



# Q2 2018 Stockholder Presentation

July 26, 2018

## 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.**

# Capital Stock Highlights



Type / Stock Ticker:  
**Common Stock / AGNC**

Exchange:  
**Nasdaq**

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

Tangible Net Book Value<sup>2</sup>:  
**\$18.41 Per Share**

IPO Date:  
**May 2008**

Total Dividends Paid Since IPO<sup>1</sup>:  
**\$38.24 Per Share**

Total Equity Capital<sup>2</sup>:  
**\$8.5 B**



Type / Name:  
**7.750% Series B  
Cumulative Redeemable Preferred Stock**

Preferred Stock Ticker: **AGNCB** Per Annum Dividend Rate:  
**7.750% Payable Quarterly**

Exchange: **Nasdaq** Total Dividends Paid Since Offering<sup>1</sup>:  
**\$8.111 Per Share**

Public Offering Price: **\$25.00 Per Depository Share** Depository Shares Outstanding<sup>3</sup>:  
**7.0 Million**



Type / Name:  
**7.000% Series C Fixed-to-Floating Rate  
Cumulative Redeemable Preferred Stock**

Preferred Stock Ticker: **AGNCN** Per Annum Dividend Rate:  
**7.000% Payable Quarterly<sup>4</sup>**

Exchange: **Nasdaq** Total Dividends Paid Since Offering<sup>1</sup>:  
**\$1.570 Per Depository Share**

Public Offering Price: **\$25.00 Per Depository Share** Depository Shares Outstanding<sup>3</sup>:  
**13.0 Million**

Note: Information as of June 30, 2018 unless otherwise indicated

1. As of Jul 16, 2018
2. "Tangible Net Book Value" and "Total Equity Capital" are net of 7.750% Series B Cumulative Redeemable Preferred Stock ("Series B Preferred Stock") and 7.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series C Preferred Stock") liquidation preference of \$175 and \$325 million, respectively
3. Each depository share outstanding represents a 1/1,000th interest in a share of preferred stock
4. The Series C Preferred Stock accrues dividends at a fixed rate of 7.000% per annum to (but excluding) October 15, 2022 and, from and including October 15, 2022, at a floating rate equal to three-month LIBOR plus a spread of 5.111% per annum

- **\$0.34 Comprehensive Income per Share, Comprised of:**
  - \$0.70 net income per share
  - \$(0.36) other comprehensive loss (“OCI”) per share on investments marked-to-market through OCI
- **\$0.63 Net Spread and Dollar Roll Income per Share, Excluding Estimated “Catch-Up” Premium Amortization Benefit <sup>1</sup>**
  - Includes \$0.17 per share of dollar roll income associated with a \$16.9 B average net long position in forward purchases and sales of Agency MBS in the “to-be-announced” (“TBA”) market <sup>2</sup>
  - Excludes \$0.03 per share of estimated “catch-up” premium amortization benefit due to change in projected constant prepayment rate (“CPR”) estimates
- **\$18.41 Tangible Net Book Value per Share as of Jun 30, 2018**
  - Decreased \$(0.22) per share, or -1.2%, from \$18.63 per share as of Mar 31, 2018
  - Excludes \$550 MM, or \$1.27 per share, of goodwill and other intangible assets as of Jun 30, 2018
- **\$0.54 in Dividends Declared per Share**
- **1.7% Economic Return on Tangible Common Equity for the Quarter**
  - Comprised of \$0.54 dividend per share and \$(0.22) decrease 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 based on our net long (short) TBA position and is recognized in gain (loss) on derivative instruments and other securities, net

- **\$77.1 B Investment Portfolio as of Jun 30, 2018**
  - \$56.1 B Agency MBS
  - \$20.0 B TBA mortgage position
  - \$1.0 B credit risk transfer and non-Agency securities
- **8.3x Tangible Net Book Value “At Risk” Leverage as of Jun 30, 2018 <sup>1</sup>**
  - 8.0x average tangible net book value “at risk” leverage for the quarter
- **9.7% Portfolio CPR for the Quarter**
  - 7.1% average projected portfolio life CPR as of Jun 30, 2018
- **1.35% Annualized Net Interest Spread and TBA Dollar Roll Income for the Quarter, Excluding Estimated “Catch-Up” Premium Amortization Benefit <sup>2</sup>**
  - Excludes 7 bps of “catch-up” premium amortization benefit due to change in projected CPR estimates
  - Increased from 1.26% for the prior quarter, excluding 12 bps of “catch-up” premium amortization benefit
- **\$0.8 B of Common Equity Raised During the Quarter, Net of Offering Costs**
  - \$633 MM follow-on offering
  - \$155 MM At-the-Market equity offerings

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 and other intangible assets. Leverage excludes U.S. Treasury repo

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 costs. Cost of funds excludes other supplemental hedges (such as swaptions), U.S. Treasury positions and U.S. Treasury repurchase agreements

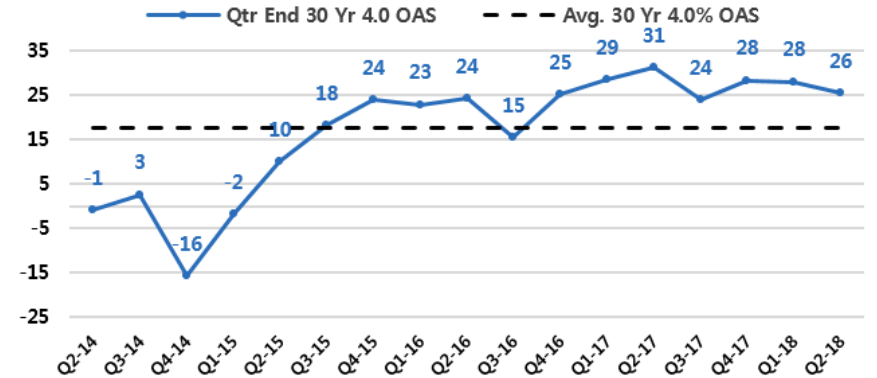
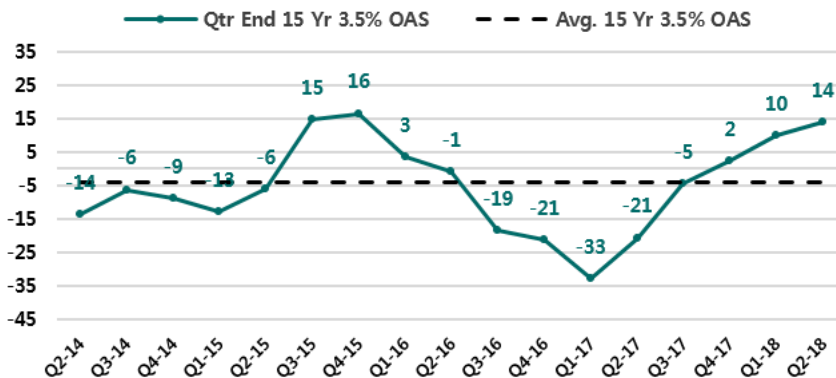
# Market Update

Security						Q2 2018	
	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	Δ Rate % / Price <sup>1</sup>	
<b>Treasury Rates</b>							
2 Yr UST	1.38%	1.48%	1.89%	2.27%	2.53%	0.26% / -0.49	
3 Yr UST	1.55%	1.61%	1.98%	2.39%	2.62%	0.23% / -0.65	
5 Yr UST	1.89%	1.93%	2.21%	2.57%	2.73%	0.16% / -0.76	
10 Yr UST	2.30%	2.33%	2.41%	2.74%	2.85%	0.11% / -0.92	
30 Yr UST	2.84%	2.86%	2.74%	2.97%	2.98%	0.01% / -0.26	
<b>15 Year Fixed Rate Mortgages</b>							
2.50%	100.53	100.69	99.88	97.98	97.22	-0.76	
3.00%	102.64	102.75	101.88	99.88	99.41	-0.47	
3.50%	104.06	104.14	103.23	101.94	101.16	-0.78	
4.00%	103.44	103.13	102.72	102.63	102.58	-0.05	

