Third Quarter 2020 Earnings Presentation

October 28, 2020

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 in macroeconomic trends statements regarding our financial performance in future periods, future interest rates, our views on expected characteristics of future investment environments, and trends prepayment rates and investment risks and trends, our future investment strategies, our future leverage levels and financing strategies, 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. 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 Quarterly Report on Form 10-Q for the three months ended March 31, 2020 and subsequent filings with the Securities and Exchange Commission, particularly those set forth under the caption "Risk Factors".

Contents

Market Snapshot

	Common Stock	Preferred Stocks	
NYSE Ticker	**DX**	**DXPrB**	**DXPrC**
Shares Outstanding *(in millions)*	23.1	2.8	4.5
3Q20 Dividends Declared	$0.39	$0.48	$0.43
Annualized Dividend Yield*	9.89%	7.69%	7.84%
Book Value per share *(as of 9/30/20)*	$18.25	—	—
Share Price *(close on 10/26/20)*	$15.77	$24.80	$22.00
Market Capitalization *(in millions)* (as of 10/26/20)	$365.00	$69.15	$98.12
Price to Book *(based on 10/26/20 stock price and 9/30/20 book value)*	86.4%	—	—

* *Preferred Stocks yields are dividend adjusted. Source: Bloomberg*

Dynex Guiding Principles

- Simple and executable strategy
- Strong leadership and well-defined culture of ethics and integrity that permeates all activities
- Internally managed to assure alignment of incentives and long-term success
- Disciplined top-down approach to analysis and capital allocation
- Multi-asset, nimble investment strategy that provides flexibility to generate returns with an acceptable level of risk
- Manageable risk at the enterprise level with a robust, unified, integrated process that allows for recognition that types of risks are always changing
- Leverage technology to attract top performers and to provide employees with work-life balance

Performance Highlights

Up in credit, up in liquidity investment strategy has led to a strong total economic return YTD. Book value per common share has recovered and is above the 12/31/2019 per share amount.

- Comprehensive income of $1.92 per common share and GAAP net income of $1.62 per common share
- Quarterly total economic return(1) to common shareholders of 11.7%. YTD total economic return(3) to common shareholders of 8.4%
- Net interest spread and adjusted net interest spread(2) of 1.96% and 2.00%, respectively, for the third quarter of 2020 compared to 1.96% and 1.96%, respectively, for the second quarter of 2020
- Core net operating income(2) of $0.61 per common share, including $0.26 per common share of TBA drop income
- Book value per common share of $18.25 at September 30, 2020 compared to $16.69 at June 30, 2020
- Average earning assets, inclusive of TBA securities, were $4.4 billion for the third quarter versus $3.2 billion in the prior quarter
- Leverage(4) of 6.2x shareholders' equity at September 30, 2020 compared to 8.1x at June 30, 2020

(1) Equals sum of common stock dividend of $0.39 per share plus the increase in book value of $1.56 per common share divided by beginning book value per common share of $16.69.
(2) Reconciliations for non-GAAP measures are presented on slide 38.
(3) Equals sum of common stock dividend of $1.27 per share plus the increase in book value of $0.24 per common share divided by beginning book value per common share of $18.01.
(4) Leverage equals the sum of (i) total liabilities and (ii) amortized cost basis of TBA long positions divided by total shareholders' equity.

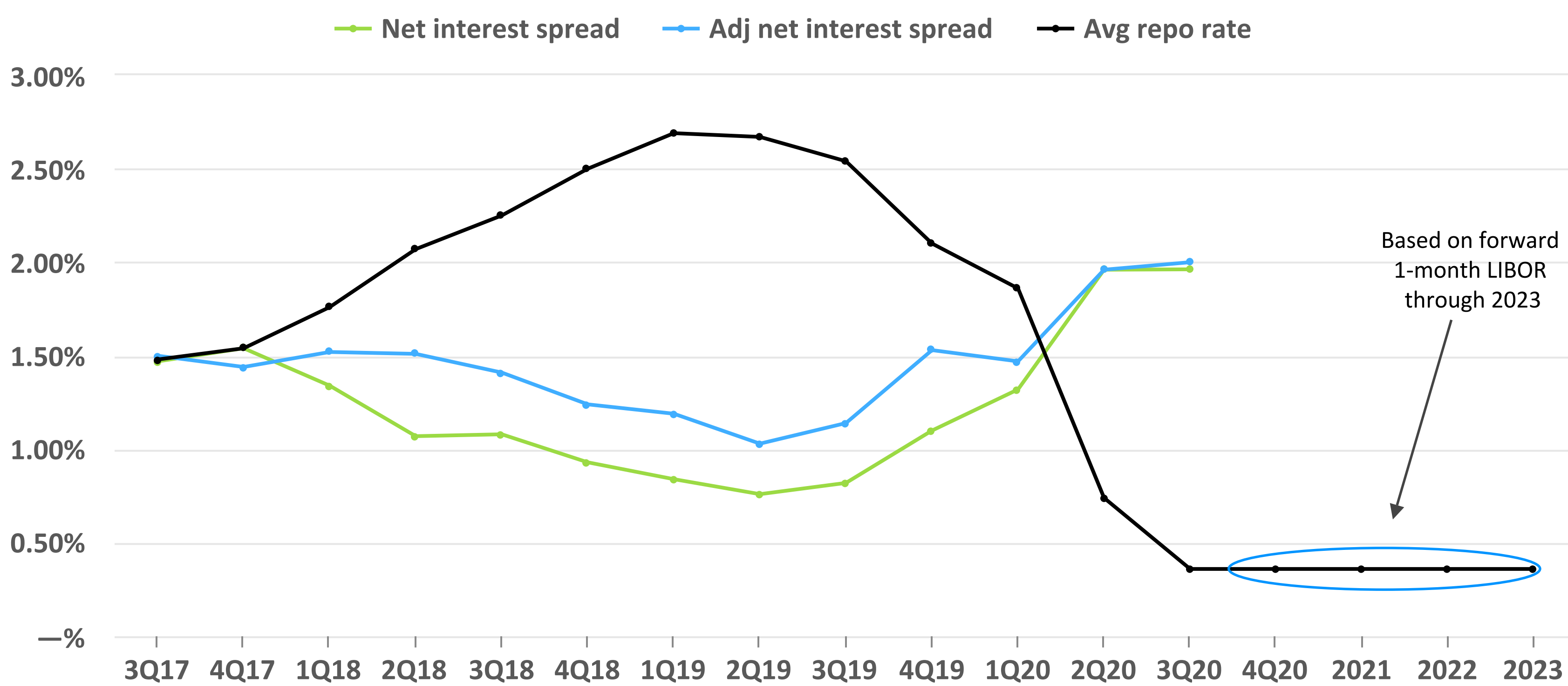
Business Activity

- During the quarter, we opportunistically sold $382.3 million of Agency DUS, realizing a gain of $20.8 million as spreads tightened. Partially offsetting this gain were losses of $(2.2) million from terminated interest rate swaps.
- Re-positioned the hedge portfolio by terminating $425.0 million in interest rate swaps and shifting options positions to longer dated tenors for increased flexibility and liquidity, and to protect the portfolio under various interest rate scenarios.
- Declared and paid a $0.39 dividend per common share for the quarter vs. $0.61 of core earnings per common share[(1)].
- Changes to the Board of Directors
  - Appointments of Ms. Julia Coronado, former Federal Reserve economist and Ms. Joy Palmer, former Deputy Chief Accountant of the Office of the Comptroller of the Currency, to the Board
  - Ms. Valerie Mosley stepped down, as previously announced
  - Board is now composed of six members, five of whom are independent

(1) Reconciliations for non-GAAP measures are presented on slide 38.

Net Interest Spread Trends

- Net interest spread and adjusted net interest spread[(1)] remained elevated for the third quarter with the low funding environment and TBA dollar roll specialness
- We expect funding costs to remain low for the remaining year and into 2021



[(1)] *Reconciliations for non-GAAP measures are presented on slide 38.*

Macroeconomic Thesis - Long-term

- The global economy is fragile and significant uncertainties remain on the pandemic's long-term effects across economic, social and political factors.
- In addition, the combination of increasing global debt, changing demographics, evolving technology, human conflict and climate change continue to impose a drag on global growth and inflation. This will limit the ability of interest rates to rise significantly in the future.
- Global economies and the global financial system are dependent on Central Banks continuing to play a major role. Risk factors are increasing in complexity and number, further exacerbated by the pandemic.
- The significant amount of negative yielding global debt will continue to put downward pressure on interest rates.
- Fiscal policy remains an important potential factor for stimulating growth and inflation. If financed with debt, the increased supply of bonds must be absorbed. Without incremental demand from Central Banks and other investors there will be upward pressure on interest rates and a steeper yield curve.
- The Federal Reserve’s stated commitment to zero Federal Funds rate and explicit Average Inflation Targeting strategy may further impact steepness of the curve, volatility and level of interest rates.

Current Environment and Positioning

- The rate environment remains favorable to earn returns from high-quality assets.
- The Federal Reserve's asset purchase program of Treasuries and Agency RMBS continues to be a strong technical factor, keeping rate volatility contained and driving solid returns.
- While we remain in the midst of evolving health and economic crises, central banks are aggressively responding to mitigate the economic fallout. It is unclear if these actions will fully alleviate the negative impact of the pandemic.
- Leverage temporarily stands at 6.2x; our risk posture of flexibility and liquidity should enable the rapid deployment of capital with strong earnings power to drive significant upside versus current level of the dividend.
- Looking ahead at Q4 2020, there are additional risk events such as the presidential election, post-election period and Brexit, among other existing known and unknown factors. It is also important to note that a vaccine and/or effective treatment for the virus are possible developments to consider.
- We favor a position focused on high-quality Agency guaranteed assets which offer liquidity, flexibility and attractive returns.
- Our hedging position respects the current environment and we believe the interest rate risk profile is relatively insulated for changes in rates.

