



Third Quarter 2023 Earnings Presentation

October 23, 2023



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, 2022 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.

Performance Highlights

Comprehensive Income (Loss) *(per common share)*

\$0.79	\$(1.59)
Q2 23	Q3 23

Book Value *(per common share)*

\$14.20	\$12.25
Q2 23	Q3 23

Total Economic Return⁽¹⁾

5.7%	(11.0)%
Q2 23	Q3 23

Net Income (Loss) *(per common share)*

\$0.97	\$(0.82)
Q2 23	Q3 23

Leverage⁽²⁾

7.7x	8.5x
Q2 23	Q3 23

Average Earning Assets *(inclusive of TBAs)*

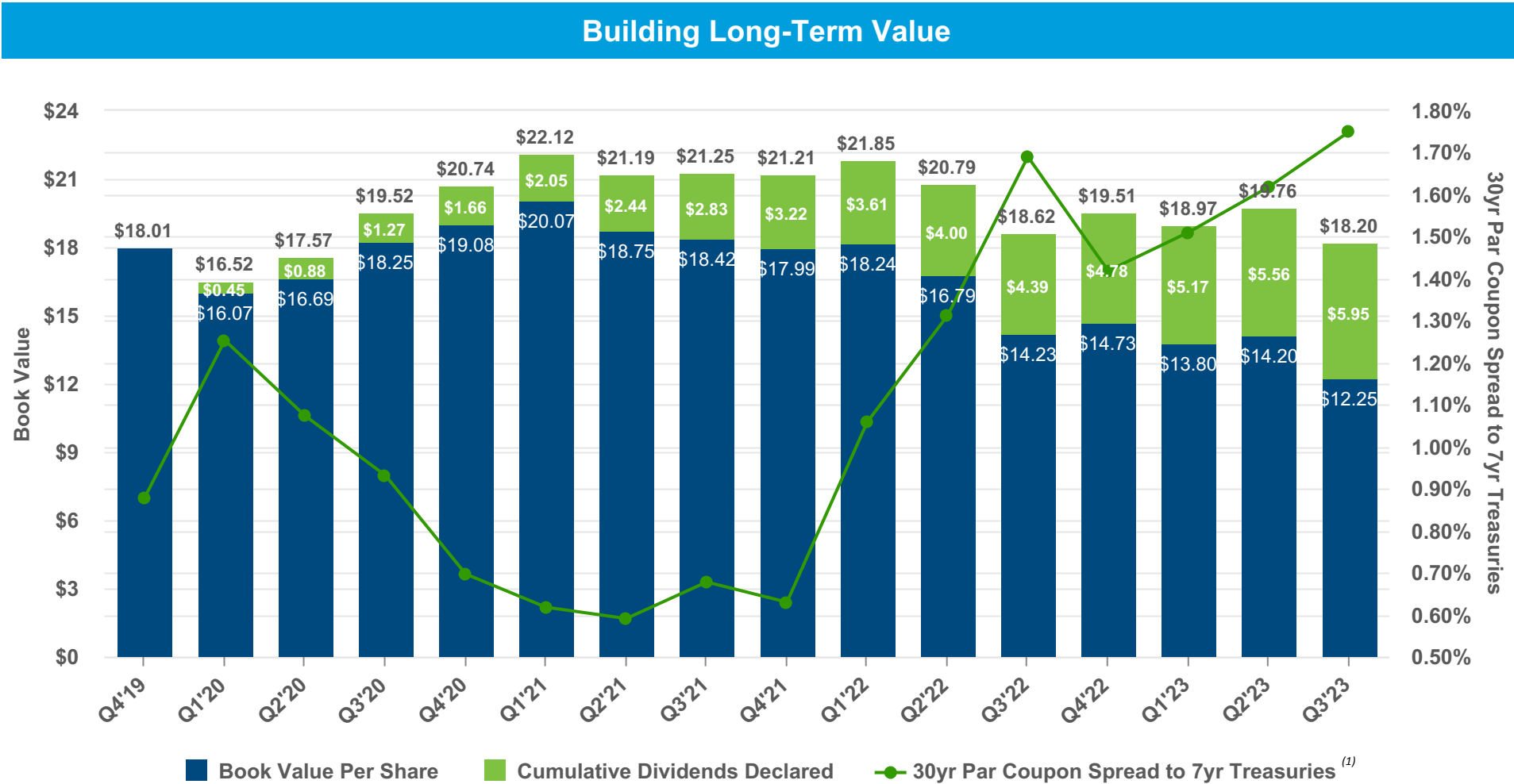
\$6.6B	\$7.5B
Q2 23	Q3 23

(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.

Navigating this Decade's Volatility

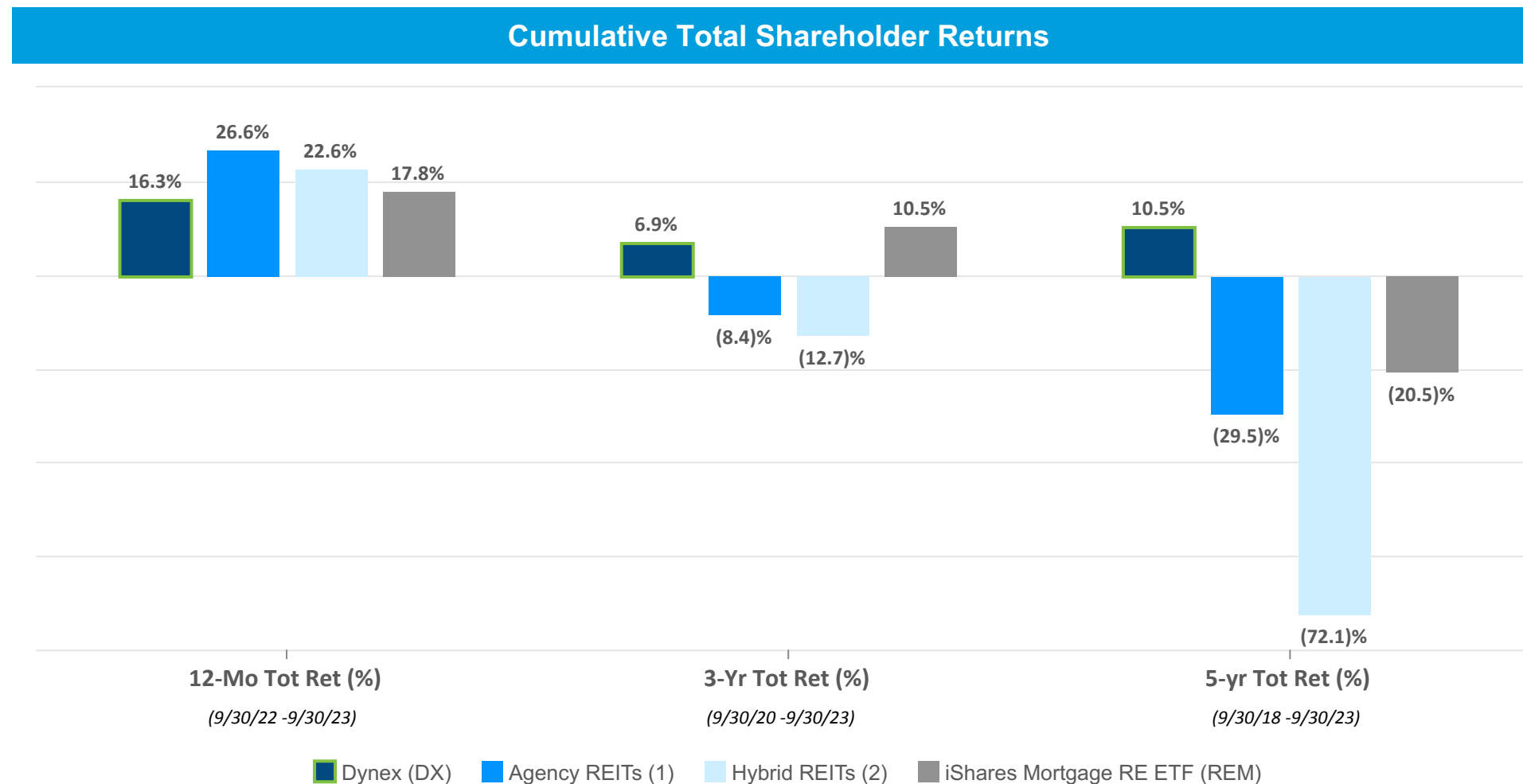
Our disciplined approach delivers an attractive risk-adjusted return and consistent dividend during a volatile market environment