Security						Q2 2018	
	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	Δ Rate % / Price <sup>1</sup>	
<b>Swap Rates</b>							
2 Yr Swap	1.61%	1.73%	2.08%	2.58%	2.79%	0.21% / -0.41	
3 Yr Swap	1.74%	1.84%	2.17%	2.65%	2.85%	0.20% / -0.57	
5 Yr Swap	1.95%	2.00%	2.24%	2.71%	2.88%	0.17% / -0.83	
10 Yr Swap	2.27%	2.28%	2.40%	2.78%	2.93%	0.15% / -1.29	
30 Yr Swap	2.53%	2.52%	2.53%	2.82%	2.93%	0.11% / -2.28	
<b>30 Year Fixed Rate Mortgages</b>							
3.00%	99.88	100.33	100.02	97.52	96.86	-0.66	
3.50%	102.70	103.09	102.70	100.20	99.52	-0.68	
4.00%	105.12	105.27	104.59	102.61	101.96	-0.65	
4.50%	107.27	107.33	106.40	104.70	104.13	-0.57	

**15 Year 3.5% MBS OAS <sup>2</sup>**

**30 Year 4.0% MBS OAS <sup>2</sup>**

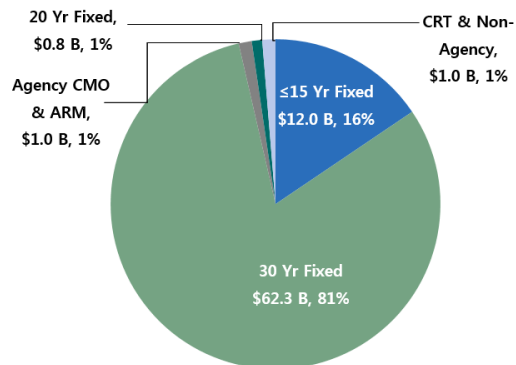


1. Note: Price information is provided for illustrative purposes only. Pricing information is as of 3:00 PM on such date, is for generic instruments and is not meant to be reflective of securities held by AGNC. Prices can vary materially depending on the source. Source: Barclays; Change in Treasury and swap prices derived from Constant Maturity Treasury and Constant Maturity Swap and DV01 from JPM

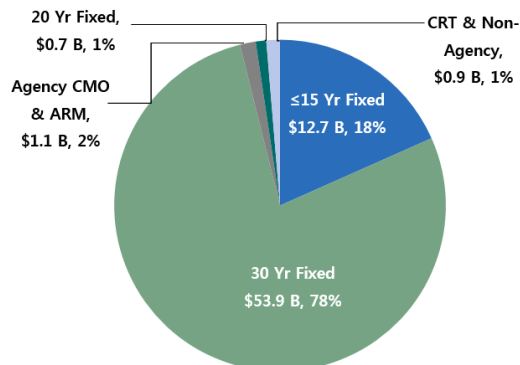
2. Source: Unweighted average of Citi, JP Morgan, Credit Suisse and Barclays LIBOR OAS close valuations

# Q2 2018 Portfolio Update

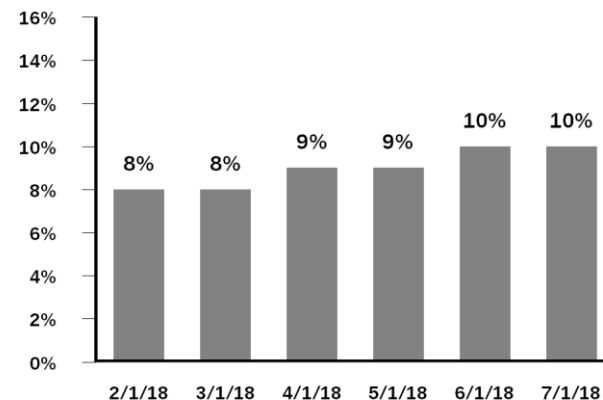
As of 6/30/18  
\$77.1 B Portfolio  
Including Net TBA Position



As of 3/31/18  
\$69.3 B Portfolio  
Including Net TBA Position



AGNC Actual CPR <sup>1</sup>



## ≤15 Year - \$12.0 B Portfolio (16% of Total) as of 6/30/18

Coupon	FMV	%	% LB / HARP <sup>2,3</sup>	WALA <sup>4</sup>	Jul '18	Life Forecast CPR <sup>5</sup>
					1 M Actual CPR <sup>1</sup>	
2.5%	\$1,265	11%	68%	68	11%	9%
3.0%	2,712	22%	78%	51	11%	9%
3.5%	1,528	13%	91%	45	12%	9%
≥ 4.0%	1,819	15%	89%	90	15%	11%
<b>≤ 15 Year MBS</b>	<b>7,324</b>	<b>61%</b>	<b>82%</b>	<b>62</b>	<b>12%</b>	<b>9%</b>
<b>Net TBA</b>	<b>4,664</b>	<b>39%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total ≤ 15 Year</b>	<b>\$11,988</b>	<b>100%</b>	<b>50%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## 30 Year - \$62.3 B Portfolio (81% of Total) as of 6/30/18

Coupon	FMV	%	% LB / HARP <sup>2,3</sup>	WALA <sup>4</sup>	Jul '18	Life Forecast CPR <sup>5</sup>
					1 M Actual CPR <sup>1</sup>	
3.0%	\$3,027	5%	3%	48	9%	6%
3.5%	21,337	34%	65%	39	10%	6%
4.0%	20,172	32%	76%	32	10%	7%
≥ 4.5%	2,472	4%	69%	46	8%	8%
<b>30 Year MBS</b>	<b>47,008</b>	<b>75%</b>	<b>66%</b>	<b>37</b>	<b>10%</b>	<b>7%</b>
<b>Net TBA</b>	<b>15,339</b>	<b>25%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total 30 Year</b>	<b>\$62,347</b>	<b>100%</b>	<b>50%</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. Lower balance ("LB") loans defined as pools backed by original loan balances of up to \$150K. Wtd/avg original loan balance of \$100 K for ≤15-year and \$109 K for 30-year securities as of Jun 30, 2018
3. HARP defined as pools backed by 100% refinance loans with original LTVs ≥ 80%, issued between May 2009 and Sept 2017. Wtd/avg original LTV of 115% for ≤ 15-year and 136% for 30-year securities as of Jun 30, 2018
4. WALA represents the weighted average loan age presented in months, excluding net TBA position
5. Average projected life CPR as of Jun 30, 2018, 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 2.18% as of Jun 30, 2018, compared to 1.82% as of Mar 31, 2018**
- **\$21.2 B of Agency repo funded through captive broker-dealer subsidiary, Bethesda Securities, as of Jun 30, 2018, compared to \$18.8 B as of Mar 31, 2018**
- **Weighted average Agency repo days to maturity totaled 101 days as of Jun 30, 2018, compared to 109 days as of Mar 31, 2018**
- **46 repo counterparties as of Jun 30, 2018**

