DYNEX CAPITAL INC.

Second Quarter 2023 Earnings Presentation

July 24, 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, 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.

Performance Highlights

Comprehensive Income (Loss) (per common share)	
$(0.54)	$0.79
Q1 23	Q2 23

Book Value (per common share)	
$13.80	$14.20
Q1 23	Q2 23

Total Economic Return[1]	
(3.7)%	5.7%
Q1 23	Q2 23

Net Income (Loss) (per common share)	
$(0.81)	$0.97
Q1 23	Q2 23

Leverage[2]	
7.8x	7.7x
Q1 23	Q2 23

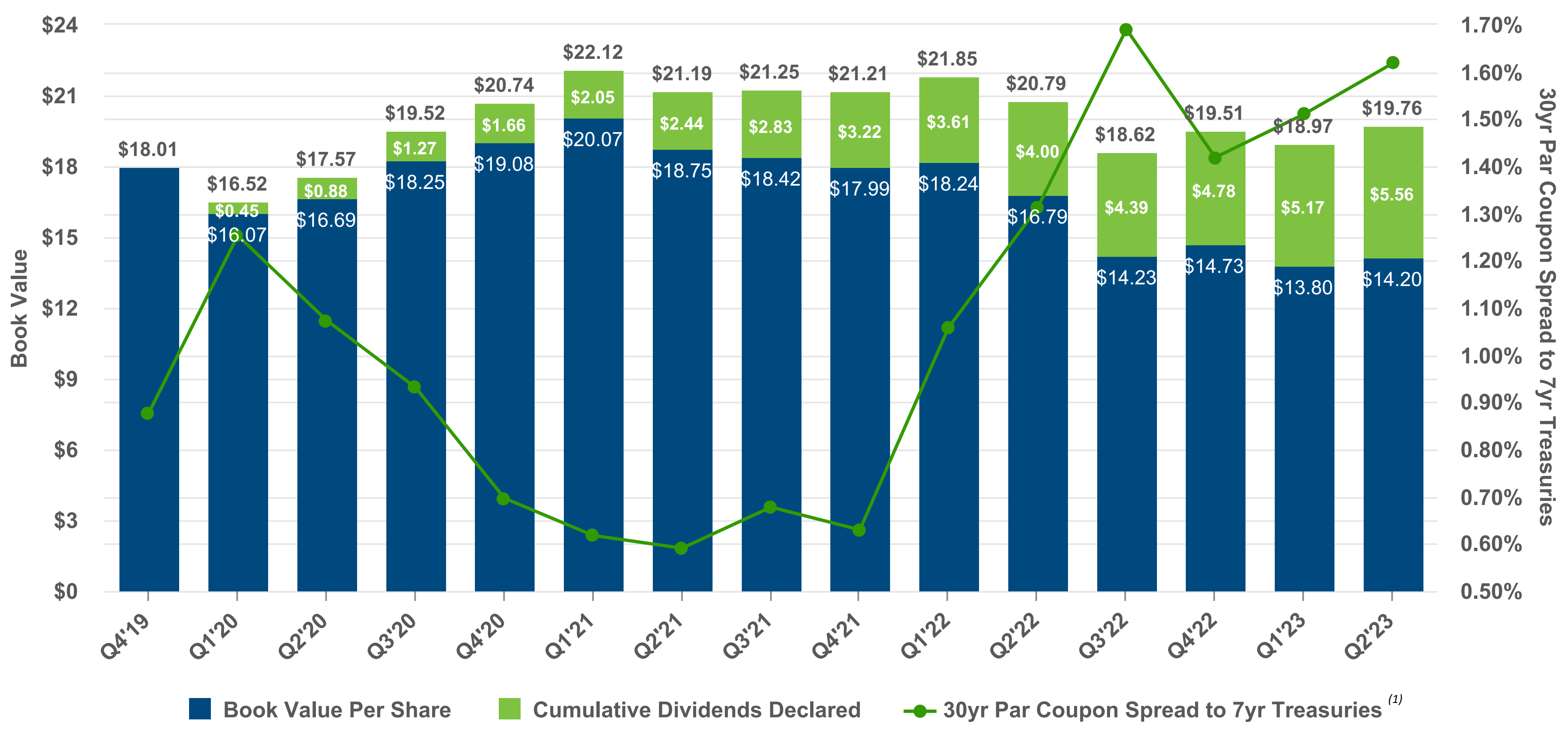
Average Earning Assets (inclusive of TBAs)	
$6.9B	$6.6B
Q1 23	Q2 23

