DYNEX CAPITAL INC.

# Fourth Quarter and Full Year 2024 Earnings Presentation

January 27, 2025

# Safe Harbor Statement

**NOTE:**

This presentation contains certain statements that are not historical facts and that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this presentation addressing expectations, assumptions, beliefs, projections, estimates, future plans, strategies, and events, developments that we expect or anticipate will occur in the future, and future operating results or financial condition are forward-looking statements. Forward-looking statements in this presentation may include, but are not limited to, our views on longer-term returns, macroeconomic and industry trends, statements regarding our financial performance in future periods, future interest rates and their impact on our financial measures, our views on expected characteristics of future investment environments, inflation levels, mortgage spreads, the yield curve, prepayment rates and investment risks and trends, our future investment strategies, our future leverage levels and financing strategies and costs, and liquidity, the use of specific financing and hedging instruments and the future impacts of these strategies, the amount, timing or funding of future dividends, future actions by the Federal Reserve and other central banks and GSEs and the expected performance of our investments. The words “will,” “believe,” “expect,” “forecast,” “anticipate,” “intend,” “estimate,” “assume,” “project,” “plan,” “continue,” and similar expressions also identify forward-looking statements. These forward-looking statements reflect our current beliefs, assumptions and expectations based on information currently available to us, and are applicable only as of the date of this presentation. Forward-looking statements are inherently subject to risks, uncertainties, and other factors, some of which cannot be predicted or quantified and any of which could cause the Company’s actual results and timing of certain events to differ materially from those projected in or contemplated by these forward-looking statements. These factors may include, but are not limited to, ability to find suitable reinvestment opportunities; changes in domestic economic conditions; geopolitical events, such as terrorism, war or other military conflict, including increased uncertainty regarding the war between Russia and the Ukraine and the related impact on macroeconomic conditions as a result of such conflict; changes in interest rates and credit spreads, including the repricing of interest-earning assets and interest-bearing liabilities; Company’s investment portfolio performance particularly as it relates to cash flow, prepayment rates and credit performance; the impact on markets and asset prices from changes in the Federal Reserve’s policies regarding the purchases of Agency RMBS, Agency CMBS, and U.S. Treasuries; actual or anticipated changes in Federal Reserve monetary policy or the monetary policy of other central banks; adverse reactions in U.S. financial markets related to actions of foreign central banks or the economic performance of foreign economies including in particular China, Japan, the European Union, and the United Kingdom; uncertainty concerning the long-term fiscal health and stability of the United States; cost and availability of financing, including the future availability of financing due to changes to regulation of, and capital requirements imposed upon, financial institutions; cost and availability of new equity capital; changes in the Company’s leverage and use of leverage; changes to the Company’s investment strategy, operating policies, dividend policy or asset allocations; quality of performance of third-party service providers, including the Company’s sole third-party service provider for our critical operations and trade functions; the loss or unavailability of the Company’s third-party service provider’s service and technology that supports critical functions of the Company’s business related to the Company’s trading and borrowing activities due to outages, interruptions, or other failures; the level of defaults by borrowers on loans underlying MBS; changes in the Company’s industry; increased competition; changes in government regulations affecting the Company’s business; changes or volatility in the repurchase agreement financing markets and other credit markets; changes to the market for interest rate swaps and other derivative instruments, including changes to margin requirements on derivative instruments; uncertainty regarding continued government support of the U.S. financial system and U.S. housing and real estate markets, or to reform the U.S. housing finance system including the resolution of the conservatorship of Fannie Mae and Freddie Mac; the composition of the Board of Governors of the Federal Reserve; the political environment in the U.S.; systems failures or cybersecurity incidents; and exposure to current and future claims and litigation. Not all of these risks, uncertainties and other factors are known to us. New risks and uncertainties arise over time, and it is not possible to predict those risks or uncertainties or how they may affect us. The projections, assumptions, expectations or beliefs upon which the forward-looking statements are based can also change as a result of these risks and uncertainties or other factors. If such a risk, uncertainty, or other factor materializes in future periods, our business, financial condition, liquidity and results of operations may differ materially from those expressed or implied in our forward-looking statements.

While it is not possible to identify all factors, some of the factors that may cause actual results to differ from historical results or from any results expressed or implied by our forward-looking statements, or that may cause our projections, assumptions, expectations or beliefs to change, include the risks and uncertainties referenced in our Annual Report on Form 10-K for the year ended December 31, 2023 and subsequent filings with the Securities and Exchange Commission, particularly those set forth under the caption “Risk Factors”. The Company assumes no obligation to update any forward-looking statements, which speak only as of the date of this presentation.

DYNEX CAPITAL INC.

Dynex Capital **provides investors with consistent monthly dividends** through the **active, disciplined management** of a portfolio of real estate mortgage assets.

# Dynex's Guiding Principles Deliver Sustainable Value

***Listed on NYSE in 1989, DX is the longest tenured mREIT. Our strategy centers on:***

**Long-term vision** and forward-looking strategy that delivers **long-term returns and current income**

**Internal management** ensures full transparency, the opportunity to scale the business **and aligns our goals with stakeholders**

**Commitment to ethical stewardship** underscores our high-performance culture, dedicated to **disciplined capital management**

# A Leading Mortgage Investor Delivering Consistent Dividends

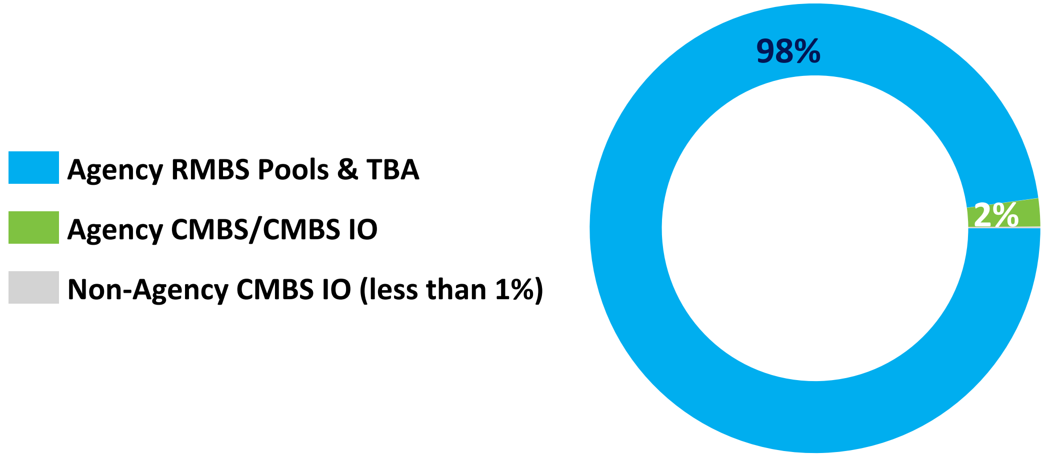
DYNEX CAPITAL INC.