⁽¹⁾Source: Bloomberg FNMA par coupon vs 7-year treasury spread

Dynex Performance

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



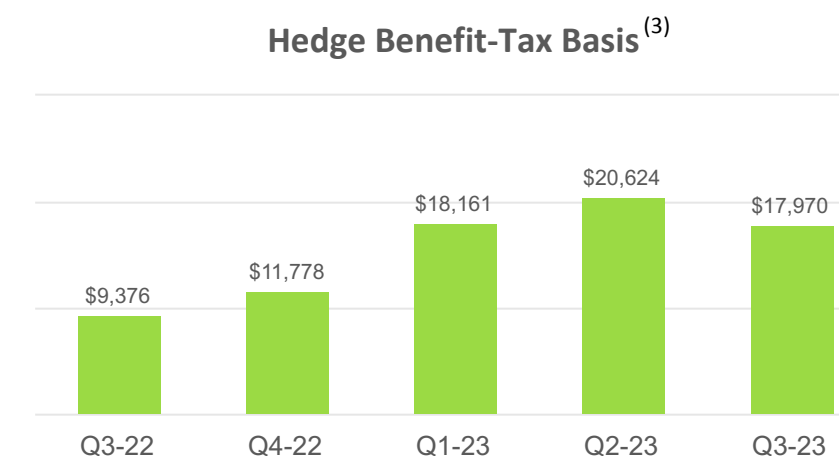
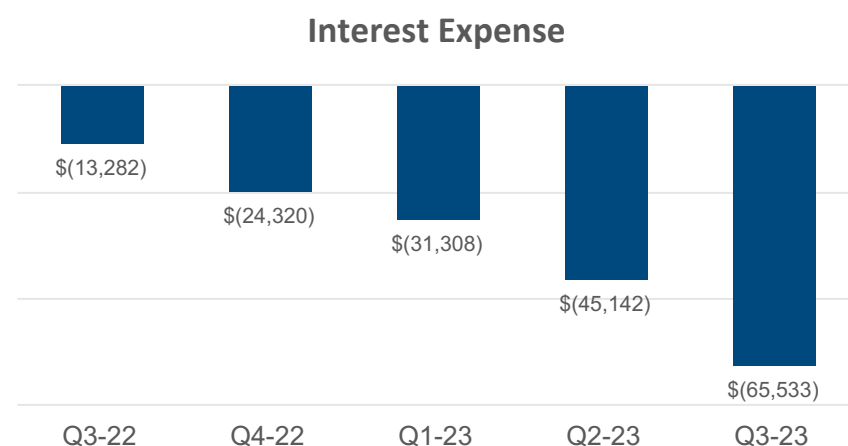
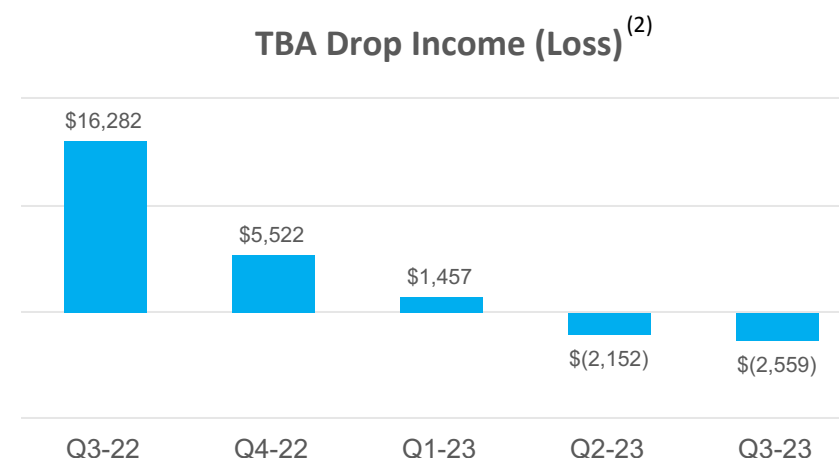
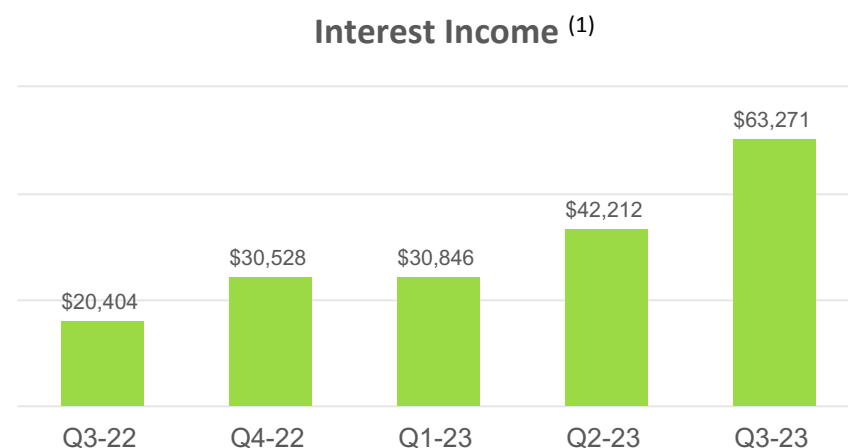
(1) Select Agency MREITS on an equal weight basis

(2) Select Hybrid MREITS on an equal weight basis

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

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

The impact of rising financing costs has been mostly offset by deferred tax hedge gains.



(1) Interest income includes amounts earned from cash equivalents, but net interest spread and adjusted net interest spread do not include yields on cash equivalents.

(2) TBA drop income is a component of our adjusted net interest income/spread and EAD. Non-GAAP measures are reconciled to GAAP measures on slide 29.

(3) 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.

Key Long-Term Macroeconomic Themes

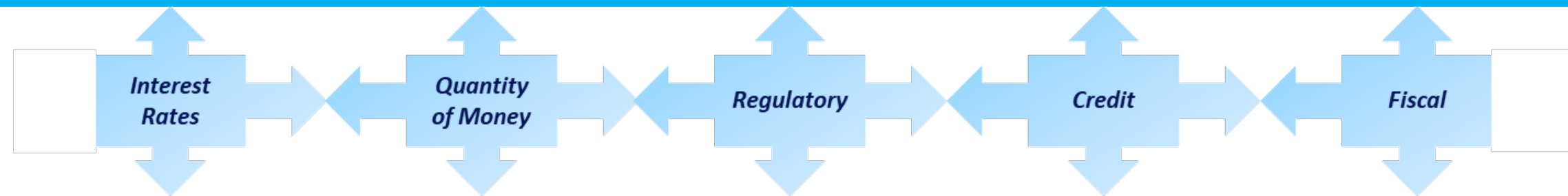
Fundamental theories of economics and finance suggest that the inevitable long-term outcomes of high leverage include lower growth, slower inflation, more fiscal uncertainty, and a higher probability of financial accidents. However, we are mindful of surprisingly robust cyclical forces, particularly in the US economy.

- Inflationary pressures - geopolitical fragmentation, the transition to cleaner energy, the strategic competition for resources, and resulting human conflict – are strongly and persistently counteracting the disinflationary impacts of the last 20 years from aging demographics and technology. Long-term disinflationary forces may play out, but inflationary pressures are still significant in the medium term.
- The central bank playbook is shifting from focusing on rates to quantitative tightening after a pause during the March banking turmoil.
- Unsustainable government debt levels pose increased risks amid tighter monetary conditions, further complicating inflation dynamics as governments increase defense and other public spending amid global fragmentation.
- "De-dollarization" of capital flows remains a concern amid perceived US political instability and global human conflict, potential shifting perceived value in sovereign debt.
- Pricing of assets for the last 14 years has been severely distorted by monetary easing; making past returns no longer the accurate comparison. We are focused on evaluating returns in the context of a possible future without the bias of central banks being price makers – this will continue to be a key foundational element of our thinking.
- We expect global regulatory policy will evolve further and have implications for asset pricing.
- The investing landscape will likely have “flat-fat-tail distributions,” with a high probability for surprises.
- Our focus is on scenario analysis, preparation and flexibility. In this environment, the medium- to long term is more heavily weighted in our thought process. Our risk management is formulated for skewed distributions.

Key Long-Term Macroeconomic Themes

Global conflict highlighted a core tenet of our disciplined macro process - surprise events are the new normal. Exogenous shocks will continue, and our analysis and understanding of history suggest that human conflict will a major source of those shocks.