*(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

Building Long-Term Value

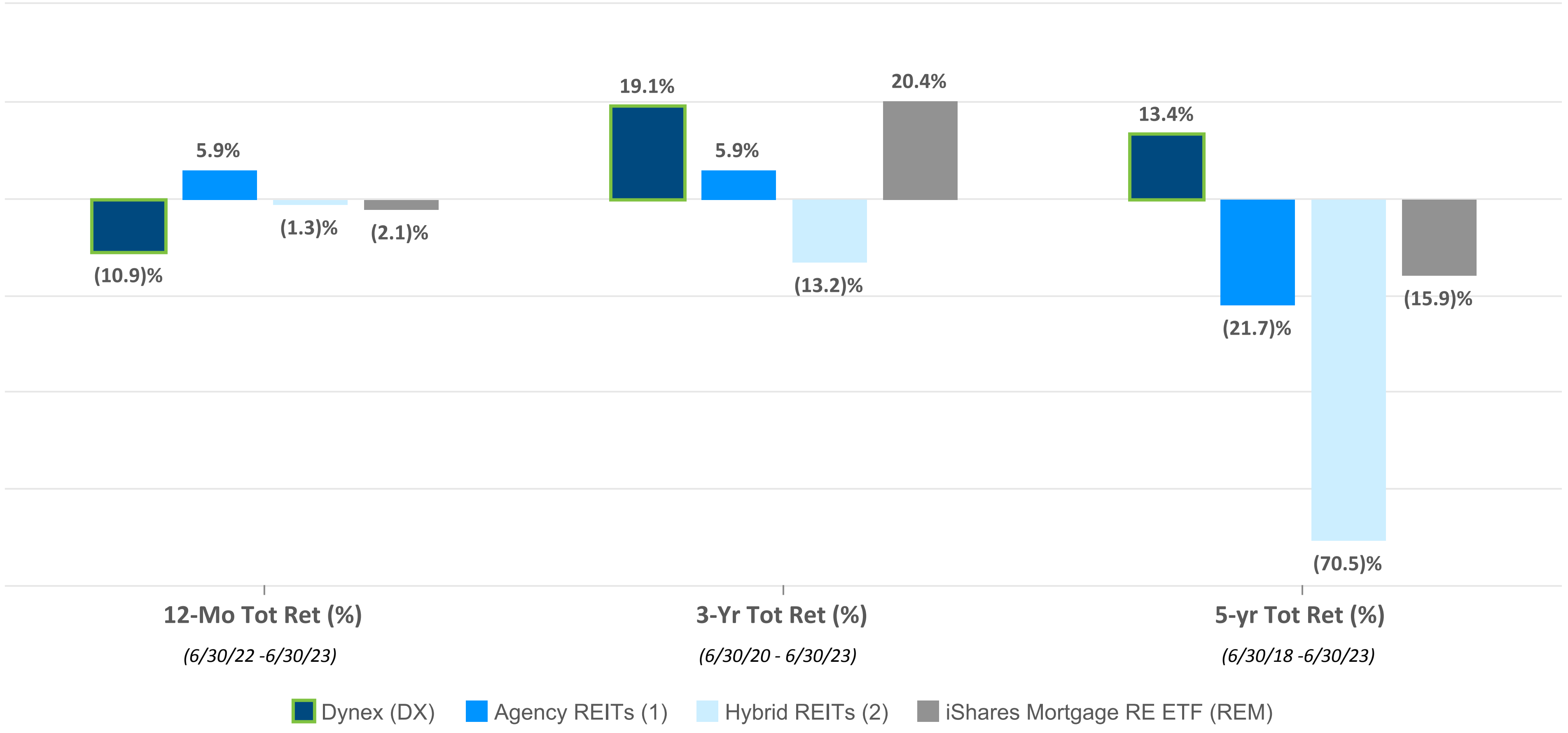


(1) *Source: Bloomberg FNMA par coupon vs 7-year treasury spread*

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

Cumulative Total Shareholder Returns

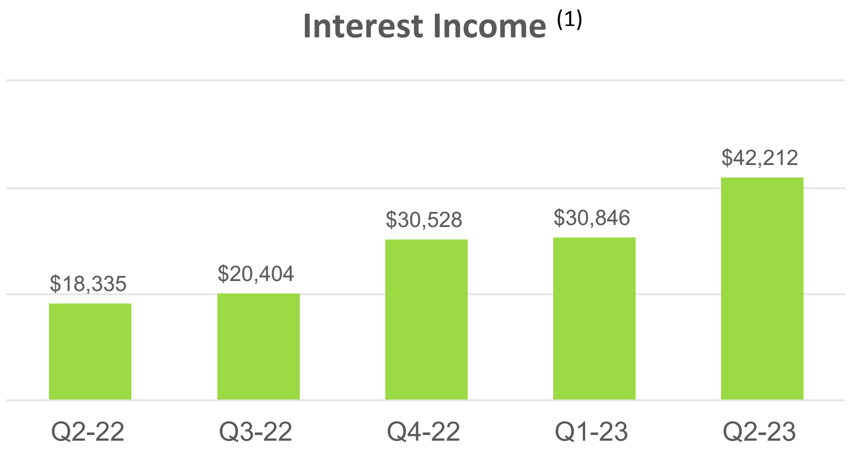


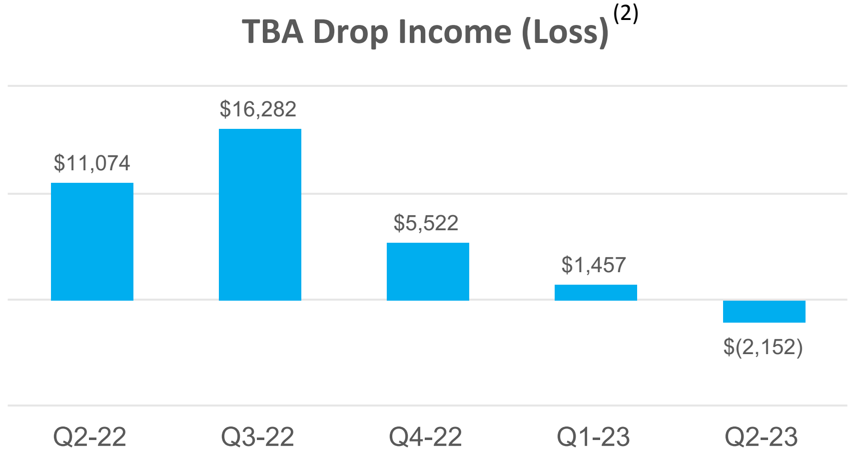
(1) Select Agency MREITS on an equal weight basis
(2) Select Hybrid MREITS on an equal weight basis

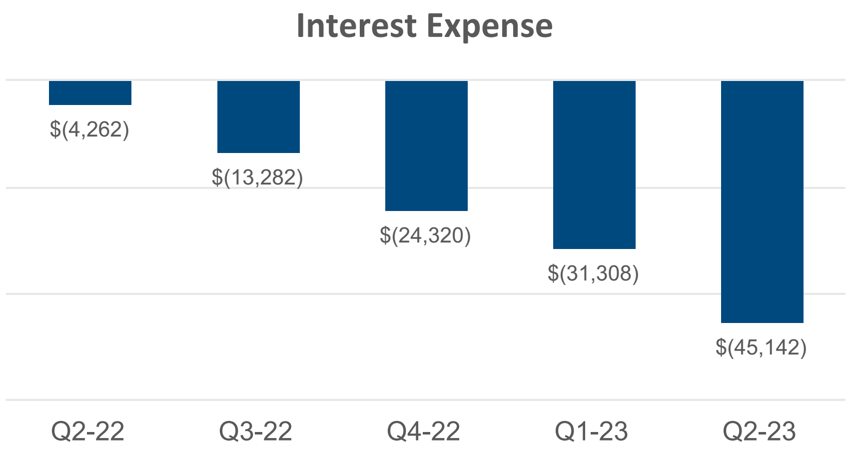
Source: Bloomberg. Assumes dividends are reinvested in the respective security.