Risk Position - Interest Rates

Changes in interest rates impact the market value of our investments and hedges, and therefore shareholders' equity. The estimated changes in the tables below incorporate duration and convexity inherent in our investment portfolio as it existed as of the dates indicated.

Parallel shift in interest rates	Percentage Change in Common Shareholders' Equity As of October 23, 2020	As of September 30, 2020	As of June 30, 2020
+100	(2.9)%	(0.1)%	(3.4)%
+50	(1.0)%	(0.5)%	(1.5)%
-50	(0.5)%	(0.2)%	(1.4)%
-100	(1.0)%	1.2%	(1.8)%

Curve Shift 2 year Treasury (bps)	Curve Shift 10 year Treasury (bps)	Percentage Change in Common Shareholders' Equity As of October 23, 2020	As of September 30, 2020	As of June 30, 2020
+25	+50	0.4%	(0.6)%	(1.5)%
+50	+25	(2.3)%	(2.3)%	(2.4)%
-25	0	2.3%	2.3%	3.1%
-50	-10	2.0%	2.3%	2.4%

Source: Company models based on modeled option adjusted duration. Includes changes in market value of our investments and derivative instruments, including TBA securities, but excludes changes in market value of our financings because they are not carried at fair value on our balance sheet.

Hedge Position *(as of September 30, 2020)*

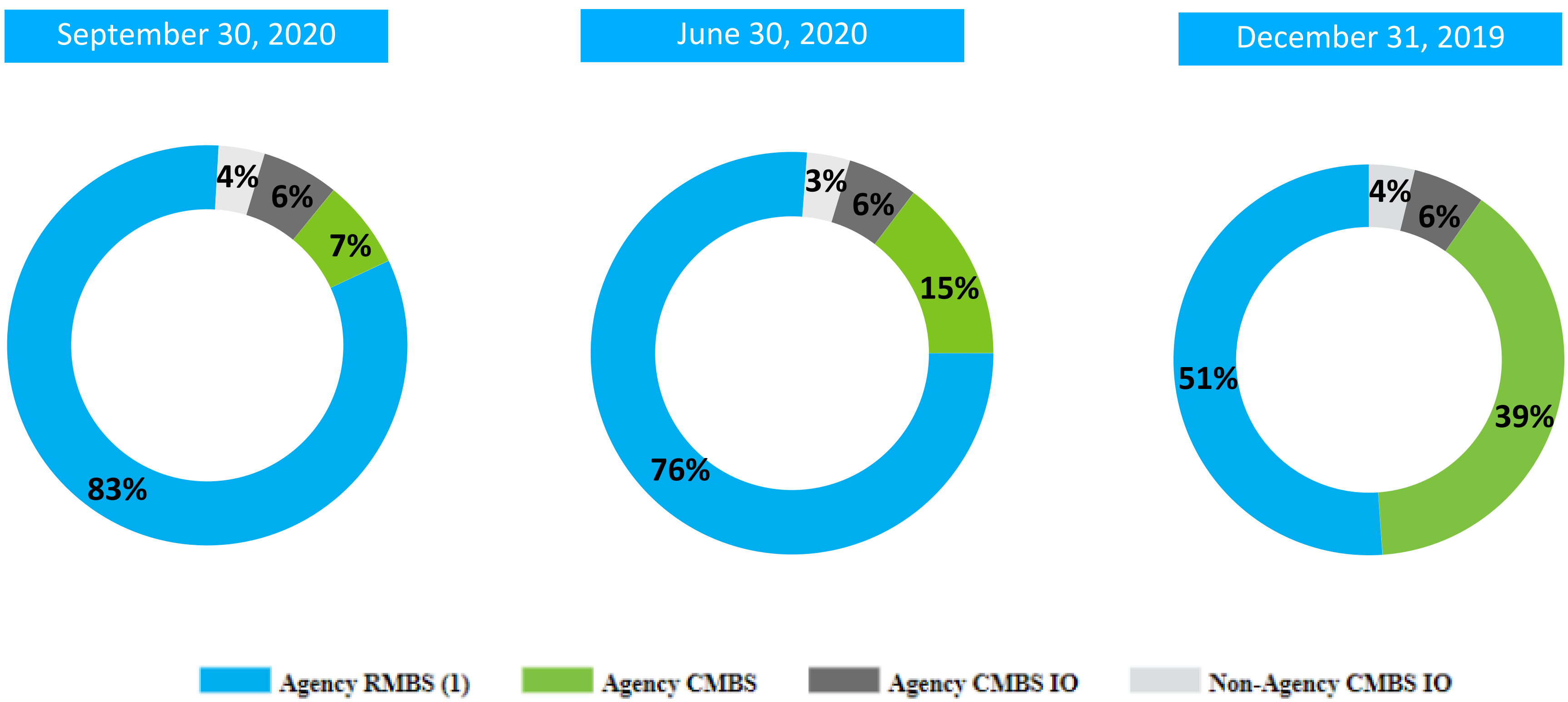
Our hedge strategy is constructed to maximize liquidity and protection of the portfolio under various rate scenarios:

- Futures offer hedge protection for higher rates with lower impact on liquidity and greater trading flexibility
- Options based strategy covers rising rate scenarios while minimizing liquidity draw if rates fall
- Swaptions cover rising rate scenarios while allowing for longer-term protection greater than options on futures

	September 30, 2020			October 23, 2020		
	Notional Amount/ Long (Short) ($ in '000s)	Rate	Average Months to Expiration	Notional Amount/ Long (Short) ($ in '000s)	Rate	Average Months to Expiration
Interest rate swap	$ 50,000	1.35%	<1	$ —	—%	—
Interest rate swaptions	500,000	1.01%	6	1,250,000	1.07%	7
Options on U.S. Treasury futures	1,225,000	0.91%	<1	500,000	0.88%	<1
U.S. Treasury futures	(1,025,000)	n/a	3	(925,000)	n/a	2

Investment Portfolio *(as of dates indicated)*

Disciplined capital allocation and portfolio 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.*

Dollar Rolls

- TBAs are an important part of Dynex's actively managed Agency RMBS strategy. We use TBAs to quickly add or remove earning assets as they are among the most liquid tradeable instruments in the fixed income markets, even more than specified pools.
- Dollar rolls are the financing mechanism for TBA positions and can provide the additional benefit of lower implied financing rates ("trading special"), compared to traditional repo financing.
- Implied financing levels in the TBA market are driven by prepayment expectations and demand/supply dynamics by coupon and can be "special" (i.e. below the level of repo rates for substantial periods of time).
- Dynamic management of pools and TBA positions can allow us to capture incremental return versus purely owning Agency RMBS pools.
- TBA positions are hedged using similar instruments as Agency RMBS pools with varying duration estimates.
- Federal Reserve purchase activity and investor demand for Agency RMBS have caused implied financing rates from dollar rolls in "production" coupons to remain favorable versus repo rates.

Managing Prepayment Risk and Convexity

Asset selection, premium management, timing of reinvestments, and option hedges are strategies we use to mitigate convexity and prepayment risk

- We mitigate the impact of prepayment speed changes through asset selection, premium management, timing of reinvestment and hedging
- To address the environment of lower rates and faster speeds:
  - Heavier capital allocation to lower coupons: 87% of the Agency RMBS portfolio is allocated in 2.0% and 2.5% coupons
  - 90% of Specified Pools benefit from favorable prepayment characteristics
  - Allocation to TBA versus pools for flexibility in reducing leverage and to take advantage of dollar roll "specialness"
  - Lower premium at risk to faster prepayments
    - Lower basis in specified pools provides a cushion for prepayment impact on core EPS as less premium is at risk versus par
- Timing of reinvestment decisions
  - As spreads widen, we pre-invest future runoff to lock in favorable returns.
- Hedging strategies designed to address convexity risk
  - Option based hedges to control duration extension risk
  - Active repositioning to control prepayment and duration contraction

Our Prepayment View

- We expect mortgage rates to decline to ~2.5-3.0%. At these levels, prepayment speeds should rise.
- The potential for higher prepayments is offset by several factors:
  - Borrower credit profiles are being increasingly impacted by temporary and permanent job losses due to the pandemic. Forbearance activity remains muted thus far as we are still seeing the impact of the first stimulus package. Changing credit profiles could become a meaningful factor in limiting prepayments as broader based unemployment takes hold.
  - The GSE's risk management efforts have the impact of raising mortgage rates for all but the best borrowers with low LTVs and excellent credit scores. The FHFA imposed an Adverse Market Refinance Fee that raises mortgage rates by 0.125% for loans delivered after December 1, 2020. Cash-out refis peaked at 70% of all refinancing in early 2019 and has declined to 29% because the GSEs now charge punitive fees for loans above 60% LTV for the highest credit score borrowers.
  - Fall and winter months have historically been slow prepayment periods.
  - As originators drive prepayments for the best/easiest to refinance loans, prepayment burnout starts to become a more important factor in slowing speeds.
- Another important factor is that as a result of the Federal Reserve's MBS purchase program, the fastest paying pools get delivered to the Fed, leaving bonds with better prepayment characteristics in the tradeable float. This supports the continued specialness for dollar rolls, particularly in the lower coupons.
- In the medium term, other than the level of interest rates, prepayments will be impacted by:
  - Technology and capacity of mortgage originators/servicers
  - Policy risk regarding the GSEs role and structure - contingent upon the outcome of the U.S. Presidential Election
  - Overall performance of the US economy and employment driving credit availability for new loans and cash flow of existing loans