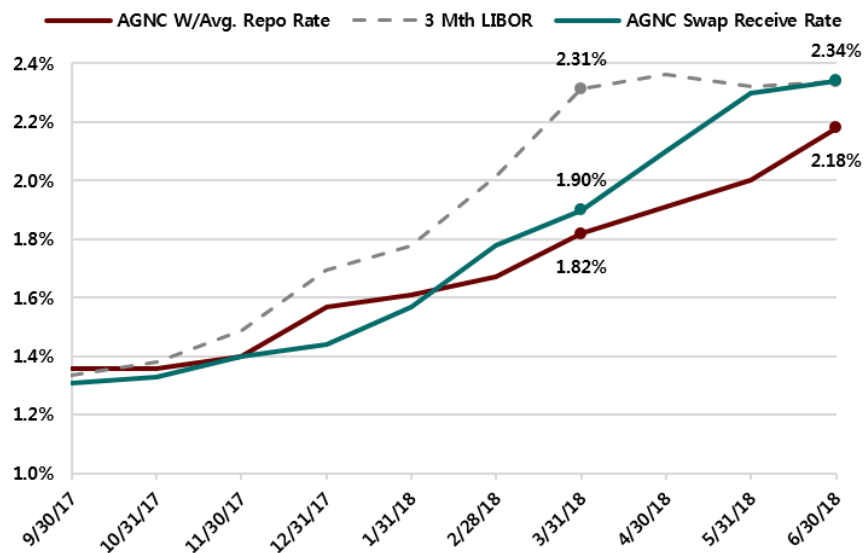
Agency Repurchase Agreements				
As of June 30, 2018				
Maturity	%	Amount (\$ MM)	Interest Rate	Avg. Days to Maturity
≤ 3 Mths	74%	\$35,992	2.13%	24
> 3 to ≤ 6	2%	743	2.22%	113
> 6 to ≤ 12	18%	8,879	2.17%	208
> 1 to ≤ 3 Yrs	7%	3,225	2.79%	665
<b>Total / Wtd Avg</b>	<b>100%</b>	<b>\$48,839</b>	<b>2.18%</b>	<b>101</b>
As of Mar 31, 2018				
<b>Total / Wtd Avg</b>	<b>100%</b>	<b>\$48,956</b>	<b>1.82%</b>	<b>109</b>



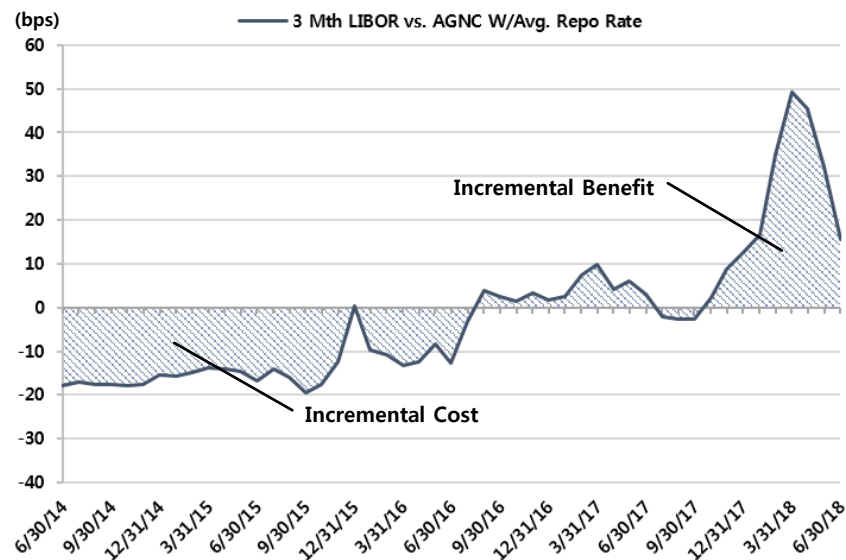
# Favorable Funding Dynamic Decreased in Q2 2018, but Remains Attractive

- The spread differential between the cost of our repo funding and the 3 month LIBOR rate that we receive on our swap position compressed somewhat during the second quarter, but remains very attractive at positive 10-20 basis points

### Repo Rate vs. 3 Month LIBOR



### Spread Differential



# Hedging Summary

- **Our hedge portfolio totaled \$68.4 B and covered 99% of our funding liabilities (Agency repo, other debt and net TBA position) as of Jun 30, 2018, compared to 103% as of Mar 31, 2018**
- **Interest Rate Swaps**
  - \$47.9 B pay fixed swaps as of Jun 30, 2018
  - Increase of \$2.6 B from Mar 31, 2018
  - Covered 69% of funding liabilities as of Jun 30, 2018
- **Payer Swaptions**
  - \$5.6 B payer swaptions
  - Decrease of \$1.2 B from Mar 31, 2018 due to swaption exercises during the quarter
- **U.S. Treasury Securities and Futures**
  - \$14.9 B Treasury position
  - Increase of \$1.9 B from Mar 31, 2018

Hedge Portfolio Summary				
As of June 30, 2018				
\$ in MM	Notional/ Market Value 6/30/2018	Duration 6/30/2018 <sup>1</sup>	Net Hedge Gains/ (Losses) Q2 2018 <sup>2</sup>	Net Hedge Gains/ (Losses) Per Share Q2 2018
Interest Rate Swaps	\$47,875	(4.0)	\$175	\$0.43
Payer Swaptions	5,600	(4.1)	34	0.08
U.S. Treasuries, Net Short	14,881	(6.4)	56	0.14
<b>Total / Q2 2018 <sup>3</sup></b>	<b>\$68,356</b>	<b>(4.0)</b>	<b>\$265</b>	<b>\$0.65</b>
As of Mar 31, 2018 / Q1 2018				
<b>Total / Q1 2018 <sup>3</sup></b>	<b>\$64,963</b>	<b>(4.2)</b>	<b>\$1,037</b>	<b>\$2.65</b>

Interest Rate Swaps				
As of June 30, 2018				
Years to Maturity	Notional Amount (\$ MM) <sup>4</sup>	Pay Rate <sup>5</sup>	Receive Rate	Average Maturity (Years)
≤ 3 Years	\$20,600	1.56%	2.34%	1.4
> 3 to ≤ 5	8,975	1.91%	2.34%	4.0
> 5 to ≤ 7	4,775	2.39%	2.34%	6.0
> 7 to ≤ 10	10,450	2.34%	2.34%	8.6
> 10	3,075	2.35%	2.34%	12.7
<b>Total / Wtd Avg</b>	<b>\$47,875</b>	<b>1.93%</b>	<b>2.34%</b>	<b>4.6</b>
As of Mar 31, 2018				
<b>Total / Wtd Avg</b>	<b>\$45,250</b>	<b>1.82%</b>	<b>1.90%</b>	<b>4.5</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 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 \$4.4 B and \$2.5 B as of Jun 30, 2018 and Mar 31, 2018, respectively, with an average forward start date of 0.4 and 0.4 years, respectively

5. Weighted average pay rate includes forward starting swaps. Excluding forward starting swaps, the weighted average pay rate was 1.83% and 1.77% as of Jun 30, 2018 and Mar 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 June 30, 2018			
	Rates - 100 bps	Duration 6/30/2018	Rates + 100 bps
Mortgage Assets: <sup>3</sup>			
30-Year MBS	3.2	5.2	6.4
15-Year MBS and Other Securities	3.0	3.6	3.9
<b>Total Mortgage Assets</b>	3.2	4.9	5.9
Liabilities and Hedges	(4.0)	(4.1)	(4.2)
<b>Net Duration Gap</b>	<b>(0.8)</b>	<b>0.8</b>	<b>1.7</b>
As of Mar 31, 2018			
<b>Net Duration Gap</b>	<b>(1.1)</b>	<b>0.5</b>	<b>1.3</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