## WHAT WE DO TODAY

*We manage a highly liquid portfolio of mortgage-backed securities that allows us to* ***take advantage of current opportunities in the housing market*** *while preserving the flexibility to shift to other investment opportunities as they arise.* ***Today's portfolio is 98% Agency RMBS.***

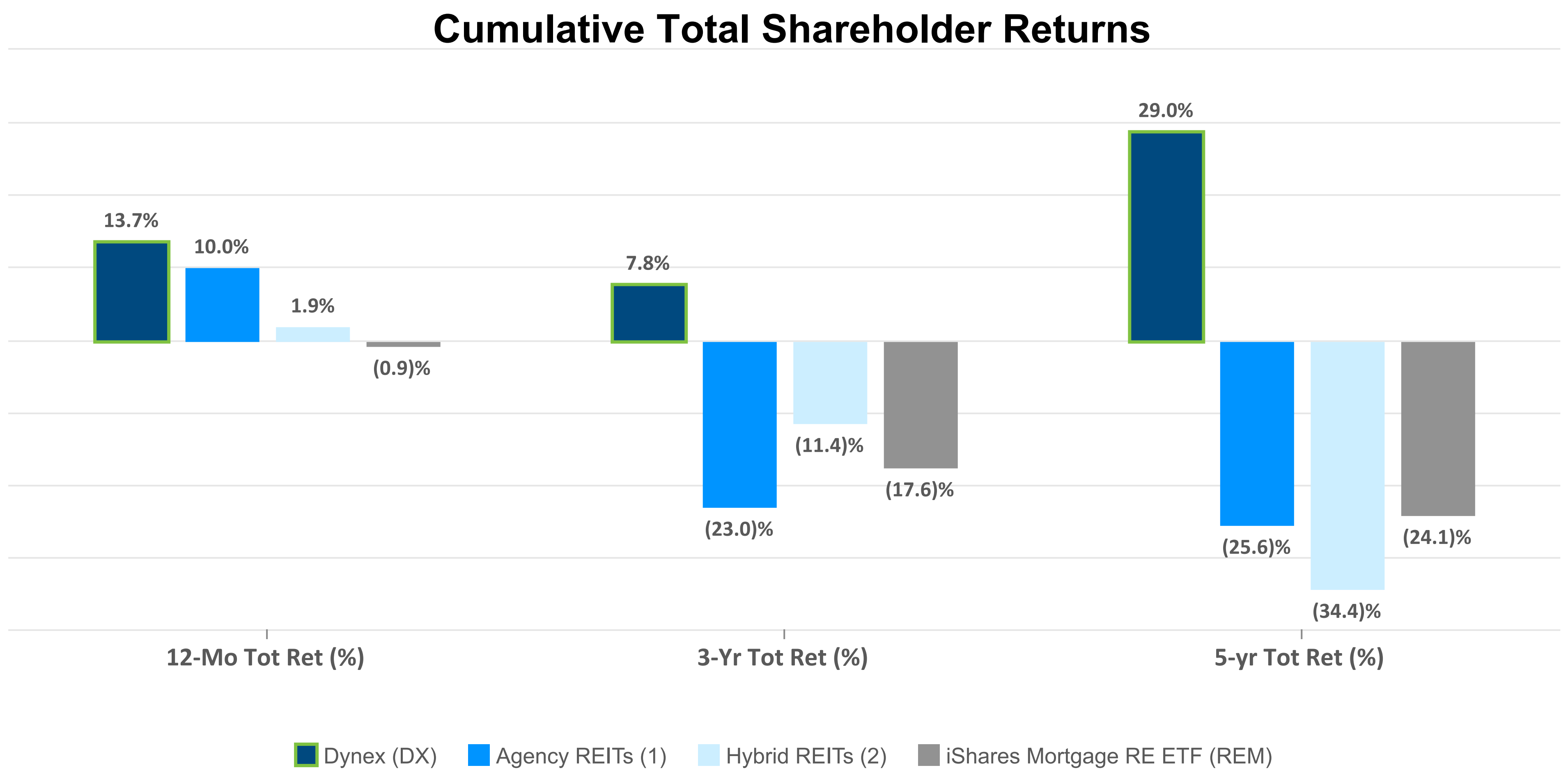
## PORTFOLIO FAIR VALUE OF $9.8 BILLION

| | | |
|---|---|---|
| **436% STOCK RETURN SINCE IPO** *(dividends reinvested)* | **14.2% ANNUALIZED DIVIDEND YIELD** *(as of December 31, 2024)* | **$1.1 billion MARKET CAP** *(as of December 31, 2024)* |



# Industry Leading Returns For The Last 1, 3, and 5 Years

*Experience in managing assets through multiple economic cycles and a disciplined investment process results in Dynex long-term outperformance during periods of high volatility*




*(1) Select Agency MREITS on an equal weight basis*
*(2) Select Hybrid MREITS on an equal weight basis*

*Source: Bloomberg. Assumes dividends are reinvested in the respective security.*

DYNEX CAPITAL INC.

# Fourth Quarter 2024 Performance

# Quarterly Performance Highlights

| | Q4 24 | Q3 24 |
|---|---|---|
| **Comprehensive Income** *(per common share)* | $0.15 | $0.93 |
| **Book Value** *(per common share)* | $12.70 | $13.00 |
| **Total Economic Return** [(1)] | 1.0% | 7.1% |
| **Net Income** *(per common share)* | $0.61 | $0.38 |
| **Leverage** [(2)] | 7.9x | 7.6x |
| **Average Earning Assets** *(inclusive of Agency RMBS TBAs)* | $9.6B | $9.3B |

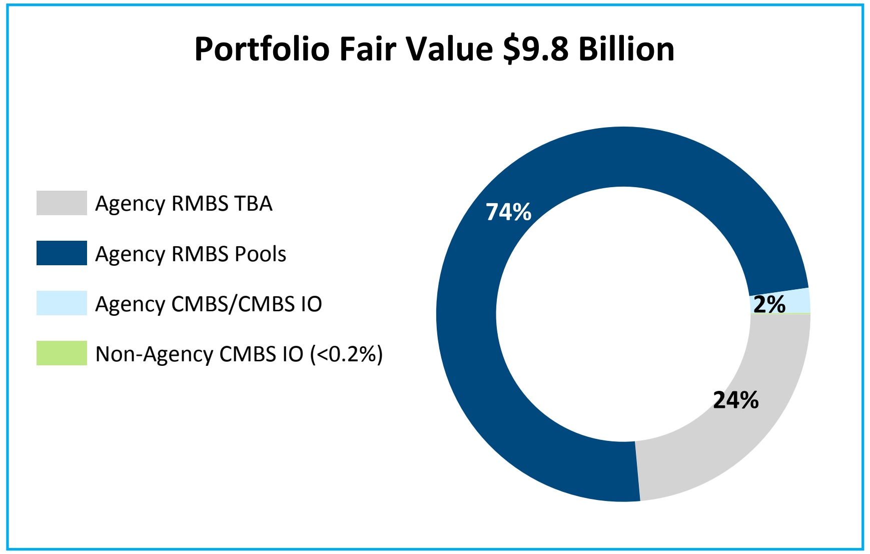
*(1) Equals sum of dividend declared per common share during the quarter **plus** the change in book value per common share during the quarter **divided by** beginning book value per common share.*
*(2) Leverage equals the sum of (i) total liabilities **plus** (ii) amortized cost basis of TBA long positions **divided by** total shareholders' equity.*