Current Marginal Investment Returns *(as of October 23, 2020)*

Higher

Liquidity, cash flow predictability, availability of financing

Lower

GSE Guaranteed AAA Rated

Agency MBS

15yr and 30yr RMBS [1,2]

Return Range 7-18%

Agency CMBS

FNMA DUS, FRE K-A1, A2, CMBS IO

Returns less certain

AAA Rated

Non-Agency MBS

CMBS-IO, RMBS, RMBS-IO, CMBS

Returns uncertain

AA – BBB Rated

Non-Agency MBS

Financing terms uneconomic/returns uncertain

Below Investment Grade/ Non-Rated

Non-Agency MBS

Financing terms uneconomic/returns uncertain

Loans/MSRs

Financing terms uneconomic/returns uncertain

Agency RMBS offer attractive returns

- **The most compelling levered risk and convexity adjusted marginal returns are still in the highest credit quality and the most liquid assets.**
- **Agency guaranteed RMBS offer attractive returns as funding costs are low, volatility is lower and the Federal Reserve is supporting this sector with purchases.**
- **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.**
- **Lower coupon Agency RMBS paired with options protect against prepayment risk and extension risk.**

(1) Range of levered returns based on Company assumptions and calculations
(2) Includes returns for TBA specialness and specified pools.

Long-Term Industry Trends

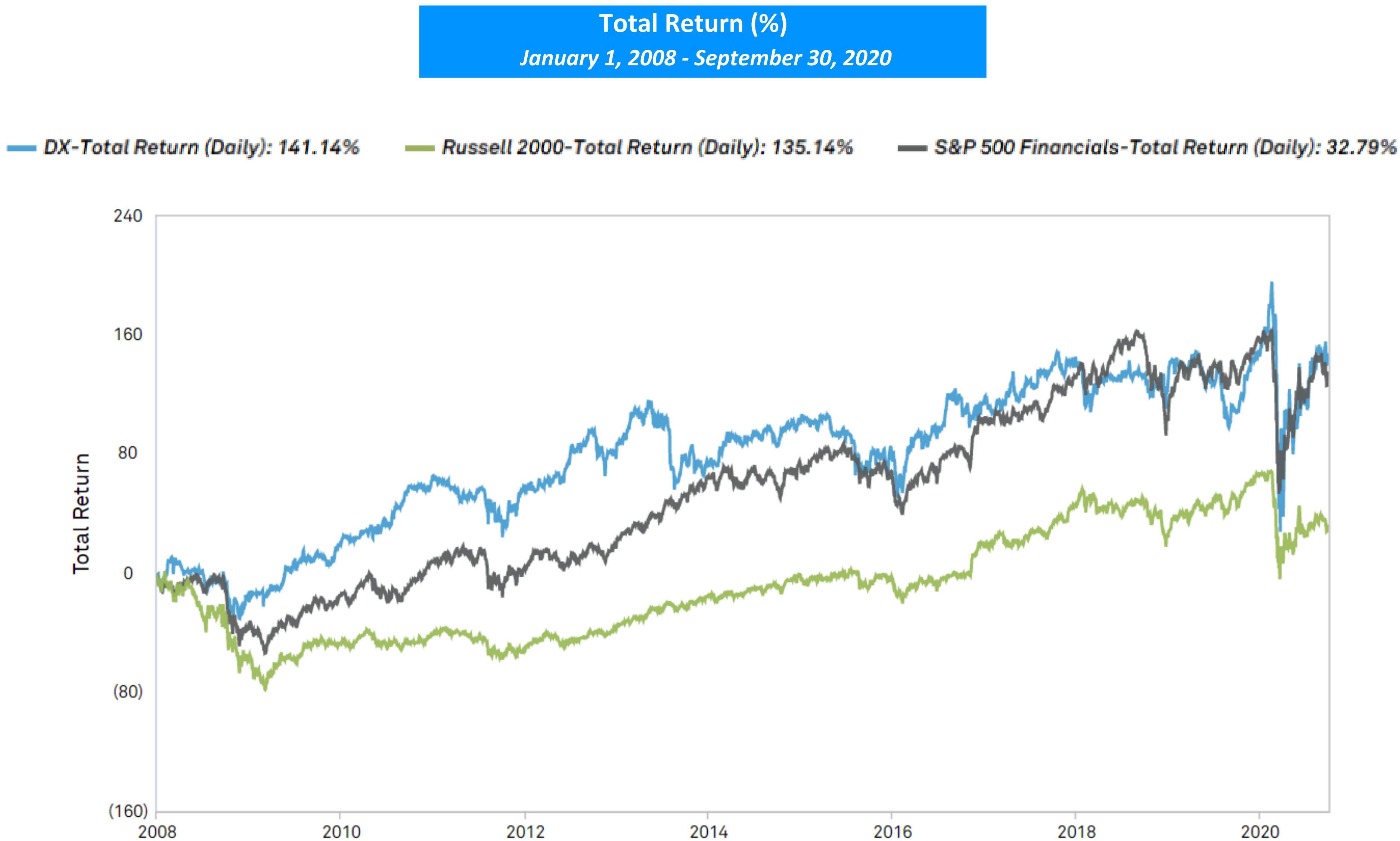
Positive long-term fundamental trends support our business model

- Global demand for cash yield supports long term valuations of mortgage REITs
  - Aging global population needs cash income
  - The debt overhang results in low to negative global yields reducing cash income available to aging populations
- Favorable investment environment
  - U.S. demographic trends will continue driving household formation/housing demand
  - Financing costs expected to be stable for multiple years on high quality assets
  - Market volatility has been significantly dampened by central bank actions and large scale asset purchases are supportive of market conditions and liquidity
- Further expansion of returns as counter cyclical emergency measures are tapered
  - Need for private capital to replace government balance sheets
  - Better risk premiums as Federal Reserve reduces its footprint over the long-term
  - Less competition from GSEs for assets if they are reformed

Key Takeaways

- Our quarterly total economic return to common shareholders was 11.7%. Our YTD total economic return to common shareholders is 8.4%, highlighting the effectiveness of our capital allocation and risk management strategies.
    - Book value per common share increased from $18.01 at year-end to $18.25 at September 30, 2020, and dividends paid are $1.27, or 7.1%
- We believe the environment remains favorable to earn attractive returns from high-quality assets.
- The Federal Reserve's asset purchase programs continue to be a strong technical factor, keeping rate volatility contained and driving solid returns.
- Funding costs are low, including TBA dollar rolls, and we expect them to remain low, supporting a higher level of earnings.
- Our hedging position respects the current environment and we believe the interest rate risk profile is relatively insulated for changes in rates.
- Our leverage, including TBAs, temporarily stands at 6.2x; our risk posture of flexibility and liquidity should enable the rapid deployment of capital with strong earnings power to drive significant upside versus current level of the dividend.
- Long-term trends should continue to strongly support the business model.

Focused on the Long-Term

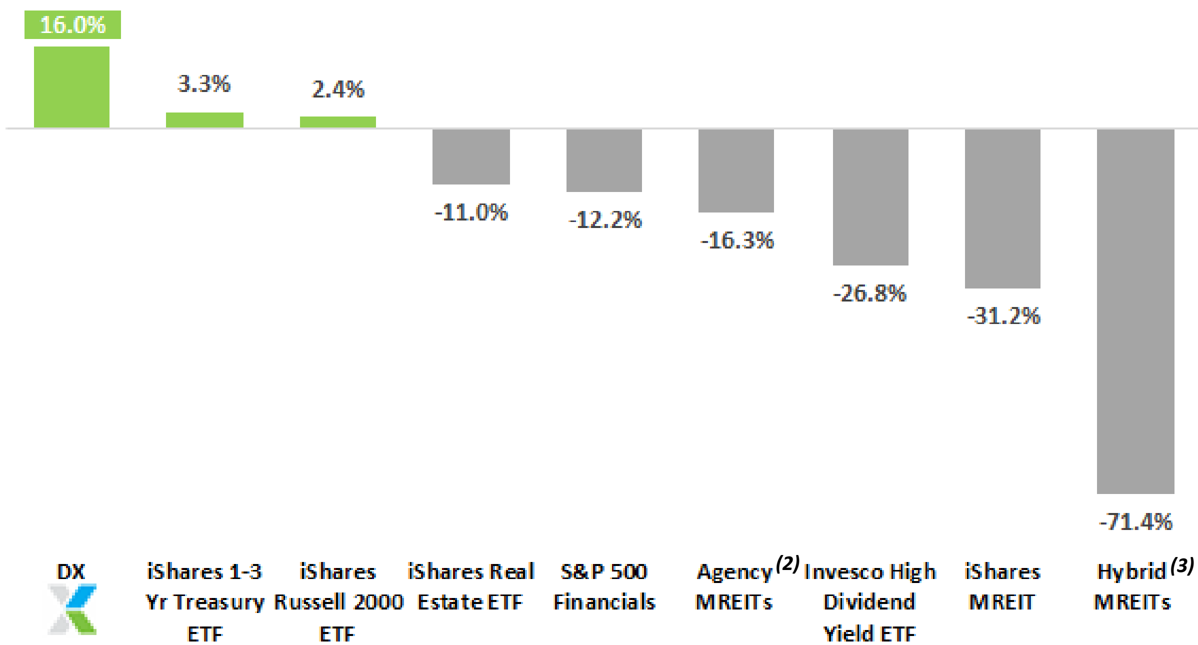


Source: S&P Global

Why Dynex

- Excellent track record with attractive total return opportunity
- Attractive dividend yield at a discounted price-to-book valuation on Agency focused strategy
- Strong and liquid balance sheet positioned to weather market volatility and the flexibility to opportunistically deploy capital
- Macroeconomic environment with low funding costs is supportive of generating returns and cash income
- Experienced management with a track record of disciplined capital deployment through multiple economic cycles
- Alignment of interests with shareholders due to owner-operator structure

