AG Mortgage Investment Trust, Inc. Investor Presentation
NYSE: MITT

March 2019

Forward Looking Statements and Non-GAAP Financial Information

Forward Looking Statements: This presentation includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 related to dividends, book value, our investments, our investment and portfolio strategy, investment returns, return on equity, liquidity, financing, taxes, our assets, our interest rate sensitivity, and our views on certain macroeconomic trends and conditions, among others. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, changes in interest rates, changes in the yield curve, changes in prepayment rates, changes in default rates, the availability and terms of financing, changes in the market value of our assets, general economic conditions, conditions in the market for Agency RMBS, Non-Agency RMBS, ABS and CMBS securities, Excess MSRs and loans, our ability to integrate newly acquired rental assets into our investment portfolio, our ability to predict and control costs, conditions in the real estate market, and legislative and regulatory changes that could adversely affect the business of the Company. Additional information concerning these and other risk factors are contained in the Company's filings with the Securities and Exchange Commission ("SEC"), including its most recent Annual Report on Form 10-K and subsequent filings. Copies are available free of charge on the SEC's website, http://www.sec.gov/. All information in this presentation is as of February 26, 2019. The Company undertakes no duty to update any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Non-GAAP Financial Information: In addition to the results presented in accordance with GAAP, this presentation includes certain non-GAAP financial results and financial metrics derived therefrom, which are calculated by including or excluding depreciation and amortization, unconsolidated investments in affiliates, TBAs, and U.S. Treasuries, or by allocating non-investment portfolio related items based on their respective characteristics, as described in the footnotes. Our management team believes that this non-GAAP financial information, when considered with our GAAP financials, provides supplemental information useful for investors as it enables them to evaluate our current core performance using the same measure that management uses to operate the business. This presentation also contains Core Earnings, a non-GAAP financial measure. Our presentation of non-GAAP financial information may not be comparable to similarly-titled measures of other companies, who may use different calculations. This non-GAAP financial information should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. Our GAAP financial results and the reconciliations from these results should be carefully evaluated.

Who is Angelo Gordon?

A leading privately held alternative investment firm with a focus on Credit and Real Estate strategies

- **1988** company founded
- **100%** owned by AG founders and employees, and their related parties
- **$32 billion** Assets Under Management[(a)]
- **Over 490** employees[(a)]
- Headquartered in New York with offices globally
- Angelo Gordon and employees have approximately **$1 billion** of capital in our funds[(b)]

(a) As of December 31, 2018
(b) Approximate as of December 31, 2018. Includes GP, affiliate and employee related investments and accrued performance allocations. Includes committed, but uncalled capital.

MITT Builds Upon Angelo Gordon's Expansive Real Estate Platform

- MITT benefits from Angelo Gordon's real estate, residential mortgage and real estate debt team expertise
  - 5 PMs, 61 investment professionals
- Bottom-up idea selection
- Broad investment pipeline
- Fluid, daily interaction supplemented by ongoing investment and risk meetings

MITT

David Roberts, CEO
T.J. Durkin, CIO
Brian Sigman, CFO

	Residential / Consumer Debt	Commercial Real Estate Debt	Private Equity Real Estate (U.S./EUR)
Portfolio Manager(s)	T.J. Durkin Yong Joe Jason Biegel	Andrew Solomon	Adam Schwartz
Team Size	22	5	34
Team Avg. Experience	13 years	16 years	11 years
AG AUM[(a)]	$4.0 bn	$1.3 bn	$9.8 bn

(a) As of December 31, 2018. Figures represent assets across the firm including commingled multi-strategy funds and multi-strategy separate accounts.

Angelo Gordon Platform Provides MITT a Competitive Advantage in Sourcing Residential and Consumer Debt Opportunities

Experienced Residential and Consumer Debt Team	▪ Integrated mortgage credit team that has expanded to 22 professionals in order to meet the broadening opportunity set ▪ As one of the most active managers across the mortgage credit markets, Angelo Gordon has robust insight into market trends, fundamental performance and relative value

Prominent participant in the mortgage credit market as both a buyer and an issuer	▪ Angelo Gordon has purchased approximately $65 billion of residential credit and consumer ABS since the MITT IPO[(a)]
	  ▪ As a buyer, we are a top counterparty to sell-side firms resulting in proprietary and off-market deal flow
	▪ Angelo Gordon has issued 14 transactions totaling approximately $2.5 billion under its GCAT program since the MITT IPO[(a)]
	▪ Angelo Gordon was selected as one of nine PPIP managers by the U.S. Treasury in 2009
	  ▪ Net IRR of 24.8% and Net Multiple of Paid in Capital of 1.69x[(b)]

Angelo Gordon Platform includes Arc Home, a licensed residential mortgage servicer and originator, and Red Creek, a wholly-owned asset management affiliate	▪ Arc Home and Red Creek offer additional insight into the U.S. residential mortgage market and the behavior of the U.S. consumer
	  ▪ Arc Home gives MITT direct access to a captive, affiliated fully licensed mortgage originator for products such as Mortgage Servicing Rights, Non-QM whole loans and other residential mortgage credit
	  ▪ Red Creek actively manages approximately 10,200 modified or distressed residential whole loans that MITT and other Angelo Gordon Funds own, providing real time, on the ground information about local housing markets[(c)]