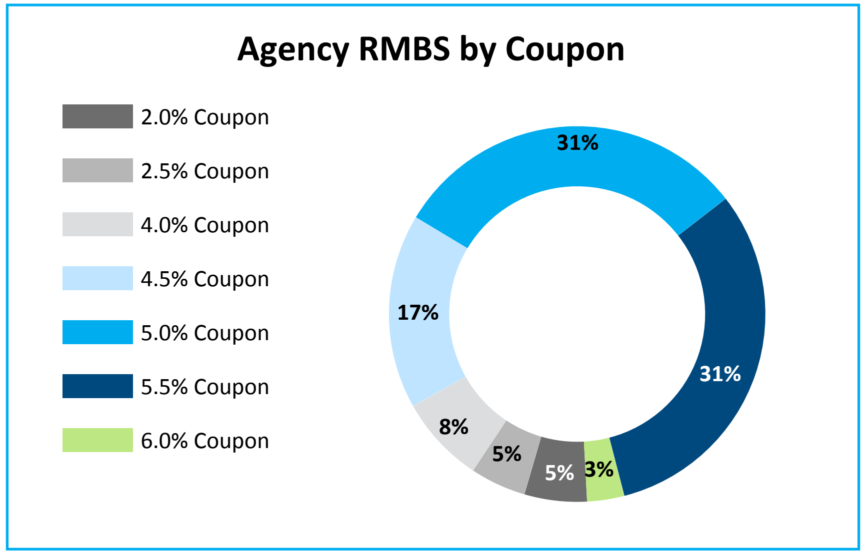
# Investment Portfolio *(as of dates indicated)* [(1)]

**Dynex's diversified portfolio remains constructed for flexibility.**

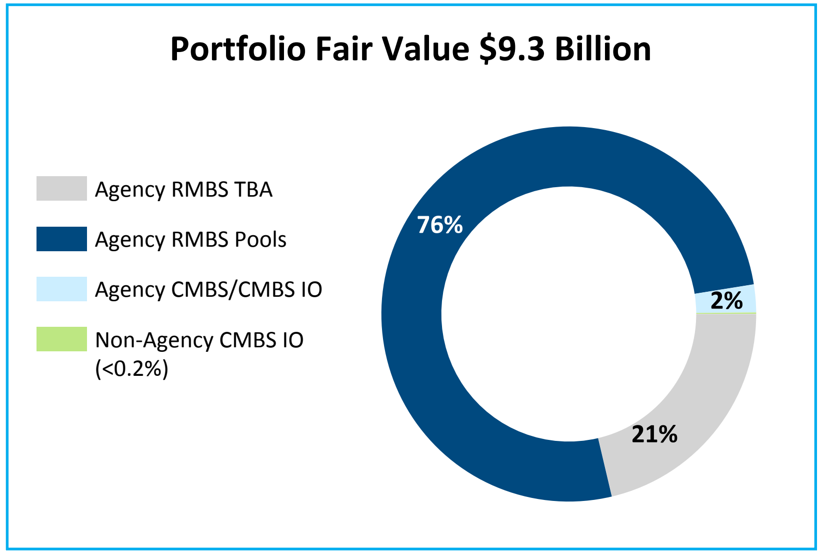
We strategically grew our balance sheet with a focus on high quality, liquid, Agency MBS offering compelling risk-adjusted returns. As pricing evolves, other segments of commercial and residential mortgage markets could become attractive again.