---

# Balance Sheets



(\$ in millions, except per share data, unaudited except 12/31/17)	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17
Agency Securities, at Fair Value	\$55,524	\$54,141	\$55,506	\$51,638	\$45,226
Agency Securities Transferred to Consolidated Variable Interest Entities, at Fair Value	587	621	662	700	737
Credit Risk Transfer Securities, at Fair Value	936	884	876	717	572
Non-Agency Securities, at Fair Value	60	36	36	36	31
U.S. Treasury Securities, at Fair Value	—	224	—	—	—
REIT Equity Securities, at Fair Value	46	42	29	4	4
Cash and Cash Equivalents	863	972	1,046	1,098	1,122
Restricted Cash	447	386	317	294	261
Derivative Assets, at Fair Value	458	410	205	183	214
Receivable for Securities Sold	31	—	—	521	353
Receivable under Reverse Repurchase Agreements	13,306	10,770	10,961	9,226	7,489
Goodwill and Other Intangible Assets, Net	550	550	551	552	553
Other Assets	330	185	187	521	149
<b>Total Assets</b>	<b>\$73,138</b>	<b>\$69,221</b>	<b>\$70,376</b>	<b>\$65,490</b>	<b>\$56,711</b>
Repurchase Agreements	\$48,839	\$48,956	\$50,296	\$45,505	\$39,058
Debt of Consolidated Variable Interest Entities, at Fair Value	313	336	357	380	405
Payable for Securities Purchased	1,503	457	95	1,373	2,005
Derivative Liabilities, at Fair Value	6	32	28	62	73
Dividends Payable	87	80	80	77	71
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	12,898	10,352	10,467	9,119	7,221
Accounts Payable and Other Liabilities	450	670	299	183	133
<b>Total Liabilities</b>	<b>64,096</b>	<b>60,883</b>	<b>61,622</b>	<b>56,699</b>	<b>48,966</b>
Preferred Equity at Aggregate Liquidation Preference	500	500	500	500	348
Common Equity	8,542	7,838	8,254	8,291	7,397
<b>Total Stockholders' Equity</b>	<b>9,042</b>	<b>8,338</b>	<b>8,754</b>	<b>8,791</b>	<b>7,745</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$73,138</b>	<b>\$69,221</b>	<b>\$70,376</b>	<b>\$65,490</b>	<b>\$56,711</b>
<b>Other Supplemental Data:</b>					
Net Long TBA, at Fair Value <sup>1</sup>	\$20,003	\$13,611	\$15,742	\$19,409	\$17,271
Tangible Net Book Value "At Risk" Leverage <sup>2</sup>	8.3x	8.2x	8.1x	8.0x	8.1x
Tangible Net Book Value Per Common Share <sup>3</sup>	\$18.41	\$18.63	\$19.69	\$19.78	\$19.25

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)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Interest Income	\$414	\$431	\$386	\$318	\$293
Interest Expense	(237)	(206)	(174)	(140)	(112)
<b>Net Interest Income</b>	<b>177</b>	<b>225</b>	<b>212</b>	<b>178</b>	<b>181</b>
Realized Gain (Loss) on Sale of Investment Securities, Net	(74)	(2)	(16)	22	15
Unrealized Gain (Loss) on Investment Securities Measured at Fair Value through Net Income, Net	(94)	(523)	(65)	(31)	9
Gain (Loss) on Derivative Instruments and Other Securities, Net	298	738	271	131	(169)
Management Fee Income	4	4	4	4	4
<b>Total Other Gain (Loss), Net</b>	<b>134</b>	<b>217</b>	<b>194</b>	<b>126</b>	<b>(141)</b>
Compensation and Benefits	(10)	(10)	(12)	(10)	(10)
Other Operating Expense	(8)	(8)	(9)	(8)	(6)
<b>Total Operating Expense</b>	<b>(18)</b>	<b>(18)</b>	<b>(21)</b>	<b>(18)</b>	<b>(16)</b>
<b>Net Income</b>	<b>293</b>	<b>424</b>	<b>385</b>	<b>286</b>	<b>24</b>
Dividend on Preferred Stock	(9)	(9)	(9)	(9)	(7)
Issuance Costs of Redeemed Preferred Stock	—	—	—	(6)	—
<b>Net Income Available to Common Stockholders</b>	<b>\$284</b>	<b>\$415</b>	<b>\$376</b>	<b>\$271</b>	<b>\$17</b>
<b>Net Income</b>	<b>\$293</b>	<b>\$424</b>	<b>\$385</b>	<b>\$286</b>	<b>\$24</b>
Unrealized Gain (Loss) on Available-for-Sale Securities Measured at Fair Value through Other Comprehensive Income (Loss), Net	(145)	(621)	(205)	90	121
<b>Comprehensive Income (Loss)</b>	<b>148</b>	<b>(197)</b>	<b>180</b>	<b>376</b>	<b>145</b>
Dividend on Preferred Stock	(9)	(9)	(9)	(9)	(7)
Issuance Costs of Redeemed Preferred Stock	—	—	—	(6)	—
<b>Comprehensive Income (Loss) Available (Attributable) to Common Stockholders</b>	<b>\$139</b>	<b>\$(206)</b>	<b>\$171</b>	<b>\$361</b>	<b>\$138</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>404.9</b>	<b>391.3</b>	<b>391.3</b>	<b>364.7</b>	<b>346.4</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>405.2</b>	<b>391.5</b>	<b>391.5</b>	<b>364.9</b>	<b>346.5</b>
<b>Net Income per Common Share – Basic and Diluted</b>	<b>\$0.70</b>	<b>\$1.06</b>	<b>\$0.96</b>	<b>\$0.74</b>	<b>\$0.05</b>
<b>Comprehensive Income (Loss) per Common Share – Basic and Diluted</b>	<b>\$0.34</b>	<b>\$(0.53)</b>	<b>\$0.44</b>	<b>\$0.99</b>	<b>\$0.40</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>

Note: During Q1 2018, AGNC adopted new accounting guidance on revenue recognition, which resulted in reclassification of expense reimbursements from MTGE Investment Corp. from an operating expense offset to management fee income. Net income was not impacted. Prior periods have been revised accordingly, as applicable.