Geopolitical and economic forces will work through asset prices via five critical channels



- The “human” aspects of geopolitical and economic forces will challenge conventional analysis.
- Rational political or economic response in peace times may be completely different in an environment where the world risks the kind of cascading conflict not seen since World War I

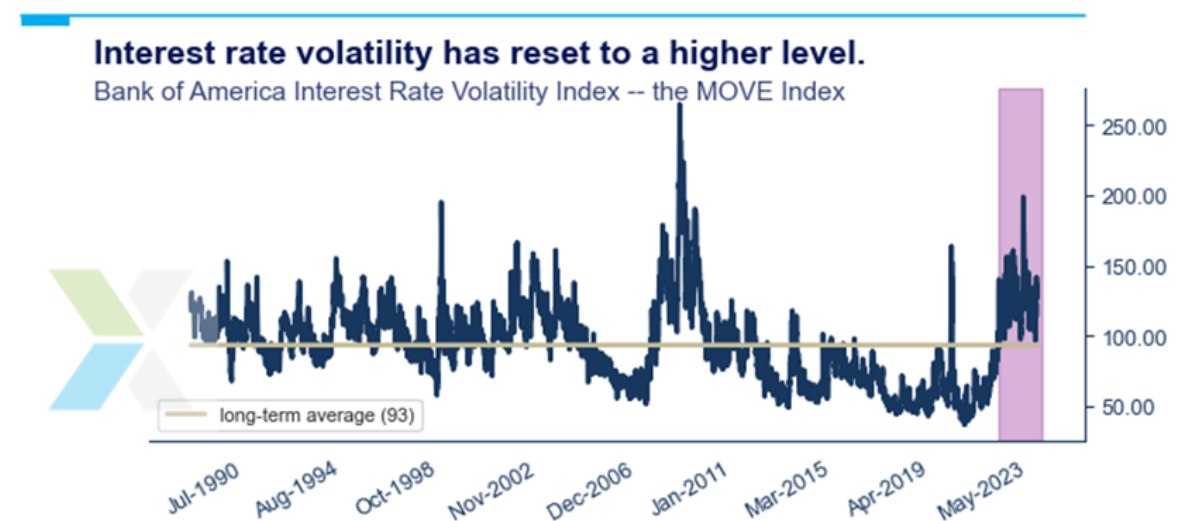
**Over-leveraged financial
systems in developed
economies**

Market Environment and Positioning

Agency mortgage yields widened sharply in the third quarter vs. the Treasury curve and now offer a historic opportunity to earn a return not available since before central bank intervention.

The Market Environment

- The path to the current opportunity has been a volatile one.
- Expect volatility will remain high as private capital replaces the central bank and commercial banks burdened by unrealized losses.
- The yield premium available in mortgages will likely persist for years without a “native” balance sheet in the market.
- The opportunity requires skilled managers who can hedge effectively to earn that yield premium for investors.
- Dynex is uniquely positioned with substantial levels of liquidity and a flexibility.



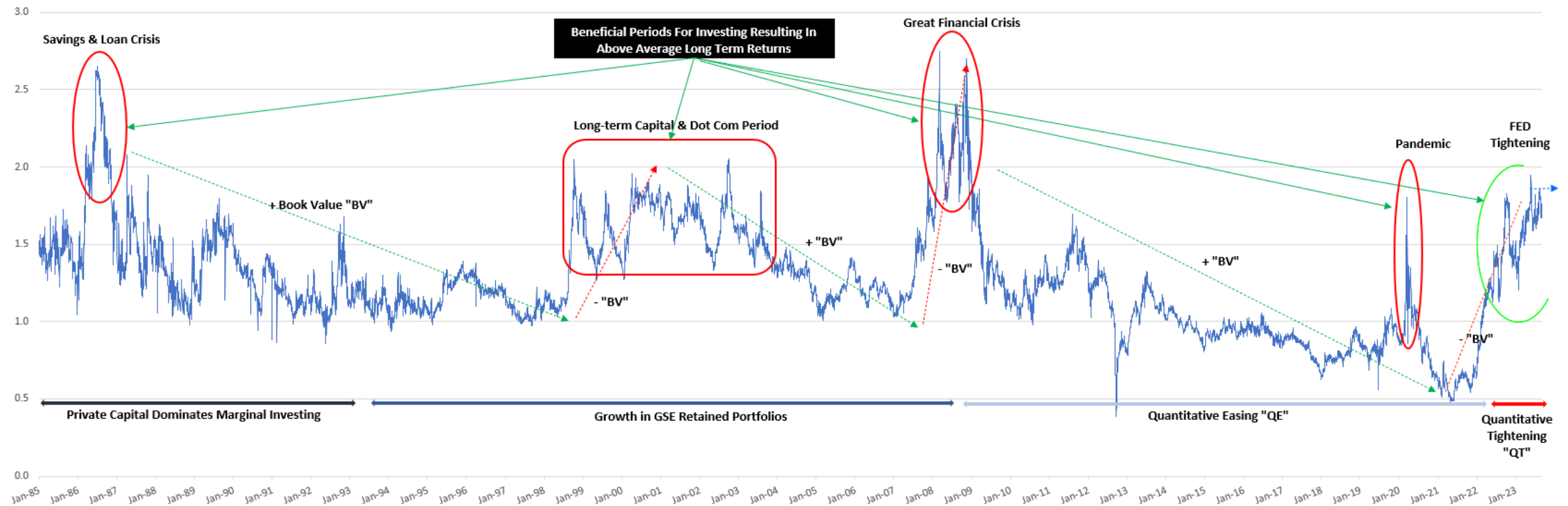
Positioning

- The portfolio is positioned with a diversified coupon distribution, a larger allocation to specified pools and remains “up in credit”.
- We continue to prepare for unexpected factors while maintaining high levels of liquidity and flexibility.
- We believe the coming quarters will provide ample investment opportunity at attractive levels.

Long-Term Par Coupon 30-year Agency RMBS Returns

We remain at historically wide levels surpassed only by the levels seen during the Great Financial Crisis of 2008 and we believe we are in a period of persistent investment opportunities.

Long Term 30 Year Agency RMBS Returns ^{(1) (2)}

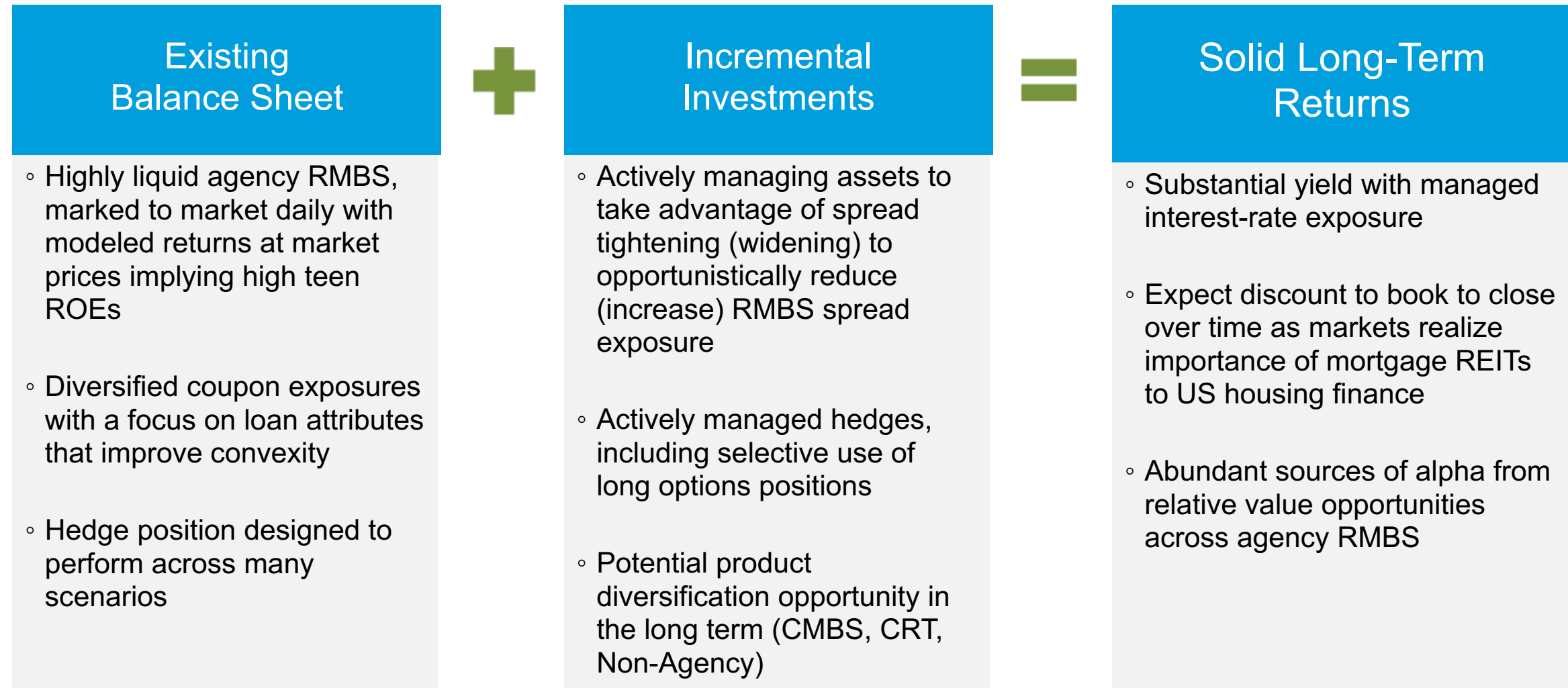


(1) Chart is indicative of DX views only

(2) Source: Bloomberg data (Current Coupon "MTGEFNCL Index" vs. 5&10 Year weighted average treasury)

Well-Positioned for a Favorable Investment Environment

Persistent investment opportunity in Agency RMBS as the largest non-economic buyer exits. We believe our high-quality portfolio and liquidity puts us in an excellent position to capitalize on this opportunity.