Comparative Total Returns Over Trailing 12 Months [1]

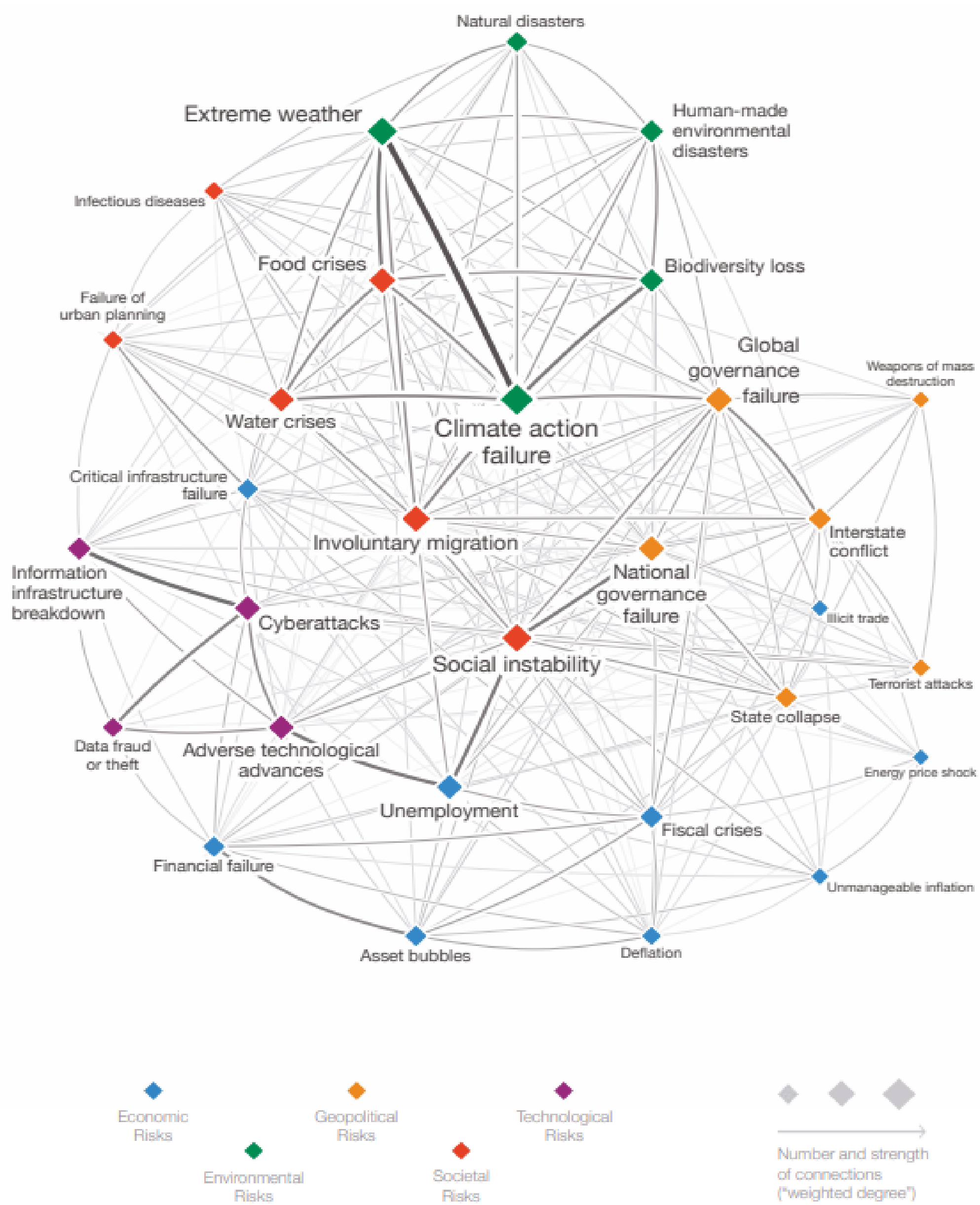


(1) Ending period 9/30/2020
(2) Select Agency MREITS on an equal weight basis
(3) Select Hybrid MREITs on an equal weight basis

Source: Bloomberg. Assumes dividends are reinvested.

Supplemental Information

Global Risk Landscape World Economic Forum Global Risk Report 2020



Source: World Economic Forum Global Risks Perception Survey 2019–2020.

Note: Survey respondents were asked to select up to six pairs of global risks they believe to be most interconnected. See Appendix B of the full report for more details. To ensure legibility, the names of the global risks are abbreviated; see Appendix A for the full name and description.

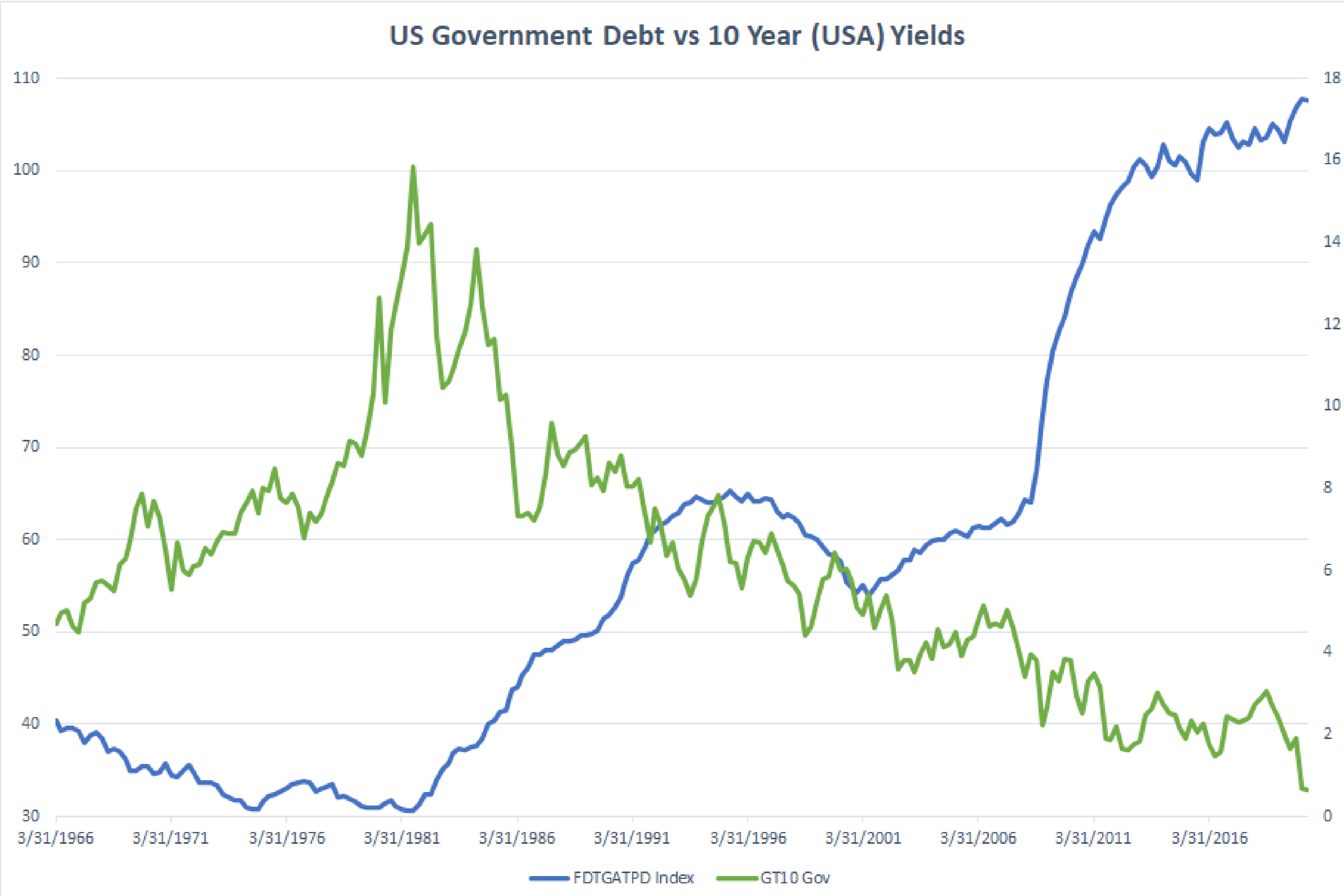
Negative Yielding Global Debt

The global stock of negative-yielding debt is now in excess of $15 trillion as rising market volatility lends extra force to this year's unprecedented bond rally.

Source: Bloomberg

US Government Debt vs 10 Year Treasury Yields

As debt has increased it is difficult for interest rates to rise without having a negative impact on global growth, ultimately putting downward pressure on rates.



