



Fourth Quarter and Full Year
2023 Earnings Presentation
January 29, 2024



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.

Quarterly Performance Highlights

	Q4 23	Q3 23
Comprehensive Income (Loss) <i>(per common share)</i>	\$1.44	\$(1.59)
Book Value <i>(per common share)</i>	\$13.31	\$12.25
Total Economic Return⁽¹⁾	11.8%	(11.0)%
Net Income (Loss) <i>(per common share)</i>	\$0.39	\$(0.82)
Leverage⁽²⁾	7.8x	8.5x
Average Earning Assets <i>(inclusive of TBAs)</i>	\$7.6B	\$7.5B

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.

Full Year Performance Highlights

	2023	2022
Comprehensive Income (Loss) <i>(per common share)</i>	\$0.16	\$(1.24)
Book Value <i>(per common share)</i>	\$13.31	\$14.73
Total Economic Return⁽¹⁾	1.0%	(9.5)%
Net Income (Loss) <i>(per common share)</i>	\$(0.25)	\$3.19
Leverage⁽²⁾	7.8x	6.1x
Average Earning Assets <i>(inclusive of TBAs)</i>	\$7.2B	\$5.6B

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⁾

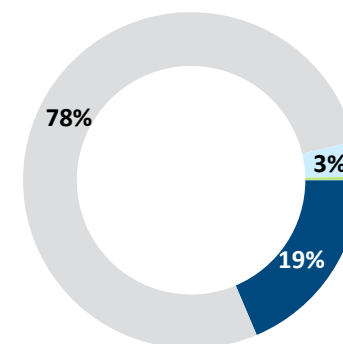
Dynex's diversified portfolio remains constructed for flexibility.

We strategically grew our balance sheet with reallocation to specified pools in higher coupons as spreads widened and payups declined.

December 31, 2023

Portfolio Fair Value \$7.4 Billion

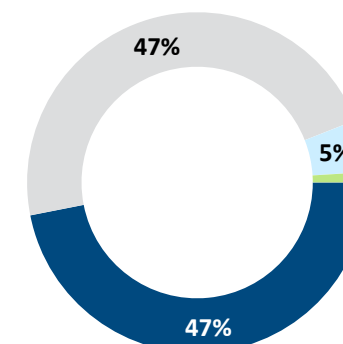
- TBA
- Agency RMBS Pools
- Agency CMBS/CMBS IO
- Non-Agency CMBS IO



December 31, 2022

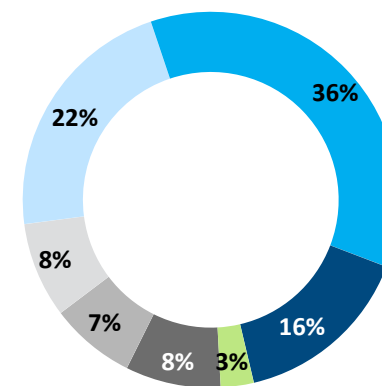
Portfolio Fair Value \$5.9 Billion

- TBA
- Agency RMBS Pools
- Agency CMBS/CMBS IO
- Non-Agency CMBS IO



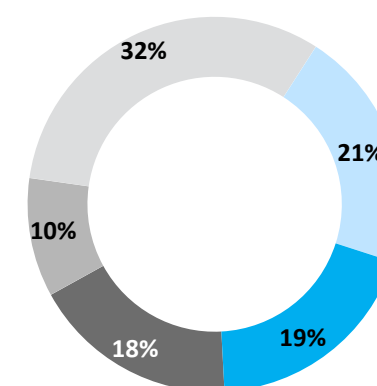
Agency RMBS by Coupon

- 2.0% Coupon
- 2.5% Coupon
- 4.0% Coupon
- 4.5% Coupon
- 5.0% Coupon
- 5.5% Coupon
- 6.0% Coupon