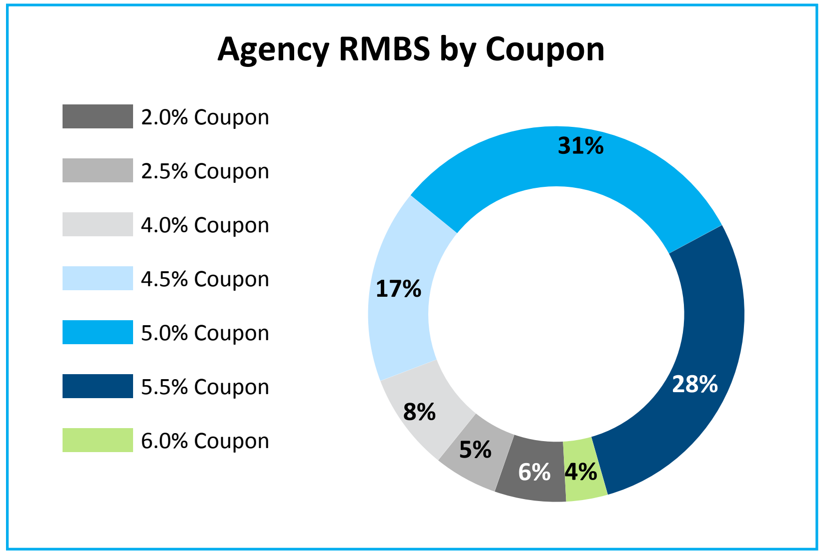
## December 31, 2024




## September 30, 2024

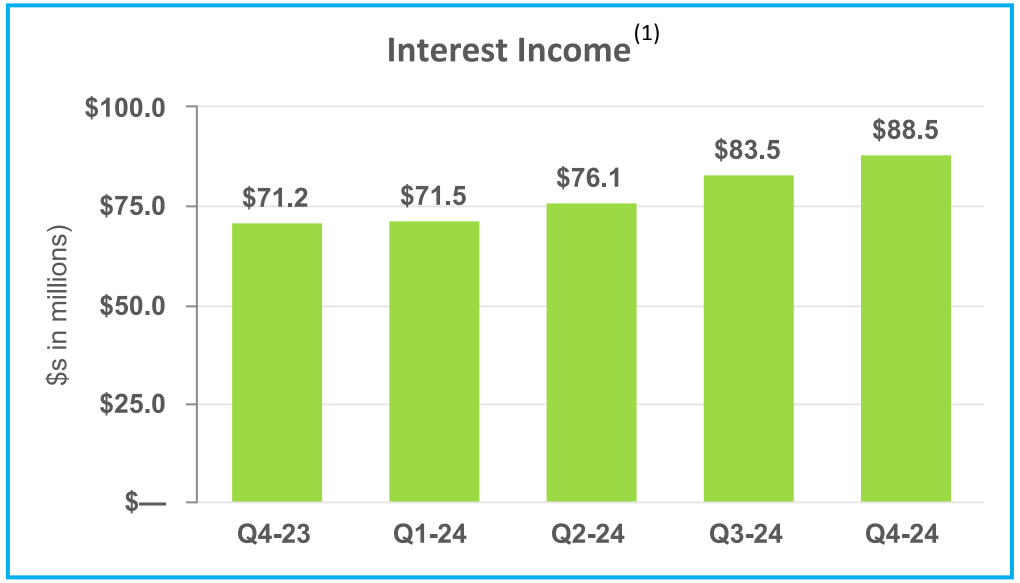


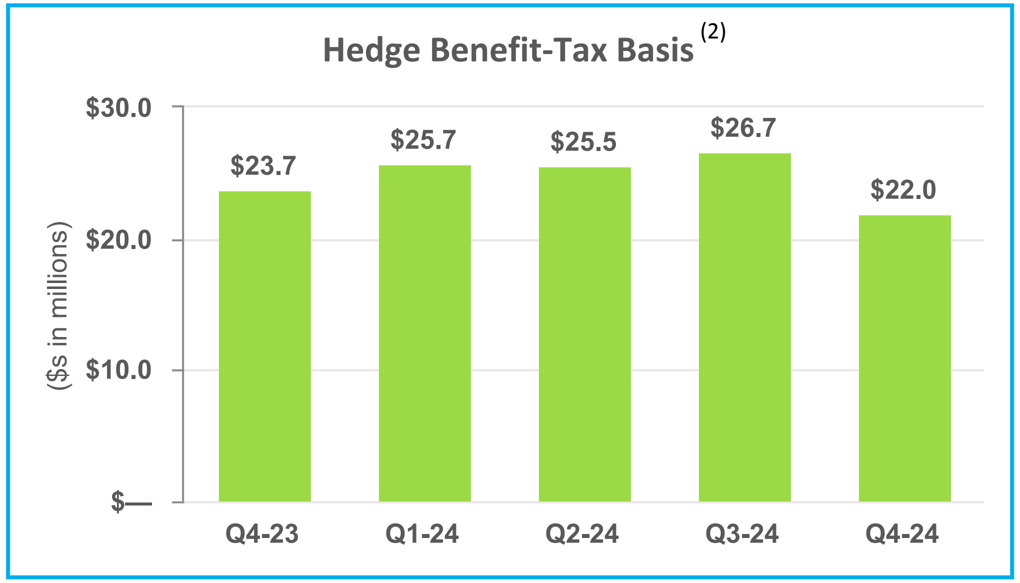



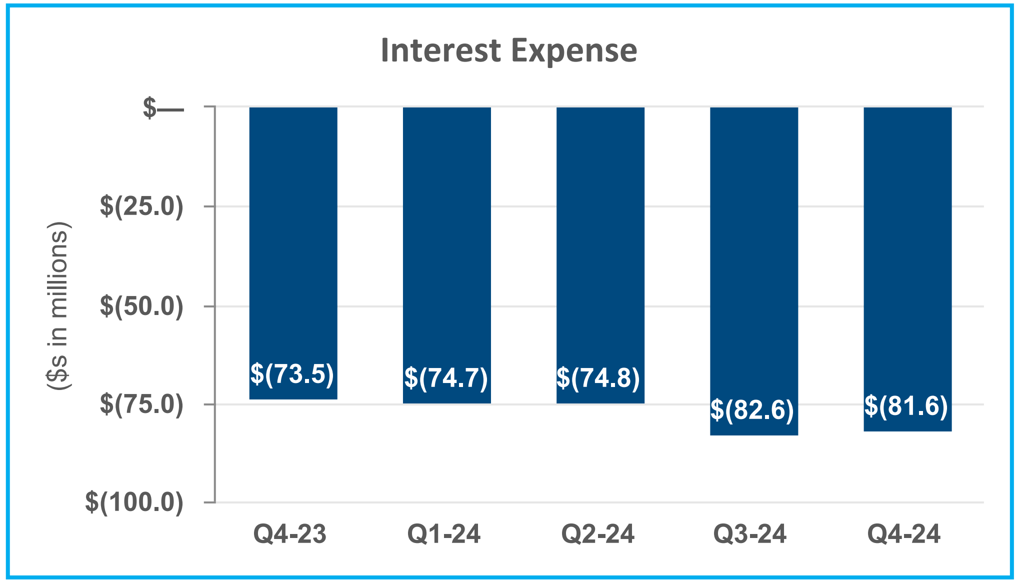

(1) *Includes Agency RMBS TBA dollar roll positions at their implied market value which are accounted for as "derivative assets (liabilities)" on our consolidated balance sheet.*

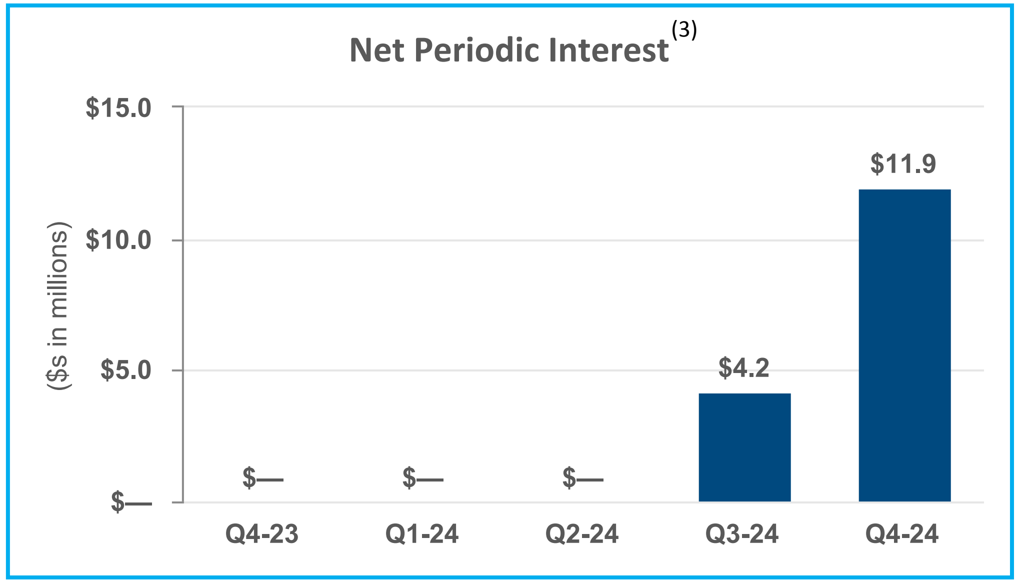
# Selected Components of Portfolio Returns *(excluding mark-to-market)*

**Interest income continues to increase as higher coupon assets have been added. Financing costs are starting to fall as the Fed lowers rates. Hedges continue to be supportive of portfolio returns.**




*(1) Interest income includes amounts earned from cash equivalents.*
*(2) Amount represents the amortization of deferred tax hedge gains that are distributable as REIT taxable income for the periods presented, but which were recognized in GAAP earnings in prior periods.*
*(3) Net periodic interest from interest rate swaps are a component of economic net interest income, a non-GAAP measure reconciled to GAAP measures on slide 28.*

# Key Macroeconomic Themes

## Dynex remains vigilant and mindful of the evolving economic and regulatory forces over the short-, medium- and long-term.

**Our strategy is built on navigating uncertainty through scenario analysis, preparation and flexibility.**

### 01 Government Policy

Political regime change is happening in wide swaths of developed world, likely impacting asset prices indirectly and even directly in some cases. Policies will evolve quickly with the possibility of adjustment after policymakers see market reactions.

### 02 Fiscal Policy

$2T-plus deficits look like very likely with risks to the upside. Treasury policy could be increasingly targeted to control interest rate levels, targeting the Dollar more than ever and opportunistically extending debt maturities.

### 03 Fed Policy

Still biased towards less restrictive monetary policy, Fed policy could be less meaningful for longer maturities, while still providing an anchor for fixed-income valuations in short maturities.

### 04 System Liquidity

Lighter regulation or even just easing upward pressure on capital requirements could see improved liquidity in dollar financing markets. Even small actions in 4Q2024 by the Fed were enough to reassure short-dated financing markets that the Fed is focused on system-wide liquidity.

