

# AG Mortgage Investment Trust, Inc. Q1 2014 Earnings Presentation



AG  
MORTGAGE  
Investment Trust, Inc.

May 7, 2014

- 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 future dividends, the credit component of our portfolio book value, deploying capital, the preferred stock offering and repurchase agreements. 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, the availability and terms of financing, changes in the market value of our assets, general economic conditions, market conditions, conditions in the market for Agency RMBS, Non-Agency RMBS, ABS and CMBS securities and loans, 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"). Copies are available free of charge on the SEC's website, <http://www.sec.gov/>. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to 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.

Title	
David Roberts	Chief Executive Officer
Jonathan Lieberman	Chief Investment Officer
Brian Sigman	Chief Financial Officer
Lisa Yahr	Head of Investor Relations

- \$0.98 per diluted common share net income<sup>1</sup>
- \$0.62 per diluted common share of Core Earnings<sup>2</sup>
- \$19.53 net book value per share<sup>3</sup> as of March 31, 2014
  - Including impact of \$0.60 per share dividend declared for the quarter ended March 31, 2014 and paid on April 28, 2014
- \$3.8 billion investment portfolio as of March 31, 2014<sup>5, 6</sup>
  - 62% Agency RMBS and 38% credit investments as of March 31, 2014 versus 65% Agency RMBS and 35% credit investments as of December 31, 2013
- Hedge ratio<sup>7</sup> at quarter end of 107% of Agency RMBS repo notional, or 69% of total repo notional
  - Versus 99% of Agency RMBS repo notional, or 67% of total repo notional as of December 31, 2013
- 6.0% constant prepayment rate (“CPR”)<sup>8</sup> on the Agency RMBS portfolio for the first quarter
  - 5.8% CPR for the month of March, 2014

- 4.36x leverage as of March 31, 2014<sup>6, 9</sup>
  - Modestly lower than 4.42x level as of end of the fourth quarter
- 2.62% net interest margin as of March 31, 2014<sup>10</sup>

	3/31/2014	12/31/2013	9/30/2013	6/30/2013
Yield on Investment Portfolio <sup>11</sup>	4.27%	4.13%	3.88%	3.80%
Cost of Funds <sup>12</sup>	1.65%	1.67%	1.76%	1.84%
<b>NIM</b>	<b>2.62%</b>	<b>2.46%</b>	<b>2.12%</b>	<b>1.96%</b>

- Acquired a pool of ~\$59mm unpaid principal balance of seasoned re-performing and non-performing residential mortgage loans
- Deployed \$10mm of equity into a commercial real estate investment on a hotel property which bears current interest of L+12.25%

- Marco-economic outlook
  - Expect Federal Reserve to continue its gradual taper of QE3, with taper complete by late 2014
  - Housing stable with modest appreciation
- Close monitoring of Washington, D.C. policy matters including GSE reform and other initiatives from FHFA Director Mel Watt
  - Expansion of mortgage credit availability to accelerate
- Portfolio outlook
  - Anticipate further rotation of capital into credit securities and residential and commercial real estate loans
  - Portfolio positioned to withstand a range of interest rate movements with ongoing fine-tuning of hedges, including potential for additional swaptions, TBA dollar rolls, TBA shorts and Treasury shorts