Agency RMBS by Coupon

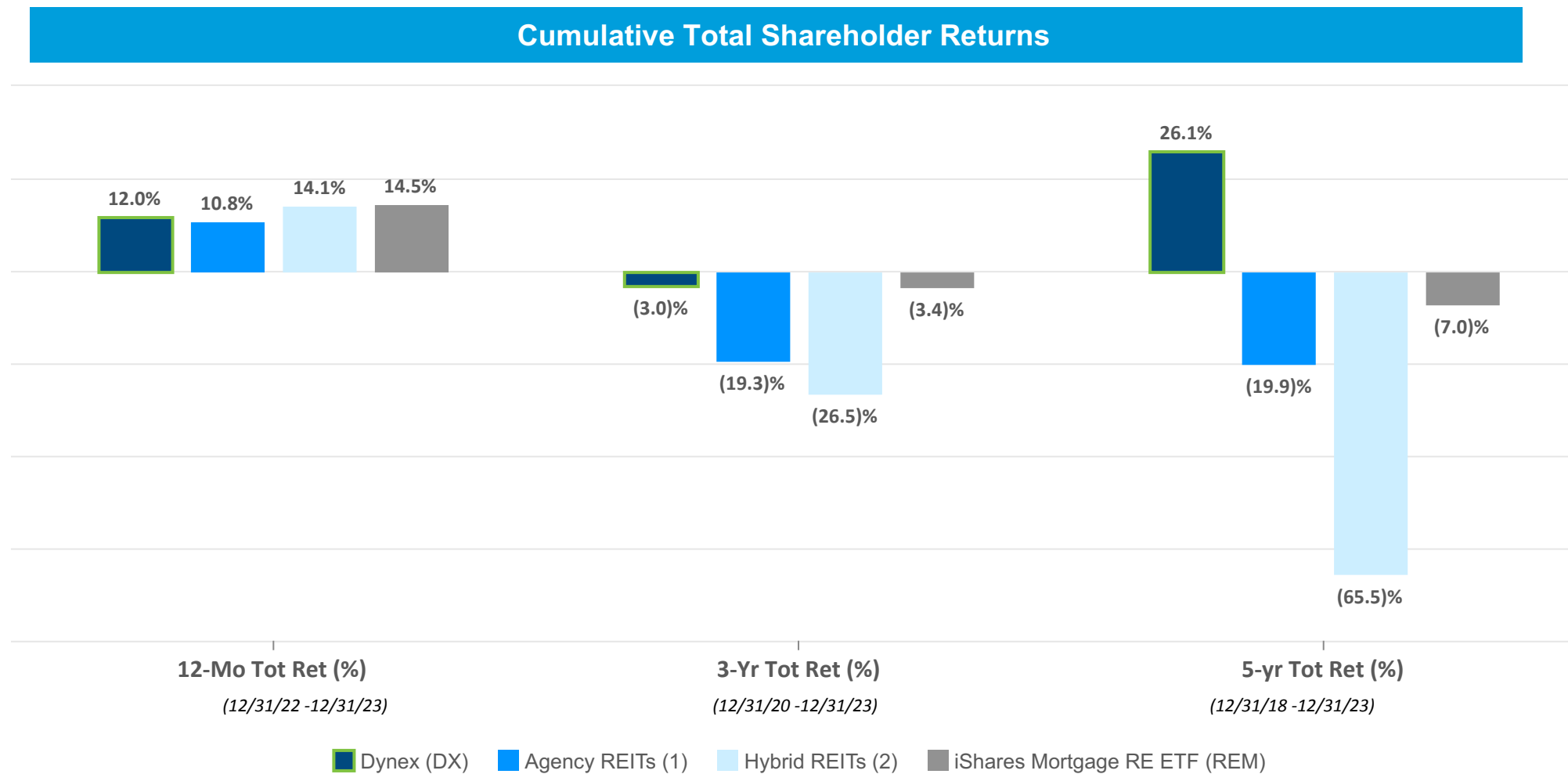
- 2.0% Coupon
- 2.5% Coupon
- 4.0% Coupon
- 4.5% Coupon
- 5.0% Coupon



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

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



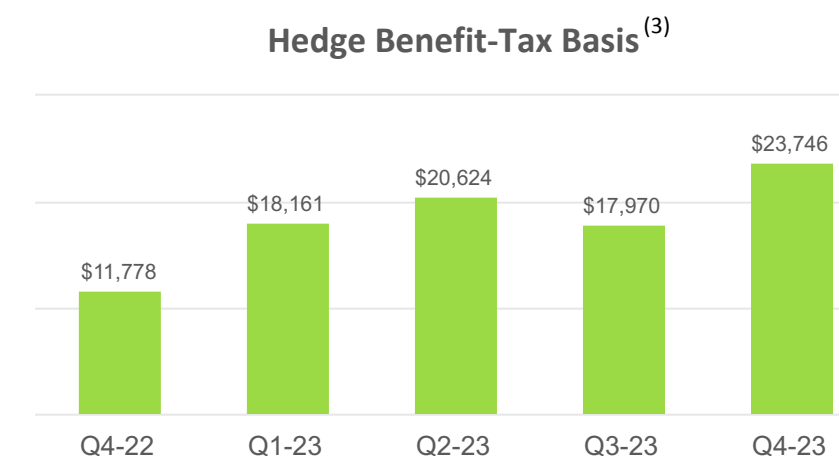
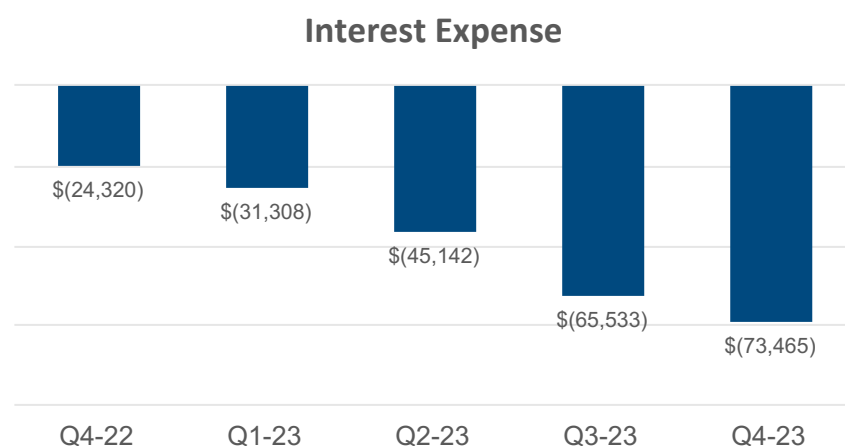
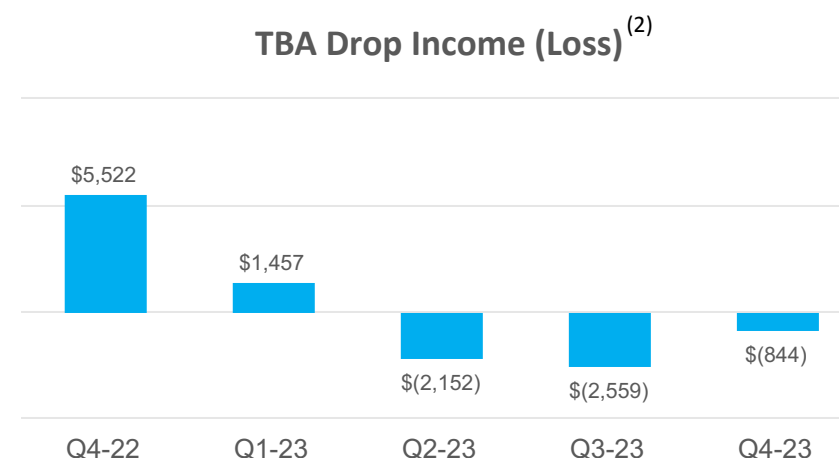
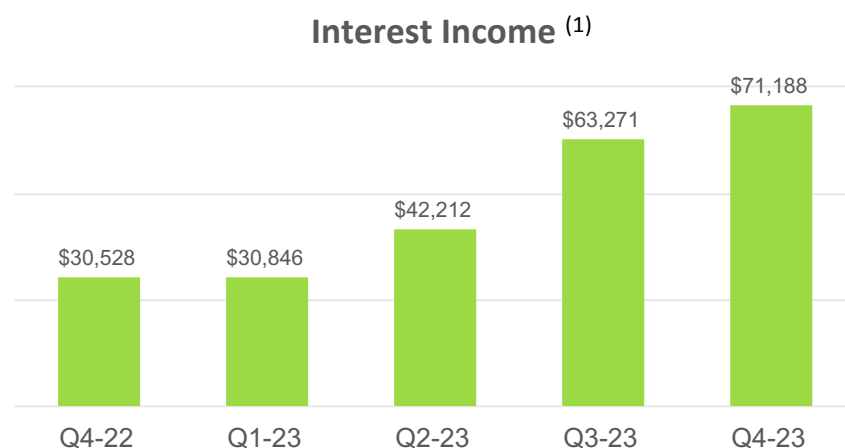
(1) Select Agency MREITS on an equal weight basis