(a) As of 12/31/18
(b) Source: www.treasury.gov
(c) As of 1/31/19

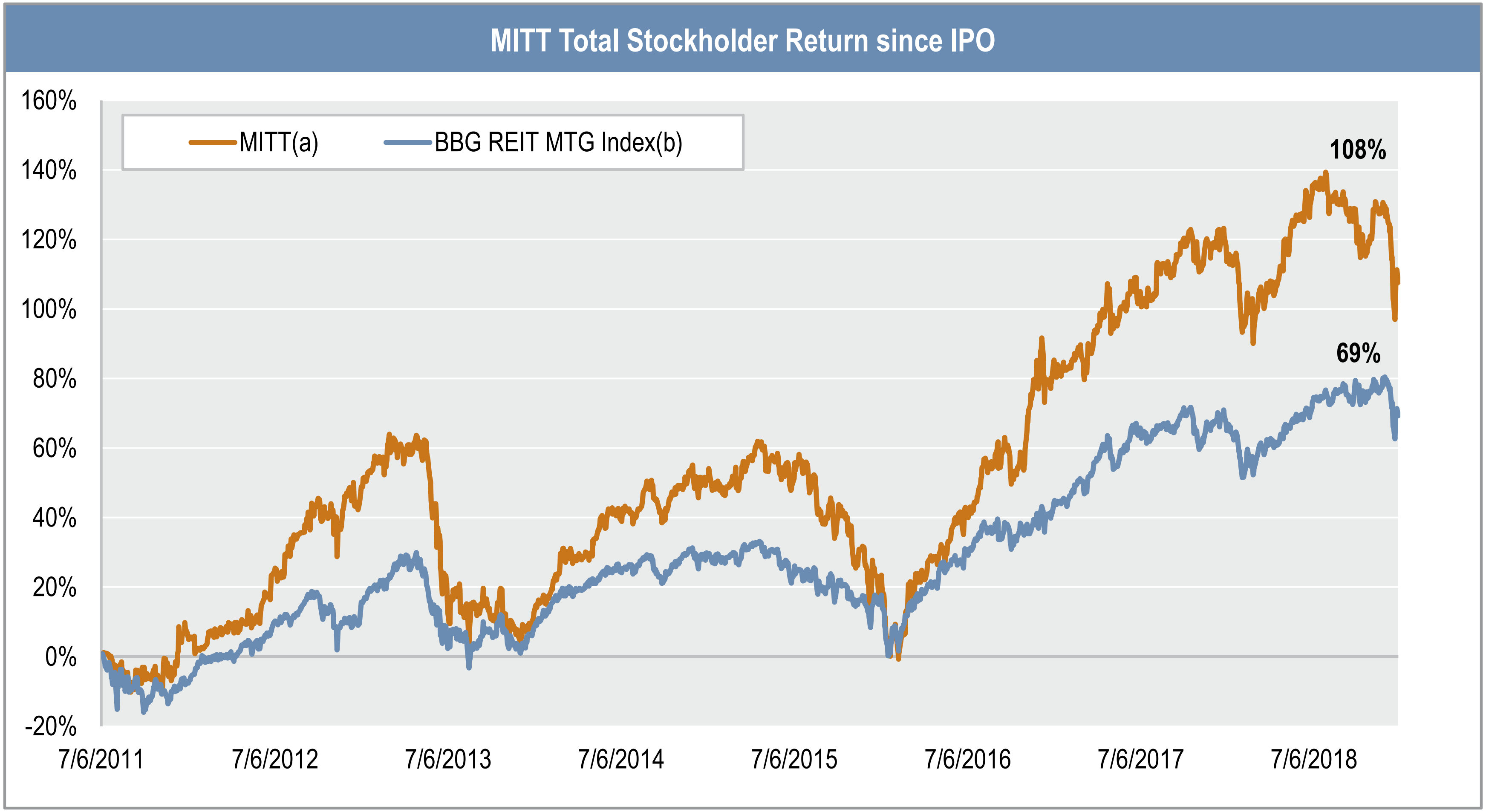
Angelo Gordon Platform Provides MITT a Competitive Advantage in Sourcing Commercial Real Estate Opportunities

Experienced Commercial Real Estate Debt team	▪ The team has purchased approximately \$9 billion of CMBS and Commercial Real Estate Debt since the MITT IPO[(a)] ▪ 5 investment professionals with experience across all major segments of the real estate debt market including loan origination, special servicing, trading, CDO structuring, and private equity real estate investing
Experienced Private Equity Real Estate team	▪ The team has acquired over 170 properties at an aggregate purchase price of approximately \$12 billion since the MITT IPO[(b)] ▪ 34 investment professionals ▪ Leveraging the resources of the Angelo Gordon platform, MITT acquired a stabilized portfolio of 1,225 Single-Family Rental properties from funds affiliated with Connorex-Lucinda, LLC ("Conrex"). The purchase price was approximately \$140 million and the portfolio was financed with approximately \$37 million of cash on hand and approximately \$103 million of 5-year, fixed rate debt