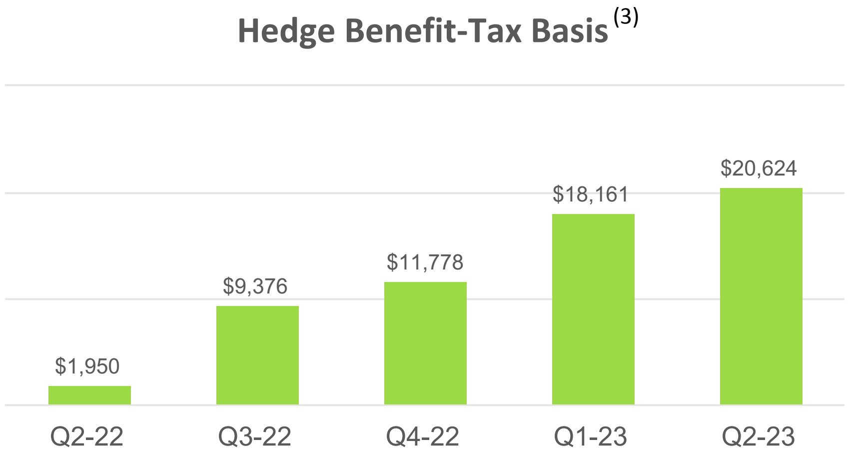
Primary Components of Portfolio Returns *(excluding mark-to-market)*

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

Global fundamentals are shifting as the disinflation of the last 20 years is being met by a series of inflationary pressures. Debt dynamics are becoming a key determinant in the trajectory of growth and interest rates. Central bank policy continues to play a major role in driving valuations.

- Inflationary pressures from factors including geopolitical fragmentation, the transition to cleaner energy, the strategic competition for resources, and resulting human conflict are strongly and persistently counteracting disinflationary impacts of the last 20 years from aging demographics and technology. Over the very long term, we may still see the impacts of technology and demographics dominate but in the medium term, inflationary pressures are rising.
    - Central banks remain focused on inflation as the key risk and are willing to look through mild recessions to focus on price stability
    - Current central bank playbook is providing liquidity for crises while raising rates to achieve appropriately tight financial conditions
    - A severe global crisis on an unprecedented scale would be needed for a reversion to zero or negative interest rate policy and quantitative easing
    - The Bank of Japan's policy liftoff on rates and yield curve control will be a major factor in driving global capital flows and may have significant implications for global asset prices and interest rates
    - Central bank tightening flexibility may be limited by unsustainable debt levels that pose a risk to economic growth or risks to financial stability, further complicating inflation dynamics
- Government policy towards defense and public spending will likely need to rise to manage the spillover effects from global fragmentation and increased focus on energy and resource security. In the US, this may result in increased deficits, financed with a combination of debt and higher taxes which would put upward pressure on government bond yields
- Perceived US political instability and global human conflict has resulted in a gradual trend towards the "de-dollarization" of capital flows which may impact the valuation of US sovereign debt in the long term, possibly resetting US treasury yields higher in the longer term

Key Long-Term Macroeconomic Themes

We remain at a significant inflection point in global dynamics, with the next few years being critical to determining the direction of the eventual path forward. Short- and medium-term trends point to upward pressure on inflation and bond yields, although lower rates cannot be ruled out during periods of weakness and volatility. We expect continued re-pricing of risk across asset classes, creating an environment fraught with risk and flush with opportunity.

- Central bank balance sheets are likely to continue to shrink, impacting asset prices across the spectrum as liquidity is removed
  - We have expected and continue to expect surprises from the unintended consequences of quantitative easing and subsequent tightening
  - Private investors will need to replace central bank and private bank demand for sovereign debt and in the US, agency mortgage-backed securities
- We are in an unprecedented time of change in the global economy and the yardstick by which to measure what is a fair return for this risk environment is changing
  - 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 <u>without the bias of central banks</u> being price makers – this will continue to be a <u>key foundational element</u> of our thinking.
- We expect global regulatory policy to reflect the risks uncovered by bank failures, which may have major implications for asset pricing.
- We continue to characterize the investing landscape as a “flat-fat-tail distribution” environment with a high probability for surprises. There are more outcomes, more equal probabilities in the outcomes, a wider range of outcomes and the possibility for skewed distributions and unexpected events. Our risk and investment strategy are formulated in this context.
- 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.

Market Environment and Positioning

Favorable investing environment continues as credit spreads on assets are wider, and when hedged over the medium to long term, currently provide mid to high teens ROE. We are positioned for a general rise in macroeconomic and market volatility with high levels of liquidity and a flexible position.

The Market Environment

- The treasury yield curve remains significantly inverted from Fed Funds to the 10-year point. Interest rate hedges remain a key part of the ability to generate long-term returns in this environment.
- Yield curve volatility continues with most of the movement occurring on shorter maturity instruments – zero to two years. The longer end of the curve, while still volatile, has been relatively more stable.
- Data flow and technical (demand / supply) factors are driving the markets while the full impact of 5 different types of simultaneous tightening – quantitative, monetary, credit, regulatory and fiscal – are yet to be felt in the broader economy.
- We anticipate agency MBS spreads to trade in a range at wider levels, with further widening during periods of volatility. Spread tightening can occur during periods of calm and declining net supply. Longer term, we believe agency MBS will offer compelling returns versus credit sensitive assets as defaults begin to rise.