(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.



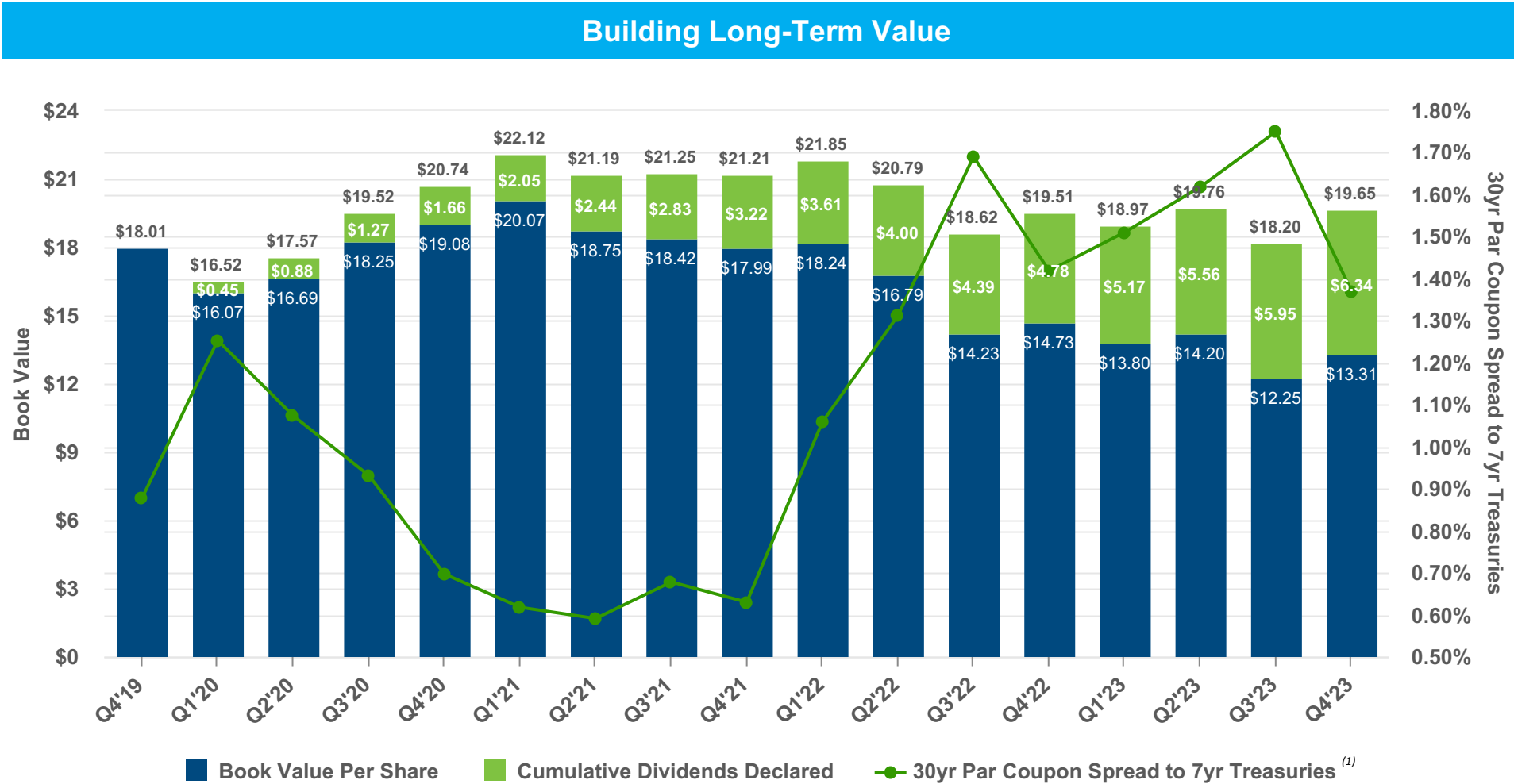
(1) Interest income includes amounts earned from cash equivalents, but net interest spread and adjusted net interest spread do not include yields on cash equivalents.