Angelo Gordon's Real Estate groups provide MITT the ability to source Commercial Real Estate lending opportunities	▪ The depth of the Private Equity Real Estate platform allows for sharing of local market information across real estate strategies
	    ▪ Real estate is a "local business" – Angelo Gordon network includes 50 joint-venture operating partners with geographic and product type expertise
	▪ Angelo Gordon's operating partner model offers critical and timely insight into local markets and sub-markets
	    ▪ The Commercial Real Estate Debt investment team utilizes this local knowledge when analyzing individual loans in CMBS transactions
	▪ CRE is an inefficient market and Angelo Gordon's broad relationships provide unique sourcing advantage to MITT

(a) As of 12/31/18
(b) As of 9/30/18

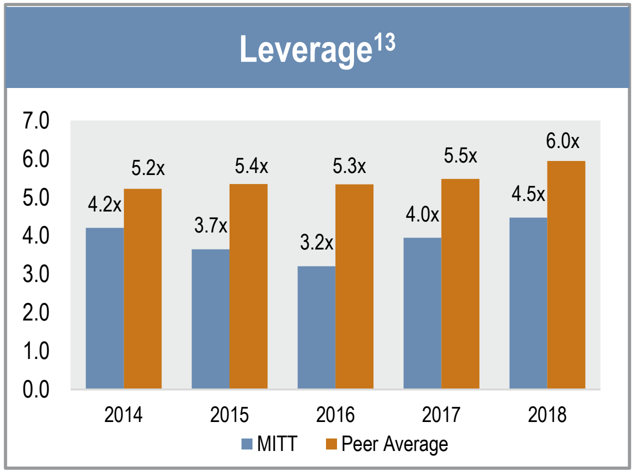
Focus on Driving Strong Long-Term Returns

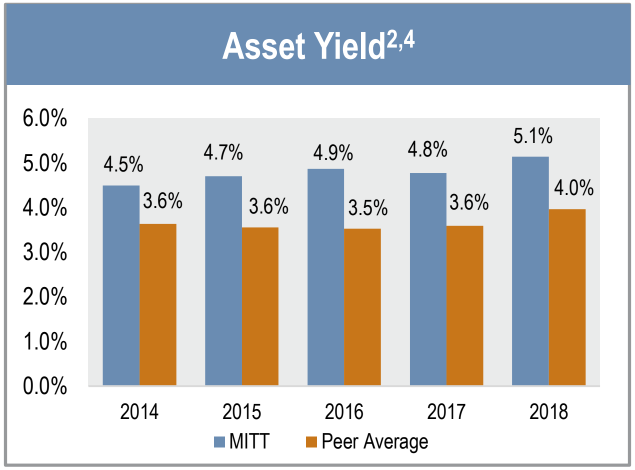


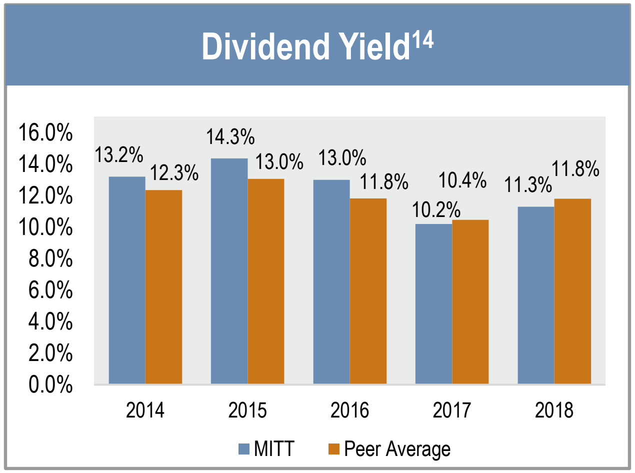
Data as of December 31, 2018. Historical prices are not necessarily indicative of future price performance.
a) MITT's total stockholder return is calculated for the period July 6, 2011 through December 31, 2018. Total stockholder return is defined as stock price appreciation including reinvestment of dividends. Source: Bloomberg.
b) Bloomberg REIT Mortgage Index total stockholder return for the period July 6, 2011 through December 31, 2018. The Bloomberg REIT Mortgage Index tracks publicly traded REITs whose principal business consists of originating, servicing or investing in residential mortgage interests. The index uses a modified market capitalization weighted methodology, and components are reviewed quarterly for eligibility. Source: Bloomberg.

MITT Delivers Attractive Returns with Lower Risk

- MITT is a hybrid mortgage REIT that invests in, acquires and manages a portfolio of Agency RMBS, Credit Investments, and Single-Family Rental Properties
- MITT has the ability to opportunistically allocate capital to drive long term stockholder value
- The Angelo Gordon platform has enabled MITT to maintain lower leverage, higher asset yield, and higher or comparable dividend yield versus the peer group
- MITT's diversified business model takes advantage of the evolving mortgage credit landscape