Agency RMBS Market Dynamics and Portfolio Strategy

Agency MBS spreads can remain range bound at today's wider levels with further widening providing opportunities to add assets. The key is managing the size of the balance sheet to add value during volatility.

Fundamentals:

- **Slow housing activity** – borrowers are “locked-in”; expect turnover will remain low.
- **Affordability** – historic lows for first-time buyers.
- **Innovative products** – bankers continue to find ways for borrowers to extract equity – more HELOCs.
- **Credit risk not priced** – non-agency MBS have yet to price risk of higher unemployment, weaker growth.
- **Demographics support housing** – millennials are at peak home-buying years, will cushion any correction.

Technicals:

- **Banks are “Shadow Sellers”** – forced-selling is over, but bank execs would still like smaller portfolios
- **No backstop** – higher volatility without Fed or GSEs.
- **Retail matters** – fund flows shifted from a positive earlier in year, now seeing retail sell bond funds.
- **Hedge funds** - remain active and add to liquidity in agency MBS.
- **The Coupon Stack** – more tradable coupons in agency MBS make for more relative value opportunities.

Psychology:

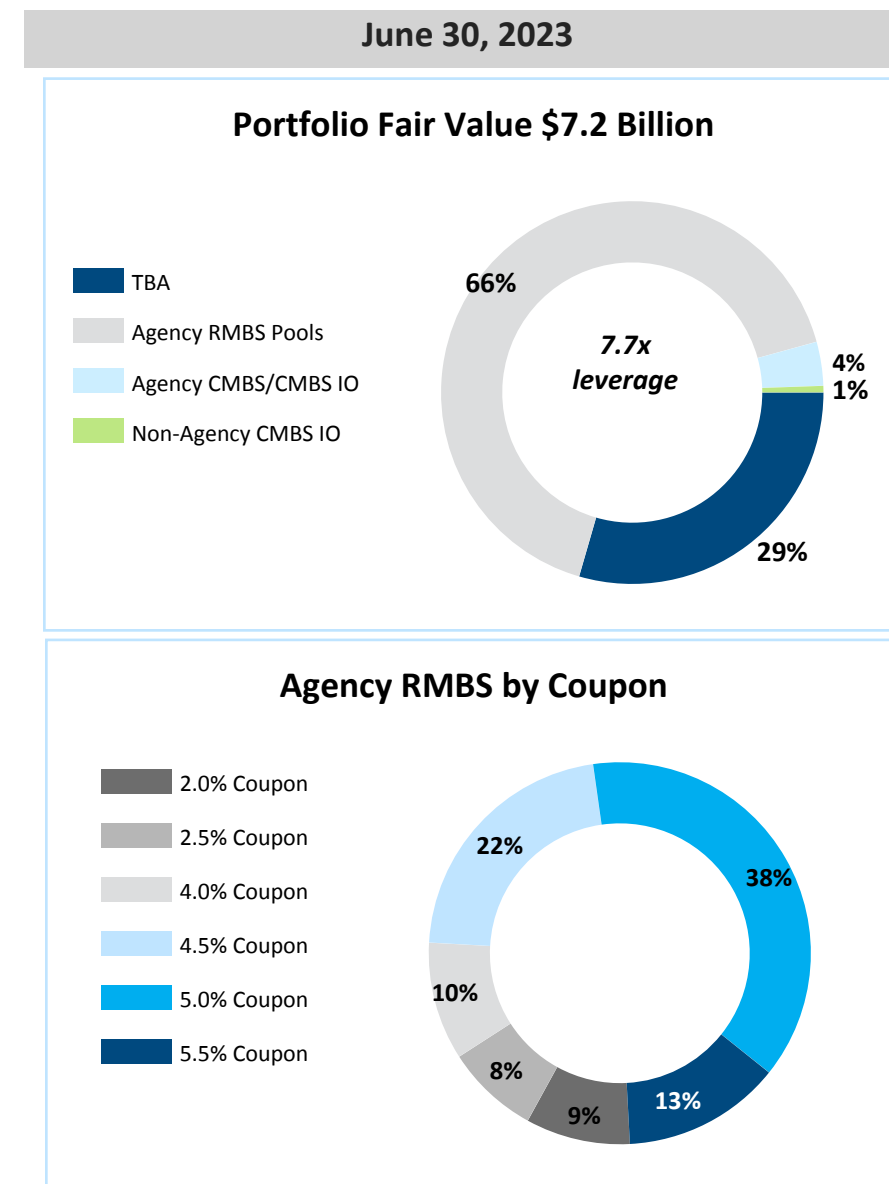
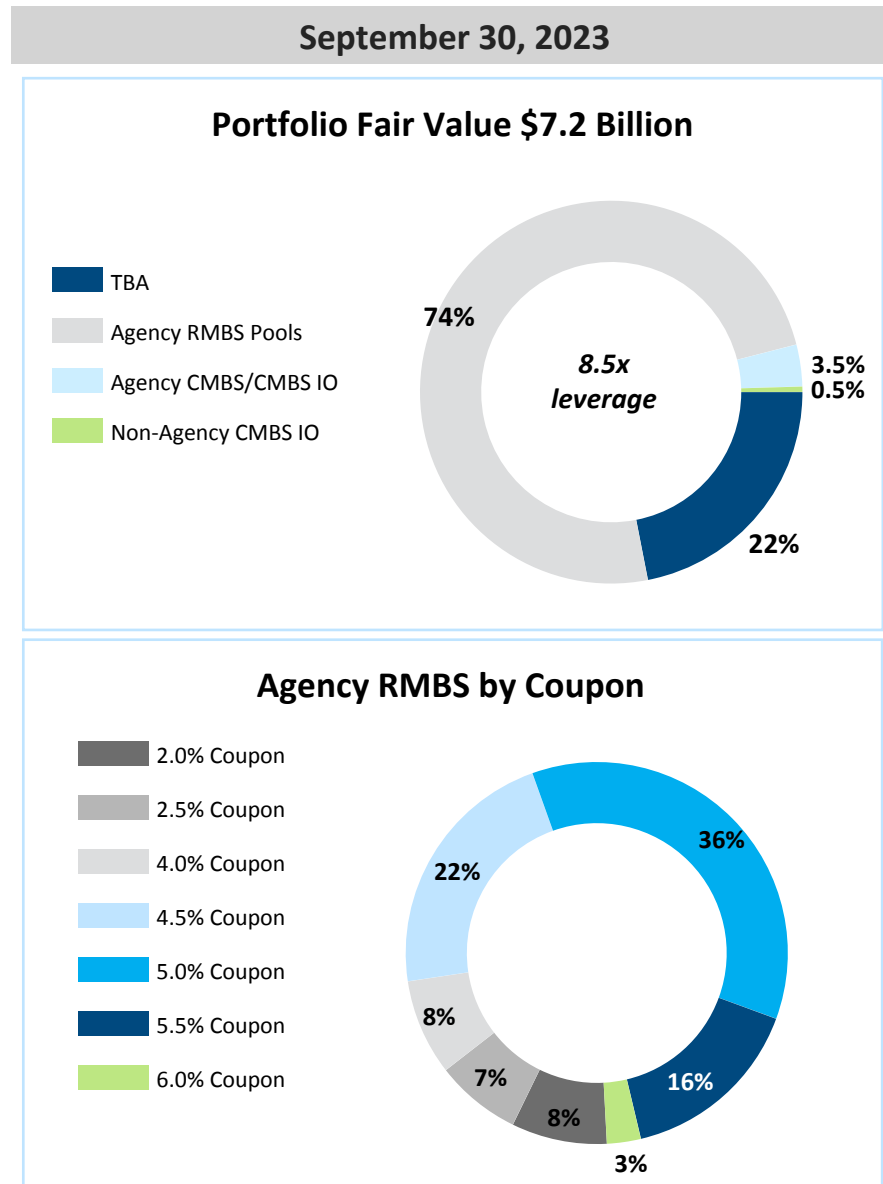
- **Seeing Shadows** – fear in the market that banks could be larger sellers than advertised.
- **Sell What You Can** – mutual funds were overweight MBS, and sell their most liquid assets when they receive redemptions.
- **Unknown Yields** – new cycle highs in yields, levels not seen in many investors' careers, create uncertainty, less confidence in models.