(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 26.

(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.

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

Key Long-Term Macroeconomic Themes

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

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

01 Policy Rate Adjustments

The range of outcomes for nominal growth (inflation + real GDP) is wide, but in many scenarios there is scope for developer market central banks to lower policy rates.

02 Market Intervention

Central Banks continue to evaluate bond holdings. The Fed signaled willingness to slow Quantitative Tightening. Still, the bias will remain to allow more private capital to support mortgage assets.

03 Fiscal Policy

Fiscal imbalances look highly probable for many years in most developed economies. The US will see \$2T-plus deficits by 2025 and beyond. Implications for yields and asset prices will be significant.

04 Threading the Needle

Inflation cooling, growth slowing — can policy support economies just enough to keep growth positive? No landing, soft landing or a hard landing recession all remain possible.

05 Demographics & Tech

AI, the emergence of green technology, and aging populations across the world will shift growth and inflation dynamics and shape both long and short term economic trends.

06 Elections

Countries representing nearly 50% of global population will hold elections in 2024. Many are close calls with disparate potential policies depending on outcome.

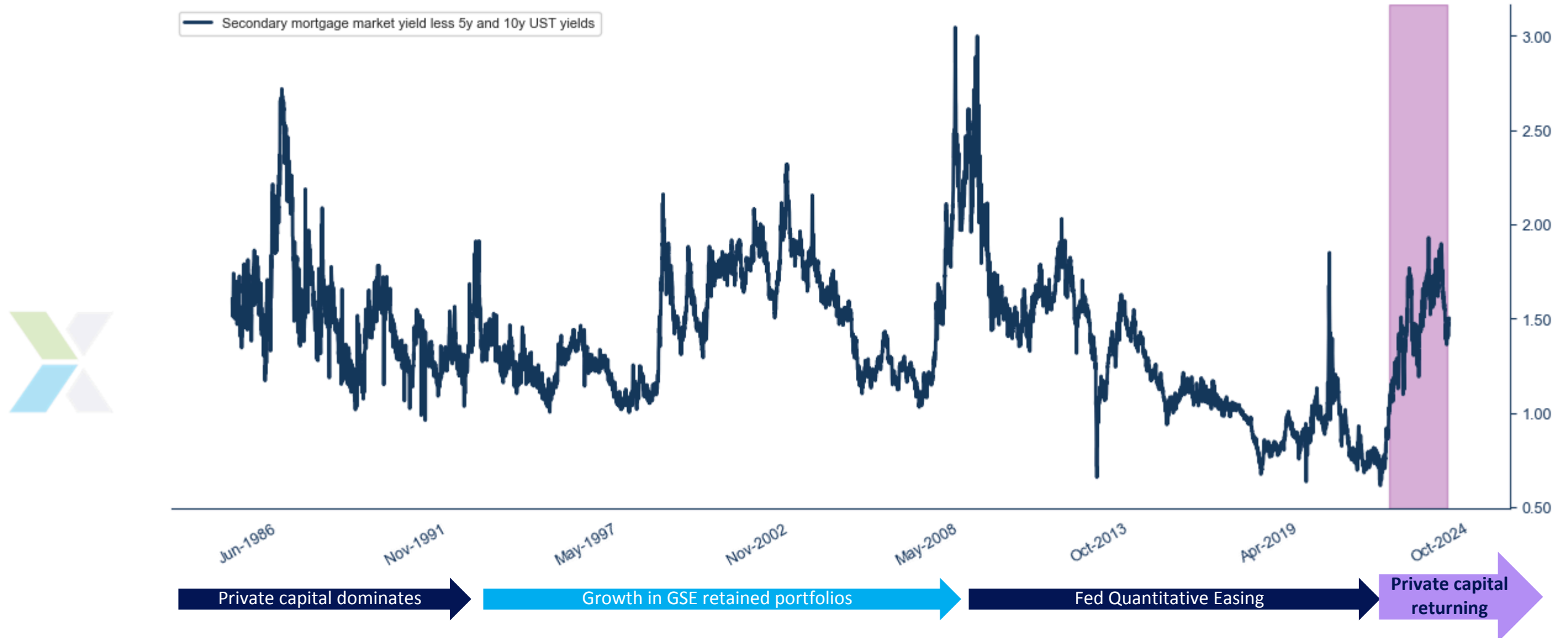
07 Human Conflict

Cyber and traditional wars will impact global growth and policy. De-globalization could be both a symptom and a potential cure, insulating some economies while stressing others.

Long-Term Par Coupon 30-year Agency RMBS Spreads

Mortgage spreads are historically wide

Amid less government intervention in the mortgage market, the opportunity to earn more spread should persist.



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

Uniquely Positioned in a Dynamic Market

Skilled Managers

Experienced team who can identify and hedge relative value across mortgage market.

Well-Positioned

The portfolio is positioned with a range of Agency RMBS coupons and a large allocation to specified pools.

Well-Prepared

Prepared for unexpected factors through scenario analysis at the macro-, portfolio- and security-level.