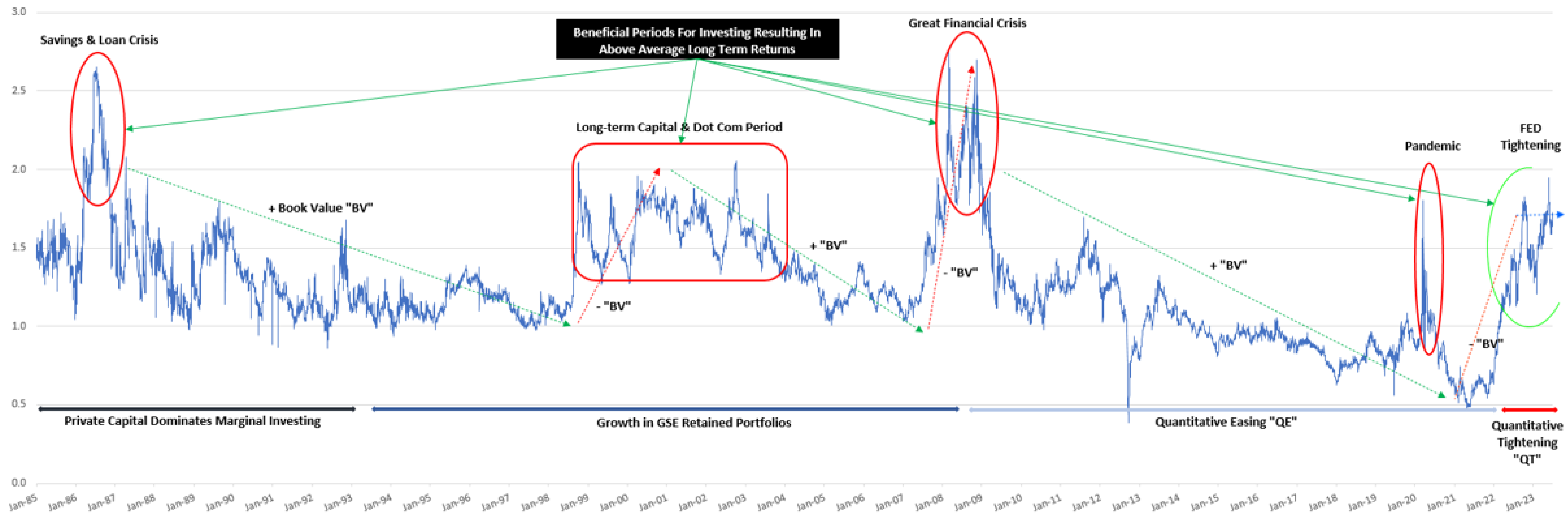
Positioning

- 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 and unanticipated supply from bank sales enters the market. We believe our book value preservation and liquidity put us in excellent position to capitalize on this opportunity.

Existing Balance Sheet

- Diversified coupon position designed for flexibility
- Book value positioned to benefit from even modest spread tightening

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Incremental Investments

- Will continue to selectively increase leverage as spreads widen
- Marginal returns in the mid to high teens ROE and exceeds our dividend yield
- Incremental earnings power is expected to be substantial
- Coupon and product diversification opportunity in the long term (CMBS, CRT, Non-Agency)

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Solid Long-Term Returns

- Spread tightening is a significant driver of upside to economic return
- Larger diversified portfolio positioned to deliver attractive long-term returns
- Discount to book is an added driver of forward returns

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: Valuations supported, Default dynamics shifting slowly

- Housing market activity is constrained by lack of existing home supply and high mortgage rates. The lock-in effect is growing in impact as homeowners choose to remain in their current homes and tap equity if needed. Second lien mortgage production is on the rise primarily in the form of HELOCs.
- Prevalence of second mortgages puts pressure on the credit quality of the first lien, especially as unemployment rises. Default dynamics will shift rapidly as the US employment situation shifts unfavorably.
- Demographically driven demand for housing remains very robust, with the largest age cohort of millennials now entering prime home-buying age. This can support both new and existing home sales and cushion any significant declines in home values.

Technicals: Supply/Demand is the key driver of spreads

- Fed balance sheet is shrinking, QT expected to continue, banks will remain on the sidelines, SVB and Signature sales have been well digested but remain to be completed by the end of 3Q.
- Market operating without a Fed or GSE "backstop" bid, causing more spread volatility as spring / summer supply begins to hit.
- ICI mutual fund flow data shows modest inflows into fixed income in the second quarter – money managers appear mostly underweight agency MBS.
- Hedge funds are more active in the MBS space, driving active trading across the coupon stack and contributing to more basis volatility.
- There are more tradeable coupons in the markets than in over a decade, offering opportunities for relative value – higher coupons offer the most value at current valuations.

Psychology: MBS spreads seem to have a floor at a wider level

- The underlying factors of low demand from banks and possible continued failures from smaller banks leading to portfolio sales remains a psychological weight against tighter spreads.
- While prepayment risk from refinancing is low, investors are focused on levels of turnover and extension risk in lower coupons.
- During periods of high volatility, the liquid MBS product is often the first one sold to raise cash or reduce risk. This causes MBS spread widening to lead other spread products during periods of stress, particularly credit or liquidity stress.
- Market seems to have a near term floor for MBS spreads around 150 bps vs the 7-year treasury yield.

Value

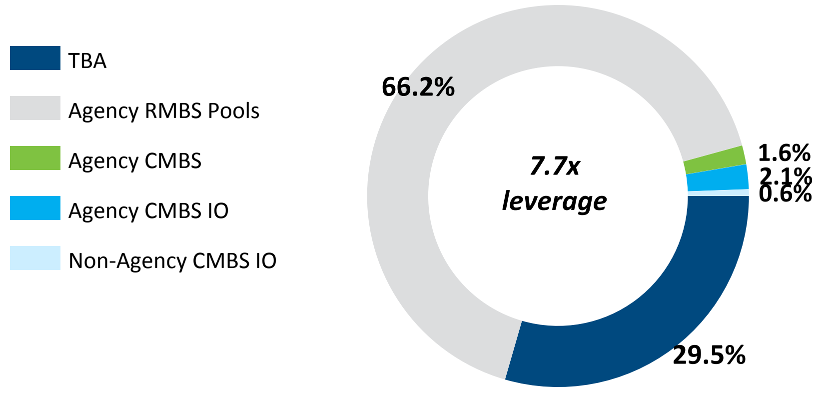
- We are focused on assets that can be hedged, with durations that are more solid or predictable to anchor the portfolio. We balance this with higher coupons that offer better current returns with more active hedging required.
- We see more value in higher coupons and recently shifted to more pools versus TBA as dollar roll implied financing is less economical than repo financing.
- Specified pool pay-ups are finally reflecting longer term value, especially in 5s and 5.5s.
- In higher coupons there is significant value to a few months of seasoning for bonds trading below par.

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

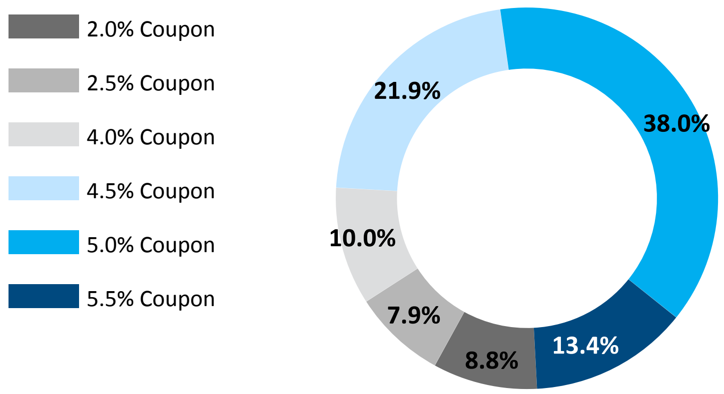
Methodically grew balance sheet with reallocation to specified pools in higher coupons as spreads widened and payups declined. Diversified portfolio remains constructed for flexibility.