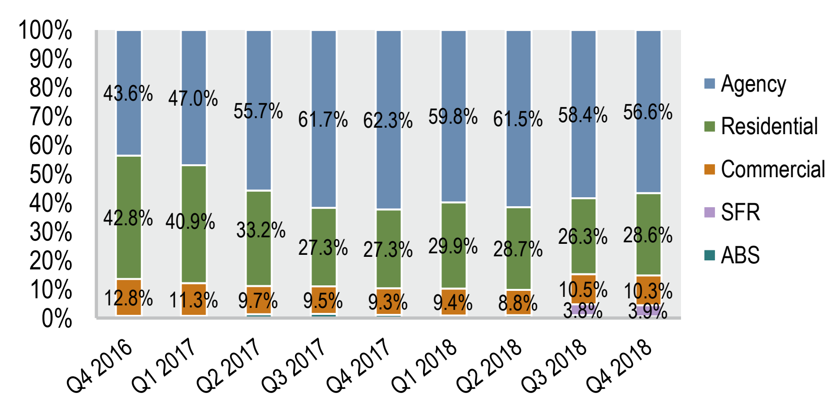
Note: Peers include MFA, IVR, WMC, DX, TWO, and NLY. MITT and peer financial data for Leverage and Asset Yield is based on available financial information in the company earnings presentation or as filed with the SEC and represents the average for all reportable quarters per respective fiscal year through December 31, 2018. Peer dividend data based on peer company press releases and Bloomberg data.

Quarterly Performance and Highlights

Q4 2018 Investment Portfolio Composition[1,2]

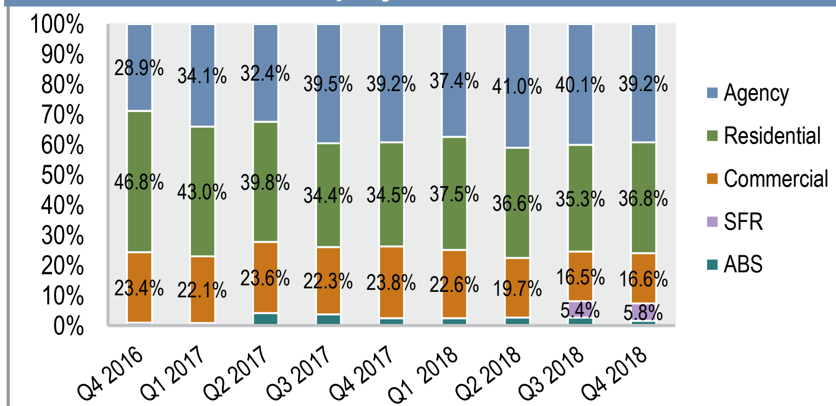
	Amortized Cost (mm)	Net Carrying Value (mm)	Percent of Net Carrying Value	Allocated Equity (mm)[3]	Percent of Equity	Leverage Ratio[(a)]
Agency RMBS[(b)]	$2,019.6	$2,015.6	56.6%	$257.4	39.2%	7.0x
Residential Investments[(b)]	969.5	1,019.1	28.6%	241.3	36.8%	3.4x
Commercial Investments[(b)]	348.7	365.0	10.3%	109.2	16.6%	2.4x
ABS	21.9	21.2	0.6%	10.3	1.6%	1.0x
Single-Family Rental Properties	138.7	138.7	3.9%	37.8	5.8%	2.7x
Total Investment Portfolio	**$3,498.4**	**$3,559.6**	**100.0%**	**$656.0**	**100.0%**	**4.6x**

Net Carrying Value



- As of Q4 2018, 56.6% Agency, 39.5% Credit, and 3.9% SFR

Equity Allocation



- As of Q4 2018, 39.2% Agency, 55.0% Credit and 5.8% SFR

(a) The leverage ratio on Agency RMBS includes any net receivables on TBA. The leverage ratio by type of investment is calculated by dividing the investment type's total financing by its allocated equity.[3]
(b) The table above includes fair value of $0.9 million of Agency RMBS, $207.4 million of Residential Investments and $5.1 million of Commercial Investments that are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheet.

Q4 2018 Performance and Highlights

- Fourth quarter 2018:
  - $(1.45) of Net Income/(Loss) per diluted common share[5]
  - $0.47 of Core Earnings per diluted common share[5,6]
    - Includes de minimus retrospective adjustment
  - (7.6)% Economic Return on Equity for the quarter[7]
  - $17.21 Book value per share[5] and $17.30 Undepreciated Book Value per share[5] as of December 31, 2018, inclusive of our fourth quarter $0.50 common dividend
    - Book value decreased $(1.95) or (10.2)% from the prior quarter primarily due to:
      - $(1.38) or (7.2)% due to our investments in Agency RMBS and associated derivatives
        - Agency RMBS spreads widened as interest rates fell sharply during the quarter; much of the book value decline occurred during the month of December as deterioration in overall market conditions accelerated
      - $(0.48) or (2.5)% due to our Credit Investments
        - CRT and Legacy RMBS spreads widened during the quarter in sympathy with the broader markets
      - $(0.06) or (0.3)% due to depreciation and amortization of our SFR portfolio
      - $(0.03) or (0.2)% due to core earnings below the $0.50 dividend

Full Year 2018 Performance and Highlights

- Full Year 2018 Performance and Highlights:
  - $(0.42) of Net Income/(Loss) per diluted common share[5]
  - $2.08 of Core Earnings per diluted common share[5,6]
    - Includes $0.03 retrospective adjustment
  - $1.975 dividend per diluted common share[5]
    - Increased quarterly common dividend 5.3% to $0.50 per share in the second quarter of 2018
  - (2.2)% Economic Return on Equity for the year[7]
  - Issued approximately 512,000 shares of common stock for net proceeds of approximately $9.5 million through ATM program
- Subsequent Event:
  - In February 2019, issued 3,450,000 shares of common stock including the over-allotment through an underwritten public equity offering at a price of $16.70 per share for net proceeds of approximately $57.3 million, after deducting estimated offering expenses