Source: Bloomberg

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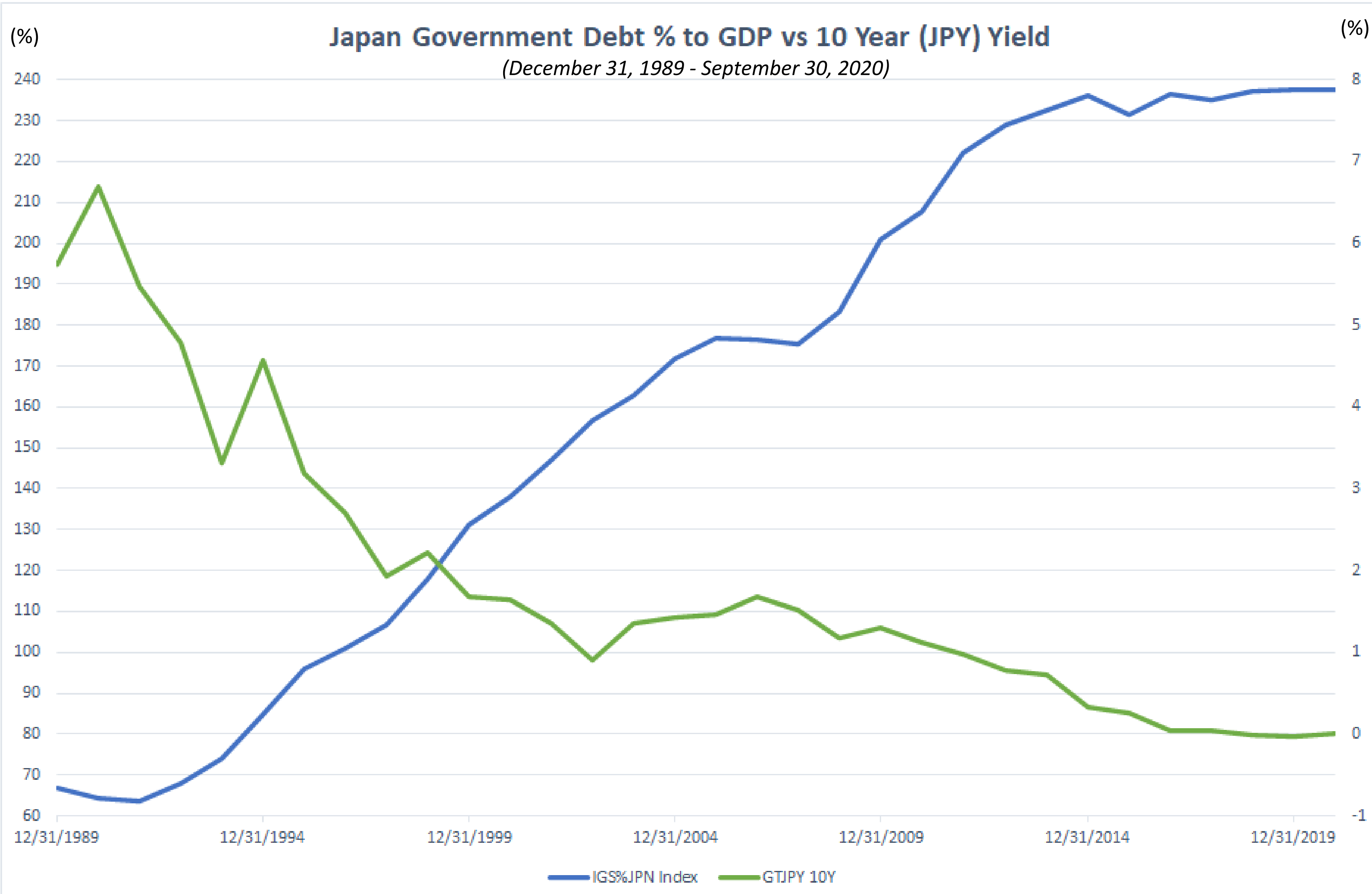
Japan Government Debt % to GDP vs 10 Year Yields

As debt has risen, Japanese 10yr yields have remained below 2% for over 20 years.



Source: Bloomberg

Fixed Income Market Update

Security	Change 2020	Change QoQ (3rd)	9/30/20	8/31/20	7/31/20	6/30/20	3/31/20	1/31/20	12/31/19	9/30/19	Change YoY
Treasury [2]											
IOER rate	-1.45%	0.00%	0.10%	0.10%	0.10%	0.10%	0.10%	1.60%	1.55%	1.80%	-1.70%
1m repo [1]	-1.83%	-0.02%	0.23%	0.25%	0.25%	0.25%	0.35%	1.75%	2.06%	2.43%	-2.20%
3m T-bill	-1.45%	-0.05%	0.09%	0.10%	0.09%	0.14%	0.09%	1.54%	1.54%	1.81%	-1.72%
2 yr	-1.44%	-0.02%	0.13%	0.13%	0.11%	0.15%	0.25%	1.31%	1.57%	1.62%	-1.49%
5 yr	-1.41%	0.00%	0.28%	0.27%	0.21%	0.28%	0.38%	1.31%	1.69%	1.54%	-1.26%
10 yr	-1.24%	0.04%	0.69%	0.71%	0.53%	0.65%	0.67%	1.51%	1.92%	1.67%	-0.99%
30 yr	-0.93%	0.05%	1.46%	1.48%	1.19%	1.41%	1.32%	2.00%	2.39%	2.11%	-0.65%
Swaps [2]											
1m Libor	-1.61%	-0.02%	0.15%	0.16%	0.16%	0.17%	0.99%	1.66%	1.76%	2.02%	-1.87%
3m Libor	-1.68%	-0.06%	0.23%	0.24%	0.25%	0.29%	1.45%	1.75%	1.91%	2.09%	-1.86%
2 yr	-1.48%	0.00%	0.22%	0.22%	0.18%	0.22%	0.49%	1.38%	1.70%	1.63%	-1.41%
5 yr	-1.38%	0.03%	0.35%	0.33%	0.25%	0.32%	0.46%	1.32%	1.73%	1.50%	-1.15%
10 yr	-1.19%	0.08%	0.71%	0.71%	0.52%	0.63%	0.72%	1.46%	1.90%	1.56%	-0.85%
30 yr	-0.91%	0.27%	1.18%	1.10%	0.77%	0.91%	0.88%	1.67%	2.09%	1.71%	-0.53%
30 Year MBS OAS [3]											
2.0% [4]	-45	-27	9	14	17	36	54	-	-	-	-
2.5%	-32	-4	-2	-15	-33	2	30	21	30	54	-56
3.0%	5	29	35	3	-19	6	32	30	30	32	3
3.5%	-7	0	30	24	11	30	34	41	37	50	-20
4.0%	15	16	64	57	65	48	27	47	49	56	8
FHFA Primary Mortgage [2]	-0.54%	-0.30%	3.02%	3.20%	3.27%	3.32%	3.63%	3.74%	3.56%	3.71%	-0.69%
Fn 30yr Current Cpn [2]	-1.29%	-0.15%	1.42%	1.41%	1.24%	1.57%	1.80%	2.38%	2.71%	2.61%	-1.19%
CMBS [5]											
DUS 10/9.5	-20	-13	45	40	49	58	95	53	60	65	-20
DUS 12/11.5	-21	-15	53	47	60	68	110	64	68	76	-23
10 yr Freddie K A2	-20	-5	39	36	46	44	80	48	56	59	-20
Agency CMBS IO	55	-95	180	190	210	275	400	120	135	120	60
Non-Agency AAA CMBS IO	107	-75	225	220	240	300	450	113	-	-	-

(1) Average rate for Agency MBS per 20 counterparty survey (2) Source: Bloomberg (3) Source: BlackRock 6.04 model (4) UMBS 2.0's are compared from when they were added to BlackRock 6.04 (5) Spread to swap, new issue, Source: JP Morgan Data Query