Value:

- **Anchor in Predictability** – lower-coupon mortgages with attributes that make durations more certain.
- **Balance with Higher Yield** – higher coupon mortgages offer better yield
- **Options hedges** – leverage our tactical options expertise to manage exposures with more uncertain duration
- **Financing Edge** – closely manage relationships to get the best execution for our unique mortgage pools.

Investment Portfolio *(as of dates indicated) ⁽¹⁾*

***Methodically grew balance sheet with reallocation to specified pools in higher coupons as spreads widened and payups declined.
Diversified portfolio remains constructed for flexibility.***



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

Risk Position - Interest Rate and Spread Sensitivity

Portfolio profile reflects hedge ratio adjustments and convexity of up-in coupon position

Interest Rate Sensitivity

Parallel Curve Shift (bps)	Percentage Change in Common Shareholders' Equity	
	As of September 30, 2023	As of June 30, 2023
100	(4.2)%	(10.3)%
50	(2.2)%	(4.3)%
-50	1.5%	1.8%
-100	1.0%	0.7%

Curve Shift 2 year Treasury (bps)	Curve Shift 10 year Treasury (bps)	Percentage Change in Common Shareholders' Equity	
		As of September 30, 2023	As of June 30, 2023
25	50	(2.4)%	(4.3)%
50	25	(1.3)%	(2.4)%
0	-25	1.2%	1.1%
-10	-50	1.8%	1.6%
-25	-75	1.1%	0.7%

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.

Credit Spread Sensitivity

Change in Market Credit Spreads (bps)	Percentage Change in Common Shareholders' Equity	
	As of September 30, 2023	As of June 30, 2023
+20/+50 ⁽¹⁾	(12.5)%	(10.8)%
10	(6.2)%	(5.4)%
-10	6.2%	5.4%
-20/-50 ⁽¹⁾	12.5%	10.8%

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

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.

Key Takeaways

- Our investment strategy is constructed for a very favorable investment environment in Agency RMBS tempered with a deep respect for the complexity of global macroeconomic conditions.
- Mortgage spreads are at generationally wide levels and represent a historic and persistent period of high investment returns.
- The collective experience of our team, emphasis on risk management, capital preservation, disciplined asset allocation, and hedging are important differentiating factors to capitalize on this opportunity.
- We are operating with ample liquidity in order to seek to take advantage of opportunities and are prepared for multiple possible outcomes.
 - We had \$453 million of cash and unencumbered assets as of September 30, 2023.
- We believe our existing portfolio is positioned to provide economic return to support the dividend. We have hedged a substantial portion of our financing costs, which has largely mitigated the rise in short term financing costs – this is evident in the value of our hedges.
- We expect to drive incremental returns in the portfolio by continuing to add assets, opportunistic capital raising, and deployment. In the long term, we believe spread tightening can also drive significant upside to returns.
- We continue to manage our business with a long-term view to support solid return generation well into the future.

Why Dynex

Industry leader with a compelling long-term track record of delivering shareholder value

Superior performance record with industry-leading 3-year and 5-year total returns

Attractive dividend yield at a discounted price-to-book valuation on a high-quality, liquid balance sheet

Ability to drive earnings upside with opportunistic deployment of capital

Experienced management with a track record of disciplined capital deployment through multiple economic cycles



Strong alignment of interest with shareholders due to insider ownership and owner-operated structure

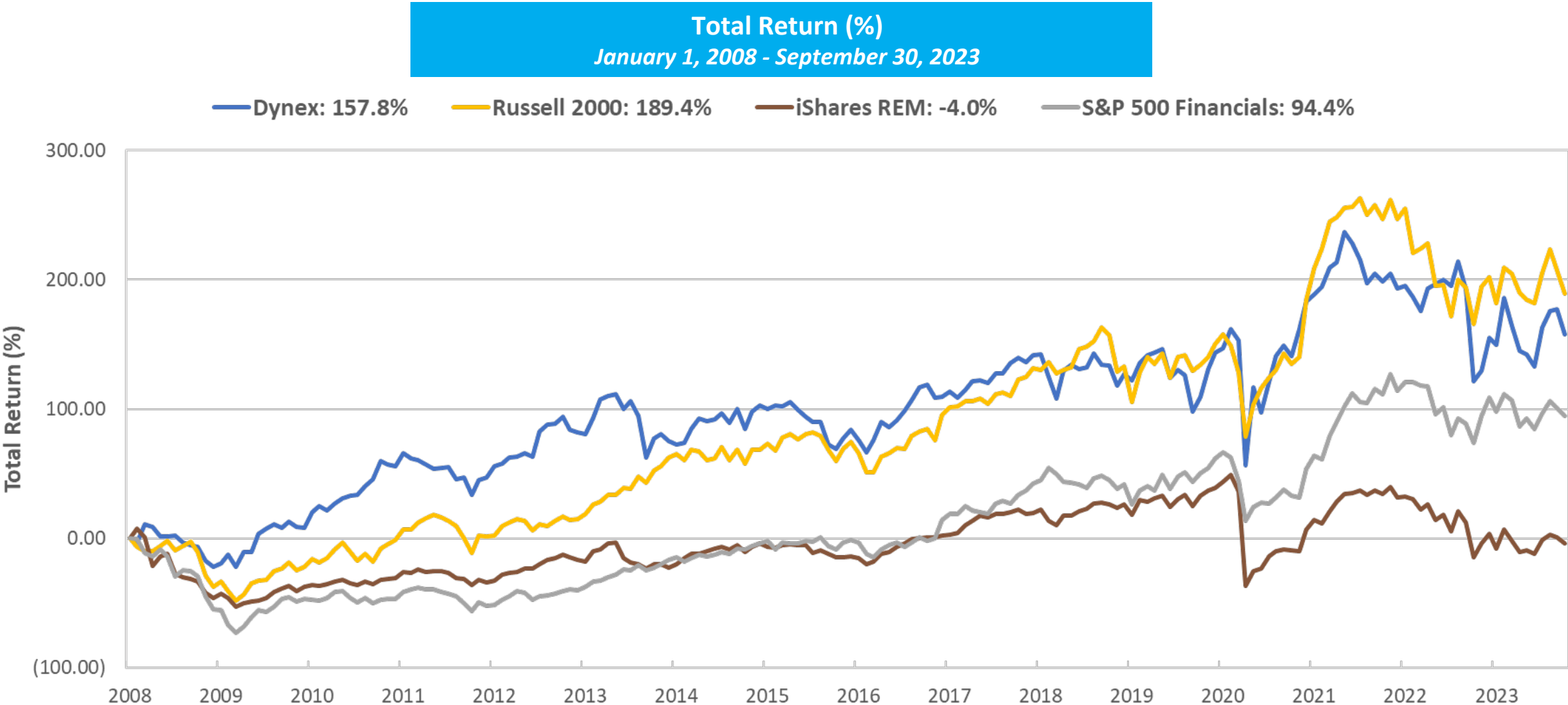
Macroeconomic environment supportive of generating returns and cash income

Resilient, flexible and liquid balance sheet designed to weather market volatility

Demonstrated commitment to core values supports high-performance, collaborative and innovative culture

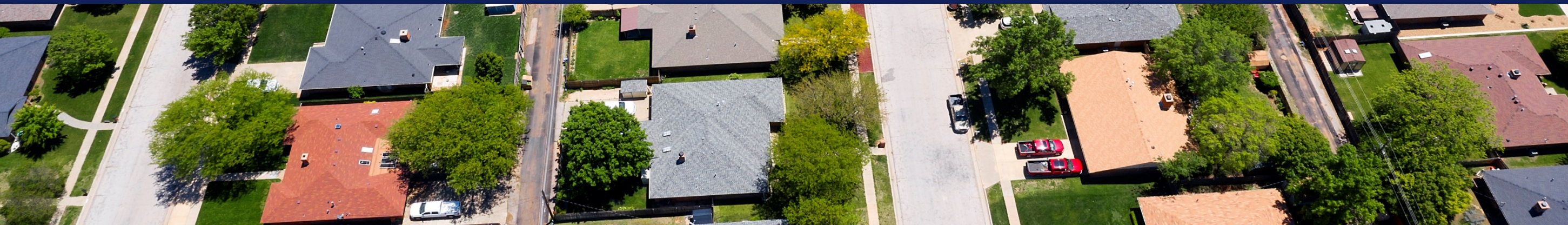
Disciplined Focus on the Long-Term

DX has generated long-term returns exceeding the S&P 500 Financials and REM indices illustrating our ability to be successful in various rate and economic cycles