June 30, 2023

Portfolio Fair Value $7.2 Billion

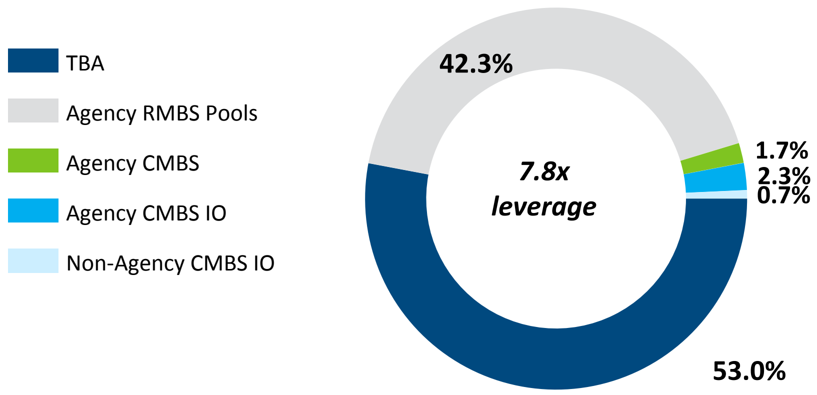


Agency RMBS by Coupon

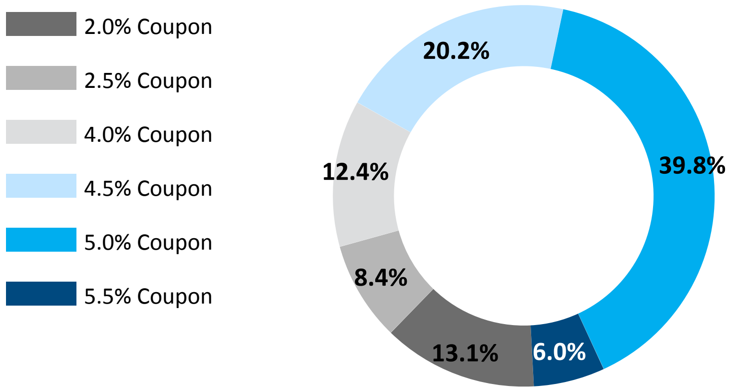


March 31, 2023

Portfolio Fair Value $7.0 Billion

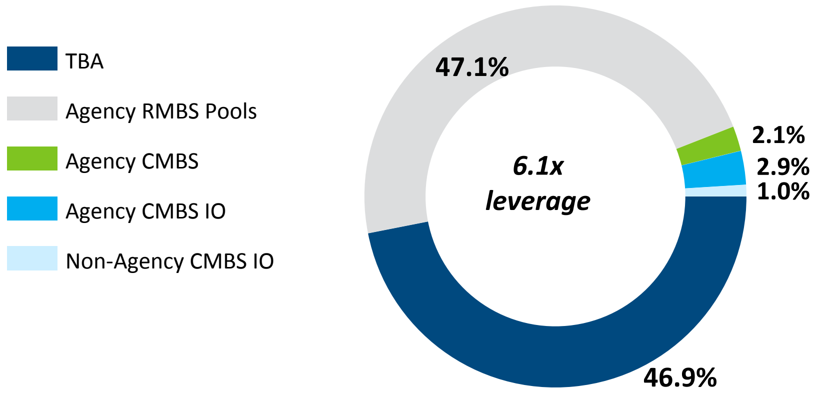


Agency RMBS by Coupon

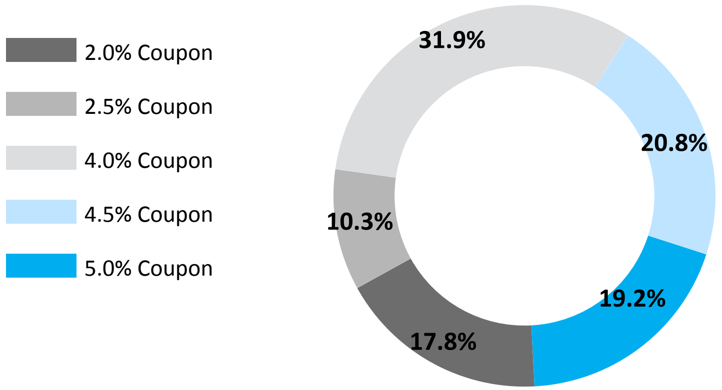


December 31, 2022

Portfolio Fair Value $5.9 Billion



Agency RMBS by Coupon Type



(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 June 30, 2023	Percentage Change in Common Shareholders' Equity: As of March 31, 2023
100	(10.3)%	(0.8)%
50	(4.3)%	0.7%
-50	1.8%	(3.5)%
-100	0.7%	(10.2)%

Curve Shift 2 year Treasury (bps)	Curve Shift 10 year Treasury (bps)	Percentage Change in Common Shareholders' Equity: As of June 30, 2023	Percentage Change in Common Shareholders' Equity: As of March 31, 2023
25	50	0.0%	0.0%
50	25	(2.4)%	0.9%
0	-25	1.1%	(0.7)%
-10	-50	1.6%	(2.4)%
-25	-75	0.7%	(5.7)%

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 June 30, 2023	Percentage Change in Common Shareholders' Equity: As of March 31, 2023
+20/+50 (1)	(10.8)%	(10.1)%
10	(5.4)%	(5.0)%
-10	5.4%	5.0%
-20/-50 (1)	10.8%	10.1%

(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.
    - As of June 30, 2023, we had over $562 million of cash and unencumbered assets.
- 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