# Q1 2014 Investment Portfolio Composition<sup>6</sup>

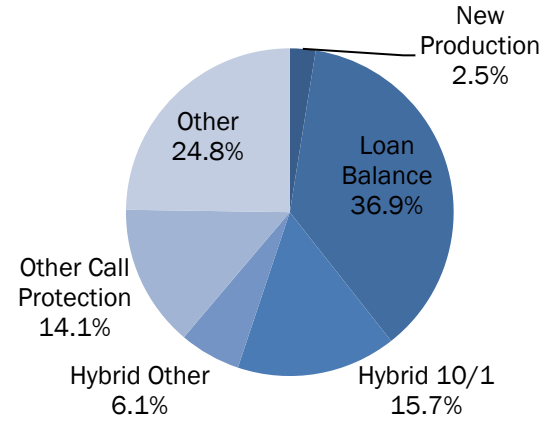
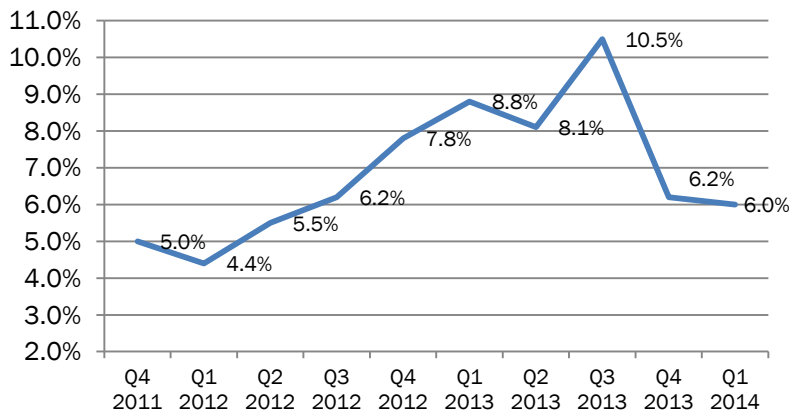
	Current Face (mm)	Premium (Discount) (mm)	Amortized Cost (mm)	Fair Value (mm)	Weighted Average Coupon *	Weighted Average Yield
Agency RMBS						
15-year fixed rate	\$ 272.4	\$ 7.3	\$ 279.7	\$ 282.6	3.2%	2.6%
20-year fixed rate	139.3	7.0	146.3	145.3	3.7%	2.9%
30-year fixed rate	1,166.4	66.4	1,232.8	1,213.9	4.0%	3.3%
Fixed rate CMO	97.0	1.0	98.0	97.7	3.0%	2.9%
ARM	458.5	(1.2)	457.2	457.5	2.4%	2.8%
Inverse Interest only	422.7	(339.4)	83.3	82.9	6.2%	6.7%
Interest only	333.5	(282.3)	51.2	53.2	3.4%	8.4%
Total Agency RMBS	2,889.8	(541.3)	2,348.5	2,333.0	3.9%	3.3%
Credit						
Non-Agency RMBS	1,333.6	(163.4)	1,170.2	1,199.0	4.0%	5.6%
ABS	74.0	(0.8)	73.1	73.7	4.0%	4.6%
CMBS	153.5	(39.2)	114.2	118.1	4.3%	7.9%
Interest only	822.6	(811.6)	11.0	11.0	0.5%	5.1%
Commercial Loans	10.0	(0.1)	9.9	10.0	12.5%	14.9%
Residential Loans	59.0	(23.7)	35.3	34.9	5.1%	8.5%
Total Credit Portfolio	2,452.7	(1,038.9)	1,413.8	1,446.7	2.9%	5.9%
<b>Total Portfolio</b>	<b>\$5,342.5</b>	<b>\$(1,580.1)</b>	<b>\$ 3,762.3</b>	<b>\$3,779.7</b>	<b>3.4%</b>	<b>4.3%</b>

\* Principal only securities with a zero coupon rate are excluded from this calculation.

# Q1 2014 Agency Portfolio Details

Description	Current Face (mm)	Fair Value (mm)	Weighted Average Coupon	Weighted Average Yield	Funding Cost	NIM*
15-year fixed rate	\$ 272.4	\$ 282.6	3.2%	2.6%	0.3%	2.3%
20-year fixed rate	139.3	145.2	3.7%	2.9%	0.3%	2.6%
30-year fixed rate	1,166.4	1,213.9	4.0%	3.3%	0.4%	2.9%
Fixed Rate CMO	97.0	97.7	3.0%	2.9%	0.4%	2.5%
Hybrid ARM	458.5	457.5	2.4%	2.8%	0.4%	2.4%
Interest Only and Inverse Interest Only Securities	756.2	136.1	4.9%	7.3%	0.8%	6.5%
<b>Total Agency RMBS</b>	<b>\$ 2,889.8</b>	<b>\$2,333.0</b>	<b>3.9%</b>	<b>3.3%</b>	<b>0.4%</b>	<b>2.9%</b>

Quarterly CPR



Percentages represent % of total agency specified pools as of 3/31/2014. Other includes FICO, GEO, LTV and HARP pools; new production up to and including 6 WALA securities.