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Pricing Matrix

30 Year MBS[1]		Change during 2020	Change QoQ (3rd)	9/30/20	8/31/20	7/31/20	6/30/20	5/29/20	4/30/20	3/31/20	2/28/20	1/31/20	12/31/19
2.0% Cpn[2]	TBA Price	1.38	1.07	103.41	103.16	103.63	102.34	102.03	-	-	-	-	-
	85K Max	0.72	0.59	2.78	2.44	2.56	2.19	2.06	-	-	-	-	-
	150K Max	0.47	0.32	1.88	1.66	1.78	1.56	1.41	-	-	-	-	-
	200k Max	0.21	0.22	1.19	1.06	1.22	0.97	0.98	-	-	-	-	-
	NY only	0.69	0.41	1.75	1.78	1.47	1.34	1.06	-	-	-	-	-
	95 LTV	0.05	0.10	0.44	0.53	0.41	0.34	0.39	-	-	-	-	-
	Low WALA/new	0.14	0.20	0.28	0.19	0.16	0.08	0.14	-	-	-	-	-
2.5% Cpn[2]	TBA Price	0.76	0.66	104.92	105.25	105.08	104.26	103.75	104.16	-	-	-	-
	85K Max	1.91	0.69	4.00	3.34	3.69	3.31	2.72	2.09	-	-	-	-
	150K Max	1.53	0.09	2.59	2.13	2.53	2.5	2.03	1.06	-	-	-	-
	200k Max	1.03	0.28	1.50	1.19	1.38	1.22	1.06	0.47	-	-	-	-
	NY only	1.57	0.22	2.41	2.13	2.41	2.19	1.84	0.84	-	-	-	-
	95 LTV	0.37	0.19	0.50	0.34	0.34	0.31	0.34	0.13	-	-	-	-
	Low WALA/new	0.25	0.17	0.25	0.06	0.16	0.08	0.13	0	-	-	-	-
3% Cpn	TBA Price	3.31	-0.56	104.75	105.42	105.80	105.31	105.2	105.57	104.81	102.99	102.27	101.44
	85K Max	4.78	2.13	6.66	5.22	4.97	4.53	3.72	3.44	1.31	3.28	2.38	1.88
	150K Max	3.25	1.29	4.63	3.34	3.38	3.34	2.69	2.34	0.75	2.31	1.69	1.38
	200k Max	2.07	1.35	2.91	1.84	1.69	1.56	1.19	1	0.25	1.59	1.09	0.84
	NY only	2.94	0.94	4.00	3.06	3.06	3.06	2.34	1.81	0.78	2.25	1.59	1.06
	95 LTV	1.13	0.88	1.41	0.69	0.53	0.53	0.44	0.47	0.06	0.22	0.44	0.28
	Low WALA/new	0.94	0.97	1.25	0.47	0.31	0.28	0.19	0.19	0	0.19	0.09	0.31
3.5% Cpn	TBA Price	2.58	0.26	105.42	105.44	105.44	105.16	105.51	105.65	105.72	103.85	103.23	102.84
	85K Max	4.78	1.16	8.00	7.44	7.38	6.84	0.88	5.22	1.97	4.84	4	3.22
	150K Max	3.47	0.75	5.66	4.88	5.16	4.91	4.09	3.53	1.19	3.56	2.94	2.19
	200k Max	2.03	0.69	3.53	3.03	2.94	2.84	2.31	2.09	0.78	2.41	1.94	1.5
	NY only	2.41	-0.03	4.75	4.59	4.75	4.78	3.88	3.16	1.09	3.75	3.13	2.34
	95 LTV	0.87	0.21	1.59	1.53	1.59	1.38	1.13	1.53	0.34	0.53	0.78	0.72
	Low WALA/new	1.11	0.28	1.53	1.34	1.53	1.25	0.88	0.94	0.19	0.66	0.5	0.42
4% Cpn	TBA Price	2.68	0.67	106.64	106.59	106.23	105.97	106.43	106.50	106.70	105.33	104.46	103.96
	85K Max	4.06	0.84	8.84	8.28	8.41	8	7.19	5.78	2.81	5.88	5.38	4.78
	150K Max	2.44	0.07	5.38	4.88	5.41	5.31	4.66	3.69	1.56	4.06	3.28	2.94
	200k Max	1.37	0.37	3.31	2.91	2.97	2.94	2.63	2.16	1.25	2.81	2.34	1.94
	NY only	1.46	-0.35	5.09	4.88	5.16	5.44	4.5	3.5	1.47	4	3.66	3.63
	95 LTV	0.53	0.16	1.41	1.47	1.47	1.25	1.19	1.72	0.5	0.56	0.88	0.88
	Low WALA/new	0.62	0.12	1.34	1.06	1.31	1.22	1.06	1	0.23	0.66	0.72	0.72

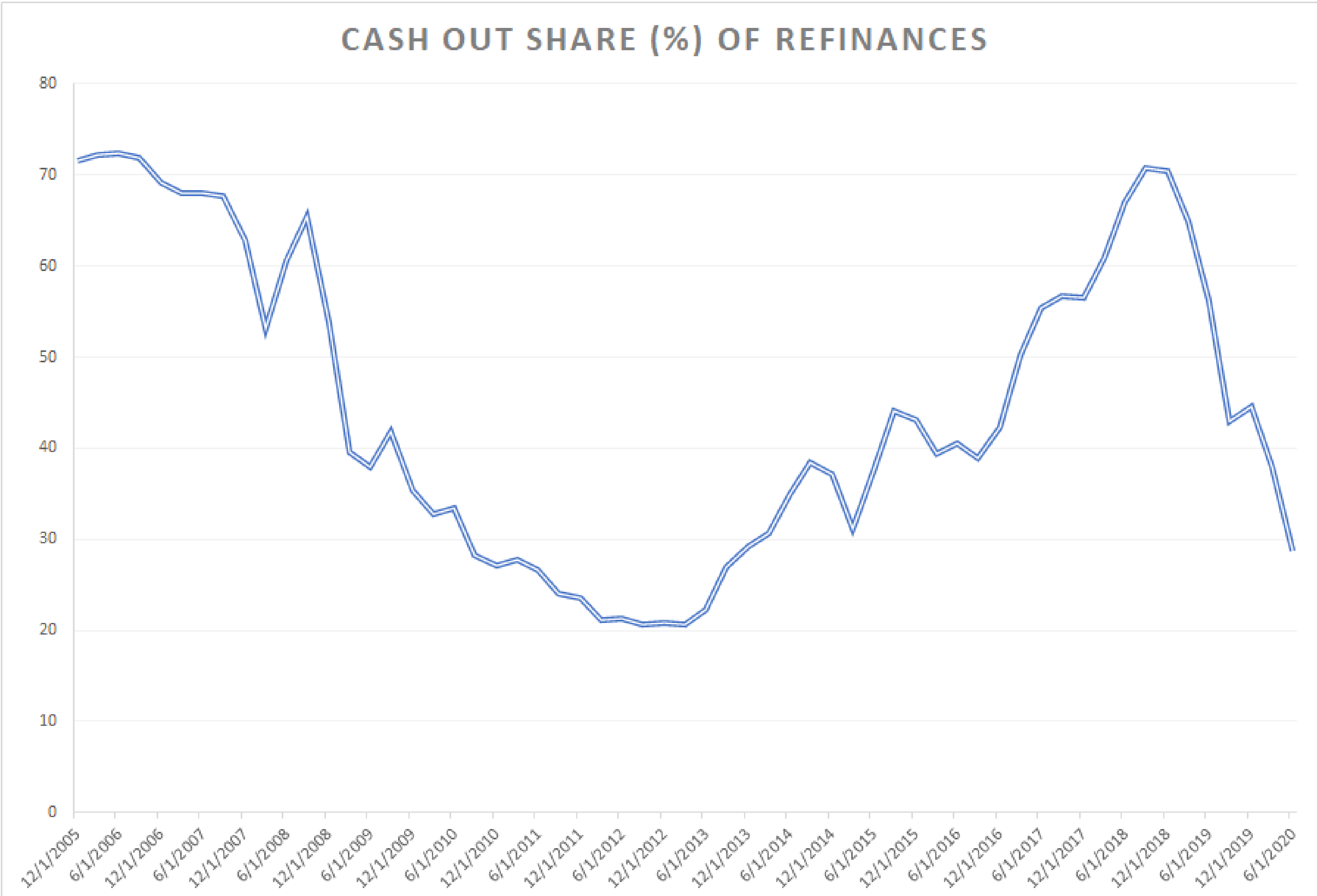
DUS: Premium Concession Estimates[3] ~113 $Px							
8-10 Yr. / 6Mo Open	Change	10/06/20	09/08/20	06/30/20	06/01/20	04/29/20	03/31/20
Premium	0	13	13	14	13	13	13
All-in-Spread	39	68	58	96	98	105	107
Base Spread	37	47	42	56	60	65	84
Premium Concession in Basis Points	2	21	16	39	38	40	23
Premium Concession in Points of Price	0.2	1.6	1.2	2.8	2.9	3	1.8

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

2. UMBS 2.0/2.5 changes are compared from when Specified Pools in that coupon became available in the market.

3. Source: Internal company estimates from trading and marketing information

Share of Refinancing with Cash Out



Source: Bloomberg/FHFA

Risk Position - Credit Spreads

Changes in market credit spreads impact the market value of our investments and shareholders' equity. The estimated percentage change in these values incorporates portfolio and hedge characteristics as they existed at the dates indicated.

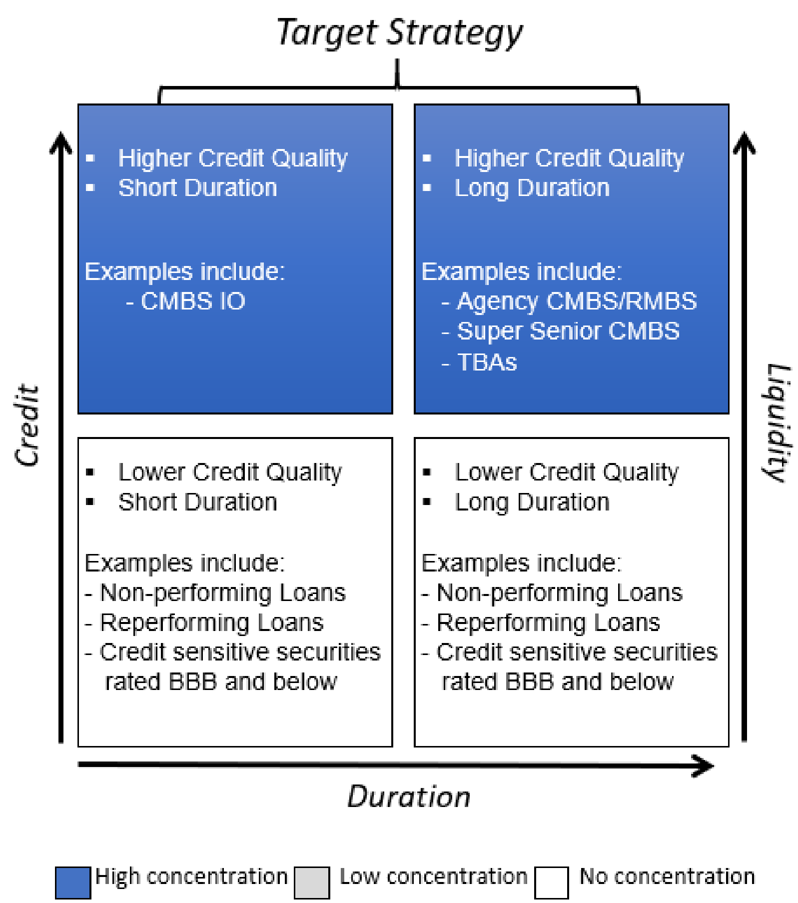
	As of September 30, 2020		As of June 30, 2020	
	Percentage Change in		Percentage Change in	
Change in Market Credit Spreads	Market Value of Investments (1)	Common Shareholders' Equity	Market Value of Investments (1)	Common Shareholders' Equity
+20/+50 (2)	(1.4)%	(10.1)%	(1.5)%	(13.4)%
+10	(0.7)%	(4.6)%	(0.7)%	(6.3)%
-10	0.7%	4.6%	0.7%	6.3%
-20/-50 (2)	1.4%	10.1%	1.5%	13.4%

(1) Includes changes in market value of our MBS investments and TBA securities.
(2) Incorporates a 20-basis point shift in Agency and non-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 and derivative instruments, including TBA securities, but excludes changes in market value of our financings because they are not carried at fair value on our balance sheet. The projections for market value do not assume any change in credit spreads.