Current Investment Opportunity

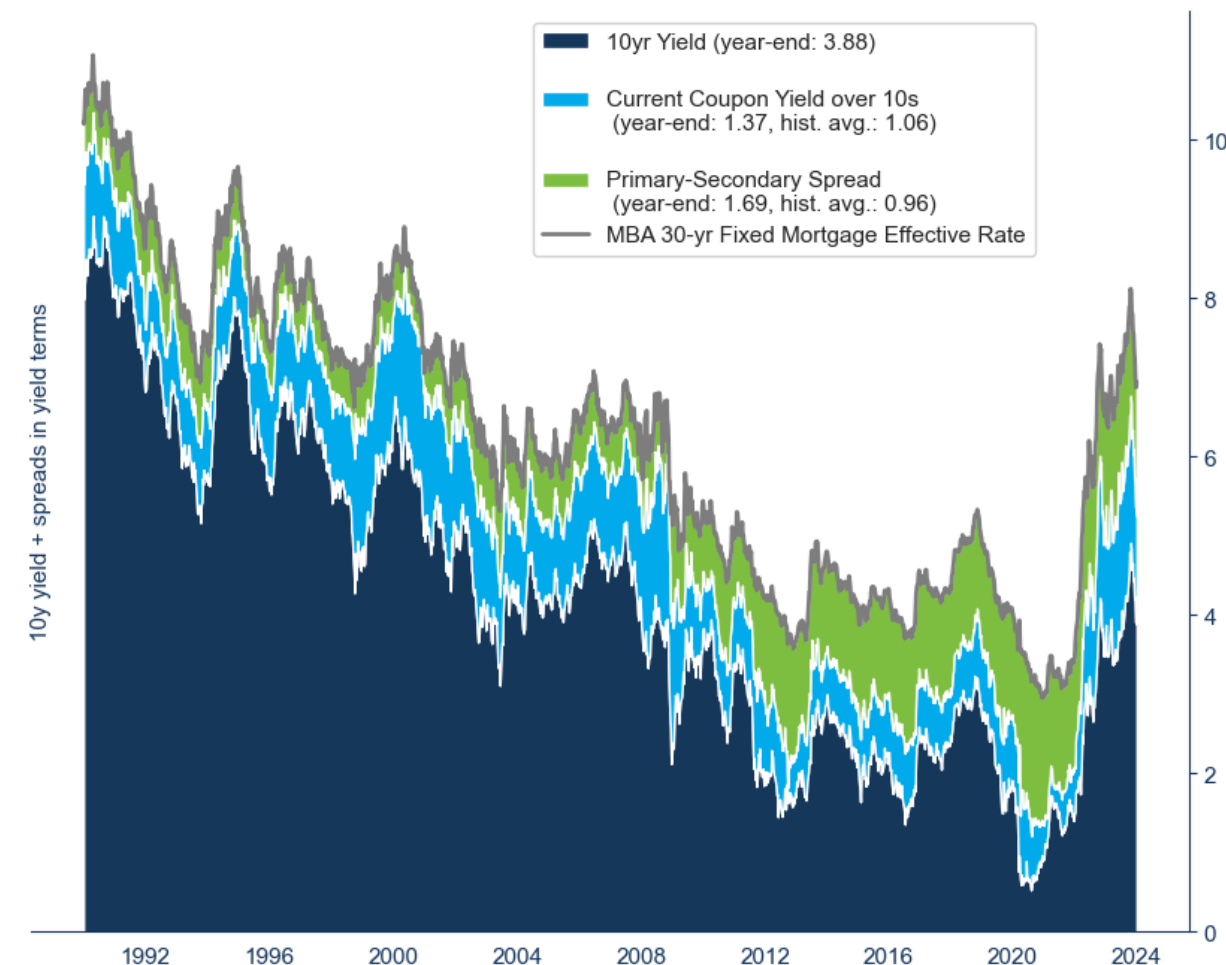
Wide spreads in the primary and secondary market provide ample investment opportunities at attractive levels amid the need for private capital in the RMBS market.

Liquidity and Flexibility

Uniquely positioned for environment with high liquidity and flexibility to take advantage of upcoming opportunities.

Primary and secondary mortgage spreads

Wide primary spread creates more opportunity for relative value analysis



Agency RMBS Market Dynamics and Portfolio Strategy

Agency MBS will likely offer persistently higher yield spreads.

Our strategy emphasizes managing the size of the balance sheet to add value during volatility.

Fundamentals:

- **Housing depressed but rebounding** – many borrowers are still “locked-in,” but expect uptick in turnover.
- **Demographics support housing** – millennials are at peak home- buying years, will cushion any correction.
- **Affordability** – improving but still low.
- **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.

Psychology:

- **Fed Pivot** – mindset for potential buyers shifted to “FOMO” after Fed turned more dovish.
- **Soft Landing Bias** – other risky assets appear fully priced relative to MBS.
- **Regulatory/Political Backdrop** – election year and policy uncertainty not factored into valuations for many risky assets.

Technical:

- **Uptick in Supply** – modest increase expected amid lower rates and seasonal upturn in activity.
- **Return of Banks** – large money centers bought in 4Q.
- **Retail Matters** – fund flows turned positive, \$ managers are overweight the sector.
- **Hedge Funds** – remain active in agency MBS.
- **The Coupon Stack** – more tradable coupons in agency MBS make for more relative value opportunities. Expect this to continue.

Value:

- **Financing Edge** – closely manage relationships to get the best execution, capitalize on Fed policy changes.
- **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 mortgage convexity expertise to manage exposures.

Key Takeaways

01 Historic Opportunity

Mortgage spreads are at generationally wide levels and offer a persistent opportunity for significant returns.

02 Well Positioned

Existing portfolio can drive significant upside as spreads converge to longer-term equilibrium levels.