Q4 2018 Performance and Highlights[2] *(cont'd)*

- $3.6 billion investment portfolio as of December 31, 2018 as compared to the $3.7 billion investment portfolio as of September 30, 2018[1]
- 2.3% Net Interest Margin ("NIM") as of December 31, 2018[8]
  - Net Interest Margin declined primarily due to the increase in cost of funds related to a 25 bps increase in the federal funds rate in December
- 4.6x "At Risk" Leverage as of December 31, 2018[9]

	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Yield on Investment Portfolio[4]	4.6%	5.0%	5.1%	5.2%	5.3%
Cost of Funds[10]	2.2%	2.3%	2.4%	2.7%	3.0%
NIM[8]	2.4%	2.7%	2.7%	2.5%	2.3%
"At Risk" Leverage[9]	4.4x	4.6x	4.4x	4.3x	4.6x

Note: Funding cost and NIM shown include the costs of our interest rate hedges. Funding cost and NIM excluding the cost of our interest rate hedges would be 3.2% and 2.0%, respectively.

Q4 2018 Activity

($ in millions) Description	Purchased	Sold/Payoff	Net Activity
30 Year Fixed Rate	$311.0	$(229.6)	$81.4
Hybrid ARM	—	(102.6)	(102.6)
Fixed Rate 30 Year TBA	329.6	(404.7)	(75.1)
Total Agency RMBS	**640.6**	**(736.9)**	**(96.3)**
Prime	11.3	(10.1)	1.2
Alt-A/Subprime	—	(12.5)	(12.5)
Credit Risk Transfer	28.7	(4.8)	23.9
RPL/NPL Securities	—	(71.4)	(71.4)
Re/Non-Performing Loans	101.7	(1.6)	100.1
New Origination Loans	53.5	—	53.5
Total Residential Investments	**195.2**	**(100.4)**	**94.8**
CMBS	—	(3.2)	(3.2)
Freddie Mac K-Series	1.3	—	1.3
CMBS Interest Only	0.6	—	0.6
Commercial Real Estate Loans	4.0	—	4.0
Total Commercial Investments	**5.9**	**(3.2)**	**2.7**
Total ABS	**—**	**(17.5)**	**(17.5)**
Total Q4 Activity	**$841.7**	**$(858.0)**	**$(16.3)**

- Purchased one pool of primarily RPL mortgage loans
- Purchased several Non-QM pools alongside other Angelo Gordon funds
- Sold and received payoffs of RPL/NPL securities
- Sold all Hybrid ARM positions

Note: The chart above is based on trade date.

Single-Family Rental Portfolio Update

- During the quarter, the SFR portfolio experienced a temporary increase in vacancies due to seasonality and a strategic initiative by our property manager, Conrex, to focus on operational improvements to leasing and the tenant experience
- Enhanced credit screening and underwriting standards for prospective tenants will result in replacing sub-performing and shorter-term tenants with better quality tenants
- Reduced tenant turnover and lower ongoing expenses will benefit the portfolio longer term
- Decrease in Operating Margin relates primarily to increased turnover expenses
- A portion of the turnover expenses are reimbursable from an escrow account pursuant to the Purchase and Sale Agreement with the Seller

	9/30/2018	12/31/2018
Gross Carrying Value[(a)]	$140.6	$141.0
Accumulated Depreciation and Amortization[(a)]	(0.5)	(2.3)
Net Carrying Value[(a)]	$140.1	$138.7
Occupancy	89.3%	87.9%
Average Square Footage[(b)]	1,460	1,436
Average Monthly Rental Income per Home[(b)]	$1,007	$1,020
Operating Margin[15]	59.7%	43.8%

(a) $ in millions
(b) Based on contractual amounts for occupied residences, as of each corresponding period end

Arc Home Update

- During the quarter, Arc Home appointed a new management team to focus on credit originations
- During its second fiscal year of mortgage origination, Arc Home originated $1.3 billion of government and agency loans through its four channels of retail, direct, correspondent and wholesale, retaining the originated MSR on its balance sheet
- Arc Home produced a net loss available to its common shareholders of $(4.4) million in 2018
- In 2018, Arc Home, in conjunction with MITT and other Angelo Gordon funds, purchased ~$7.4 billion notional of Fannie Mae, Freddie Mac, and Ginnie Mae MSR from third parties

As of 12/31/2018	
Employees[(a)]	101
States Licensed to Originate[(b)]	47
MSR UPB[(c)]	$13.2
Wholesale Relationships	228
Correspondent Relationships	95

(a) Includes 14 commission based Retail Loan Officers
(b) Includes Washington, D.C.
(c) $ in billions

Note: Since inception, MITT has invested $22.5 million in Arc Home. MITT owns approximately 45% of the common equity of Arc Home.