Investment Strategy

Diversified investment approach that performs in a variety of market environments



- Dynamic and disciplined capital allocation model enables capturing long-term value
- Invest in a high quality, liquid asset portfolio of primarily Agency investments
- Diversification is a key benefit
  - Balance between commercial and residential sectors provides diversified cash flow and prepayment profile
  - Agency CMBS protect the portfolio from extension risk. High quality CMBS IO add yield and are intended to limit credit exposure and prepayment volatility vs. lower rated tranches
  - Agency fixed rate RMBS allow opportunistic balance sheet growth in high quality liquid assets
- Flexible portfolio duration position to reflect changing market conditions

Portfolio Characteristics *(as of September 30, 2020)*

($ in millions)	Par Value									
	Pools	TBA (5)	Total Par Value	Estimated Fair Value	% of Portfolio	WAVG Coupon (1)	Amortized cost (%) (2)	Unamortized Premium Balance (2)	3-month CPR (2)	3-month WAVG yield (2)
Agency RMBS										
2.0% coupon	$ 778,329	$1,125,000	$ 1,903,329	$ 1,973,817	47.5 %	2.00 %	102.3 %	$18,110	3.80%	1.75 %
2.5% coupon	981,588	—	981,588	1,037,864	25.0 %	2.50 %	103.7 %	36,036	6.0%	2.15 %
4.0% coupon	399,896	—	399,896	434,124	10.4 %	4.00 %	102.7 %	10,918	38.1%	2.53 %
Total Agency RMBS	$ 2,159,813	$1,125,000	$ 3,284,813	$ 3,445,805	82.8 %		103.0 %	$ 65,064	11.3%	2.07 %
Agency CMBS	$ 271,764	—	$ 271,764	$ 298,704	7.2 %	3.19 %	101.3 %	$ 3,445	(4)	2.31 %
CMBS Interest-only	(3)	—	(3)	413,753	9.9 %	0.65 %	n/a	405,736	(4)	3.74 %
Other non-Agency MBS	1,630	—	1,630	1,398	— %	5.93 %	68.3 %	(517)	-	29.38 %
Total	**$ 2,433,207**	**$1,125,000**	**$ 3,558,207**	**$ 4,159,660**	**100 %**		**-**	**$ 473,728**	**-**	**2.34 %**

(1) The weighted average coupon ("WAC") is the gross interest rate of the security weighted by the outstanding principal balance (or by notional amount for CMBS IO).
(2) Amortized cost %, unamortized premium balance, 3-month CPR and WAVG yield exclude TBA securities.
(3) CMBS IO do not have underlying par values. The total notional value underlying CMBS IO is $21.8 billion.
(4) Structurally, we are compensated for CMBS prepayments, but there are exceptions under certain circumstances.
(5) TBA long positions only.

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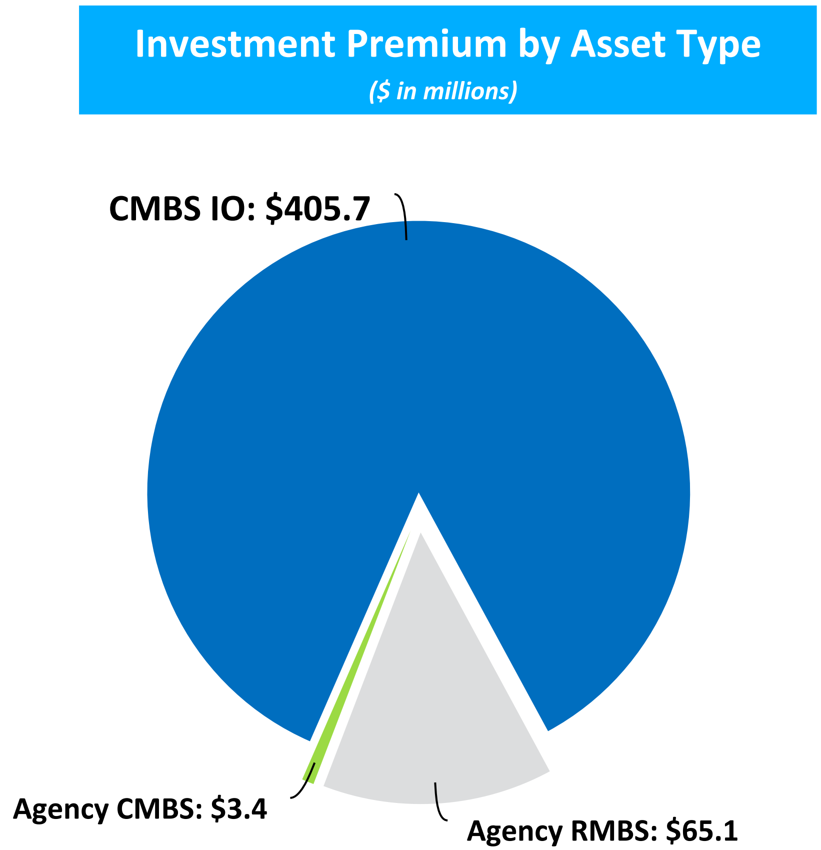
Prepayment Protection on Unamortized Premium

(as of September 30, 2020)



100% of investment premium exposure in CMBS has structural prepayment protection

Unamortized Premium		$ in Millions	% of Total
Explicit prepayment protection:	CMBS/CMBS IO	$409.2	86%
Favorable prepayment	RMBS	65.1	14%

Funding Strategy *(as of September 30, 2020)*

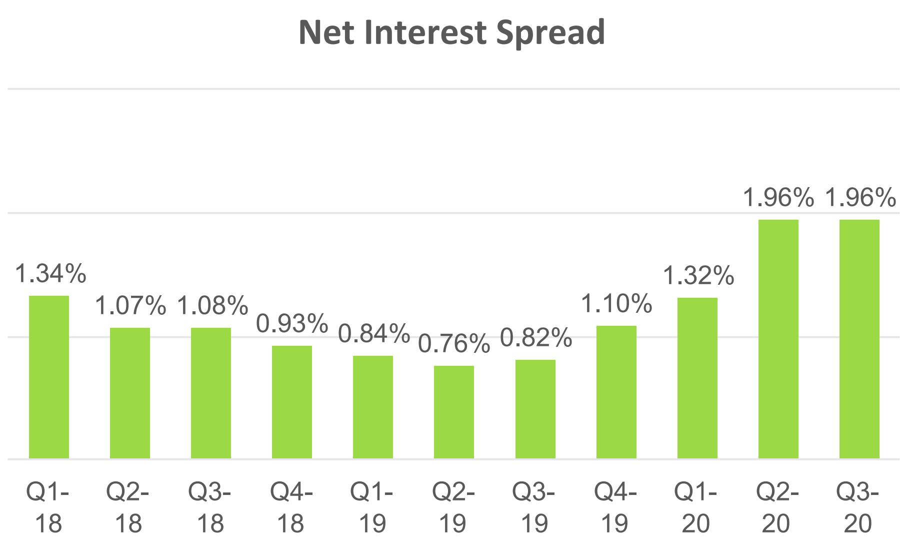
($s in thousands)

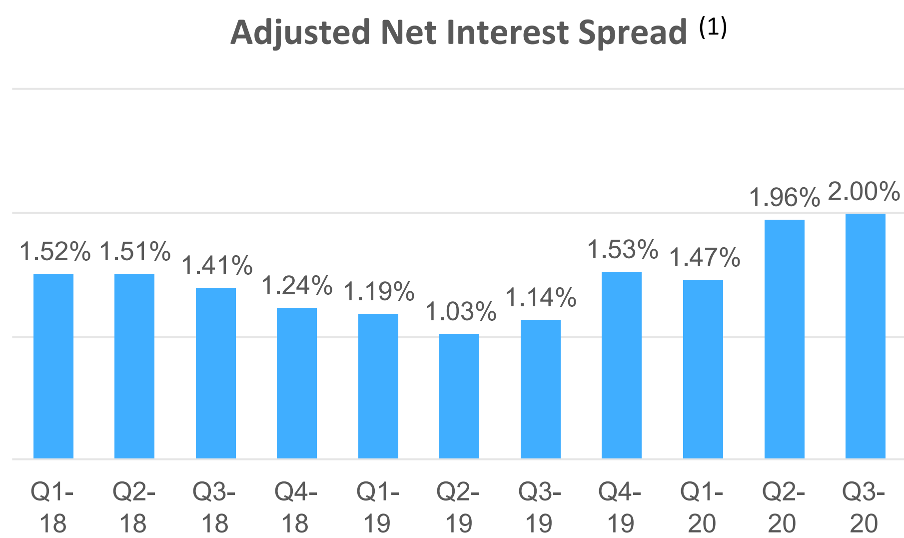
Collateral Type	Balance	Weighted Average Rate	Fair Value of Collateral
Agency RMBS	$1,975,736	0.24 %	$2,069,035
Agency CMBS	275,473	0.23 %	296,572
Agency CMBS IO	221,013	1.04 %	254,886
Non-Agency CMBS IO	122,461	1.26 %	145,638
Total	$ 2,594,683	0.36 %	$2,766,131