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



(\$ in millions, except per share data) (Unaudited)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
<b>GAAP Net Interest Income:</b>					
Interest Income	\$414	\$431	\$386	\$318	\$293
Interest Expense	(237)	(206)	(174)	(140)	(112)
<b>GAAP Net Interest Income</b>	<b>177</b>	<b>225</b>	<b>212</b>	<b>178</b>	<b>181</b>
TBA Dollar Roll Income, Net <sup>1</sup>	70	62	78	87	93
Interest Rate Swap Periodic Income (Cost) <sup>1</sup>	41	(9)	(21)	(26)	(35)
Dividend Income from REIT Equity Securities <sup>1</sup>	1	1	1	—	—
<b>Adjusted Net Interest and Dollar Roll Income</b>	<b>289</b>	<b>279</b>	<b>270</b>	<b>239</b>	<b>239</b>
Management Fee Income	4	4	4	4	4
Operating Expense	(18)	(18)	(21)	(18)	(16)
<b>Total Operating Income (Expense), Net</b>	<b>(14)</b>	<b>(14)</b>	<b>(17)</b>	<b>(14)</b>	<b>(12)</b>
<b>Net Spread and Dollar Roll Income</b>	<b>275</b>	<b>265</b>	<b>253</b>	<b>225</b>	<b>227</b>
Dividend on Preferred Stock	(9)	(9)	(9)	(9)	(7)
<b>Net Spread and Dollar Roll Income Available to Common Stockholders</b>	<b>266</b>	<b>256</b>	<b>244</b>	<b>216</b>	<b>220</b>
Estimated "Catch Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast <sup>2</sup>	(12)	(21)	3	12	13
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, Available to Common Stockholders</b>	<b>\$254</b>	<b>\$235</b>	<b>\$247</b>	<b>\$228</b>	<b>\$233</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>404.9</b>	<b>391.3</b>	<b>391.3</b>	<b>364.7</b>	<b>346.4</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>405.2</b>	<b>391.5</b>	<b>391.5</b>	<b>364.9</b>	<b>346.5</b>
<b>Net Spread and Dollar Roll Income per Common Share – Basic</b>	<b>\$0.66</b>	<b>\$0.65</b>	<b>\$0.62</b>	<b>\$0.59</b>	<b>\$0.64</b>
<b>Net Spread and Dollar Roll Income per Common Share – Diluted</b>	<b>\$0.66</b>	<b>\$0.65</b>	<b>\$0.62</b>	<b>\$0.59</b>	<b>\$0.63</b>
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, per Common Share – Basic</b>	<b>\$0.63</b>	<b>\$0.60</b>	<b>\$0.63</b>	<b>\$0.63</b>	<b>\$0.67</b>
<b>Net Spread and Dollar Roll Income, Excluding "Catch Up" Amortization, per Common Share – Diluted</b>	<b>\$0.63</b>	<b>\$0.60</b>	<b>\$0.63</b>	<b>\$0.62</b>	<b>\$0.67</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)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
<b>Adjusted Net Interest and Dollar Roll Income, Excluding "Catch-Up" Amortization:</b>					
<b>Economic Interest Income:</b>					
Investment Securities - GAAP Interest Income	\$414	\$431	\$386	\$318	\$293
Estimated "Catch-Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast <sup>1</sup>	(12)	(21)	3	12	13
TBA Dollar Roll Income - Implied Interest Income <sup>2,3</sup>	144	120	134	139	130
<b>Economic Interest Income, Excluding "Catch-Up" Amortization</b>	<b>\$546</b>	<b>\$530</b>	<b>\$523</b>	<b>\$469</b>	<b>\$436</b>
<b>Economic Interest Expense:</b>					
Repurchase Agreements and Other Debt - GAAP Interest Expense	\$(237)	\$(206)	\$(174)	\$(140)	\$(112)
TBA Dollar Roll Income - Implied Interest Expense <sup>2,3</sup>	(74)	(58)	(56)	(52)	(37)
Interest Rate Swap Periodic Income (Cost) <sup>2</sup>	41	(9)	(21)	(26)	(35)
<b>Economic Interest Expense</b>	<b>\$(270)</b>	<b>\$(273)</b>	<b>\$(251)</b>	<b>\$(218)</b>	<b>\$(184)</b>
Dividend Income from REIT Equity Securities <sup>2</sup>	1	1	1	—	—
<b>Adjusted Net Interest and Dollar Roll Income, Excluding "Catch-Up" Amortization</b>	<b>\$277</b>	<b>\$258</b>	<b>\$273</b>	<b>\$251</b>	<b>\$252</b>
<b>Net Interest Spread, Excluding "Catch-Up" Amortization:</b>					
<b>Average Asset Yield:</b>					
Investment Securities - Average Asset Yield	2.99%	3.05%	2.84%	2.72%	2.66%
Estimated "Catch-Up" Premium Amortization Cost (Benefit) due to Change in CPR Forecast	(0.08)%	(0.15)%	0.02%	0.10%	0.12%
Investment Securities Average Asset Yield, Excluding "Catch-Up" Amortization	2.91%	2.90%	2.86%	2.82%	2.78%
TBA Securities - Average Implied Asset Yield	3.41%	3.08%	2.93%	2.99%	3.08%
<b>Average Asset Yield, Excluding "Catch-Up" Amortization <sup>4</sup></b>	<b>3.02%</b>	<b>2.94%</b>	<b>2.88%</b>	<b>2.87%</b>	<b>2.86%</b>
<b>Average Total Cost of Funds:</b>					
Repurchase Agreements and Other Debt - Average Funding Cost	1.99%	1.69%	1.43%	1.34%	1.15%
TBA Securities - Average Implied Funding Cost	1.75%	1.49%	1.23%	1.12%	0.88%
Average Cost of Funds, Before Interest Rate Swap Periodic (Income) Costs <sup>4</sup>	1.92%	1.62%	1.39%	1.28%	1.07%
Interest Rate Swap Periodic (Income) Cost <sup>5</sup>	(0.25)%	0.06%	0.13%	0.18%	0.24%
<b>Average Total Cost of Funds</b>	<b>1.67%</b>	<b>1.68%</b>	<b>1.52%</b>	<b>1.46%</b>	<b>1.31%</b>
<b>Net Interest Spread, Excluding "Catch-Up" Amortization</b>	<b>1.35%</b>	<b>1.26%</b>	<b>1.36%</b>	<b>1.41%</b>	<b>1.55%</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)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
<b>Net Income</b>	<b>\$293</b>	<b>\$424</b>	<b>\$385</b>	<b>\$286</b>	<b>\$24</b>
<b>Book to Tax Differences:</b>					
Premium Amortization, Net	(22)	(23)	(7)	(3)	4
Realized Gain / Loss, Net	(221)	(652)	(262)	(112)	99
Net Capital Loss / (Utilization of Net Capital Loss Carryforward) <sup>1</sup>	109	245	20	(159)	(232)
Unrealized Gain / Loss, Net	(46)	108	(55)	41	160
Other	—	(13)	1	(2)	(2)
<b>Total Book to Tax Differences</b>	<b>(180)</b>	<b>(335)</b>	<b>(303)</b>	<b>(235)</b>	<b>29</b>
<b>Estimated REIT Taxable Income</b>	<b>113</b>	<b>89</b>	<b>82</b>	<b>51</b>	<b>53</b>
Dividend on Preferred Stock	(9)	(9)	(9)	(9)	(7)
<b>Estimated REIT Taxable Income, net of Preferred Stock Dividend</b>	<b>\$104</b>	<b>\$80</b>	<b>\$73</b>	<b>\$42</b>	<b>\$46</b>
<b>Weighted Average Common Shares Outstanding – Basic</b>	<b>404.9</b>	<b>391.3</b>	<b>391.3</b>	<b>364.7</b>	<b>346.4</b>
<b>Weighted Average Common Shares Outstanding – Diluted</b>	<b>405.2</b>	<b>391.5</b>	<b>391.5</b>	<b>364.9</b>	<b>346.5</b>
<b>Estimated REIT Taxable Income per Common Share – Basic and Diluted</b>	<b>\$0.26</b>	<b>\$0.20</b>	<b>\$0.19</b>	<b>\$0.12</b>	<b>\$0.13</b>
<b>Beginning Cumulative Non-Deductible Net Capital Loss</b>					
	<b>\$602</b>	<b>\$357</b>	<b>\$337</b>	<b>\$496</b>	<b>\$728</b>
Net Capital Loss / (Utilization of Net Capital Loss Carryforward)	109	245	20	(159)	(232)
<b>Ending Cumulative Non-Deductible Net Capital Loss</b>	<b>\$711</b>	<b>\$602</b>	<b>\$357</b>	<b>\$337</b>	<b>\$496</b>
<b>Ending Cumulative Non-Deductible Net Capital Loss per Common Share</b>	<b>\$1.64</b>	<b>\$1.54</b>	<b>\$0.91</b>	<b>\$0.86</b>	<b>\$1.39</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. Capital losses in excess of capital gains are not deductible from ordinary taxable income, but may be carried forward for up to five years and applied against future net capital gains. As of June 30, 2018, \$0.4 B and \$0.3 B of net capital losses were available through Dec 2018 and Dec 2023, respectively

# Net Book Value Roll Forward

(In millions, except per share data) (Unaudited)	Q2 2018		
	Balance	Common Shares Outstanding	Net Book Value per Common Share
<b>Beginning Net Common Equity <sup>1</sup></b>	<b>\$7,838</b>	<b>391.3</b>	<b>\$20.03</b>
Net Income	293		
Other Comprehensive Income (Loss)	(145)		
Common Stock Dividend	(225)		
Preferred Stock Dividend	(9)		
Common Stock Issuance, Net of Issuance Costs	788	42.8	\$18.43
Stock-based Compensation	2		
<b>Ending Net Common Equity</b>	<b>\$8,542</b>	<b>434.1</b>	<b>\$19.68</b>
Goodwill and Other Intangible Assets, Net	(550)		
<b>Ending Tangible Net Common Equity</b>	<b>\$7,992</b>	<b>434.1</b>	<b>\$18.41</b>
Series B Preferred Stock Liquidation Preference	175		
Series C Preferred Stock Liquidation Preference	325		
<b>Ending Tangible Total Stockholders' Equity</b>	<b>\$8,492</b>		
<b>Ending Total Stockholders' Equity</b>	<b>\$9,042</b>		