\* Excluding cost of interest rate hedges



# Q1 2014 Credit Portfolio Details

Sector	Current Face (mm)	Fair Value (mm)	Weighted Average Coupon	Weighted Average Yield	Funding Cost	NIM*
Non-Agency RMBS:						
Prime	\$ 363.9	\$ 323.0	5.0%	6.1%	1.8%	4.3%
Alt A	488.2	415.6	4.2%	5.4%	1.7%	3.7%
Subprime	245.3	225.3	2.2%	6.5%	1.8%	4.7%
Senior Short Duration	236.2	235.1	3.9%	4.4%	1.8%	2.6%
<b>Total Non-Agency RMBS</b>	<b>\$1,333.6</b>	<b>\$1,199.0</b>	<b>4.0%</b>	<b>5.6%</b>	<b>1.8%</b>	<b>3.8%</b>
Other Credit Assets:						
ABS	\$ 74.0	\$ 73.7	4.0%	4.6%	1.9%	2.7%
CMBS	153.5	118.1	4.3%	7.9%	1.6%	6.3%
Interest Only	822.6	11.0	0.5%	5.1%	2.0%	3.1%
Commercial Loans	10.0	10.0	12.5%	14.9%	--	14.9%
Residential Loans	59.0	34.9	5.1%	8.5%	3.6%	4.9%
<b>Total Credit Assets</b>	<b>\$2,452.7</b>	<b>\$1,446.7</b>	<b>2.9%</b>	<b>5.9%</b>	<b>1.8%</b>	<b>4.1%</b>

\* Excluding cost of interest rate hedges

- Master Repurchase Agreements with 30 financial institutions
  - During the quarter, we entered into a \$100 million whole loan facility with a two year term to finance the acquisition of certain pools of residential mortgage loans.
  - Subsequent to March 31, 2014 renewed dedicated one-year credit securities facility at more attractive financing terms
  - Weighted average funding cost of 0.39% for Agency RMBS and 1.82% for credit securities

Repurchase Agreements (\$ in thousands)				
Original Repo Maturities	Repo Outstanding	WA Funding Cost	WA Days to Maturity*	% Repo Outstanding
30 Days or less	\$ 1,975,937	0.86%	16	60.7%
31-60 Days	720,263	0.64%	44	22.1%
61-90 Days	259,915	0.50%	76	8.0%
Greater than 90 Days	299,642	1.74%	452	9.2%
<b>Total and WA</b>	<b>\$3,255,756</b>	<b>0.86%</b>	<b>67**</b>	<b>100.0%</b>

- Duration gap<sup>15</sup> of the portfolio was approximately 0.29 years as of March 31, 2014, versus 0.69 years as of December, 2013

Duration	Years
Assets	3.42
Hedges	(2.94)
Repo Agreements	(0.18)
<b>Duration Gap</b>	<b>0.29</b>

\* Our weighted average original days to maturity is 104 days.

\*\*Pro-forma for the renewal of the one-year repurchase agreement facility our weighted average days to maturity is 79.

# Hedging and Interest Rate Sensitivity Summary

- 107% of total Agency RMBS repo notional and 69% of total repo balance hedged<sup>7</sup> as of March 31, 2014

Interest Rate Swaps as of March 31, 2014				
Maturity	Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate*	Weighted Average Years to Maturity
2016	160,000,000	0.85%	0.23%	2.16
2017	175,000,000	0.98%	0.24%	3.55
2018	405,000,000	1.17%	0.24%	4.23
2019	275,000,000	1.29%	0.23%	5.36
2020	450,000,000	1.62%	0.24%	6.00
2022	50,000,000	1.69%	0.24%	8.43
2023	340,000,000	2.49%	0.23%	9.31
2024	55,000,000	2.75%	0.24%	9.93
2028	20,000,000	3.47%	0.23%	14.72
<b>Total / Wtd Avg</b>	<b>\$1,930,000,000</b>	<b>1.56%</b>	<b>0.24%</b>	<b>5.84</b>

- The interest rate sensitivity table below shows the estimated impact of an immediate parallel shift in the yield curve up and down 25, 50, 75 and 100bps on the market value of the portfolio as of March 31, 2014