Duration Gap[11]

Duration gap was approximately 0.74 years as of December 31, 2018

Duration	Years
Agency	2.40
Residential Loans[a]	0.40
Hedges	(2.84)
Subtotal	**(0.04)**
Credit excluding Residential Loans[a]	0.78
Duration Gap	**0.74**

Duration gap was approximately 1.12 years as of September 30, 2018

Duration	Years
Agency	3.11
Residential Loans[a]	0.24
Hedges	(3.03)
Subtotal	**0.32**
Credit excluding Residential Loans[a]	0.80
Duration Gap	**1.12**

a) Residential Loans includes Re/Non-Performing Loans and New Origination Loans

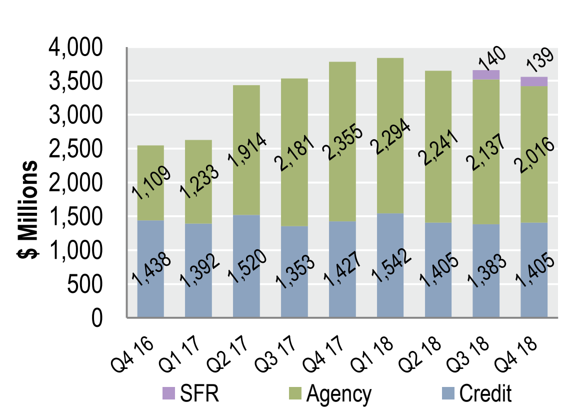
Investment Opportunity Set

Agency RMBS	▪ Hypothetical Duration Hedged Levered ROE: 8-14%[(a)(b)] ▪ 30/20/15 Year Fixed Rate, Hybrid ARM, Fixed Rate CMO, Agency IO, Inverse IO, Excess MSRs
Residential Investments	▪ Hypothetical Levered ROE: 8-14%[(b)] ▪ CRT, NPL, RPL, Non-QM, Legacy
Commercial Investments	▪ Hypothetical Levered ROE: 10-16%[(b)] ▪ Conduit, Single Asset/Single Borrower, Freddie Mac K-series, Commercial Loans
ABS	▪ Hypothetical Levered ROE: 8-14%[(b)] ▪ Consumer, auto backed debt, credit card, other non-residential ABS
Single-Family Rental Properties	▪ Hypothetical Levered ROE: 8-12%[(b)]

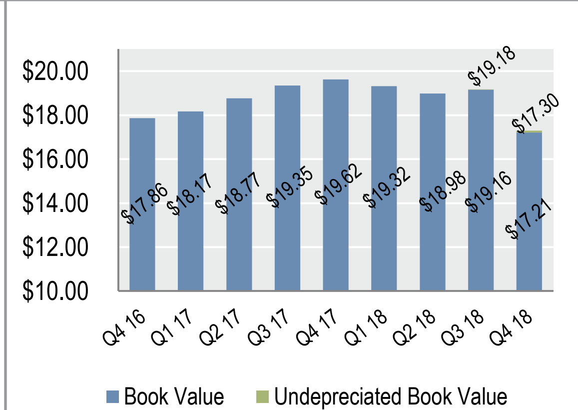
(a) Hypothetical levered returns on Agency RMBS are presented on a duration hedged basis, net of related costs.
(b) ROE values are presented gross of management fee and other corporate expenses.
Note: The above-listed investment opportunity set represents a subset of the types of assets that the Company can acquire. The hypothetical Levered Returns on Equity ("ROE") depicted above are dependent on a variety of inputs and assumptions, which are assumed to be static, and do not reflect the impact of operating expenses. Actual returns could differ materially from those presented based on a number of factors, including changes in interest rates, spreads, prepayments, asset values, funding levels, risk positions, hedging costs, expenses, occupancy, rental rates and other factors.

Quarter-Over-Quarter Snapshot

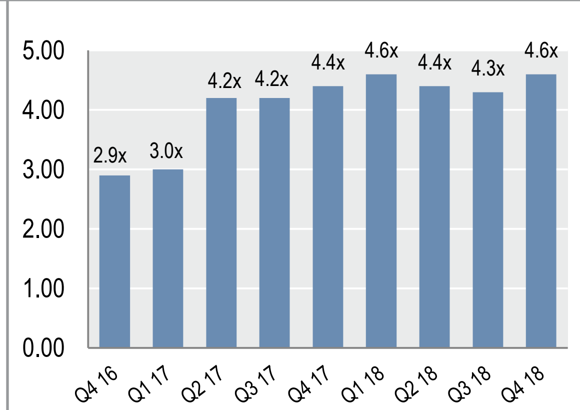
Net Carrying Value of Investment Portfolio



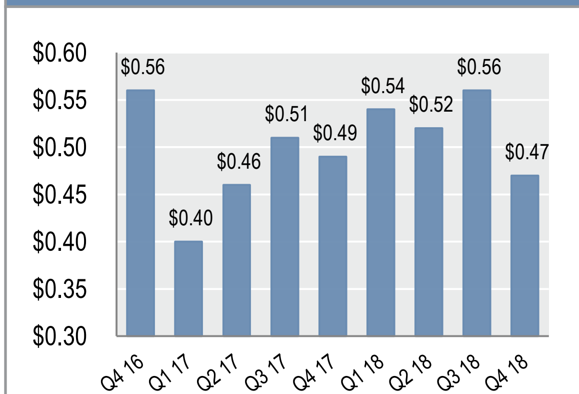
Undepreciated Book Value(5)