Remaining Term to Maturity	Balance	Percentage	Weighted Average Original Term to Maturity
< 30 days	$2,048,541	79%	64
30 to 90 days	496,755	19%	95
91 to 180 days	49,387	2%	121
	$2,594,683	100%	71

- Weighted average repo rate for the third quarter of 2020 was 0.38%, a decline of 38 basis points compared to the second quarter weighted average rate of 0.74%.
- Active with 19 counterparties at September 30, 2020.
- Maximum equity at risk with any one counterparty is 5.3%.

Performance Statistics Overview





(1) Adjusted net interest spread, a non-GAAP measure, includes the impact of net periodic interest cost/benefit from interest rate swaps and drop income from TBA dollar roll positions. Reconciliations for non-GAAP measures are presented on slide 38.

Financial Performance - Comparative Quarters

($ in thousands, except per share amounts)	3Q20 Income (Expense)	3Q20 Common Share	2Q20 Income (Expense)	2Q20 Common Share
Interest income	$20,088	$0.87	$19,853	$0.86
Interest expense	3,375	0.15	4,850	0.21
GAAP net interest income	16,713	0.72	15,003	0.65
TBA drop income [(1)]	6,087	0.26	1,796	0.08
Net periodic interest cost of interest rate swaps [(1)]	(371)	(0.02)	(107)	—
Adjusted net interest income [(2)]	22,429	0.96	16,692	0.73
Other operating expense, net	(207)	(0.01)	(222)	(0.01)
General and administrative expenses	(4,795)	(0.21)	(4,811)	(0.21)
Preferred stock dividends	(3,252)	(0.13)	(3,253)	(0.15)
Core net operating income to common shareholders [(2)]	14,175	0.61	8,406	0.36
Change in fair value of derivatives [(1)]	2,258	0.10	(10,252)	(0.44)
Realized gain on sale of MBS	20,846	0.90	193,099	8.37
Fair value adjustments, net	194	0.01	332	0.02
GAAP net income to common shareholders	37,473	1.62	191,585	8.31
Unrealized gain (loss) on MBS	6,998	0.30	(165,047)	(7.16)
Comprehensive income to common shareholders	$44,471	$1.92	$26,538	$1.15
WAVG common shares outstanding	23,141		23,057	

(1) TBA drop income, net periodic interest cost, and change in fair value of derivatives are components of "gain (loss) on derivative instruments, net" reported in the comprehensive income statement.

(2) See reconciliations for non-GAAP measures on slide 38.

Book Value Rollforward Q3 2020

($ in thousands, except per share amounts)		Per Common Share
Common shareholders' equity, June 30, 2020 (1)	$386,261	$16.69
GAAP net income to common shareholders:		
Core net operating income to common (2)	14,175	
Realized gain on sale of MBS, net	20,846	
Change in fair value of derivatives	2,258	
Other	194	
Unrealized net gain on MBS	6,998	
Dividends declared	(9,025)	
Stock transactions (3)	638	
Common shareholders' equity, September 30, 2020 (1)	$422,345	$18.25

(1) Common shareholders' equity represents total shareholders' equity less the liquidation value of preferred stock outstanding as of the date indicated.
(2) Reconciliations for non-GAAP measures are presented on slide 38.
(3) Includes issuance of common stock and amortization of restricted stock and stock issuance costs.

Reconciliation of GAAP Measures to Non-GAAP Measures

($ in thousands except per share data)	3Q20	2Q20	1Q20	4Q19	3Q19
Comprehensive income (loss) to common shareholders	$44,471	$26,538	($33,262)	$8,570	$15,250
Adjustments:					
Change in fair value of available for sale investments	(27,844)	(28,052)	(157,755)	43,204	(59,800)
Change in fair value of derivatives instruments, net [(1)]	(2,258)	10,252	198,370	(36,750)	56,079
Fair value adjustments, net	(194)	(332)	372	14	13
Preferred stock redemption charge	—	—	3,914	—	—
Core net operating income to common shareholders	$14,175	$8,406	$11,639	$15,038	$11,542
Core net operating income per common share	$0.61	$0.36	$0.51	$0.66	$0.48

($ in thousands)	3Q20	2Q20	1Q20	4Q19	3Q19
Net interest income	$16,713	$15,003	$17,721	$16,195	$13,246
TBA drop income	6,087	1,796	739	1,582	1,404
Net periodic interest (cost) benefit [(2)]	(371)	(107)	2,064	4,660	3,966
Adjusted net interest income	$22,429	$16,692	$20,524	$22,437	$18,616
Other operating expense, net	(207)	(222)	(423)	(28)	25
General and administrative expenses	(4,795)	(4,811)	(4,621)	(4,010)	(3,758)
Preferred stock dividends	(3,252)	(3,253)	(3,841)	(3,361)	(3,341)
Core net operating income to common shareholders	$14,175	$8,406	$11,639	$15,038	$11,542

	3Q20	2Q20
Net interest spread	1.96 %	1.96 %
TBA drop income	0.09 %	0.02 %
Net periodic interest cost	(0.05)%	(0.02)%
Adjusted net interest spread	2.00 %	1.96 %

(1) Amount represents net realized and unrealized gains and losses on derivatives and excludes net periodic interest cost/benefit related to these instruments and TBA drop income.

(2) Amount represents net periodic interest cost/benefit of effective interest rate swaps outstanding during the period and excludes changes in fair value and termination costs of derivative instruments.

Mortgage REIT Business Model

Liquidity	Rating	ASSETS
Higher	*Government Issued AAA Rated*	**Agency MBS** RMBS, CMBS, CMBS-IO
	AAA Rated	**Non-Agency MBS** CMBS-IO, RMBS, RMBS-IO, CMBS
	AA – BBB Rated	**Non-Agency MBS**
Lower	*Below Investment Grade/ Non-Rated*	**Non-Agency MBS** **Loans/MSRs**

Term	CAPITAL
Short Term	**Repo/Dollar Rolls** **Committed Repo** **Warehouse Lines**
Medium Term	**Unsecured Notes** **Convertible Notes**
Permanent ~7-9 % Yield	**Preferred Stock**
Permanent ~9-14 % Yield	**Common Stock**

MREIT Glossary of Terms

Commercial Mortgage-Backed Securities (CMBS) are a type of mortgage-backed security that is secured by the mortgage on a commercial property. CMBS can be Agency issued and issued by a private enterprise (non-Agency).

Credit Risk is the risk of loss of principal or interest stemming from a borrower's failure to repay a loan.

Curve Twist Terms:

- **Bull Flattener:** Is a rate environment in which long-term interest rates are declining faster than short- term interest rates.
- **Bear Flattener:** Is a yield-rate environment in which short-term interest rates are rising faster rate than long-term interest rates.
- **Bear Steepener:** Is a rate environment in which long-term interest rates are rising faster than short-term interest rates.
- **Bull Steepener:** Is a rate environment in which short-term interest rates are declining faster than long-term interest rates.

Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

Duration Drift is a measure of the change in duration for a change in interest rates

Interest Only Securities (IOs) are securities backed by a portion of the excess interest of a securitization and sold individually from the principal component.

Interest Rate Risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, the shape of the yield curve or in any other interest rate relationship. Interest rate risk can also manifest itself through the purchase of fixed rate instruments funded with floating rate, or very short maturity, instruments.

Leverage is the use of borrowed money to finance assets including TBA dollar rolls.

Prepayment Risk is the risk associated with the early unscheduled return of principal.

MREIT Glossary of Terms

Repurchase Agreements are a short-term borrowing that uses loans or securities as collateral. The lender advances only a portion of the value of the asset (the advance rate). The inverse of the advance rate is the equity contribution of the borrower (the haircut).

Residential Mortgage-Backed Securities (RMBS) are a type of mortgage-backed debt obligation whose cash flows come from residential debt, such as mortgages, home-equity loans and subprime mortgages. Each security is typically backed by a pool of mortgage loans created by US government agencies, banks, or other financial institutions. RMBS can be Agency issued or issued by a private enterprise (non-Agency).

Specified Mortgage Backed Securities Pools are pools created with loans that have similar characteristics, or "stories."

Spread Risk is the potential price volatility resulting from the expansion and contraction of the security's risk premium over a benchmark (or risk-free) interest rate.

TBA Dollar Roll is a financing mechanism for long positions in TBAs whereby an investor enters into an offsetting short position and simultaneously enters into an identical TBA with a later settlement date.

To Be Announced (TBA) Securities are forward contracts involving the purchase or sale of non-specified Agency RMBS or CMBS.

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