SUPPLEMENTAL INFORMATION

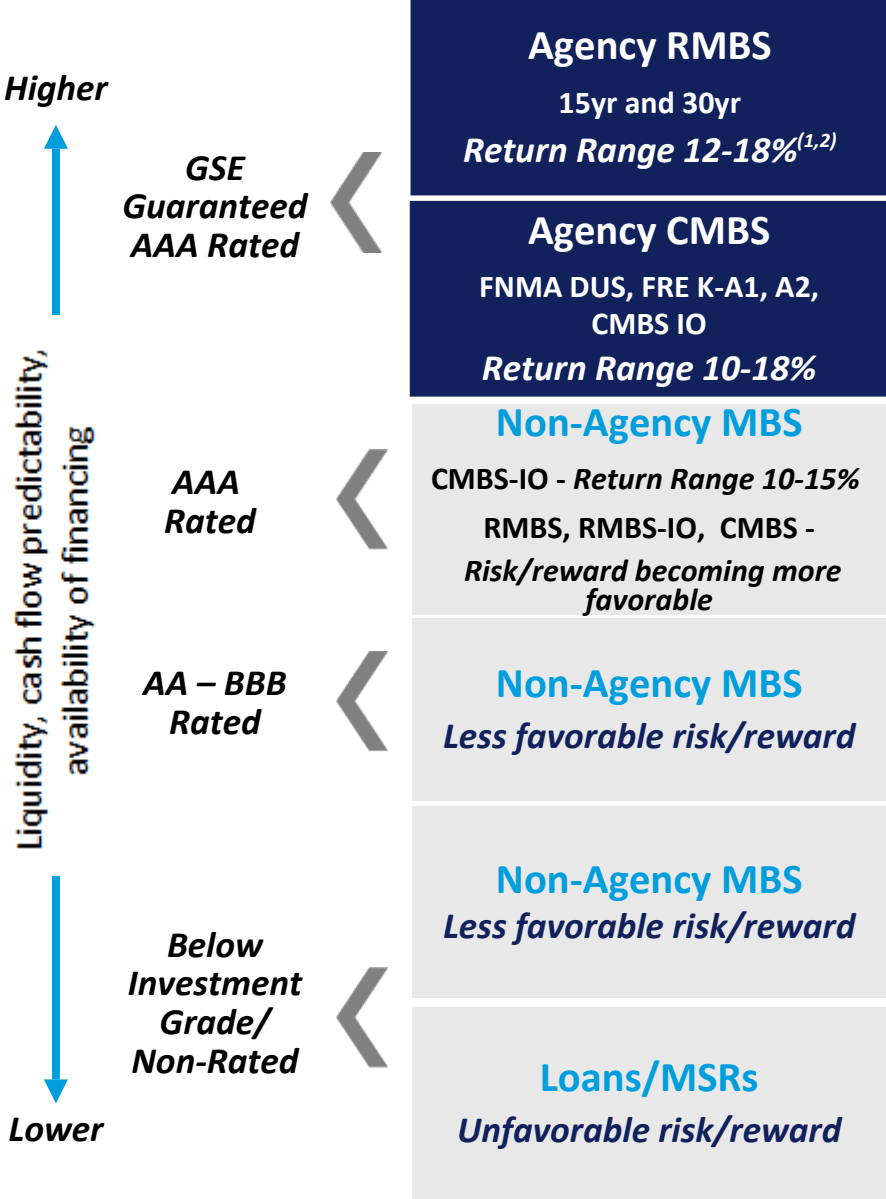


Market Snapshot

	Common Stock	Series C Preferred Stock
NYSE Ticker	<i>DX</i>	<i>DX PRC</i>
Shares Outstanding <i>(as of September 30, 2023)</i>	56.6 million	4.5 million
Book Value per share <i>(as of September 30, 2023)</i>	\$12.25	—
3Q23 Dividends Declared per share	\$0.39	\$0.43
Annualized Dividend Yield <i>(as of closing on October 18, 2023)</i>	13.87%	7.76%
Share Price <i>(as of closing on October 18, 2023)</i>	\$11.25	\$22.22
Market Capitalization <i>(as of October 18, 2023)</i>	\$636.8 million	\$100.0 million

Source: Bloomberg

Current Marginal Investment Returns *(as of September 30, 2023)*



Dynex Portfolio

96%
Agency
RMBS

Agency RMBS offer generationally attractive returns due to the Fed exit and bank portfolio sales. Other asset classes are in the process of adjusting to a more favorable risk/reward.

- The most compelling levered risk and convexity adjusted marginal returns are still in the highest credit quality and the most liquid assets.
- TBA contracts offer additional financing advantage vs. repo and increased flexibility to maneuver portfolio size.
- Investing in more liquid MBS allows us the flexibility to rapidly pivot to other opportunities when they arise.
- We believe U.S. government guaranteed Agency RMBS will be attractive to investors in a recessionary environment as defaults rise in credit sensitive assets.

4%
CMBS/
IO

CMBS and CMBS IO have offered a diversification opportunity at various points in the cycle. The underlying structure of loans offers prepayment protection versus more callable Agency RMBS.

- Marginal returns for certain Agency guaranteed P&I CMBS have slightly improved given recent market volatility and spread widening. Certain securities face liquidity and convexity challenges in the current environment. Returns remain unattractive versus Agency RMBS.
- Senior Agency guaranteed IOs are shorter duration securities and allow investors to take calculated term default risk while potentially recouping their initial investment sooner than related P&I bonds. Current risk/reward remains unattractive vs. Agency RMBS.
- Non-Agency CMBS spreads have widened materially. The sector faces headwinds due to higher interest rates, recession risks, and structural issues related to office properties.

(1) Range of returns assuming leverage at 8x based on other Company assumptions and calculations
(2) Includes returns for TBA specialness and specified pools.

RMBS Portfolio Details *(as of September 30, 2023)*

Over 95% of our investments are comprised of Agency RMBS as of September 30, 2023.

(\$ in thousands)	Par/Notional Value	Amortized Cost (%) ⁽¹⁾	Fair Value	Fair Value (%)	% of Total Portfolio	WAVG Pay up to TBA	Market Yield ⁽²⁾	3-month WAVG Yield ⁽¹⁾	3-month CPR ^{(1) (3)}
Agency RMBS:									
2.0% coupon	\$ 721,068	101.7	\$ 555,260	77.0 %	7.8 %	0.93	5.66%	1.73%	6.7 %
2.5% coupon	619,348	103.9	498,213	80.4 %	7.0 %	1.04	5.64%	1.90%	6.9 %
4.0% coupon	361,219	100.2	325,009	90.0 %	4.5 %	0.88	5.61%	3.91%	6.8 %
4.5% coupon	1,356,558	97.9	1,252,437	92.3 %	17.5 %	0.46	5.67%	4.66%	5.4 %
5.0% coupon	1,883,657	98.9	1,782,628	94.6 %	24.9 %	0.24	5.81%	5.09%	4.6 %
5.5% coupon	911,842	100.3	884,725	97.0 %	12.4 %	0.34	5.97%	5.43%	3.7 %
Total Agency RMBS	\$ 5,853,692	99.8	\$ 5,298,272	90.5 %	74.1 %	0.52	5.76%	4.13 %	5.1 %
TBA:									
4.0% coupon	262,000	-	233,446	89.1 %	3.3 %	-	5.44 %	-	-
4.5% coupon	273,000	-	250,797	91.9 %	3.5 %	-	5.61 %	-	-
5.0% coupon	735,000	-	693,939	94.4 %	9.7 %	-	5.80 %	-	-
5.5% coupon	200,000	-	193,359	96.7 %	2.7 %	-	6.00 %	-	-
6.0% coupon	200,000	-	197,469	98.7 %	2.8 %	-	6.22 %	-	-
Total TBA:	\$ 1,670,000	-	\$ 1,569,010	94.0 %	21.9 %	-	5.79 %	-	-
Total RMBS Portfolio:	\$ 7,523,692		\$ 6,867,282	91.3 %	96.0 %		5.77 %		

(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

Less than 5% of our investment portfolio is comprised of CMBS and CMBS IO as of September 30, 2023.