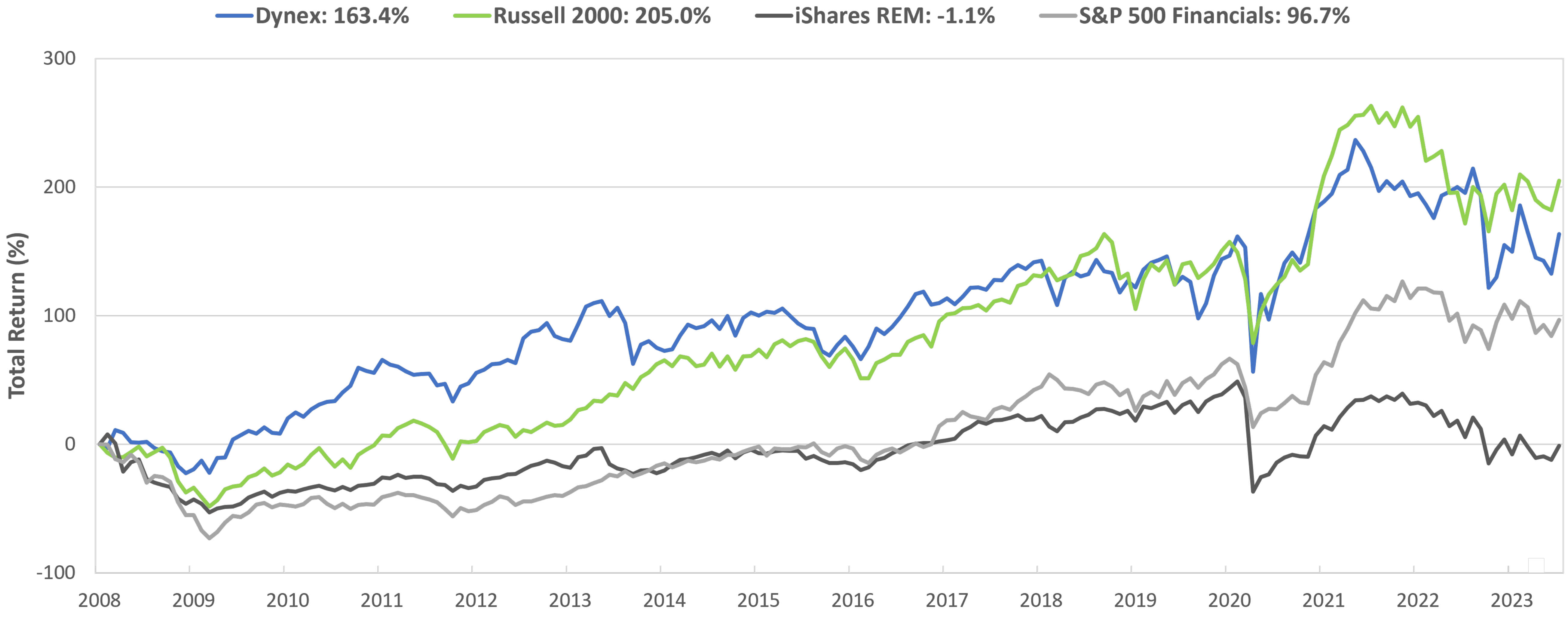
Industry leader with a compelling long-term track record of delivering shareholder value

Superior performance record with industry-leading 3-year 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	DYNEX CAPITAL INC.	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

Total Return (%)
January 1, 2008 - June 30, 2023



Source: S&P Capital IQ
Assumes reinvestment of dividends

DYNEX CAPITAL INC.

SUPPLEMENTAL INFORMATION

Market Snapshot

	Common Stock	Series C Preferred Stock
NYSE Ticker	***DX***	***DX PRC***
Shares Outstanding *(as of June 30, 2023)*	54.2 million	4.5 million
Book Value per share *(as of June 30, 2023)*	$14.20	—
2Q23 Dividends Declared per share	$0.39	$0.43
Annualized Dividend Yield *(as of closing on July 20, 2023)*	12.42%	7.65%
Share Price *(as of closing on July 20, 2023)*	$12.56	$22.56
Market Capitalization *(as of July 20, 2023)*	$680.8 million	$101.5 million

Source: Bloomberg

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

Higher

Liquidity, cash flow predictability, availability of financing

Lower

GSE Guaranteed AAA Rated	**Agency RMBS** 15yr and 30yr *Return Range 12-18%*[1,2]
	Agency CMBS FNMA DUS, FRE K-A1, A2, CMBS IO *Return Range 10-18%*
AAA Rated	**Non-Agency MBS** CMBS-IO - *Return Range 10-15%* RMBS, RMBS-IO, CMBS - *Risk/reward becoming more favorable*
AA – BBB Rated	**Non-Agency MBS** *Less favorable risk/reward*
Below Investment Grade/ Non-Rated	**Non-Agency MBS** *Less favorable risk/reward*
	Loans/MSRs *Unfavorable risk/reward*

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 June 30, 2023)*

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

($ in thousands)	Par/Notional Value	Amortized Cost (%) (1)	Fair Value	Fair Value (%)	% of Total Portfolio	WAVG Pay up to TBA	Market Yield (3)	3-month WAVG Yield (1)	3-month CPR (1) (2)
Agency RMBS:									
2.0% coupon	$ 738,366	101.7	$ 607,450	82.3	8.5 %	0.80	4.66%	1.79%	5.4 %
2.5% coupon	634,256	104.0	542,554	85.5	7.6 %	0.81	4.70%	1.91%	6.8 %
4.0% coupon	368,367	100.2	348,785	94.7	4.9 %	0.88	4.83%	3.77%	5.3 %
4.5% coupon	1,117,339	98.8	1,078,938	96.6	15.0 %	0.46	5.04%	4.62%	4.8 %
5.0% coupon	1,554,427	99.4	1,528,286	98.3	21.3 %	0.34	5.27%	5.02%	1.2 %
5.5% coupon	647,735	100.7	647,024	99.9	9.0 %	0.36	5.51%	5.32%	1.0 %
Total Agency RMBS	$ 5,060,491	100.4	$ 4,753,037	93.9	66.2 %	0.52	5.07%	3.53 %	3.6 %
TBA:									
4.0% coupon	357,000	-	337,357	94.5	4.7 %	-	4.83 %	-	-
4.5% coupon	440,000	-	422,881	96.1	5.9 %	-	5.05 %	-	-
5.0% coupon	1,102,000	-	1,079,702	98.0	15.0 %	-	5.32 %	-	-
5.5% coupon	277,000	-	275,701	99.5	3.8 %	-	5.58 %	-	-
Total TBA:	$ 2,176,000	-	$ 2,115,641	97.2	29.5 %	-	5.23 %	-	-
Total RMBS Portfolio:	**$ 7,236,491**		**$ 6,868,678**	**94.9**	**95.7 %**		**5.12 %**		

(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 June 30, 2023.