03 High Liquidity

We are operating with ample liquidity in order to capture future opportunities, with \$453.6 million of cash and unencumbered assets as of December 31, 2023.

04 Policy Tailwind

Interest-rate cuts will lower financing costs when the Fed decides to begin easing monetary policy. The end of Quantitative Tightening should support Agency MBS spreads.

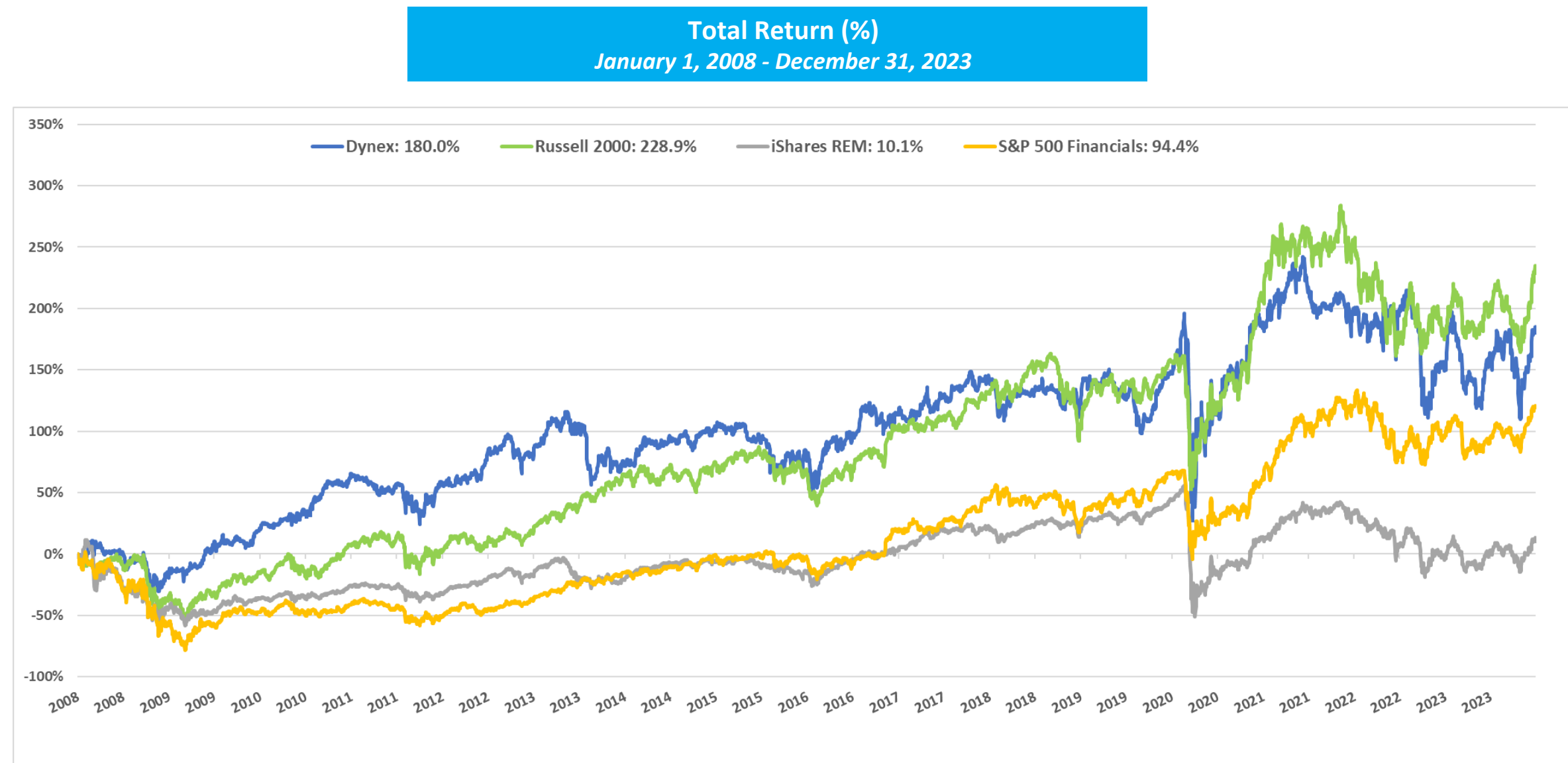
05 Experience

Seasoned team respectful of and prepared for complex macro environment.

We expect to drive incremental returns through opportunistic investing, capital raising, and deployment to support solid return generation well into the future.

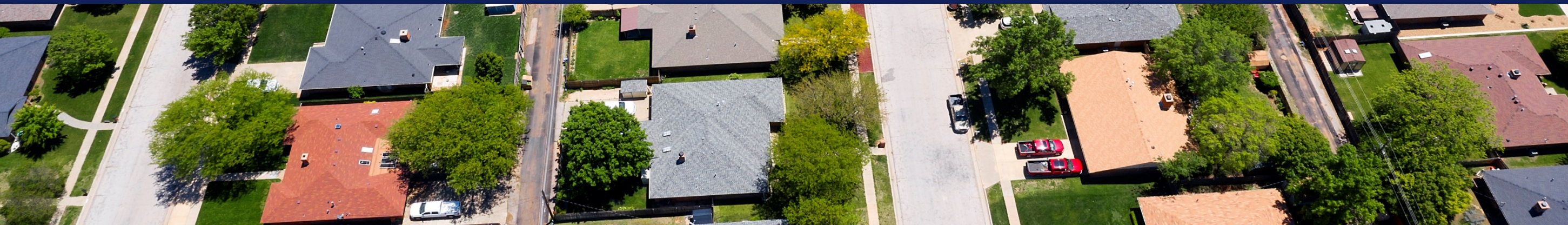
Disciplined Focus on the Long-Term

Dynex 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 December 31, 2023)</i>	57.0 million	4.5 million
Book Value per share <i>(as of December 31, 2023)</i>	\$13.31	—
4Q23 Dividends Declared per share	\$0.39	\$0.43
Annualized Dividend Yield <i>(as of closing on January 24, 2024)</i>	12.49%	7.26%
Share Price <i>(as of closing on January 24, 2024)</i>	\$12.49	\$23.77
Market Capitalization <i>(as of January 24, 2024)</i>	\$711.9 million	\$107.0 million