(\$ in thousands)	Portfolio Characteristics						Financing Details	
	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	\$ 122,171	\$ 112,396	1.6 %	4.3	3.03 %	5.40 %	\$ 107,663	\$ 4,733
Agency CMBS IO	150,574	139,781	2.0 %	6.0	4.09 %	5.30 %	121,956	17,825
Non-Agency CMBS IO	33,614	33,206	0.5 %	1.6	7.02 %	11.18 %	29,452	3,754
Total	\$ 306,359	\$ 285,383	4.0 %	4.8	4.03 %	6.03 %	\$ 259,071	\$ 26,312

(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.

MBS Payups

30 Year MBS ⁽¹⁾		Change YTD	Change QoQ	9/29/2023	8/31/2023	7/31/2023	6/30/2023	5/31/2023	4/28/2023	3/31/2023	2/28/2023	1/31/2023	12/30/2022
3% Cpn	TBA Price	-5.08	-5.27	82.67	86.17	87.47	87.94	88.56	89.89	89.63	87.92	90.77	87.75
	85K Max	0.22	0.00	1.22	1.22	1.22	1.22	1.16	1.16	1.25	1.34	1.25	1.00
	150K Max	0.09	0.00	0.81	0.81	0.81	0.81	0.75	0.75	0.78	0.88	0.81	0.72
	200k Max	0.28	0.19	0.66	0.53	0.47	0.47	0.47	0.47	0.47	0.50	0.47	0.38
	NY only	0.02	0.00	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.06	0.06	0.00
	95 LTV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.5% Cpn	TBA Price	-4.89	-5.05	85.98	89.38	90.56	91.03	91.70	93.00	92.84	91.00	93.83	90.88
	85K Max	0.06	0.00	1.25	1.25	1.25	1.25	1.25	1.41	1.47	1.50	1.56	1.19
	150K Max	0.06	0.03	0.88	0.84	0.84	0.84	0.84	0.94	1.00	1.03	1.09	0.81
	200k Max	0.09	0.16	0.66	0.63	0.50	0.50	0.50	0.56	0.59	0.66	0.66	0.56
	NY only	0.03	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.09	0.09	0.00
	95 LTV	0.03	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.00
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4% Cpn	TBA Price	-4.73	-4.69	89.06	92.31	93.33	93.75	94.44	95.63	95.59	93.77	96.50	93.80
	85K Max	-0.50	-0.06	1.19	1.19	1.19	1.25	1.25	1.44	1.47	1.66	1.91	1.69
	150K Max	-0.38	-0.06	0.78	0.78	0.78	0.84	0.84	1.03	1.09	1.03	1.38	1.16
	200k Max	-0.09	0.06	0.63	0.59	0.56	0.56	0.56	0.69	0.84	0.69	0.81	0.72
	NY only	-0.25	-0.16	0.00	0.00	0.16	0.16	0.16	0.16	0.22	0.06	0.38	0.25
	95 LTV	0.03	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.00
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5% Cpn	TBA Price	-4.52	-4.23	91.84	94.83	95.72	96.08	96.72	97.81	97.95	96.27	98.75	96.36
	85K Max	-0.78	-0.25	1.25	1.31	1.56	1.50	1.50	1.81	1.94	1.91	2.41	2.03
	150K Max	-0.47	-0.03	0.88	0.88	1.00	0.91	0.91	1.22	1.38	1.34	1.66	1.34
	200k Max	-0.28	0.03	0.66	0.69	0.47	0.63	0.63	0.84	1.03	0.88	1.16	0.94
	NY only	-0.47	-0.38	0.03	0.03	0.03	0.41	0.41	0.47	0.72	0.34	0.94	0.50
	95 LTV	0.03	-0.06	0.03	0.03	0.03	0.09	0.09	0.09	0.09	0.09	0.06	0.00
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.0% Cpn	TBA Price	-4.19	-3.58	94.38	96.97	97.72	97.95	98.44	99.48	99.72	98.25	100.33	98.56
	85K Max	-1.44	-0.84	1.31	1.81	2.06	2.16	2.19	2.56	2.78	2.28	3.00	2.75
	150K Max	-0.91	-0.34	1.00	1.19	1.34	1.34	1.44	1.72	2.00	1.53	2.06	1.91
	200k Max	-0.66	-0.13	0.66	0.78	0.72	0.78	0.78	1.09	1.28	1.09	1.38	1.31
	NY only	-0.88	-0.59	0.13	0.41	0.84	0.72	0.75	0.88	1.19	0.75	1.38	1.00
	95 LTV	0.03	-0.03	0.03	0.03	0.03	0.06	0.16	0.16	0.19	0.22	0.16	0.00
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.5% Cpn	TBA Price	-3.67	-2.80	96.69	98.81	99.30	99.48	99.91	100.84	101.05	99.91	101.56	100.36
	85K Max	-1.34	-1.22	1.78	2.44	2.91	3.00	2.94	3.13	3.19	3.03	3.75	3.13
	150K Max	-1.13	-0.84	1.03	1.50	1.72	1.88	1.94	2.13	2.22	2.00	2.44	2.16
	200k Max	-0.72	-0.44	0.72	0.94	1.09	1.16	1.16	1.25	1.44	1.38	1.63	1.44
	NY only	-0.97	-0.81	0.38	0.78	1.16	1.19	1.19	1.25	1.25	1.28	1.94	1.34
	95 LTV	-0.25	-0.09	0.03	0.09	0.09	0.13	0.25	0.25	0.25	0.28	0.28	0.28
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.0% Cpn	TBA Price	-2.89	-2.05	98.80	100.28	100.58	100.84	101.16	102.00	102.11	101.28	102.78	101.69
	85K Max	-1.13	-1.28	2.31	3.00	3.47	3.59	3.44	3.69	3.81	3.25	4.06	3.44
	150K Max	-0.97	-0.88	1.38	1.94	2.22	2.25	2.25	2.53	2.50	2.16	2.63	2.34
	200k Max	-0.75	-0.56	0.88	1.34	1.53	1.44	1.34	1.66	1.69	1.38	1.72	1.63
	NY only	-0.81	-1.03	0.78	1.19	1.56	1.81	1.63	1.81	1.84	1.50	2.31	1.59
	95 LTV	-0.25	-0.16	0.06	0.13	0.13	0.22	0.25	0.25	0.34	0.34	0.31	0.31
	Low WALA/new	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

⁽¹⁾ Source: JP Morgan DataQuery, Bloomberg and internal company data. Specified Pool Payups are quoted in percentage points of price above TBAs.

Rate/Spread Snapshot

Security	Change YtD	Change QtD	9/29/2023	8/31/2023	7/31/2023	6/30/2023	5/31/2023	4/28/2023	3/31/2023	2/28/2023	1/31/2023	12/30/2022
Treasury ⁽²⁾												
IOER rate	1.00%	0.25%	5.40%	5.40%	5.40%	5.15%	5.15%	4.90%	4.90%	4.65%	4.40%	4.40%
1m repo ⁽¹⁾	1.04%	0.18%	5.49%	5.45%	5.46%	5.31%	5.37%	5.12%	5.03%	4.75%	4.71%	4.45%
3m T-bill	1.08%	0.15%	5.45%	5.45%	5.42%	5.30%	5.40%	5.06%	4.75%	4.81%	4.67%	4.37%
2 yr	0.62%	0.15%	5.05%	4.87%	4.88%	4.90%	4.41%	4.01%	4.03%	4.82%	4.20%	4.43%
5 yr	0.61%	0.46%	4.61%	4.26%	4.18%	4.16%	3.76%	3.49%	3.58%	4.18%	3.62%	4.01%
10 yr	0.70%	0.73%	4.57%	4.11%	3.96%	3.84%	3.65%	3.43%	3.47%	3.92%	3.51%	3.88%
30 yr	0.74%	0.84%	4.70%	4.21%	4.01%	3.86%	3.86%	3.68%	3.65%	3.92%	3.63%	3.97%
3M10Y Treasury Vol (15DP)	0.52	1.31	8.92	7.57	7.65	7.61	9.06	7.61	8.37	7.99	6.90	8.40
Swaps ⁽²⁾												
1m SOFR	0.96%	0.18%	5.32%	5.33%	5.32%	5.14%	5.13%	5.01%	4.81%	4.66%	4.57%	4.36%
3m SOFR	0.80%	0.12%	5.39%	5.40%	5.36%	5.26%	5.24%	5.07%	4.91%	4.89%	4.68%	4.59%
2 yr	0.52%	0.15%	4.97%	4.77%	4.80%	4.82%	4.30%	4.02%	4.06%	4.92%	4.22%	4.45%
5 yr	0.63%	0.44%	4.38%	4.03%	3.97%	3.94%	3.55%	3.29%	3.34%	4.00%	3.40%	3.75%
10 yr	0.71%	0.68%	4.27%	3.83%	3.70%	3.58%	3.39%	3.15%	3.17%	3.66%	3.21%	3.56%
30 yr	0.80%	0.81%	4.01%	3.54%	3.36%	3.20%	3.17%	2.98%	2.93%	3.24%	2.96%	3.21%
3M10Y Swaption Vol	-9.0	16.3	123.5	109.5	107.6	107.2	120.7	112.4	119.3	115.2	105.2	132.5
30 Year MBS SOFR OAS ⁽³⁾												
2.0%	22	17	84	71	62	67	74	77	79	56	49	62
2.5%	20	16	88	76	66	72	80	80	79	61	53	68
3.0%	18	15	88	77	69	74	83	82	78	63	54	70
3.5%	15	14	87	76	69	73	83	81	75	62	54	72
4.0%	26	15	87	76	70	73	85	82	74	62	53	62
4.5%	24	13	84	75	70	71	94	91	79	67	58	60
5.0%	33	11	86	77	75	75	95	84	70	64	48	53
5.5%	38	11	87	79	78	76	102	82	68	60	38	50
6.0%	30	12	87	81	79	74	104	75	60	53	28	57
30yr Mortgage Rate ⁽⁴⁾	1.11%	0.60%	7.77%	7.53%	7.26%	7.17%	7.08%	6.85%	6.81%	7.03%	6.38%	6.66%
Fn 30yr Current Cpn ⁽²⁾	0.97%	0.73%	6.36%	5.87%	5.68%	5.63%	5.47%	5.14%	5.05%	5.52%	4.84%	5.39%
CMBS ⁽³⁾												
DUS 10/9.5	6	8	80	77	77	72	86	91	78	57	67	74
DUS 12/11.5	3	5	89	87	83	84	101	107	88	73	76	86
10 yr Freddie K A2	7	11	76	71	71	65	79	78	83	54	60	69
Agency CMBS IO	-50	10	185	170	175	175	210	210	210	185	225	235
Non-Agency AAA CMBS IO	-40	-26	275	285	300	301	308	312	350	257	295	315