Amounts may not total due to rounding

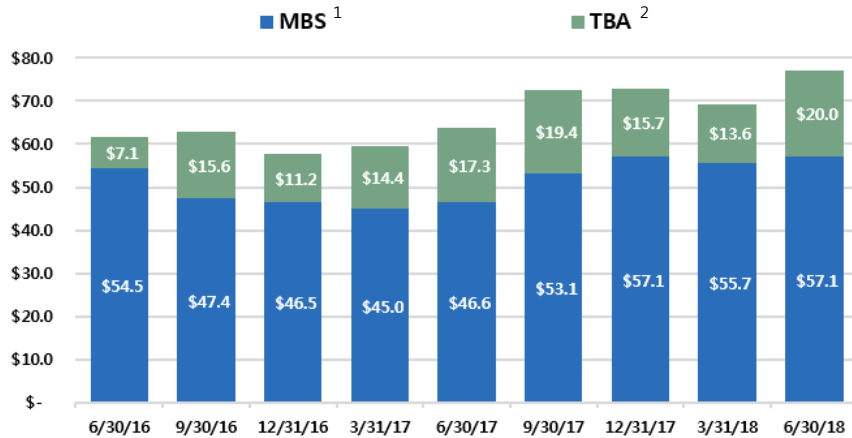
1. Common equity is net of the Company's Preferred Stock liquidation preference

# Supplemental Slides

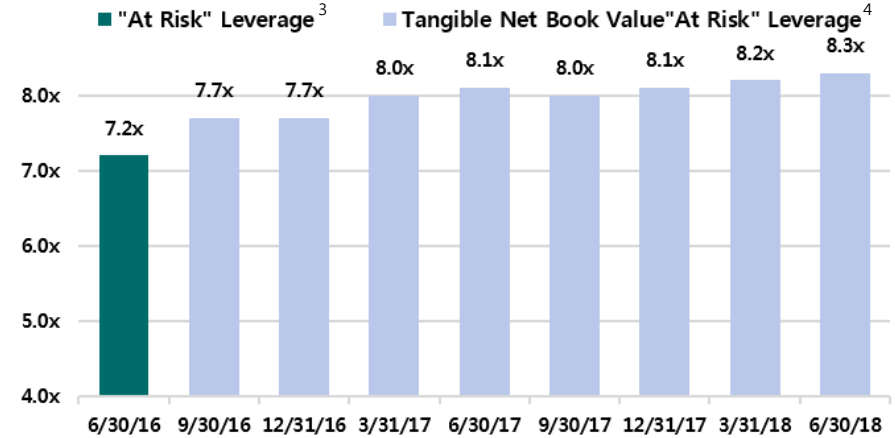
---

# AGNC Historical Overview

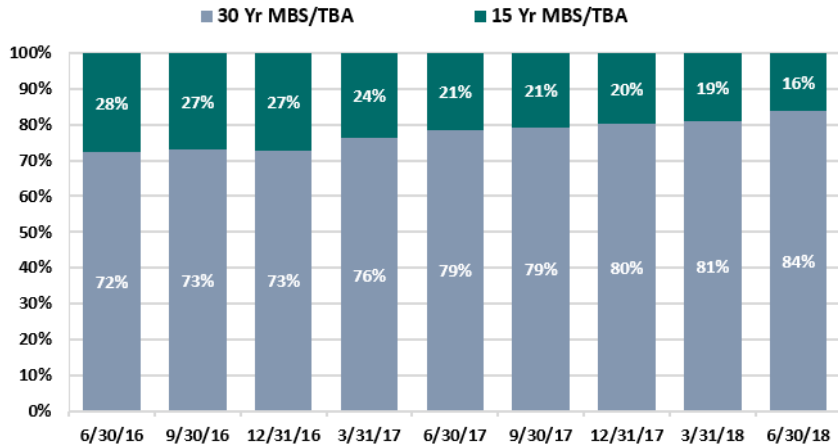
## Asset Composition (\$ B)



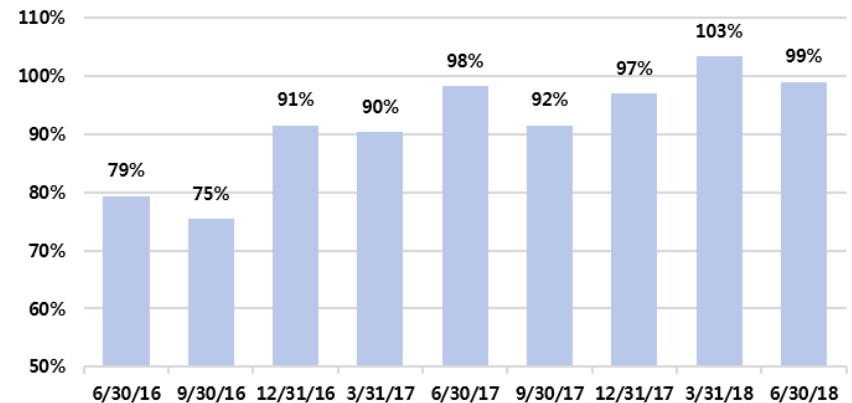
## Leverage



## Fixed Rate Securities<sup>5</sup>



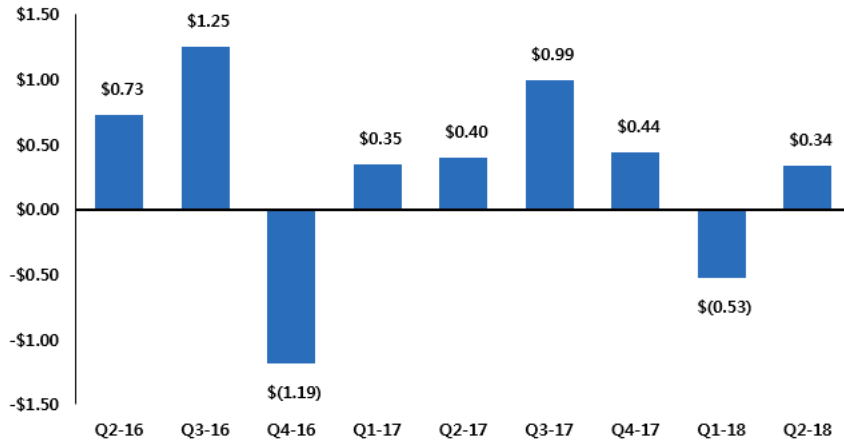
## Hedge Ratio<sup>6</sup>



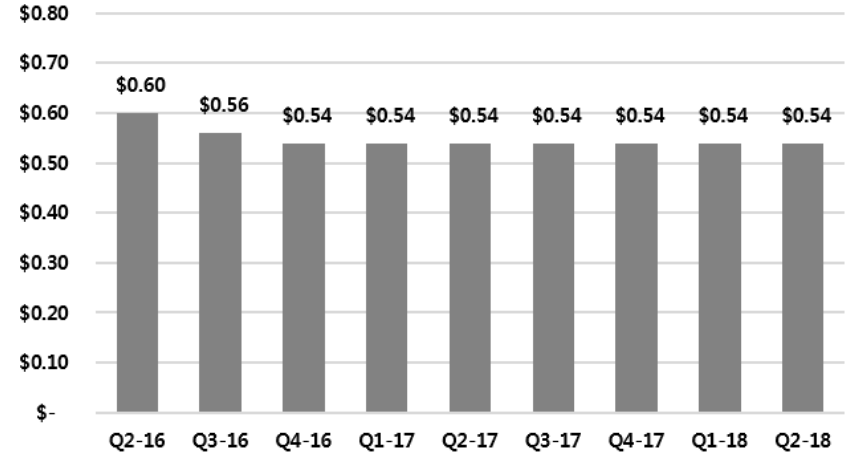
1. MBS includes CRT securities
2. TBA position is net of short TBAs
3. "At risk" leverage calculated as sum of Agency MBS repurchase agreements, other debt, net payable/receivable for investment securities not yet settled and TBA dollar roll position (at cost) divided by the sum of total stockholders' equity less the fair value of investments in REIT equity securities. Leverage excludes U.S. Treasury repurchase agreements
4. Tangible net book value "at risk" leverage includes the components of "at risk" leverage with stockholders equity adjusted to exclude goodwill and other intangible assets, net
5. Chart excludes 20 Yr fixed rate MBS
6. Measured as the ratio of interest rate swaps, swaptions and net U.S. Treasury position over repo agreements, other debt and net TBA position, at cost

