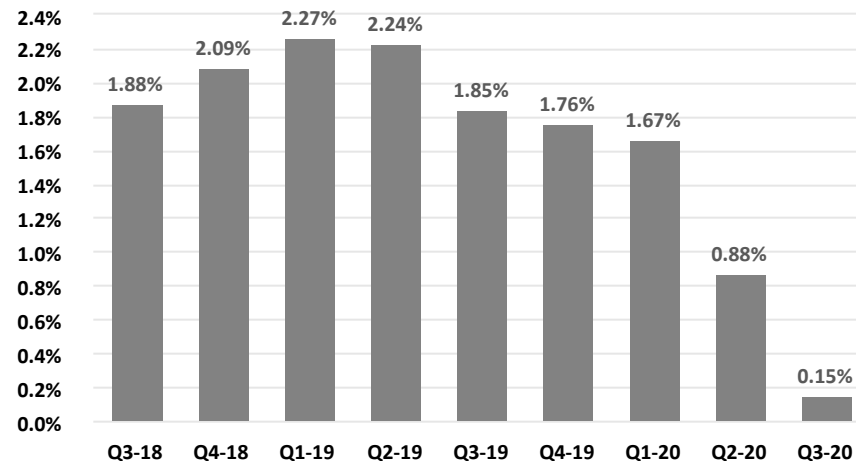
2. Economic return represents the change in tangible net book value per common share plus dividends per common share declared

# AGNC Historical Overview

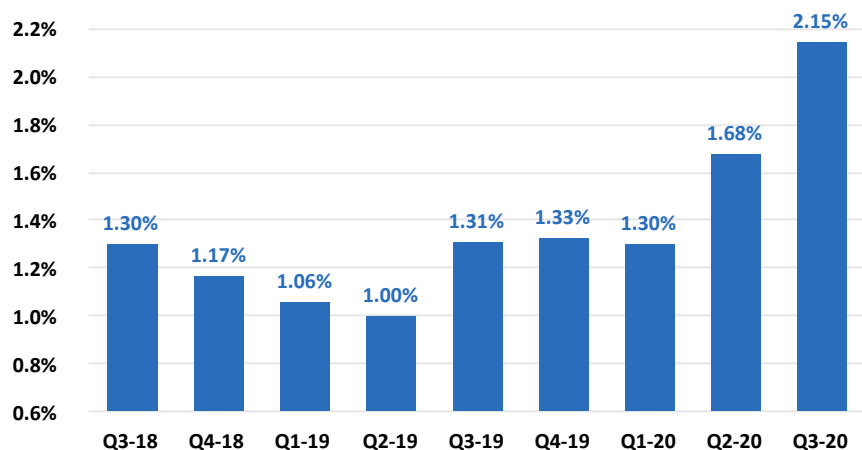
### Average Asset Yield <sup>1</sup>



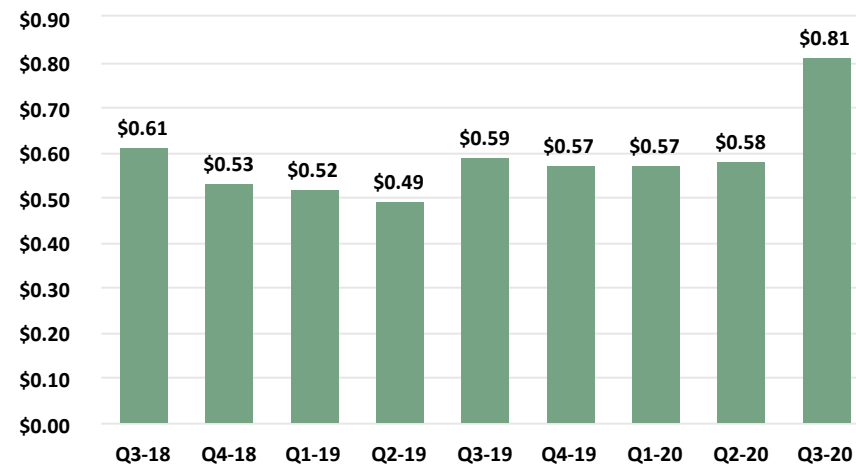
### Average Cost of Funds <sup>2</sup>



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



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



1. Asset yields include actual and implied yields on investment securities and net TBA position calculated on a weighted average basis. Amounts exclude "catch-up" premium amortization  
 2. Cost of funds include repo, implied funding costs for the net TBA position and periodic swap income/costs calculated on a weighted average basis. 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 Sep 30, 2020