Source: Bloomberg

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

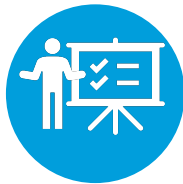
Macroeconomic environment supportive of generating returns and cash income

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

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

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



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.



Integrity

We choose courage over comfort, doing what is right over what is fast or easy, and make 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.

RMBS Portfolio Details *(as of December 31, 2023)*

Over 96% of our investments are comprised of Agency RMBS as of December 31, 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	\$ 708,528	101.7	\$ 586,361	82.8 %	7.9 %	0.94	4.60%	1.78%	4.4 %
2.5% coupon	608,580	103.9	525,018	86.3 %	7.1 %	1.04	4.59%	2.00%	4.5 %
4.0% coupon	354,382	100.2	339,212	95.7 %	4.6 %	1.05	4.67%	3.95%	5.5 %
4.5% coupon	1,383,019	97.7	1,348,108	97.5 %	18.2 %	0.44	4.88%	4.81%	5.0 %
5.0% coupon	2,070,473	98.3	2,057,309	99.4 %	27.7 %	0.33	5.10%	5.21%	4.7 %
5.5% coupon	897,520	100.3	907,524	101.1 %	12.2 %	0.60	5.29%	5.45%	5.0 %
Total Agency RMBS	\$ 6,022,502	99.5	\$ 5,763,532	95.7 %	77.7 %	0.58	4.96%	4.31 %	4.8 %
TBA:									
4.0% coupon	262,000	-	248,040	94.7 %	3.3 %	-	4.72%	-	-
4.5% coupon	223,000	-	216,415	97.0 %	2.9 %	-	4.92 %	-	-
5.0% coupon	518,000	-	512,982	99.0 %	6.9 %	-	5.15 %	-	-
5.5% coupon	200,000	-	201,047	100.5 %	2.7 %	-	5.36 %	-	-
6.0% coupon	200,000	-	203,219	101.6 %	2.7 %	-	5.37%	-	-
Total TBA:	\$ 1,403,000	-	\$ 1,381,703	98.5 %	18.6 %	-	5.10%	-	-
Total RMBS Portfolio:	\$ 7,425,502		\$ 7,145,235	96.2 %	96.3 %		4.98 %		

(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 4% of our investment portfolio is comprised of CMBS and CMBS IO as of December 31, 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	\$ 121,799	\$ 115,595	1.6 %	4.1	2.97 %	4.74 %	\$ 104,495	\$ 11,100
Agency CMBS IO	140,824	133,302	1.8 %	5.9	3.90 %	5.19 %	120,979	12,323
Non-Agency CMBS IO	26,490	26,416	0.4 %	1.1	12.45 %	13.32 %	25,192	1,224
Total	\$ 289,113	\$ 275,313	3.7 %	4.6	4.38 %	5.79 %	\$ 250,666	\$ 24,647

(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

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 December 31, 2023	As of September 30, 2023
100	(0.3)%	(4.2)%
50	0.8%	(2.2)%
-50	(3.6)%	1.5%
-100	(11.0)%	1.0%

Curve Shift 2 year Treasury (bps)	Curve Shift 10 year Treasury (bps)	Percentage Change in Common Shareholders' Equity	
		As of December 31, 2023	As of September 30, 2023
25	50	1.4%	(2.4)%
50	25	(0.5)%	(1.3)%
0	-25	(2.0)%	1.2%
-10	-50	(4.7)%	1.8%
-25	-75	(8.8)%	1.1%

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 December 31, 2023	As of September 30, 2023
+20/+50 ⁽¹⁾	(10.8)%	(12.5)%
10	(5.4)%	(6.2)%
-10	5.4%	6.2%
-20/-50 ⁽¹⁾	10.8%	12.5%

(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.

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.***

	December 31, 2023	September 30, 2023
	Notional Amount / Long (Short)	Notional Amount / Long (Short)
(\$ in thousands)		
30-year U.S. Treasury futures	(700,000)	(420,000)
10-year U.S. Treasury futures	(4,180,000)	(4,180,000)
5-year U.S. Treasury futures	—	(900,000)
Put Options on U.S. Treasury futures	—	150,000

Funding Strategy *(as of December 31, 2023)*

Collateral Type	Balance (\$s in thousands)	Weighted Average Rate	Fair Value of MBS Pledged as Collateral (\$s in thousands)
Agency RMBS	\$5,130,438	5.59 %	\$5,613,212
Agency CMBS	104,495	5.60 %	113,753
Agency CMBS IO	120,979	5.83 %	127,823
Non-Agency CMBS IO	25,192	6.25 %	25,959
Total	\$5,381,104	5.59 %	\$5,880,747

Remaining Term to Maturity	Balance (\$s in thousands)	Percentage	Weighted Average Original Term to Maturity
< 30 days	\$2,855,917	53%	92
30 to 90 days	2,525,187	47%	86
Total	\$5,381,104	100%	89

- Weighted average repo borrowing rate of 5.56% for the fourth quarter of 2023, an increase of 19 basis points from the third quarter of 2023. The weighted average rate on repo outstanding as of December 31, 2023 was 5.59%.
- Active with 28 counterparties at December 31, 2023 with maximum equity at risk no greater than 10% with any one counterparty.