# AGNC Historical Overview

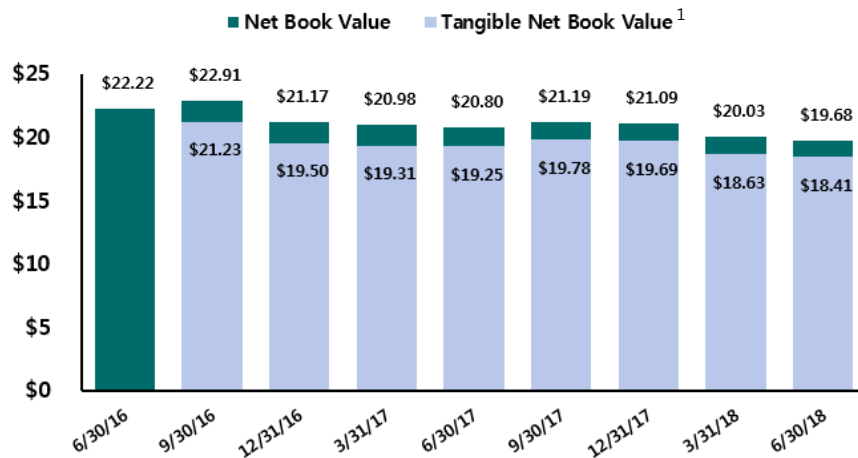
## Comprehensive Income (Loss) per Share



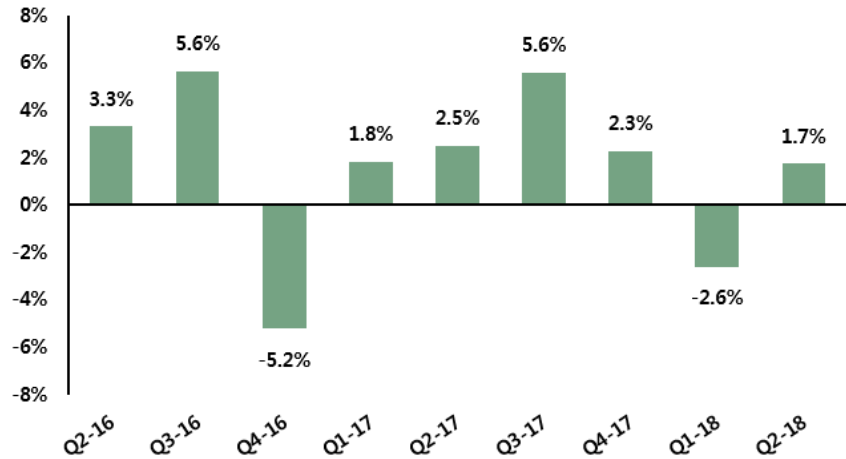
## Dividend per Common Share



## Net Book Value per Common Share



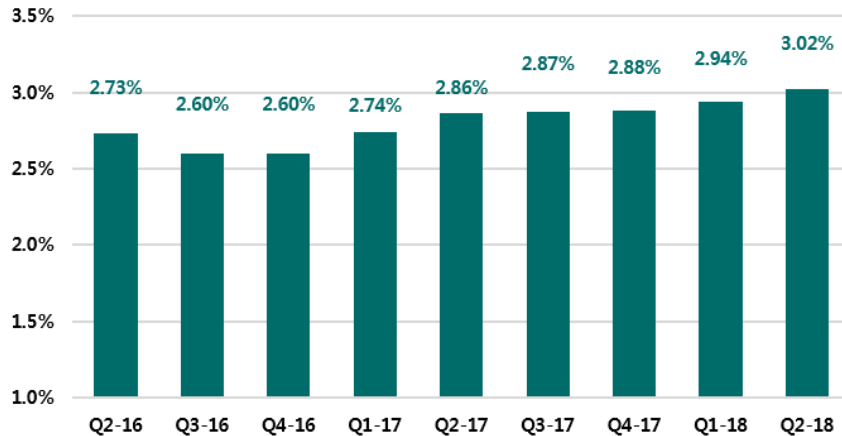
## Economic Return<sup>2</sup>



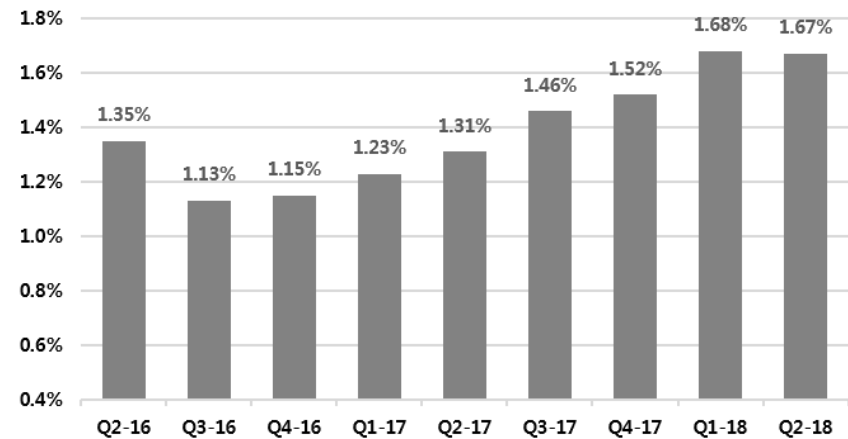
1. Tangible net book value per common share excludes goodwill and other intangible assets, net

2. Economic return represents the change in NAV per share plus dividends declared. Starting Q4 2016 economic return represents the change in tangible NAV per share plus dividends declared