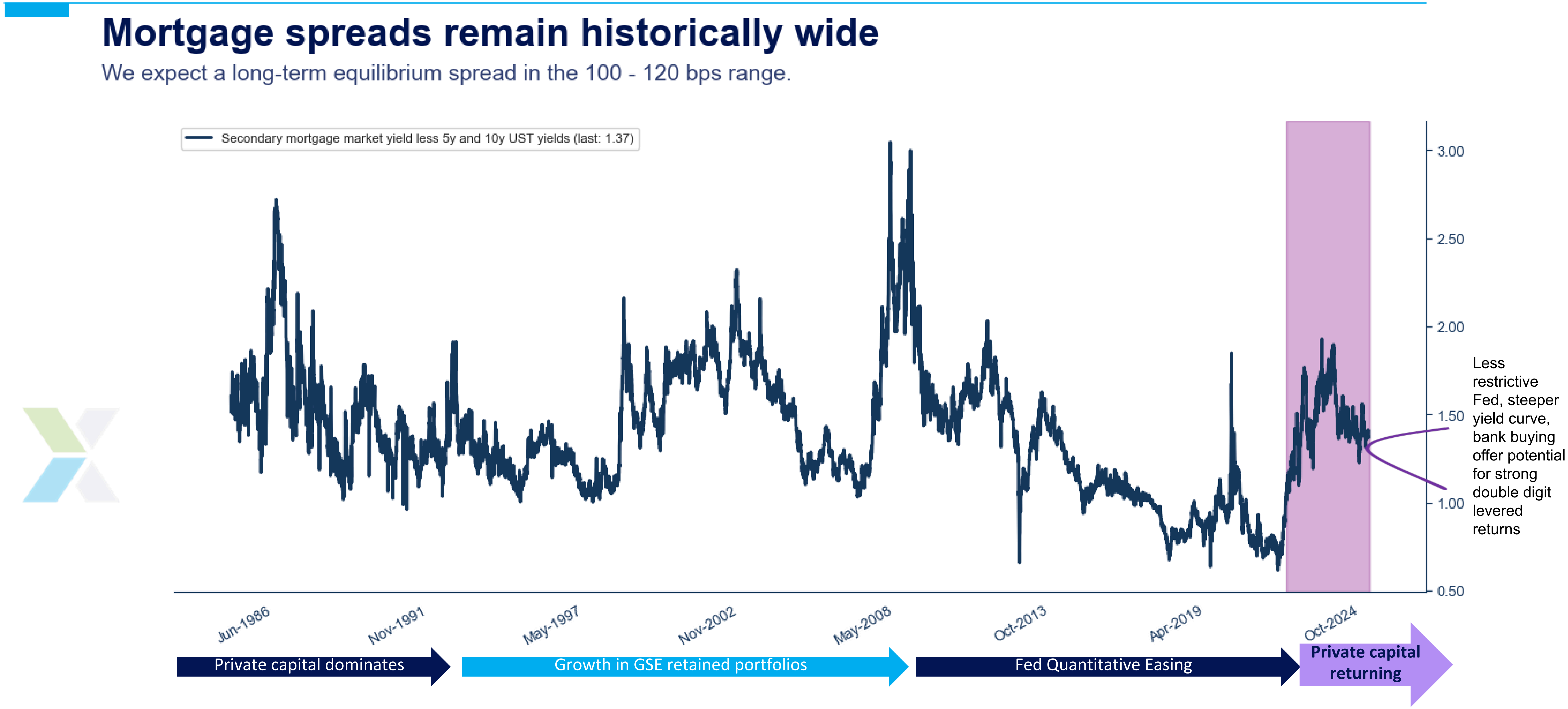
### 05 Demographics & Tech

Persistent global Demographics support the demand for income and our overall business model. AI and climate volatility are shifting growth and inflation, shaping long- and short-term economic trends.

### 06 Global Power Shifts

Power dynamics continue to shift globally creating rapid change. Risks outside traditional economics like cyber war and policy risks are higher, can be binary and difficult to hedge. This requires liquidity, preparedness and scenario planning.

# Equilibrium Spread Tighter Still

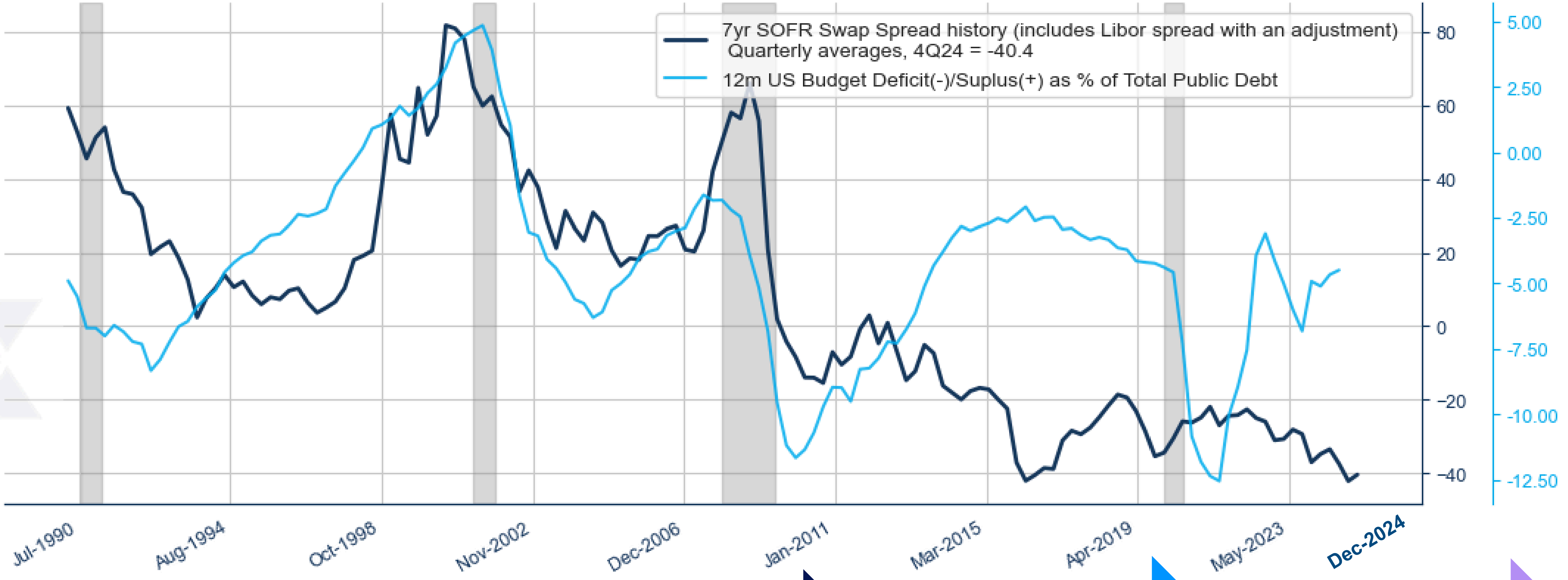



*Source: Bloomberg data (Current Coupon "MTGEFNCL Index" vs. 5&10 Year Treasury yields weighted to average 7 years)*

# Hedge Selection Offers Potential for Alpha Generation

## Interest rate swap yields hit historic lows against Treasury yields

Prior to SOFR introduction, swap spreads tracked deficits, today spreads more than price risk of more deficit financing




LIBOR Era

Transition following June '17 Vote for SOFR to replace LIBOR. Treasury futures were better hedge than swaps.

**SOFR Era (LIBOR ceased Jun '23). After 4+ quarters, swaps are becoming more attractive hedges.**

*Source: Dynex calculations using US Treasury, St. Louis FRED, Bloomberg. ARCC SOFR-Libor spread of 26.2bps.*

# Agency RMBS Market Dynamics and Portfolio Strategy

## Agency MBS offer compelling returns for private capital.

**Expect private capital to drive spreads towards a tighter long-term equilibrium over the medium- and long-term. Periodic short-term volatility remains a high probability.**

### *Fundamentals:*

- **Steeper Curve** - positive for mortgage carry, including dollar rolls
- **Focused Refis** – refi response has been high for a select, concentrated segment of high-rate, easily refinanced loans.
- **Slow Housing** – large portion of borrowers "locked-in" with rates below 4%, but there were hints turnover could increase if rates can get near 5%.
- **Affordability** – low amid high rates and rising insurance costs
- **Innovation** – mortgage bankers continue to look for ways to help borrowers extract equity.
- **Credit Risk** – non-agency MBS still rich, credit supported by tight housing market. Climate risk not fully priced into housing credit and many other sectors. GSE reform could alter how credit risk is priced.

### *Psychology:*

- **Fed Bias** – Fed officials appear biased to hold Fed Funds policy rate steady.
- **Fully Priced Credit** – other risky assets appear fully priced relative to MBS. Little room for error in most credit products.
- **Regulatory/Political Backdrop** – policy uncertainty impact on asset prices extremely hard to assess.