"At Risk" Leverage

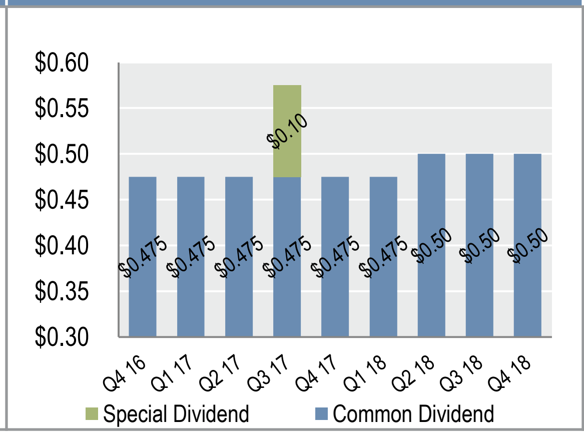


Core Earnings*

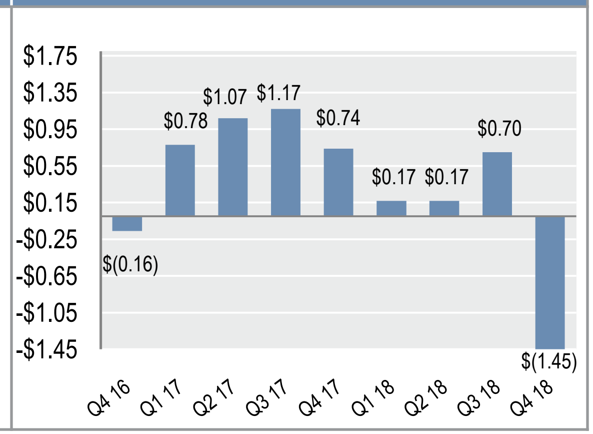


*Includes retrospective adjustment

Dividend



Net Income (Loss)



Footnotes

1. The investment portfolio at period end is calculated by summing the net carrying value of our Agency RMBS, any long positions in TBAs, Residential Investments, Commercial Investments, ABS Investments, and our SFR portfolio, including securities and mortgage loans owned through investments in affiliates, exclusive of AG Arc LLC. Our Agency RMBS, Residential Investments, Commercial Investments, and ABS Investments are held at fair market value and our SFR portfolio is held at purchase price plus capitalized expenses less accumulated depreciation and amortization and any adjustments related to impairment. Our Credit Investments refer to our Residential Investments, Commercial Investments and ABS Investments. Refer to footnote 2 for more information on the GAAP accounting for certain items included in our investment portfolio. The percentage of net carrying value includes any net TBA positions and securities and mortgage loans owned through investments in affiliates and is exclusive of AG Arc LLC. Agency RMBS include fair value of $0.9 million of investment in debt and equity of affiliates related to Excess MSRs. Credit Investments include fair value of $212.5 million of investment in debt and equity of affiliates comprised of $94.1 million of Re/Non-Performing Loans, $113.3 million of New Origination Loans, $1.0 mm of Interest Only and $4.1 million of Freddie Mac K-Series. These items, inclusive of our investment in AG Arc LLC and other items, net to $84.9 million which is included in the "Investments in debt and equity of affiliates" line item on our GAAP Balance Sheet. See footnote 12 for further details on AG Arc LLC.
2. Generally, when we purchase an investment and employ leverage, the investment is included in our assets and the leverage is reflected in our liabilities on our consolidated balance sheet as either "Financing arrangements, net" or "Securitized debt, at fair value." Throughout this presentation where we disclose our investment portfolio and the related financing, we have presented this information inclusive of (i) securities and mortgage loans owned through our investments in affiliates that are accounted for under GAAP using the equity method and (ii) long positions in TBAs, which are accounted for as derivatives under GAAP. This presentation excludes investments through AG Arc LLC unless otherwise noted. This presentation of our investment portfolio is consistent with how our management evaluates the business, and we believe this presentation, when considered with the GAAP presentation, provides supplemental information useful for investors in evaluating our investment portfolio and financial condition. See footnote 12 for further details on AG Arc LLC.
3. The Company allocates its equity by investment using the net carrying value of its investment portfolio, less any associated leverage, inclusive of any long TBA position (at cost). The Company allocates all non-investment portfolio related items based on their respective characteristics in order to sum to the Company's stockholders' equity per the consolidated balance sheets. The Company's equity allocation method is a non-GAAP methodology and may not be comparable to similarly titled measures or concepts of other companies, who may use different calculations.
4. The yield on our debt investments represents an effective interest rate, which utilizes all estimates of future cash flows and adjusts for actual prepayment and cash flow activity as of quarter-end. The yield on our SFR portfolio represents annualized net operating income for the quarter divided by its carrying value, gross of accumulated depreciation and amortization. Net operating income on our SFR portfolio is rental income and other SFR related income less property operating and maintenance expenses and property management fees. Our calculation excludes cash held by the Company and excludes any net TBA position. The calculation of weighted average yield is weighted based on net carrying value.
5. Diluted per share figures are calculated using weighted average outstanding shares in accordance with GAAP. Per share figures are calculated using a denominator of all outstanding common shares including all shares granted to our Manager and our independent directors under our equity incentive plans as of quarter-end. Book value uses stockholders' equity less net proceeds of the Company's 8.25% Series A and 8.00% Series B Cumulative Redeemable Preferred Stock as the numerator. Undepreciated book value per share is a non-GAAP book value metric which adds accumulated depreciation and amortization back to book value to present an adjusted book value that incorporates the Company's single-family rental property portfolio at its undepreciated basis. This metric allows management to consider the investment portfolio exclusive of non-cash adjustments.
6. Core Earnings are defined as Net Income/(loss) available to common stockholders excluding (i) unrealized gains/(losses) on securities, loans, derivatives and other instruments and realized gains/(losses) on the sale or termination of such investments, (ii) beginning with Q2 2018, as a policy change, any transaction related expenses incurred in connection with the acquisition or disposition of investments, (iii) beginning with Q3 2018, concurrent with a change in the Company's business, any depreciation or amortization expense related to the Company's SFR portfolio, (iv) beginning with Q3 2018, as a policy change, accrued deal related performance fees payable to Arc Home and third party operators to the extent the primary component of the accrual relates to items that are excluded from core earnings, such as unrealized and realized gains/(losses), and (v) beginning with Q4 2018 and applied retrospectively, as a policy change, realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights as well as realized and unrealized changes in the fair value of derivatives that are intended to offset changes in the fair value of those net mortgage servicing rights. Items (i) through (v) above include any amounts related to those items held in affiliated entities. This metric, in conjunction with related GAAP measures provides greater transparency into the information used by our management team in its financial and operation decision-making. Management considers the transaction related expenses referenced in (ii) above to be similar to realized losses incurred at acquisition or disposition and does not view them as being part of its core operations. Management views the exclusion described in (v) above to be consistent with how it calculates Core Earnings on the remainder of its portfolio. As defined, Core Earnings include the net interest income and other income earned on the Company's investments on a yield adjusted basis, including TBA dollar roll income or any other investment activity that may earn or pay net interest or its economic equivalent. Core Earnings includes earnings from AG Arc LLC. See footnote 12 for further details on AG Arc LLC.