Changes in Interest Rates (bps)	-100	-75	-50	-25	Base	25	50	75	100
Change in Market Value (\$ in Millions)	(\$7.4)	\$1.2	\$4.3	\$3.5	\$0.0	(\$5.4)	(\$12.1)	(\$19.9)	(\$28.3)
Change in Market Value as a % of Assets	-0.2%	0.0%	0.1%	0.1%	0.0%	-0.1%	-0.3%	-0.5%	-0.7%
Change in Market Value as a % of GAAP Equity <sup>15</sup>	-1.0%	0.2%	0.6%	0.5%	0.0%	-0.8%	-1.7%	-2.8%	-4.0%

\*100% of our receive float interest rate swap notionals reset quarterly based on three-month LIBOR

Operating Metrics <sup>6</sup>	Weighted Average at March 31, 2014	Weighted Average for the Quarter Ended March 31, 2014
Investment portfolio <sup>5</sup>	\$3,779,732,653	\$3,780,103,963
Repurchase agreements	\$3,255,756,359	\$3,125,068,783
Stockholders' equity	\$715,352,421	\$714,192,521
Leverage ratio <sup>9</sup>	4.36x	4.38x
Hedge ratio – Total Repo <sup>7</sup>	69%	69%
Hedge ratio – Agency Repo <sup>7</sup>	107%	105%
Yield on investment portfolio <sup>11</sup>	4.27%	4.26%
Cost of funds <sup>12</sup>	1.65%	1.71%
Net interest margin <sup>10</sup>	2.62%	2.55%
Management fees <sup>13</sup>	1.40%	1.40%
Other operating expenses <sup>14</sup>	1.48%	1.48%