- (1) Average rate for Agency MBS per counterparty survey
(2) Source: Bloomberg
(3) Source: JPMorgan Data Query SOFR OAS (2023 Model)
(4) Bankrate.com 30 year Mortgage Rate Index ILM3NAVG

Hedge Position Changes

Our hedge strategy is constructed to maximize liquidity and protect the portfolio under various rate scenarios.

- ***Futures offer hedge protection for interest rate changes.***
- ***Futures trade in a highly liquid market and have lower margin requirements compared to a similar swap instrument.***

	September 30, 2023	June 30, 2023
	Notional Amount / Long (Short)	Notional Amount / Long (Short)
(\$ in thousands)		
10-year U.S. Treasury futures	(\$4,180,000)	(\$4,000,000)
5-year U.S. Treasury futures	(900,000)	(900,000)
30-year U.S. Treasury futures	(420,000)	—
Put Options on U.S. Treasury futures	150,000	—

Funding Strategy *(as of September 30, 2023)*

Collateral Type	Balance (\$s in thousands)	Weighted Average Rate	Fair Value of MBS Pledged as Collateral (\$s in thousands)
Agency RMBS	\$4,743,159	5.46 %	\$5,003,785
Agency CMBS	107,663	5.41 %	110,557
Agency CMBS IO	121,956	5.82 %	132,580
Non-Agency CMBS IO	29,452	6.18 %	32,632
Total	\$5,002,230	5.47 %	\$5,279,554

Remaining Term to Maturity	Balance (\$s in thousands)	Percentage	Weighted Average Original Term to Maturity
< 30 days	\$2,096,037	42%	77
30 to 90 days	2,374,991	47%	102
90 to 180 days	531,202	11%	113
Total	\$5,002,230	100%	93

- Weighted average repo borrowing rate of 5.37% for the third quarter of 2023, an increase of 19 basis points from the second quarter of 2023. The weighted average rate on repo outstanding as of September 30, 2023 was 5.47%.
- Active with 27 counterparties at September 30, 2023 with maximum equity at risk no greater than 5% with any one counterparty.

Financial Performance

	3Q23		2Q23	
	Income	Per	Income	Per
(\$ in thousands, except per share amounts)	(Expense)	Common	(Expense)	Common
		Share*		Share*
Interest income	\$ 63,271	\$ 1.16	\$ 42,212	\$ 0.78
Interest expense	(65,533)	(1.20)	(45,142)	(0.83)
GAAP net interest expense	(2,262)	(0.04)	(2,930)	(0.05)
TBA drop loss ⁽¹⁾	(2,559)	(0.05)	(2,152)	(0.04)
Adjusted net interest expense⁽²⁾	(4,821)	(0.09)	(5,082)	(0.09)
General, administrative, and other operating expenses	(8,642)	(0.16)	(7,632)	(0.14)
Preferred stock dividends	(1,923)	(0.04)	(1,923)	(0.04)
Earnings available for distribution ⁽²⁾	(15,386)	(0.28)	(14,637)	(0.27)
Realized loss on sales of investments, net	—	—	(51,601)	(0.95)
Unrealized (loss) gain on investments, net	(179,100)	(3.28)	488	0.01
Change in fair value of derivatives ⁽¹⁾	149,512	2.74	118,164	2.18
GAAP net (loss) income to common shareholders	(44,974)	(0.82)	52,414	0.97
Net unrealized loss on AFS investments	(41,774)	(0.77)	(9,443)	(0.17)
Comprehensive (loss) income to common shareholders	\$ (86,748)	\$ (1.59)	\$ 42,971	\$ 0.79
WAVG common shares outstanding	54,557		54,137	

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

(1) TBA drop income 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 29.

Book Value Rollforward

	Quarter Ended September 30, 2023	
	Common Equity	Per Common Share
(\$s in thousands except amounts per share)		
Common equity, beginning of period ⁽¹⁾	\$ 769,462	\$ 14.20
Earnings available for distribution ⁽²⁾	(15,386)	
Change in fair value of investments, including TBAs	(288,112)	
Change in fair value of interest rate hedges	216,750	
Comprehensive loss to common shareholders	(86,748)	(1.59)
Dividends declared	(21,676)	(0.39)
Stock transactions ⁽³⁾	31,808	0.03
Common equity, end of period ⁽¹⁾	\$ 692,846	\$ 12.25

(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 [29](#).

(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)	3Q23	2Q23	1Q23	4Q22	3Q22
Comprehensive (loss) income to common shareholders	\$ (86,748)	\$ 42,971	\$ (28,852)	\$ 56,648	\$ (99,705)
Adjustments:					
Change in fair value of investments ⁽²⁾	220,874	60,556	(48,599)	(48,262)	191,272
Change in fair value of derivatives instruments, net ⁽³⁾	(149,512)	(118,164)	68,725	(6,915)	(80,665)
EAD to common shareholders	\$ (15,386)	\$ (14,637)	\$ (8,726)	\$ 1,471	\$ 10,902
EAD per common share	\$ (0.28)	\$ (0.27)	\$ (0.16)	\$ 0.03	\$ 0.24

(\$ in thousands)	3Q23	2Q23	1Q23	4Q22	3Q22
Net interest (expense) income	\$ (2,262)	\$ (2,930)	\$ (462)	\$ 6,208	\$ 7,122
TBA drop income	(2,559)	(2,152)	1,457	5,522	16,282
Adjusted net interest (expense) income	\$ (4,821)	\$ (5,082)	\$ 995	\$ 11,730	\$ 23,404
General and administrative expenses	(7,841)	(7,197)	(7,372)	(7,898)	(10,146)
Other operating expenses, net	(801)	(435)	(426)	(438)	(433)
Preferred stock dividends	(1,923)	(1,923)	(1,923)	(1,923)	(1,923)
EAD to common shareholders	\$ (15,386)	\$ (14,637)	\$ (8,726)	\$ 1,471	\$ 10,902

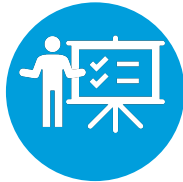
(1) Please refer to "Non-GAAP Financial Measures" in our Annual Report on Form 10-K, our Quarterly Report on Form 10-Q, or in our earnings release filed on Form 8-K with the SEC for a discussion of management's use of these measures.

(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.

Core Values

At Dynex, we rely on our Core Values to sustain our high-performance culture and to consistently generate attractive, long-term returns



Stewardship

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



Kindness

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



Performance Mentality

We strive to achieve the highest level of excellence and performance in all we do.



Equality & Inclusion

We are at our best when we are open, fair, inclusive and accepting to others' ideas, beliefs, and backgrounds. Diversity of people and opinions makes us better.



Integrity

Integrity is choosing courage over comfort, doing what is right over what is fast or easy, and making choices that are just and ethical.



Trust

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



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