### *Technicals:*

- **Fed Balance Sheet** - MBS portfolio runoff will likely continue even after net "quantitative tightening" ends; Fed's MBS paydowns invested in UST; private capital will absorb marginal net supply.
- **Supply** – net issuance will likely remain historically low, expecting $200-250B net supply in '25.
- **Return of Banks** – banks were net buyers amid lower funding costs, and CMO activity increased sharply in '24.
- **Fund Flows** – Money fund balances can support demand for longer dated fixed income as yields stabilize.
- **Annuities** - renewed source of fixed-income demand
- **The Coupon Stack** – rate moves highlight importance of exposure across the tradable coupons in agency MBS

### *Value:*

- **Periodic Vol Amid Lower Trend** - expect volatility to cheapen MBS periodically, offering opportunities amid a medium- and long-term trend towards lower interest rate volatility and tighter MBS spreads.
- **Relative Value** – diverse coupon positions benefited portfolio; specified pools have traded very well; we are considering relative value opportunities.
- **Potential for diversification** – select segments of agency CMBS market increasingly will merit a close look as agency RMBS spreads tighten further and as credit spreads potentially widen

# CMBS Market Dynamics and Strategy

## Stable cash flows in senior CMBS and Agency CMBS offer potential for diversification.

### *Fundamentals:*

- **Multifamily (MF)** – demographic demand for housing is strong, driving tight markets for MF. High prices and low affordability for single-family support demand for apartments.
- **Supply** – new MF supply, especially in Sunbelt, is pressuring rent growth and and occupancy levels.
- **Structural Office Headwinds** – work from home and obsolescence pushed overall vacancy rates to levels in excess of those seen in the GFC.
- **Inflation & Rates** – higher cap-rates and financing costs have negatively impacted property values as well as borrowers' ability to service and/or refinance existing debt. Inflation has resulted in higher property operating expenses.
- **Delinquencies & Special-servicing** - could ultimately result in losses in certain non-agency CMBS tranches.

### *Psychology:*

- **Fed Policy** - likely supportive of CRE transaction volumes, property prices, and CMBS spreads.
- **Risk Assets** - strong performance in equities and corporate bonds has been a tailwind.
- **Broad CRE Concerns** - CRE loan maturities and certain bank exposures may weigh on the sector.
- **Rating Agency Downgrades** - non-agency CMBS downgrades may be a concern for some investors.

### *Technicals:*

- **Issuance -** non-agency CMBS issuance has rebounded due to increases in single asset / borrower transactions and five year conduit deals. Agency CMBS issuance has been relatively light but could grow amid lower mortgage rates and higher transaction volumes.
- **Bank Demand -** less demand in recent years resulted in increased participation from other investor types. Now banks have started to return to sectors like agency CMBS, where they easily hedge duration with swaps.

### *Value:*

- **Yield Curve** - steeper yield curve offers potential for additional returns from roll-down.
- **Spread Tightening** – sector performed well. Some segments have cheapened modestly and look more attractive hedged with interest rate swaps
- **More Predictable Cash Flow** – certain senior securities– are easier to hedge, and can help improve convexity profile of the overall portfolio.
- **Non-Agency Funding** - terms are generally more restrictive versus agency, requiring wider non-agency CMBS spreads to generate compelling risk-return profiles.
- **Interest Only** – factors laid out can lead to better returns as underlying loans remain outstanding longer.

# Funding Market Dynamics and Strategy

## Funding availability remains strong.

**Fed focus on nuances of this market helped ease concerns, especially over year-end.**

**Lighter regulation could make it easier and less costly to facilitate financing between lenders and borrowers.**

**Our strategy emphasizes fostering deep relationships with our partners, managing liquidity for a multitude of scenarios.**

### *Fundamentals:*

- **Evolving Economic Data** – expect to take advantage of fluctuations in pricing of Fed rate moves amid periodic volatility in economic data.
- **Central Clearing** – SEC adopted rule to reduce and manage risk in financial markets.
- **Reserves** – Bank reserves remain high. Fed more closely monitoring with survey of reserve conditions and regular publication of results.

### *Psychology:*

- **Year-end** - window-dressing of balance sheets and risk-weighted asset concerns impacted 3Q, but even modest Fed actions were enough to ease concerns by year-end and reduce volatility and upward pressure on rates. Expect that sentiment to continue.

### *Technicals:*

- **Money Market Funds -** continue to support liquidity with ~$32B base, about 1/3rd invested in the repo market.
- **Fed Reverse Repo Program** - Fed tweaked rate by lowering 5bps, pushing investors to higher yielding options like repo, further supporting funding.
- **Standing Repo** - Fed add additional morning operations to the Standing Repo Facility to provide liquidity, in addition to its regular afternoon operations.
- **Year-End SOFR** - SOFR increased roughly 19bps over the year-end turn but quickly normalized. We saw very minimal pressure in the repo markets at year end.
- **GSE Cash** - consistent source of cash at regular interval during the month.

### *Value:*

- **Portfolio Financing** – DX managed shifts in the financing market's supply & demand technicals and executed repo at opportunistic levels when available.
- **Prepared for Stress** – meticulous liquidity sensitivity analysis and management of event-risk.

# Dynex Positioned to Capture Growth and Drive Value

## 01 Historic Opportunity

Mortgage spreads remain near generational wides and offer opportunity to earn positive carry from the yield curve. Spreads offer a significant margin of safety for volatility amid evolving policy environment.

## 02 Well Positioned

Existing portfolio can drive significant upside as spreads converge to longer-term equilibrium levels; shifting yield dynamics offer potential for further accretive returns from hedges and diversification.

## 03 High Liquidity

We are operating with ample liquidity in order to capture future opportunities, with $658 million of cash and unencumbered assets as of December 31, 2024.

## 04 Policy

Lighter regulation improves financing and allows for more investment in RMBS. The Fed will likely remain biased towards less restrictive policy. GSE Reform could see reduction in scope of their activities, limiting supply.

## 05 Experience

Seasoned team respectful of and prepared for complex macro environment. Human capital remains a focus and we have made several key decisions to build for future success.

**We expect to create value through opportunistic investing, diversifying our hedges and asset mix, capital raising, and deployment to support solid return generation well into the future.**

# Doing Good Helps Dynex Do Well

*Our Core Values Underpin Every Decision We Make to Sustain Our High-Performance Culture and Consistently Generate Attractive, Long-Term Returns*

**Kindness**
We can accomplish more together and build a culture like no other when we show compassion and understanding toward others.

**Integrity**
We choose courage over comfort, doing what is right over what is fast or easy, and make choices that are just and ethical.

**Performance Mentality**
We aim and expect ourselves to achieve the highest level of excellence and performance in everything we do.

**Stewardship**
We are thoughtful, ethical, and responsible fiduciary stewards of environmental, social, and financial capital.

**Equality & Inclusion**
We operate with an open, fair, inclusive, mindset, respecting others' ideas, beliefs, and backgrounds. We believe that a diversity of people and opinions makes us and our company better.

**Trust**
We understand that building trust is imperative with each action we take, conversation we hold, and relationship we build.

DYNEX CAPITAL INC.