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 WALA (Months) <sup>4,5</sup>	MBS Actual 1 Month CPR <sup>4,6</sup>	Duration (Years) <sup>2,7</sup>
<b>≤15 YR Mortgage Securities</b>								
≤ 2.0%	\$11,135	\$11,493	—%	103.8%	2.62%	—	2%	3.5
2.5%	1,114	1,164	10%	104.0%	3.08%	22	14%	2.2
3.0%	1,264	1,348	94%	101.6%	3.55%	41	19%	3.2
3.5%	1,357	1,474	100%	102.2%	4.03%	37	23%	3.1
4.0%	784	850	91%	103.0%	4.60%	35	28%	2.9
≥ 4.5%	92	97	97%	102.9%	4.89%	121	18%	1.7
<b>Subtotal ≤15 YR</b>	<b>\$15,746</b>	<b>\$16,426</b>	<b>23%</b>	<b>102.6%</b>	<b>3.69%</b>	<b>31</b>	<b>21%</b>	<b>3.3</b>
<b>20 YR Mortgage Securities</b>								
≤ 2.5%	1,697	1,767	—%	103.6%	3.07%	1	5%	3.1
3.0%	54	58	98%	102.9%	3.78%	14	32%	2.5
3.5%	242	263	81%	101.8%	4.05%	85	20%	2.9
4.0%	159	175	92%	103.1%	4.45%	43	27%	2.7
≥ 4.5%	164	182	100%	104.5%	5.01%	47	23%	2.8
<b>Subtotal 20 YR</b>	<b>\$2,316</b>	<b>\$2,445</b>	<b>25%</b>	<b>103.4%</b>	<b>3.42%</b>	<b>17</b>	<b>14%</b>	<b>3.0</b>
<b>30 YR Mortgage Securities</b>								
2.0%	\$13,375	\$13,801	—%	102.8%	2.92%	—	—%	4.1
2.5%	11,713	12,302	—%	104.5%	3.40%	2	5%	3.1
3.0%	4,131	4,368	15%	102.9%	3.74%	32	30%	2.9
3.5%	15,475	16,949	84%	104.2%	4.07%	61	27%	3.5
4.0%	17,014	18,841	93%	104.5%	4.51%	50	30%	3.0
≥ 4.5%	9,514	10,682	98%	105.1%	5.01%	35	31%	2.6
<b>Subtotal 30 YR</b>	<b>\$71,222</b>	<b>\$76,943</b>	<b>56%</b>	<b>104.4%</b>	<b>4.23%</b>	<b>42</b>	<b>27%</b>	<b>3.3</b>
<b>Total Fixed</b>	<b>\$89,284</b>	<b>\$95,814</b>	<b>49%</b>	<b>104.2%</b>	<b>4.16%</b>	<b>40</b>	<b>27%</b>	<b>3.3</b>

1. The wtd/avg coupon on fixed rate securities held as of Sep 30, 2020 was 3.56%, excluding the net long TBA mortgage position, and 3.08%, including the net long TBA position

2. Excluding net TBA position, total fixed-rate MBS as of Sep 30, 2020 had a par value of \$60,764, market value of \$66,279 and average duration of 3.1 years

3. Specified pools include pools backed by lower balance loans with original loan balances of up to \$200K, HARP pools (defined as pools that were issued between May 2009 and Dec 2018 and backed by 100% refinance loans with original LTVs ≥ 80%), and pools backed by loans 100% originated in N.Y. and Puerto Rico. Lower balance pools have a wtd/avg original loan balance of \$115 K for ≤15-year and \$117 K for 30-year securities as of Sep 30, 2020. HARP pools have a wtd/avg original LTV of 126% for ≤15-year and 137% for 30-year securities as of Sep 30, 2020

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. WALA represents the weighted average loan age presented in months

6. Actual 1 month annualized CPR published during Oct 2020 for Agency securities held as of Sep 30, 2020

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

## U.S. Treasury Position

- \$8.4 B short U.S. Treasury securities
- \$1.4 B short U.S. Treasury futures

## Payer Swaptions

- \$6.9 B notional payer swaptions as of Sep 30, 2020
- 0.5 year average remaining option term, 9.3 years average underlying swap term

U.S. Treasury Position Net Long / (Short) As of Sep 30, 2020 (\$ MM)		
	Face Amount	Market Value
5 Year	\$(425)	\$(426)
7 Year	(1,083)	(1,097)
10 Year	(7,220)	(8,244)
<b>Total</b>	<b>\$(8,728)</b>	<b>\$(9,767)</b>
As of Jun 30, 2020		
<b>Total</b>	<b>\$(7,115)</b>	<b>\$(8,140)</b>

Payer Swaptions As of Sep 30, 2020 (\$ MM)					
Current Option Expiration Date <sup>1</sup>	Notional Amount	Cost	Market Value	Pay Rate	Swap Term (Years)
≤ 1 Year	\$6,400	\$133	\$3	2.35%	9.2
> 1 Year ≤ 2 Years	500	8	2	1.87%	10.0
<b>Total</b>	<b>\$6,900</b>	<b>\$141</b>	<b>\$5</b>	<b>2.32%</b>	<b>9.3</b>
As of Jun 30, 2020					
<b>Total / Wtd Avg</b>	<b>\$9,350</b>	<b>\$175</b>	<b>\$6</b>	<b>2.22%</b>	<b>9.5</b>

1. As of Sep 30, 2020, ≤ 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



Changes in interest rates and MBS spreads relative to our hedges 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, assuming 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 change in the market value of our assets based on model predictions and assuming a spread duration of 4.5 years, based on interest rates and MBS prices as of Sep 30, 2020

Interest Rate Sensitivity <sup>1</sup> As of Sep 30, 2020 (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	0.0%	(0.1)%
-75	0.0%	0.6%
-50	0.1%	0.8%
+50	(0.3)%	(3.3)%
+75	(0.6)%	(7.2)%
+100	(1.1)%	(12.6)%

MBS Spread Sensitivity (“Basis Risk”) <sup>1</sup> As of Sep 30, 2020		
MBS Spread Shock (bps)	Estimated Change in Portfolio Market Value <sup>2</sup>	Estimated Change in Tangible Common Equity
-50	2.3%	25.4%
-25	1.1%	12.7%
-10	0.5%	5.1%
+10	(0.5)%	(5.1)%
+25	(1.1)%	(12.7)%
+50	(2.3)%	(25.4)%

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. Rates are floored at zero percent

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 spread."

"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 cost/income and other interest and dividend income (referred to as "adjusted net interest and dollar roll income"), less (ii) total operating expenses (GAAP measure). "Net spread and dollar roll income, excluding 'catch-up' premium amortization," further excludes retrospective "catch-up" adjustments to premium amortization due to changes in projected CPR estimates. Related amounts per common share 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 interest rate swap periodic cost/income in such measure, which is 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 interest rate swap periodic cost/income 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 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 it represents non-recurring costs associated with capital transactions and is 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.