# Supplemental Information & Financial Statements

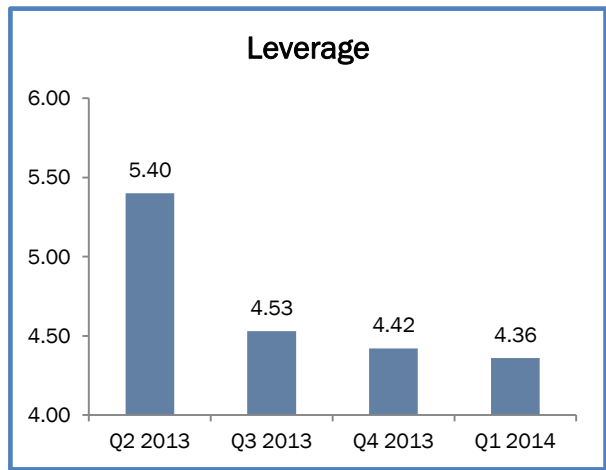
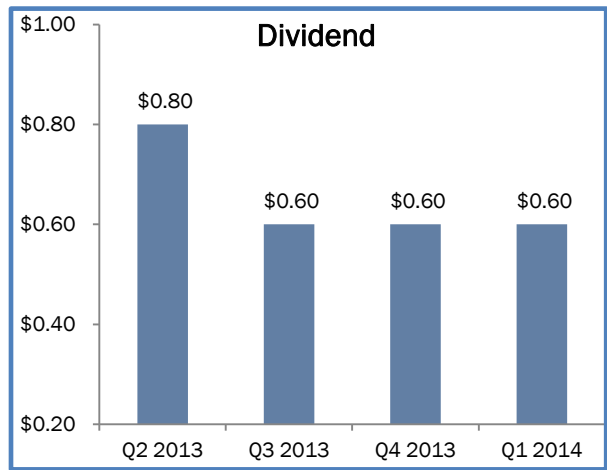
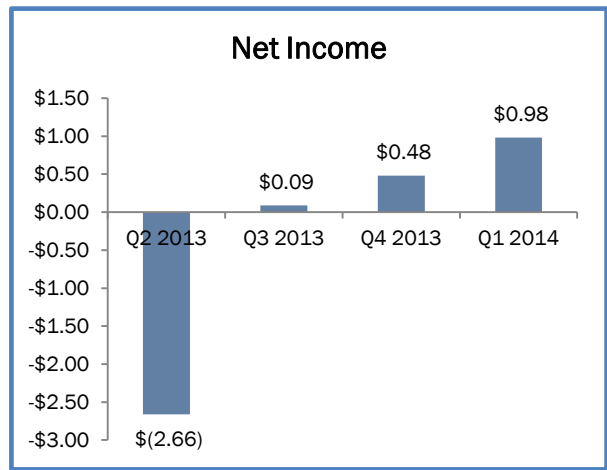
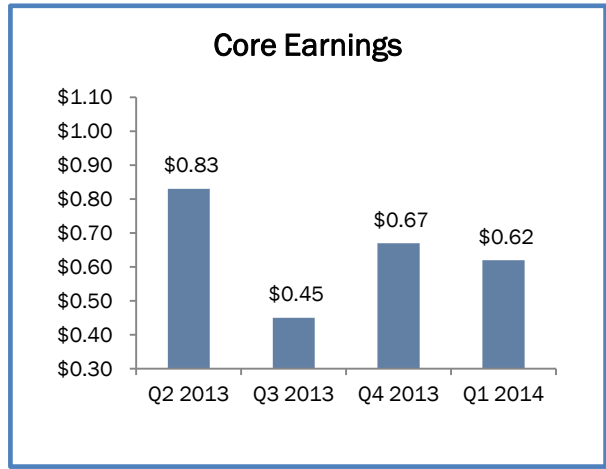
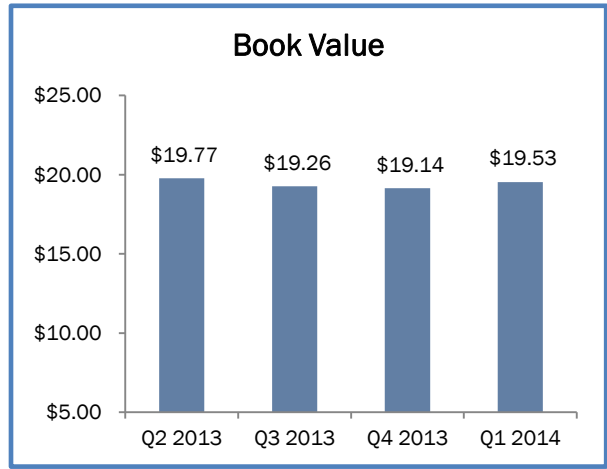
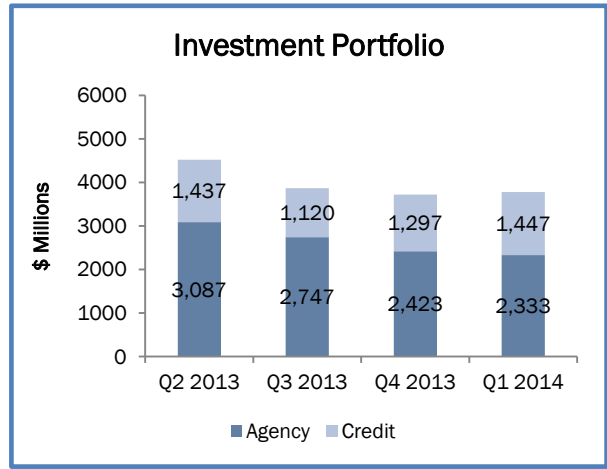
Interest Rates	6/30/2013	9/30/2013	12/31/2013	3/31/2014
Treasuries				
2-year	0.357	0.319	0.382	0.420
5-year	1.395	1.382	1.743	1.719
10-year	2.487	2.611	3.029	2.719
Swaps				
2-year	0.510	0.460	0.489	0.545
5-year	1.566	1.537	1.786	1.803
10-year	2.697	2.765	3.086	2.842

Agency RMBS	6/30/2013	9/30/2013	12/31/2013	3/31/2014
Fannie Mae Pass-Thrus				
15 year 2.50%	100-15+	100-19+	98-29+	99-30+
15 year 3.00%	102-26+	103-17+	102-00+	102-23+
30 year 3.00%	97-22+	97-25+	94-31+	96-19+
30 year 3.50%	101-15+	101-29+	99-11+	100-21+
Mortgage Rates				
15-year	3.50%	3.37%	3.52%	3.42%
30-year	4.46%	4.32%	4.48%	4.40%

Credit	6/30/2013	9/30/2013	12/31/2013	3/31/2014
CDX IG	87	82	62	69
CMBS Junior Mezzanine (AJ)	1280	1180	1115	1065
Subprime LCF (ABX 07-1 AAA Index)	\$52	\$54	\$60	\$69

Source: Bloomberg and Wall Street research. Data has not been independently validated.