# Supplemental Financials

# Capital Structure

| | Common Stock | Series C Preferred Stock |
|---|---|---|
| **NYSE Ticker** | DX | DX PRC |
| **Shares Outstanding** | 84.5 million | 4.5 million |
| **Book Value per share Outstanding** | $12.70 | — |
| **December 2024 Common / Fourth Quarter 2024 Preferred Dividends Declared per share** | $0.15 | $0.43 |
| **Annualized Dividend Yield** | 14.23% | 6.74% |
| **Share Price** | $12.65 | $25.60 |
| **Market Capitalization** | $1.1 billion | — |
| **Liquidation Value** | | $111.5 million |

*Information as of December 31, 2024*

# RMBS Portfolio Details *(as of December 31, 2024)*

| ($ in thousands) | Par/Notional Value | Amortized Cost (%) (1) | Fair Value | Fair Value (%) | % of Total Portfolio | WAVG Pay up to TBA | Unamortized Premium Balance (1) | Market Yield (2) | 3-month WAVG Yield (1) | 3-month CPR (1) (3) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Agency RMBS Pools:** | | | | | | | | | | |
| 2.0% coupon | $ 655,356 | 101.6 % | $ 516,541 | 78.8 % | 5.3 % | 1.14 | $ 10,750 | 5.42% | 1.77% | 5.0 % |
| 2.5% coupon | 561,625 | 103.8 % | 463,402 | 82.5 % | 4.7 % | 1.19 | 21,151 | 5.33% | 2.02% | 4.3 % |
| 4.0% coupon | 324,615 | 100.1 % | 299,774 | 92.3 % | 3.0 % | 1.05 | 476 | 5.25% | 3.96% | 6.4 % |
| 4.5% coupon | 1,323,371 | 97.6 % | 1,252,219 | 94.6 % | 12.7 % | 0.65 | (31,961) | 5.33% | 4.89% | 7.4 % |
| 5.0% coupon | 2,356,262 | 98.3 % | 2,284,613 | 97.0 % | 23.2 % | 0.52 | (40,744) | 5.47% | 5.26% | 5.7 % |
| 5.5% coupon | 2,193,064 | 100.6 % | 2,178,180 | 99.3 % | 22.2 % | 0.71 | 14,231 | 5.61% | 5.38% | 5.3 % |
| 6.0% coupon | 303,470 | 101.2 % | 307,509 | 101.3 % | 3.1 % | 0.89 | 3,741 | 5.74% | 5.68% | 13.2 % |
| **Total Agency RMBS Pools:** | $ 7,717,763 | 99.7 % | $ 7,302,238 | 94.6 % | 74.3 % | 0.73 | $ (22,356) | 5.48 % | 4.59 % | 6.1 % |
| **Agency RMBS TBA:** | | | | | | | | | | |
| 4.0% coupon | 462,000 | - | 421,796 | 91.3 % | 4.3 % | - | - | 5.20% | - | - |
| 4.5% coupon | 383,000 | - | 359,837 | 94.0 % | 3.7 % | - | - | 5.35 % | - | - |
| 5.0% coupon | 710,000 | - | 684,706 | 96.4 % | 7.0 % | - | - | 5.51 % | - | - |
| 5.5% coupon | 864,000 | - | 852,053 | 98.6 % | 8.7 % | - | - | 5.73 % | - | - |
| **Total Agency RMBS TBA:** | $ 2,419,000 | - | $ 2,318,392 | 95.8 % | 23.6 % | - | - | 5.51 % | - | - |
| **Total Agency RMBS:** | **$ 10,136,763** | | **$ 9,620,630** | **94.9 %** | **97.9 %** | | | **5.49 %** | | |

*(1) Amortized cost %, 3-month WAVG yield, and 3-month CPR not applicable to TBA securities.*
*(2) Market yield represents the projected yield calculated using cash flows generated off the forward curve based on market prices as of the end of the period and assuming zero volatility.*
*(3) 3-month CPRs exclude recent purchases of securities which do not have a prepayment history.*

# CMBS and CMBS IO Portfolio Details *(as of December 31, 2024)*

| | | | | Portfolio Characteristics | | | Financing Details | |
|---|---|---|---|---|---|---|---|---|
| ($ in thousands) | Amortized Cost | Fair Value | % of Total Portfolio | WAVG Life Remaining [1] | 3-month WAVG Yield | WAVG Market Yield [2] | Repo Outstanding | Equity Invested |
| Agency CMBS | $ 99,848 | $ 95,463 | 1.0 % | 2.6 | 2.96 % | 4.76 % | $ 90,717 | $ 4,746 |
| Agency CMBS IO | 109,335 | 103,606 | 1.1 % | 5.7 | 4.94 % | 7.21 % | 96,146 | 7,460 |
| Non-Agency CMBS IO | 8,256 | 10,780 | 0.1 % | 1.3 | 43.26 % | 26.42 % | 7,800 | 2,980 |
| Total | $ 217,439 | $ 209,849 | 2.1 % | 4.1 | 5.73 % | 7.09 % | $ 194,663 | $ 15,186 |

*(1) Represents the weighted average life remaining in years based on contractual cash flows as of the dates indicated.*

*(2) Represents the weighted average market yield projected using cash flows generated off the forward curve based on market prices as of the dates indicated and assuming zero volatility.*

# Risk Position - Interest Rate and Spread Sensitivity

## *Interest Rate Sensitivity*

| Parallel Curve Shift (bps) | Percentage Change in Common Shareholders' Equity | |
|---|---|---|
| | As of December 31, 2024 | As of September 30, 2024 |
| +100 | (8.2)% | (4.4)% |
| +50 | (3.4)% | (1.1)% |
| -50 | 0.4% | (2.6)% |
| -100 | (2.8)% | (9.2)% |

| | Curve Shift | | Percentage Change in Common Shareholders' Equity | |
|---|---|---|---|---|
| | 2 year Treasury (bps) | 10 year Treasury (bps) | As of December 31, 2024 | As of September 30, 2024 |
| **Bear Steepener** | +25 | +50 | (2.5)% | (0.5)% |
| | +50 | +100 | (6.6)% | (3.2)% |
| **Bear Flattener** | +50 | +25 | (2.5)% | (1.0)% |
| | +100 | +50 | (4.9)% | (1.9)% |
| **Bull Steepener** | -25 | +0 | 1.4% | 1.1% |
| | -50 | -10 | 2.6% | 1.7% |
| | -75 | -25 | 3.6% | 1.6% |
| **Bull Flattener** | +0 | -25 | (0.4)% | (1.3)% |
| | -10 | -50 | (1.1)% | (3.2)% |
| | -25 | -75 | (3.0)% | (6.6)% |

## *Spread Sensitivity*

| Change in Spreads (bps) | Percentage Change in Common Shareholders' Equity | |
|---|---|---|
| | December 31, 2024 | September 30, 2024 |
| +20/+50 [(1)] | (10.4)% | (9.2)% |
| +10 | (5.2)% | (4.6)% |
| -10 | 5.2% | 4.6% |
| -20/-50 [(1)] | 10.4% | 9.2% |

(1) Incorporates a 20-basis point shift in option-adjusted spread of Agency RMBS/CMBS and a 50-basis point shift in CMBS IO.

The estimated changes in the Interest Rate Sensitivity tables incorporate duration and convexity inherent in our investment portfolio as it existed as of the dates indicated. Percentage changes assume no change in market credit spreads.