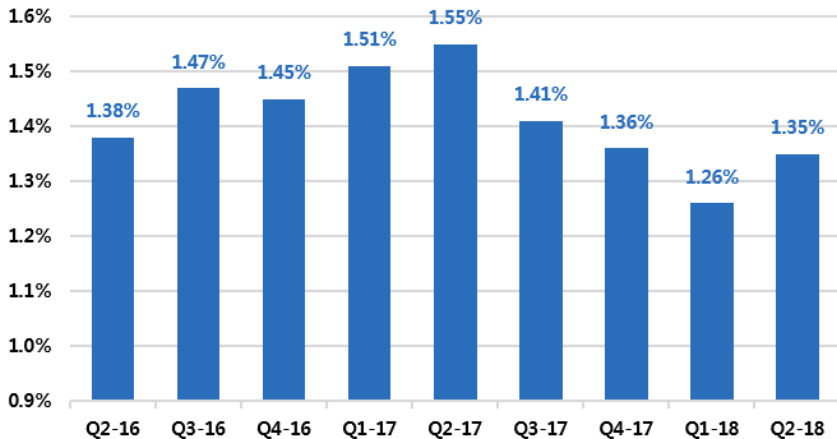
### Average Asset Yield <sup>1</sup>



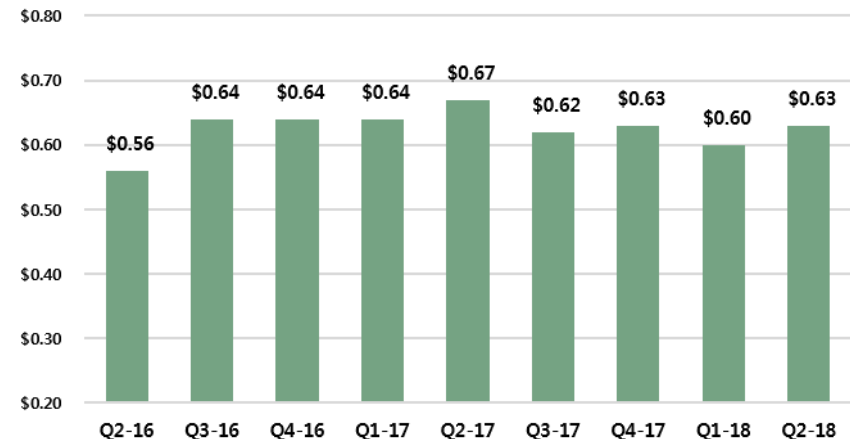
### Average Cost of Funds <sup>2</sup>



### 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 Jun 30, 2018

MBS Coupon <sup>1</sup>	Par Value <sup>2</sup>	Market Value <sup>2</sup>	Higher Quality Specified Pools <sup>3</sup>	Other Specified Pools <sup>4</sup>	MBS Amortized Cost Basis <sup>5</sup>	MBS Average WAC <sup>5,6</sup>	MBS Average Age (Months) <sup>5</sup>	MBS Actual 1 Month CPR <sup>5,7</sup>	Duration (Years) <sup>2,8</sup>
<b>≤15 YR Mortgage Securities</b>									
2.5%	\$1,583	\$1,551	52%	10%	101.2%	2.98%	68	11%	3.6
3.0%	4,569	4,551	52%	5%	101.9%	3.50%	51	11%	4.0
3.5%	3,789	3,836	37%	—%	103.3%	4.01%	45	12%	3.9
4.0%	1,807	1,855	73%	6%	103.9%	4.40%	89	14%	2.5
4.5%	186	192	93%	6%	104.2%	4.87%	93	15%	2.5
≥ 5.0%	3	3	100%	—%	102.6%	6.59%	129	61%	1.7
<b>Subtotal ≤15 YR</b>	<b>\$11,937</b>	<b>\$11,988</b>	<b>51%</b>	<b>4%</b>	<b>102.5%</b>	<b>3.75%</b>	<b>62</b>	<b>12%</b>	<b>3.7</b>
<b>20 YR Mortgage Securities</b>									
≤ 3.0%	\$182	\$180	21%	10%	99.4%	3.55%	61	8%	4.4
3.5%	338	341	69%	12%	102.1%	4.05%	64	11%	3.9
4.0%	149	153	80%	6%	103.7%	4.44%	26	7%	3.6
4.5%	105	111	100%	—%	105.9%	4.97%	44	8%	3.4
≥ 5.0%	2	2	—%	—%	106.0%	5.96%	123	5%	1.9
<b>Subtotal 20 YR</b>	<b>\$776</b>	<b>\$787</b>	<b>64%</b>	<b>9%</b>	<b>102.3%</b>	<b>4.15%</b>	<b>53</b>	<b>9%</b>	<b>3.9</b>
<b>30 YR Mortgage Securities</b>									
3.0%	\$6,069	\$5,894	—%	3%	100.2%	3.58%	48	9%	6.3
3.5%	23,165	23,166	71%	5%	104.3%	4.04%	39	10%	5.6
4.0%	25,238	25,868	62%	7%	105.9%	4.46%	32	10%	4.9
4.5%	6,927	7,233	26%	2%	106.3%	4.96%	39	8%	4.0
5.0%	88	95	36%	29%	107.1%	5.45%	122	13%	4.3
≥ 5.5%	85	91	40%	18%	110.5%	6.17%	140	23%	3.5
<b>Subtotal 30 YR</b>	<b>\$61,572</b>	<b>\$62,347</b>	<b>56%</b>	<b>5%</b>	<b>104.8%</b>	<b>4.24%</b>	<b>37</b>	<b>10%</b>	<b>5.2</b>
<b>Total Fixed</b>	<b>\$74,285</b>	<b>\$75,122</b>	<b>55%</b>	<b>5%</b>	<b>104.5%</b>	<b>4.18%</b>	<b>40</b>	<b>10%</b>	<b>4.9</b>

1. The wtd/avg coupon on fixed rate securities held as of Jun 30, 2018 was 3.67% excluding the net long TBA mortgage position and 3.69% including the net long TBA position

2. Excluding net TBA position, total fixed-rate MBS as of Jun 30, 2018 had a par value of \$54,477, market value of \$55,119 and avg duration of 5.1 years

3. Higher quality specified pools include pools backed by orig. loan balances of up to \$150K and HARP securities backed by 100% refi. loans with orig. LTVs ≥ 100%, issued between May 2009 and Sept 2017 and loans 100% originated in N.Y. and Puerto Rico

4. Other specified pools include pools backed by orig. loan balances of > \$150K and ≤ \$200k; HARP securities with 100% refi. loans and orig. LTVs of ≥ 80 and <100%, issued between May 2009 and Sept 2017; low FICO loans with a max orig. credit score of 700; 100% investor occupancy status loans; and modified loans

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

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

7. Actual 1 month annualized CPR published during July 2018 for Agency securities held as of Jun 30, 2018

8. 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

- 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%	6%
Other	26	41%	15%
<b>North America</b>	<b>27</b>	<b>81%</b>	<b>21%</b>
<b>Asia</b>	<b>5</b>	<b>7%</b>	<b>3%</b>
<b>Europe</b>	<b>14</b>	<b>12%</b>	<b>5%</b>
<b>Total</b>	<b>46</b>	<b>100%</b>	<b>29%</b>

Note: All figures as of Jun 30, 2018

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

- \$12.9 B short U.S. Treasury securities
- \$2.0 B short U.S. Treasury futures

## Payer Swaptions

- \$5.6 B notional payer swaptions as of Jun 30, 2018
- 0.7 year average remaining option term, 7.8 years average underlying swap term
- \$1.2 B of payer swaptions exercised during the second quarter:
  - 2.44% average pay rate
  - 9.9 years average swap term
  - \$30 MM cost

U.S. Treasury Position Net Long / (Short) As of June 30, 2018 (\$ MM)		
Maturity	Face Amount	Market Value
5 Year	\$(330)	\$(330)
7 Year	(8,092)	(7,853)
10 Year	(6,622)	(6,698)
<b>Total</b>	<b>\$(15,044)</b>	<b>\$(14,881)</b>
As of Mar 31, 2018		
<b>Total</b>	<b>\$(12,953)</b>	<b>\$(12,963)</b>

Payer Swaptions As of June 30, 2018 (\$ MM)					
Current Option Expiration Date <sup>1</sup>	Notional Amount	Cost	Market Value	Pay Rate	Swap Term (Years)
≤ 1 Year	\$4,700	\$96	\$98	2.82%	7.7
> 1 Year ≤ 2 Years	900	26	29	2.87%	8.6
<b>Total</b>	<b>\$5,600</b>	<b>\$122</b>	<b>\$127</b>	<b>2.83%</b>	<b>7.8</b>
As of Mar 31, 2018					
<b>Total / Wtd Avg</b>	<b>\$6,750</b>	<b>\$152</b>	<b>\$153</b>	<b>2.76%</b>	<b>8.2</b>

1. As of Jun 30, 2018, ≤ 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 5.8 years, which is based on interest rates and MBS prices as of Jun 30, 2018

Interest Rate Sensitivity <sup>1</sup> As of Jun 30, 2018 (based on instantaneous parallel shift in interest rates)		
Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value <sup>2</sup>	Estimated Change as a % of Tangible Equity <sup>3</sup>
-100	0.0%	(0.1)%
-50	0.2%	2.0%
+50	(0.5)%	(4.9)%
+100	(1.2)%	(11.8)%

MBS Spread Sensitivity (“Basis Risk”) <sup>1</sup> As of Jun 30, 2018		
MBS Spread Shock (bps)	Estimated Change in Portfolio Market Value <sup>2</sup>	Estimated Change as a % of Tangible Equity <sup>3</sup>
-25	1.5%	14.0%
-10	0.6%	5.6%
+10	(0.6)%	(5.6)%
+25	(1.5)%	(14.0)%

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  
 3. Estimated change as a percent of tangible stockholders’ equity incorporates the impact of leverage

# 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.