($ in thousands)	Amortized Cost	Fair Value	% of Total Portfolio	Portfolio Characteristics: WAVG Life Remaining [1]	Portfolio Characteristics: 3-month WAVG Yield	Portfolio Characteristics: WAVG Market Yield [2]	Financing Details: Repo Outstanding	Financing Details: Equity Invested
Agency CMBS	$ 122,514	$ 115,136	1.6 %	4.6	3.06 %	4.74 %	$ 109,129	$ 6,007
Agency CMBS IO	160,558	150,328	2.1 %	6.1	4.45 %	4.93 %	132,611	17,717
Non-Agency CMBS IO	41,931	40,689	0.6 %	1.8	4.25 %	10.87 %	36,079	4,610
Total	$ 325,003	$ 306,153	4.3 %	4.9	3.91 %	5.66 %	$ 277,819	$ 28,334

(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.

(1) Source: Freddie Mac

Fixed Income Market Update

Security	Change YtD	Change QoQ	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	0.75%	0.25%	5.15%	5.15%	4.90%	4.90%	4.65%	4.40%	4.40%
1m repo [1]	0.86%	0.28%	5.31%	5.37%	5.12%	5.03%	4.75%	4.71%	4.45%
3m T-bill	0.92%	0.55%	5.30%	5.40%	5.06%	4.75%	4.81%	4.67%	4.37%
2 yr	0.47%	0.87%	4.90%	4.41%	4.01%	4.03%	4.82%	4.20%	4.43%
5 yr	0.15%	0.58%	4.16%	3.76%	3.49%	3.58%	4.18%	3.62%	4.01%
10 yr	-0.04%	0.37%	3.84%	3.65%	3.43%	3.47%	3.92%	3.51%	3.88%
30 yr	-0.10%	0.21%	3.86%	3.86%	3.68%	3.65%	3.92%	3.63%	3.97%
3M10Y Treasury Vol (15DP)	-0.79	-0.76	7.61	9.06	7.61	8.37	7.99	6.90	8.40
Swaps [2]									
1m SOFR	0.79%	0.33%	5.14%	5.13%	5.01%	4.81%	4.66%	4.57%	4.36%
3m SOFR	0.67%	0.35%	5.26%	5.24%	5.07%	4.91%	4.89%	4.68%	4.59%
2 yr	0.37%	0.75%	4.82%	4.30%	4.02%	4.06%	4.92%	4.22%	4.45%
5 yr	0.19%	0.60%	3.94%	3.55%	3.29%	3.34%	4.00%	3.40%	3.75%
10 yr	0.03%	0.41%	3.58%	3.39%	3.15%	3.17%	3.66%	3.21%	3.56%
30 yr	-0.01%	0.27%	3.20%	3.17%	2.98%	2.93%	3.24%	2.96%	3.21%
3M10Y Swaption Vol	-25.1	-11.6	107.1	120.2	112.1	118.7	115.4	104.6	132.2
30 Year MBS OAS [3]									
2.0%	8	-10	22	27	31	32	11	5	14
2.5%	6	-6	28	34	36	34	18	10	21
3.0%	7	-3	31	38	38	34	21	13	24
3.5%	4	-1	31	39	39	32	22	14	28
4.0%	12	-1	33	43	42	34	24	16	22
4.5%	8	-7	34	54	52	41	30	23	26
5.0%	12	4	40	58	51	36	31	17	28
5.5%	12	6	44	67	52	38	32	11	33
30yr Mortgage Rate [4]	0.51%	0.36%	7.17%	7.08%	6.85%	6.81%	7.03%	6.38%	6.66%
Fn 30yr Current Cpn [2]	0.24%	0.58%	5.63%	5.47%	5.14%	5.05%	5.52%	4.84%	5.39%
CMBS [3]									
DUS 10/9.5	-2	-6	72	86	91	78	57	67	74
DUS 12/11.5	-2	-4	84	101	107	88	73	76	86
10 yr Freddie K A2	-4	-18	65	79	78	83	54	60	69
Agency CMBS IO	-60	-35	175	210	210	210	185	225	235
Non-Agency AAA CMBS IO	-14	-49	301	308	312	350	257	295	315

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

Pricing Matrix

30 Year MBS[1]		Change YtD	Change QoQ	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	0.19	-1.69	87.94	88.56	89.89	89.63	87.92	90.77	87.75
	85K Max	0.22	-0.03	1.22	1.16	1.16	1.25	1.34	1.25	1.00
	150K Max	0.09	0.03	0.81	0.75	0.75	0.78	0.88	0.81	0.72
	200k Max	0.09	0.00	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	0.06	0.06	0.00
	95 LTV	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.5% Cpn	TBA Price	0.16	-1.81	91.03	91.70	93.00	92.84	91.00	93.83	90.88
	85K Max	0.06	-0.22	1.25	1.25	1.41	1.47	1.50	1.56	1.19
	150K Max	0.03	-0.16	0.84	0.84	0.94	1.00	1.03	1.09	0.81
	200k Max	-0.06	-0.09	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	0.09	0.09	0.00
	95 LTV	0.03	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.00
4% Cpn	TBA Price	-0.05	-1.84	93.75	94.44	95.63	95.59	93.77	96.50	93.80
	85K Max	-0.44	-0.22	1.25	1.25	1.44	1.47	1.66	1.91	1.69
	150K Max	-0.31	-0.25	0.84	0.84	1.03	1.09	1.03	1.38	1.16
	200k Max	-0.16	-0.28	0.56	0.56	0.69	0.84	0.69	0.81	0.72
	NY only	-0.09	-0.06	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	0.00
4.5% Cpn	TBA Price	-0.28	-1.88	96.08	96.72	97.81	97.95	96.27	98.75	96.36
	85K Max	-0.53	-0.44	1.50	1.50	1.81	1.94	1.91	2.41	2.03
	150K Max	-0.44	-0.47	0.91	0.91	1.22	1.38	1.34	1.66	1.34
	200k Max	-0.31	-0.41	0.63	0.63	0.84	1.03	0.88	1.16	0.94
	NY only	-0.09	-0.31	0.41	0.41	0.47	0.72	0.34	0.94	0.50
	95 LTV	0.09	0.00	0.09	0.09	0.09	0.09	0.09	0.06	0.00
5.0% Cpn	TBA Price	-0.61	-1.77	97.95	98.44	99.48	99.72	98.25	100.33	98.56
	85K Max	-0.59	-0.63	2.16	2.19	2.56	2.78	2.28	3.00	2.75
	150K Max	-0.56	-0.66	1.34	1.44	1.72	2.00	1.53	2.06	1.91
	200k Max	-0.53	-0.50	0.78	0.78	1.09	1.28	1.09	1.38	1.31
	NY only	-0.28	-0.47	0.72	0.75	0.88	1.19	0.75	1.38	1.00
	95 LTV	0.06	-0.13	0.06	0.16	0.16	0.19	0.22	0.16	0.00
5.5% Cpn	TBA Price	-0.88	-1.56	99.48	99.91	100.84	101.05	99.91	101.56	100.36
	85K Max	-0.13	-0.19	3.00	2.94	3.13	3.19	3.03	3.75	3.13
	150K Max	-0.28	-0.34	1.88	1.94	2.13	2.22	2.00	2.44	2.16
	200k Max	-0.28	-0.28	1.16	1.16	1.25	1.44	1.38	1.63	1.44
	NY only	-0.16	-0.06	1.19	1.19	1.25	1.25	1.28	1.94	1.34
	95 LTV	-0.16	-0.13	0.13	0.25	0.25	0.25	0.28	0.28	0.28