Financial Performance

	4Q23		3Q23		2023	
	Income (Expense)	Per Common Share*	Income (Expense)	Per Common Share*	Income (Expense)	Per Common Share*
(\$ in thousands, except per share amounts)						
Interest income	\$ 71,188	\$ 1.26	\$ 63,271	\$ 1.16	\$ 207,517	\$ 3.79
Interest expense	(73,465)	(1.30)	(65,533)	(1.20)	(215,448)	(3.93)
GAAP net interest expense	(2,277)	(0.04)	(2,262)	(0.04)	(7,931)	(0.14)
TBA drop loss ⁽¹⁾	(844)	(0.01)	(2,559)	(0.04)	(4,097)	(0.07)
Adjusted net interest expense⁽²⁾	(3,121)	(0.06)	(4,821)	(0.08)	(12,028)	(0.21)
General, administrative, and other operating expenses	(8,808)	(0.16)	(8,642)	(0.16)	(32,879)	(0.60)
Preferred stock dividends	(1,923)	(0.03)	(1,923)	(0.04)	(7,694)	(0.14)
Earnings available for distribution ⁽²⁾	(13,852)	(0.24)	(15,386)	(0.28)	(52,601)	(0.96)
Realized loss on sales of investments, net	—	—	—	—	(74,916)	(1.37)
Unrealized gain (loss) on investments, net	263,992	4.66	(179,100)	(3.28)	142,501	2.60
Change in fair value of derivatives ⁽¹⁾	(227,759)	(4.02)	149,512	2.74	(28,808)	(0.53)
GAAP net income (loss) to common shareholders	22,381	0.39	(44,974)	(0.82)	(13,824)	(0.26)
Net unrealized gain (loss) on AFS investments	59,267	1.05	(41,774)	(0.77)	22,844	0.42
Comprehensive income (loss) to common shareholders	\$ 81,648	\$ 1.44	\$ (86,748)	\$ (1.59)	\$ 9,020	\$ 0.16
WAVG common shares outstanding	56,691		54,557		54,809	

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

(1) 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 26.

Book Value Rollforward

	Quarter Ended December 31, 2023	
	Common Equity	Per Common Share
(\$s in thousands except amounts per share)		
Common equity, beginning of period ⁽¹⁾	\$ 692,846	\$ 12.25
Earnings available for distribution ⁽²⁾	(13,852)	
Change in fair value of investments, including TBAs	382,469	
Change in fair value of interest rate hedges	(286,969)	
Comprehensive income to common shareholders	81,648	1.44
Dividends declared	(22,427)	(0.39)
Stock transactions ⁽³⁾	7,168	0.01
Common equity, end of period ⁽¹⁾	\$ 759,235	\$ 13.31

Year Ended December 31, 2023	
Common Equity	Per Common Share
\$ 789,828	\$ 14.73
(52,601)	
72,462	
(10,841)	
9,020	0.16
(86,564)	(1.56)
46,951	(0.02)
\$ 759,235	\$ 13.31

(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 26.

(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)	2023	4Q23	3Q23	2Q23	1Q23	4Q22
Comprehensive income (loss) to common shareholders	\$ 9,020	\$ 81,648	\$ (86,748)	\$ 42,971	\$ (28,852)	\$ 56,648
Adjustments:						
Change in fair value of investments ⁽²⁾	(90,429)	(323,259)	220,874	60,556	(48,599)	(48,262)
Change in fair value of derivatives instruments, net ⁽³⁾	28,808	227,759	(149,512)	(118,164)	68,725	(6,915)
EAD to common shareholders	<u>\$ (52,601)</u>	<u>\$ (13,852)</u>	<u>\$ (15,386)</u>	<u>\$ (14,637)</u>	<u>\$ (8,726)</u>	<u>\$ 1,471</u>
EAD per common share	<u>\$ (0.96)</u>	<u>\$ (0.24)</u>	<u>\$ (0.28)</u>	<u>\$ (0.27)</u>	<u>\$ (0.16)</u>	<u>0.03</u>

(\$ in thousands)	2023	4Q23	3Q23	2Q23	1Q23	4Q22
Net interest (expense) income	\$ (7,931)	\$ (2,277)	\$ (2,262)	\$ (2,930)	\$ (462)	\$ 6,208
TBA drop (loss) income	(4,097)	(844)	(2,559)	(2,152)	1,457	5,522
Adjusted net interest (expense) income	<u>\$ (12,028)</u>	<u>\$ (3,121)</u>	<u>\$ (4,821)</u>	<u>\$ (5,082)</u>	<u>\$ 995</u>	<u>\$ 11,730</u>
General and administrative expenses	(30,728)	(8,318)	(7,841)	(7,197)	(7,372)	(7,898)
Other operating expenses, net	(2,151)	(490)	(801)	(435)	(426)	(438)
Preferred stock dividends	(7,694)	(1,923)	(1,923)	(1,923)	(1,923)	(1,923)
EAD to common shareholders	<u>\$ (52,601)</u>	<u>\$ (13,852)</u>	<u>\$ (15,386)</u>	<u>\$ (14,637)</u>	<u>\$ (8,726)</u>	<u>\$ 1,471</u>

(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.



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4991 Lake Brook Drive,
Suite 100
Glen Allen, Virginia 23060
804-217-5800
dynexcapital.com