*Source: Company models based on modeled option adjusted duration. Includes changes in market value of our investments, including TBA securities, and derivative instruments used to hedge interest rate risk.*

# Hedge Position Changes

**Our hedge strategy is constructed to protect and optimize portfolio performance under various rate scenarios.**

We continued to adjust our hedge book in the 4th Quarter, shifting to SOFR swaps from Treasury futures.

| ($ in thousands) | December 31, 2024 | | September 30, 2024 | |
|---|---|---|---|---|
| | Notional Amount / Long (Short) | WAVG Fixed Pay Rate | Notional Amount / Long (Short) | WAVG Fixed Pay Rate |
| 4-5 year interest rate swaps | $ (1,275,000) | 3.42 % | $ (1,275,000) | 3.42 % |
| 6-7 year interest rate swaps | (3,085,000) | 3.61 % | (260,000) | 3.63 % |
| 9-10 year interest rate swaps | (1,025,000) | 3.83 % | — | — |
| 10-year U.S. Treasury futures | (735,000) | — | (3,850,000) | — |
| 30-year U.S. Treasury futures | (516,500) | — | (505,000) | — |

# Funding Strategy *(as of December 31, 2024)*

| Collateral Type | Balance ($s in thousands) | Weighted Average Rate | Fair Value of MBS Pledged as Collateral ($s in thousands) |
|---|---|---|---|
| Agency RMBS | $6,368,457 | 4.79 % | $6,689,336 |
| Agency CMBS | 90,717 | 4.78 % | 95,071 |
| Agency CMBS IO | 96,146 | 5.18 % | 101,165 |
| Non-Agency CMBS IO | 7,800 | 5.52 % | 8,057 |
| Total | $6,563,120 | 4.80 % | $6,893,629 |

| Remaining Term to Maturity | Balance ($s in thousands) | Percentage | Weighted Average Original Term to Maturity |
|---|---|---|---|
| < 30 days | $1,742,440 | 27% | 68 |
| 30 to 90 days | 4,820,680 | 73% | 83 |
| Total | $6,563,120 | 100% | 79 |

## Balancing and Diversifying Risk

At year end 2024, we were active with 27 counterparties with maximum equity at risk no greater than 10% with any one counterparty.

# Financial Performance

| ($ in thousands, except per share amounts) | 4Q24 Income (Expense) | 4Q24 Per Common Share* | 3Q24 Income (Expense) | 3Q24 Per Common Share* | YTD 2024 Income (Expense) | YTD 2024 Per Common Share* |
|---|---|---|---|---|---|---|
| Interest income | $ 88,496 | $ 1.09 | $ 83,458 | $ 1.10 | $ 319,534 | $ 4.52 |
| Interest expense | (81,609) | (1.01) | (82,564) | (1.09) | (313,657) | (4.43) |
| **GAAP net interest Income** | 6,887 | 0.08 | 894 | 0.01 | 5,877 | 0.08 |
| Net periodic interest benefit from interest rate swaps (1) | 11,926 | 0.15 | 4,162 | 0.05 | 16,105 | 0.23 |
| Agency RMBS TBA drop loss (1) | 459 | 0.01 | (1,654) | (0.02) | (2,694) | (0.04) |
| General, administrative, and other operating expenses | (9,246) | (0.11) | (8,707) | (0.11) | (36,498) | (0.52) |
| Preferred stock dividends | (1,923) | (0.02) | (1,923) | (0.03) | (7,694) | (0.11) |
| **Earnings available for distribution (2)** | 8,103 | 0.10 | (7,228) | (0.10) | (24,904) | (0.35) |
| Realized loss on sales of investments, net | — | — | — | — | (1,506) | (0.02) |
| Unrealized (loss) gain on investments, net | (223,225) | (2.75) | 192,874 | 2.54 | (142,352) | (2.01) |
| Change in fair value of derivatives (1) | 264,285 | 3.26 | (156,572) | (2.07) | 274,966 | 3.89 |
| **GAAP net income to common shareholders** | 49,163 | 0.61 | 29,074 | 0.38 | 106,204 | 1.50 |
| Net unrealized (loss) gain on AFS investments | (36,601) | (0.45) | 41,667 | 0.55 | (13,987) | (0.20) |
| **Comprehensive income to common shareholders** | $ 12,562 | $ 0.15 | $ 70,741 | $ 0.93 | $ 92,217 | $ 1.30 |
| Weighted average common shares outstanding | 81,146 | | 75,793 | | 70,766 | |

*Per common share amounts may not foot due to $'s presented in '000s.

(1) *Net periodic interest benefit from interest rate swaps, TBA drop income/loss, and change in fair value of derivatives are components of "gain (loss) on derivative instruments, net" reported in the Company's consolidated statement of comprehensive income.*
(2) *See reconciliations for non-GAAP measures on slide 28.*

# Book Value Rollforward

| ($s in thousands except amounts per share) | Quarter Ended December 31, 2024 | | |
|---|---|---|---|
| | | Common Equity | Per Common Share |
| Common equity, beginning of period [1] | | $ 1,031,059 | $ 13.00 |
| Earnings available for distribution [2] | 8,103 | | |
| Change in fair value of investments, including TBAs | (332,828) | | |
| Change in fair value of interest rate hedges | 337,287 | | |
| Comprehensive income to common shareholders | | 12,562 | |
| Dividends declared | | (35,647) | |
| Stock transactions [3] | | 65,462 | |
| Common equity, end of period [1] | | $ 1,073,436 | $ 12.70 |

*(1) Common equity is calculated as total shareholders' equity less the liquidation value of preferred stock outstanding as of the date indicated.*
*(2) See reconciliations for non-GAAP measures on slide 28.*
*(3) Includes issuance of common stock, net of stock issuance costs and restricted stock, net of vesting as well as other share-based compensation.*

# Reconciliation of GAAP Measures to Non-GAAP Measures (1)

| ($ in thousands except per share amounts) | 4Q24 | 3Q24 | 2Q24 | 1Q24 | 4Q23 |
|---|---|---|---|---|---|
| **Comprehensive income (loss) to common shareholders** | $ 12,562 | $ 70,741 | $ (12,013) | $ 20,927 | $ 81,648 |
| Adjustments: | | | | | |
| Change in fair value of investments (2) | 259,826 | (234,541) | 45,269 | 87,292 | (323,259) |
| Change in fair value of derivatives instruments, net (3) | (264,285) | 156,572 | (41,351) | (125,903) | 227,759 |
| **EAD to common shareholders** | $ 8,103 | $ (7,228) | $ (8,095) | $ (17,684) | $ (13,852) |
| **EAD per common share** | $ 0.10 | $ (0.10) | $ (0.12) | $ (0.30) | $ (0.24) |

| ($ in thousands) | 4Q24 | 3Q24 | 2Q24 | 1Q24 | 4Q23 |
|---|---|---|---|---|---|
| **Net interest income (expense)** | $ 6,887 | $ 894 | $ 1,287 | $ (3,192) | $ (2,277) |
| Net periodic interest benefit from interest rate swaps | 11,926 | 4,162 | 17 | — | — |
| **Economic net interest income (expense)** | $ 18,813 | $ 5,056 | $ 1,304 | $ (3,192) | $ (2,277) |
| Agency RMBS TBA drop loss | 459 | (1,654) | (233) | (1,268) | (844) |
| Operating expenses, net | (9,246) | (8,707) | (7,243) | (11,301) | (8,808) |
| Preferred stock dividends | (1,923) | (1,923) | (1,923) | (1,923) | (1,923) |
| **EAD to common shareholders** | $ 8,103 | $ (7,228) | $ (8,095) | $ (17,684) | $ (13,852) |

*(1) Please refer to "Non-GAAP Financial Measures" in our Annual Report on Form 10-K, our Quarterly Report on Form 10-Q, or in our earnings release filed on Form 8-K with the SEC for a discussion of management's use of these measures.*
*(2) Amount represents realized and unrealized gains and losses on the Company's MBS.*
*(3) Amount represents realized and unrealized gains and losses on derivatives including TBAs except for TBA drop income/loss.*

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