# Quarter-over-Quarter Snapshot



# Quarter-over-Quarter Book Value Roll-Forward<sup>3</sup>

	Amount (000's)	Per Share
<b>12/31/13 Book Value</b>	\$ 543,217	\$ 19.14
Common Dividend	(17,024)	(0.60)
Core Earnings	17,660	0.62
Equity based compensation	<u>127</u>	<u>0.01</u>
	763	0.03
Net realized gains	416	0.01
Net unrealized gains	<u>9,743</u>	<u>0.35</u>
	10,159	0.36
<b>3/31/14 Book Value</b>	\$ 554,139	\$ 19.53
Change in Book Value	\$ 10,922	\$ 0.39



# Undistributed Taxable Income Roll-Forward <sup>4</sup>

	Amount (000's)	Per Share <sup>3</sup>
<b>12/31/13 Undistributed Taxable Income</b>	<b>\$ 45,811</b>	<b>\$ 1.61</b>
Core Earnings	17,660	\$0.62
Recurring Core-Tax Differences	1,095	0.04
Q1 2014 Non-Recurring Core-Tax Differences	<u>5,771</u>	<u>0.21</u>
<b>Q1 2014 Ordinary Taxable Income, Net of Q1 Preferred Dividend</b>	<b>\$ 24,526</b>	<b>\$ 0.87</b>
Q1 2014 Common Dividends	\$ (17,024)	\$ (0.60)
<b>3/31/14 Undistributed Taxable Income</b>	<b>\$ 53,313</b>	<b>\$ 1.88</b>

# Condensed Consolidated Balance Sheet

	<b>March 31, 2014</b>
	(Unaudited)
<b>Assets</b>	
Real estate securities and loans, at fair value	\$ 3,523,521,920
Investment in affiliates	28,067,897
Linked transactions, net, at fair value	41,947,972
Cash and cash equivalents	33,252,973
Restricted cash	13,540,675
Interest receivable	12,307,477
Receivable on unsettled trades	152,509,963
Receivable under reverse repurchase agreements	43,318,750
Derivative assets, at fair value	35,633,143
Other assets	<u>7,348,978</u>
<b>Total Assets</b>	<b>\$ 3,891,449,748</b>
<b>Liabilities</b>	
Repurchase agreements	\$ 3,069,177,400
Obligation to return securities borrowed under reverse repurchase agreements, at fair value	42,866,016
Payable on unsettled trades	14,121,585
Interest payable	2,695,609
Derivative liabilities, at fair value	3,165,510
Dividend payable	17,024,351
Accrued expenses and other liabilities	<u>27,046,856</u>
<b>Total Liabilities</b>	<b>3,176,097,327</b>
<b>Stockholders' Equity</b>	
Preferred stock	161,214,005
Common stock	283,715
Additional paid-in capital	585,746,580
Retained earnings (deficit)	<u>(31,891,879)</u>
<b>Total Stockholders' Equity</b>	<b>715,352,421</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 3,891,449,748</b>

# Condensed Consolidated Statement of Operations

	<b>Three Months Ended March 31, 2014</b>
	(Unaudited)
<b>Net Interest Income</b>	
Interest income	\$ 34,142,740
Interest expense	6,146,587
	<u>27,996,153</u>
<b>Other Income</b>	
Net realized gain	416,471
Income from linked transactions, net	4,259,130
Realized loss on periodic interest settlements of interest rate swaps, net	(6,307,857)
Unrealized gain on real estate securities and loans, net	29,367,044
Unrealized loss on derivative and other instruments, net	(19,180,715)
	<u>8,554,073</u>
<b>Expenses</b>	
Management fee to affiliate	2,500,525
Other operating expenses	2,643,681
Equity based compensation to affiliate	81,073
Excise tax	500,000
	<u>5,725,279</u>
Income before provision for income taxes and equity in earnings from affiliate	30,824,947
Equity in earnings from affiliate	361,295
<b>Net Income</b>	<u>31,186,242</u>
Dividends on preferred stock	3,367,354
<b>Net Income Available to Common Stockholders</b>	<u>\$ 27,818,888</u>
<b>Earnings Per Share of Common Stock</b>	
Basic	\$ 0.98
Diluted	\$ 0.98
<b>Weighted Average Number of Shares of Common Stock Outstanding</b>	
Basic	28,371,419
Diluted	28,373,794