Footnotes *(cont.)*

7. The economic return on equity for the quarter represents the change in book value per share from September 30, 2018 to December 31, 2018, plus the common dividends declared over that period, divided by book value per share as of September 30, 2018. The economic return on equity for 2018 represents the change in net book value per share from December 31, 2017 to December 31, 2018, plus the dividends declared over that period, divided by net book value per share as of December 31, 2017.
8. Net interest margin is calculated by subtracting the weighted average cost of funds from the weighted average yield for the Company's investment portfolio, which excludes cash held by the Company. Net interest margin also excludes any net TBA position. See footnotes 4 and 10 for further detail.
9. "At Risk" Leverage is calculated by dividing total financing, including any net TBA position, by our GAAP stockholders' equity at quarter-end. Our net TBA position (at cost) was $0.0 million, $75.2 million, $166.2 million, $143.7 million, and $102.5 million for the periods ending December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018, and December 31, 2017, respectively. Total financing at quarter-end, and when shown, daily weighted average total financing, includes financing arrangements inclusive of financing arrangements through affiliated entities, exclusive of any financing utilized through AG Arc LLC, plus the payable on all unsettled buys less the financing on all unsettled sells, securitized debt, and any net TBA position (at cost). Total financing excludes any financing arrangements and unsettled trades on U.S. Treasuries.
10. The cost of funds during the quarter is calculated by annualizing the sum of our interest expense and net interest component on all derivative instruments and dividing that sum by our daily weighted average total financing for the period. Interest earning/paying derivative instruments may include interest rate swaps and U.S. Treasuries. The cost of funds at quarter-end is calculated as the sum of (i) the weighted average funding costs on total financing outstanding at quarter-end and (ii) the weighted average of the net pay rate on our interest rate swaps, the net receive rate on our Treasury long positions, the net pay rate on our Treasury short positions and the net receivable rate on our IO index derivatives, if any. Both elements of the cost of funds at quarter-end are weighted by the outstanding financing arrangements and securitized debt outstanding at quarter-end, excluding financing arrangements associated with U.S. Treasury positions. The cost of funds excludes any net TBA position.
11. The Company estimates duration based on third-party models. Different models and methodologies can produce different effective duration estimates for the same securities. We allocate the net duration by asset type based on the interest rate sensitivity. Duration includes any net TBA position. Duration does not include our equity interest in AG Arc LLC or our investment in SFR. Duration related to financing agreements is netted within its respective agency and credit line items.
12. The Company invests in Arc Home LLC through AG Arc LLC, one of its indirect subsidiaries.
13. "Leverage" in the heading of the chart on slide 7 for us refers to our "At Risk" Leverage. See footnote 9 for a description of our "At Risk" Leverage. For our peers, "Leverage" refers to the most comparable disclosed leverage for each peer for each period based on available financial information in the company earnings presentation or as filed with the SEC.
14. Each quarter's dividend yield is calculated by annualizing such quarter's dividend and dividing by that quarter end stock price. Dividend yield represents the average for all reported quarters per respective fiscal year.
15. Operating margin on our SFR portfolio is calculated as net operating income divided by revenues from our SFR portfolio. Net operating income on our SFR portfolio is comprised of rental income and other SFR related income less property operating and maintenance expenses and property management fees.

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