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

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.***

	June 30, 2023	March 31, 2023
($ in thousands)	Notional Amount / Long (Short)	Notional Amount / Long (Short)
10-year U.S. Treasury futures	($4,000,000)	($4,420,000)
5-year U.S. Treasury futures	(900,000)	(900,000)
Options on U.S. Treasury futures	—	250,000

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

Collateral Type	Balance ($s in thousands)	Weighted Average Rate	Fair Value Pledged as Collateral ($s in thousands)
Agency RMBS	$3,924,082	5.25 %	$4,146,397
Agency CMBS	109,129	5.16 %	113,281
Agency CMBS IO	132,611	5.57 %	141,541
Non-Agency CMBS IO	36,079	6.00 %	39,885
Total	$4,201,901	5.26 %	$4,441,105

Remaining Term to Maturity	Balance ($s in thousands)	Percentage	Weighted Average Original Term to Maturity
< 30 days	$1,069,565	25%	50
30 to 90 days	2,039,943	49%	130
90 to 180 days	1,092,393	26%	175
Total	$4,201,901	100%	122

- Weighted average repo borrowing rate of 5.18% for the second quarter of 2023, an increase of 57 basis points from the first quarter of 2023. The weighted average rate on repo outstanding as of June 30, 2023 was 5.26%.
- Active with 25 counterparties at June 30, 2023 with maximum equity at risk no greater than 5% with any one counterparty.

Financial Performance

($ in thousands, except per share amounts)	2Q23 Income (Expense)	2Q23 Per Common Share*	1Q23 Income (Expense)	1Q23 Per Common Share*
Interest income	$ 42,212	$ 0.78	$ 30,846	$ 0.57
Interest expense	(45,142)	(0.83)	(31,308)	(0.58)
GAAP net interest expense	(2,930)	(0.05)	(462)	(0.01)
TBA drop income [1]	(2,152)	(0.04)	1,457	0.03
Adjusted net interest (expense) income [2]	(5,082)	(0.09)	995	0.02
General, administrative, and other operating expenses	(7,632)	(0.14)	(7,798)	(0.14)
Preferred stock dividends	(1,923)	(0.04)	(1,923)	(0.04)
Earnings available for distribution [2]	(14,637)	(0.27)	(8,726)	(0.16)
Realized loss on sales of investments, net	(51,601)	(0.95)	(23,315)	(0.43)
Unrealized gain on investments, net	488	0.01	57,120	1.06
Change in fair value of derivatives [1]	118,164	2.18	(68,724)	(1.28)
GAAP net income (loss) to common shareholders	52,414	0.97	(43,645)	(0.81)
Net unrealized (loss) gain on AFS investments	(9,443)	(0.17)	14,793	0.27
Comprehensive income (loss) to common shareholders	$ 42,971	$ 0.79	$ (28,852)	$ (0.54)
WAVG common shares outstanding	54,137		53,824	

*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

($s in thousands except amounts per share)	Quarter Ended June 30, 2023		
		Common Equity	Per Common Share
Common equity, beginning of period [1]		$ 743,328	$ 13.80
Earnings available for distribution [2]	(14,637)		
Realized loss on sales of investments, net	(51,601)		
Unrealized loss on investments, including TBAs	(60,798)		
Change in fair value of interest rate hedges	170,007		
Comprehensive income to common shareholders		42,971	0.79
Dividends declared		(21,324)	(0.39)
Stock transactions [3]		4,487	—
Common equity, end of period [1]		$ 769,462	$ 14.20

(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)	2Q23	1Q23	4Q22	3Q22	2Q22
Comprehensive income (loss) to common shareholders	$ 42,971	$ (28,852)	$ 56,648	$ (99,705)	$ (33,497)
Adjustments:					
Change in fair value of investments [(2)]	60,556	(48,599)	(48,262)	191,272	144,563
Change in fair value of derivatives instruments, net [(3)]	(118,164)	68,725	(6,915)	(80,665)	(95,338)
EAD to common shareholders	$ (14,637)	$ (8,726)	$ 1,471	$ 10,902	$ 15,728
EAD per common share	$ (0.27)	$ (0.16)	$ 0.03	$ 0.24	$ 0.40

($ in thousands)	2Q23	1Q23	4Q22	3Q22	2Q22
Net interest (expense) income	$ (2,930)	$ (462)	$ 6,208	$ 7,122	$ 14,073
TBA drop income	(2,152)	1,457	5,522	16,282	11,074
Adjusted net interest (expense) income	$ (5,082)	$ 995	$ 11,730	$ 23,404	$ 25,147
General and administrative expenses	(7,197)	(7,372)	(7,898)	(10,146)	(7,201)
Other operating expenses, net	(435)	(426)	(438)	(433)	(295)
Preferred stock dividends	(1,923)	(1,923)	(1,923)	(1,923)	(1,923)
EAD to common shareholders	$ (14,637)	$ (8,726)	$ 1,471	$ 10,902	$ 15,727

(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 and loans.
(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
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.

Innovation
Innovation is a key component of our culture and investment process. We encourage openness to ideas to drive investment leadership in our space.

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

Collaboration
We believe the contribution of individuals is enhanced through collaboration with others.

DYNEX CAPITAL INC.

SOUND STRATEGY.
UNIQUE ADVANTAGES.

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