1. Diluted per share figures are calculated using weighted average outstanding shares in accordance with GAAP.
2. Core Earnings is defined as net income excluding both realized and unrealized gains (losses) on the sale or termination of securities, and the related tax provision, if any, on such, including those underlying linked transactions, investments in affiliates and derivatives.
3. 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. Net 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.
4. Undistributed taxable income per common share represents total undistributed taxable income as of quarter end.
5. The total investment portfolio is calculated by summing the fair market value of our Agency RMBS, Non-Agency RMBS, ABS, CMBS and commercial and residential loan assets, including linked transactions and assets owned through investments in affiliates. The percentage of Agency RMBS and credit investments are calculated by dividing the respective fair market value of each, including linked transactions, and assets owned through investments in affiliates, by the total investment portfolio.
6. Generally when we purchase a security and finance it with a repurchase agreement, the security is included in our assets and the repurchase agreement is separately reflected in our liabilities on our balance sheet. For securities with certain characteristics (including those which are not readily obtainable in the market place) that are purchased and then simultaneously sold back to the seller under a repurchase agreement, US GAAP requires these transactions be netted together and recorded as a forward purchase commitment. Throughout this presentation where we disclose our investment portfolio and the repurchase agreements that finance it, including our leverage metrics, we have un-linked the transaction and used the gross presentation as used for all other securities. Additionally we invested in certain credit sensitive commercial real estate assets through an affiliated entity, for which we have used the equity method of accounting. Throughout this presentation where we disclose our investment portfolio, we have presented the underlying assets consistently with all other investments. This presentation is consistent with how the Company's management evaluates the business, and believes provides the most accurate depiction of the Company's investment portfolio and financial condition.
7. The hedge ratio during the quarter was calculated by dividing our daily weighted average swap notionals, net short positions in U.S. Treasury securities and interest rate swaptions, including receive fixed swap notionals and short positions in U.S. Treasury securities as negative values, as applicable, for the period by either our daily weighted average total repurchase agreements or daily weighted average repurchase agreements secured by Agency RMBS, as indicated. The hedge ratio at quarter end was calculated by dividing the notional value of our interest rate swaps, net short positions in U.S. Treasury securities and interest rate swaptions, including receive fixed swap notionals and short positions in U.S. Treasury securities as negative values as applicable, by either total repurchase agreements or repurchase agreements secured by Agency RMBS, as indicated, plus the net payable/receivable on either all unsettled trades, or unsettled Agency RMBS trades as indicated.
8. This represents the weighted average monthly CPRs published during the quarter for our in-place portfolio during the same period.
9. The leverage ratio during the quarter was calculated by dividing our daily weighted average repurchase agreements, including those included in linked transactions, for the quarter by the weighted average stockholders' equity for the quarter. The leverage ratio at quarter end was calculated by dividing total repurchase agreements, including repurchase agreements accounted for as linked transactions, plus or minus the net payable or receivable, as applicable, on unsettled trades on our GAAP balance sheet by our GAAP stockholders' equity at quarter end.

10. 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.
11. The yield on our investment portfolio 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 investment portfolio during the quarter was calculated by annualizing interest income for the quarter and dividing by our daily weighted average securities held. This calculation excludes cash held by the Company.
12. The cost of funds during the quarter was calculated by annualizing the sum of our interest expense and our net pay rate of our interest rate swaps, and dividing by our daily weighted average repurchase agreements for the period. The cost of funds at quarter end was calculated as the sum of the weighted average funding costs on the repurchase agreements outstanding at quarter end and the weighted average net pay rate on our interest rate swaps. Both elements of the cost of funds at quarter end were weighted by the repurchase agreements outstanding at quarter end.
13. The management fee percentage during the quarter was calculated by annualizing the management fees recorded during the quarter and dividing by the weighted average stockholders' equity for the quarter. The management fee percentage at quarter end was calculated by annualizing management fees recorded during the quarter and dividing by quarter end stockholders' equity.
14. The other operating expenses percentage during the quarter was calculated by annualizing the other operating expenses recorded during the quarter and dividing by our weighted average stockholders' equity for the quarter. The other operating expenses percentage at quarter end was calculated by annualizing other operating expenses recorded during the quarter and dividing by quarter end stockholders' equity.
15. The duration on the real estate investments other than Agency securities was assumed to be 0.0 years.

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