



AG  
MORTGAGE  
Investment Trust, Inc.

# AG Mortgage Investment Trust, Inc. Q3 2017 Earnings Presentation

November 1, 2017

# 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, our strategy related to our investments and portfolio, investment returns, return on equity, liquidity and financing, taxes, our assets, and our interest rate sensitivity. 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, 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"), 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 November 1, 2017. 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.

# Q3 2017 MITT Earnings Call Presenters

**David Roberts**  
Chief Executive Officer

**TJ Durkin**  
Chief Investment Officer

**Brian Sigman**  
Chief Financial Officer

**Karen Werbel**  
Head of Investor  
Relations

# Q3 2017 Performance and Highlights

- **Third Quarter 2017:**
  - **\$1.17 of Net Income/(Loss) per diluted common share<sup>1</sup>**
  - **\$0.51 of Core Earnings per diluted common share<sup>1, 2</sup>**
    - Includes (\$0.01) retrospective adjustment
    - Includes \$0.05 of dollar roll income associated with our net TBA position
    - Increase in core earnings from the prior quarter primarily due to the rotation from Credit Investments into Agency RMBS
  - **6.2% economic return on equity for the quarter, 24.8% annualized<sup>5</sup>**
  - **\$19.35 book value per share<sup>1</sup> as of September 30, 2017, inclusive of our current quarter \$0.575<sup>(a)</sup> common dividend**
    - **Book value increased \$0.58 or 3.1% from last quarter, inclusive of:**
      - **\$0.43 or 2.3% due to our Credit Investments**
        - Legacy RMBS securities continue to benefit from a combination of strong demand and stable fundamentals, driving credit spreads to tighter levels
      - **\$0.23 or 1.2% due to our investments in Agency RMBS and associated derivative hedges**
        - Spread tightening within the sector is well supported by solid fundamentals and increased demand, as market comfort with the Federal Reserve balance sheet plan grows
      - **\$(0.08) or (0.4%) primarily due to the declaration of a \$0.10 special cash dividend**

(a) The combined dividend of \$0.575 includes a dividend of \$0.475 per common share and a special cash dividend of \$0.10 per common share.

## Q3 2017 Performance and Highlights (cont'd)

- \$3.5 billion investment portfolio as of September 30, 2017 as compared to the \$3.4 billion investment portfolio as of June 30, 2017<sup>3, 4</sup>
  - Net purchased \$353.7 million of Agency and TBA securities, inclusive of unsettled trades, offset by net sales and payoffs of Credit Investments of \$145.9 million
- 2.57% Net Interest Margin (“NIM”) as of September 30, 2017<sup>8</sup>
  - NIM increased primarily due to asset rotation from Credit Investments into Agency RMBS as overall cost of funds declined with increased use of lower cost Agency repos, which was only partially offset by the lower asset yield of Agency RMBS relative to Credit Investments
- 4.2x “At Risk” Leverage as of September 30, 2017<sup>7</sup>
  - Leverage remained flat due to the increase in equity from ATM proceeds and price appreciation, which offset the increase in financing

	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017
Yield on Investment Portfolio <sup>9</sup>	4.73%	5.18%	5.02%	4.75%	4.69%
Cost of Funds <sup>10</sup>	1.76%	2.02%	2.16%	2.27%	2.12%
NIM <sup>8</sup>	2.97%	3.16%	2.86%	2.48%	2.57%
“At Risk” Leverage <sup>7</sup>	3.2x	2.9x	3.0x	4.2x	4.2x

# Q3 2017 Activity

(\$ in millions)			
Description	Net Purchased/ (Sold/Payoff)	Net Repo (Added)/ Removed <sup>(a)</sup>	Net Equity Invested/ (Returned)
30 Year Fixed Rate	\$402.4	\$(386.7)	\$15.7
Inverse Interest Only	4.3	(1.0)	3.3
<b>Total Agency RMBS</b>	<b>406.7</b>	<b>(387.7)</b>	<b>19.0</b>
Prime	(10.8)	8.8	(2.0)
Alt-A	(0.8)	1.0	0.2
Credit Risk Transfer	(15.9)	11.9	(4.0)
RPL/NPL	(125.9)	104.5	(21.4)
Residential Whole Loans	0.2	-	0.2
<b>Total Residential Investments</b>	<b>(153.2)</b>	<b>126.2</b>	<b>(27.0)</b>
CMBS	1.7	(0.5)	1.2
<b>Total Commercial Investments</b>	<b>1.7</b>	<b>(0.5)</b>	<b>1.2</b>
<b>Total ABS</b>	<b>5.6</b>	<b>(2.3)</b>	<b>3.3</b>
<b>Total Q3 Activity Prior to TBA</b>	<b>260.8</b>	<b>(264.3)</b>	<b>(3.5)</b>
Fixed Rate 30 Year TBA	(148.3)	N/A	(4.4) <sup>(b)</sup>
<b>Total Q3 Activity including TBA</b>	<b>\$112.5</b>	<b>N/A</b>	<b>\$(7.9)</b>

- At quarter end, there were \$95.3 mm of unsettled Agency purchases which settled in October with \$89.4 mm of repo financing

(a) Timing and size of repo added may differ from that of repo removed. Excludes repo on prior period purchases.

(b) Net equity in TBA represents initial margin on TBA purchases.

## Q3 2017 Activity (cont'd)

- Trading activity during the quarter generated \$7.9 mm of net equity
  - Invested \$14.6 mm of net equity in Agency RMBS and TBA, offset by \$22.5 mm of net equity generated from sales of Credit Investments
- MITT, along with other Angelo, Gordon funds, participated in a term securitization in July which refinanced previously securitized non-performing mortgage loans into a new lower cost, fixed rate long-term financing
  - The Company maintained exposure to the securitization through an interest in the subordinated tranches as well as through its ownership of the vertical risk retention portion of the securitization
- In Q3, MITT issued 361,000 shares of its common stock for net proceeds of \$6.9 mm through its ATM Program

# Macro-Economic Conditions

- The FOMC maintained the federal funds rate in September and commenced its previously communicated plan for reducing the size of its balance sheet
- Relatively rangebound interest rates, subdued implied volatility, robust demand and modest supply have continued to serve as a favorable backdrop for Agency RMBS and support our tactical rotation of capital to the sector
- Stable growth with limited inflationary pressure allows for a gentle tightening of financial conditions and the potential for an extended period of economic expansion
- Housing activity remains stable and generally positive, marginally constrained by tight supply conditions
- Fundamental mortgage collateral performance continues to stabilize as delinquency and default rates are approaching pre-crisis levels



# Investment Opportunity Set

Agency RMBS	<ul style="list-style-type: none"><li>▪ Hypothetical Duration Hedged Levered ROE: 10-16%<sup>(a)(b)</sup></li><li>▪ 30/20/15 Year Fixed Rate, Hybrid ARM, Fixed Rate CMO, Agency IO, Inverse IO, Excess MSRs</li></ul>
Residential Investments	<ul style="list-style-type: none"><li>▪ Hypothetical Levered ROE: 8-16%<sup>(b)</sup></li><li>▪ CRT, NPL, RPL, Non-QM, Legacy</li></ul>
Commercial Investments	<ul style="list-style-type: none"><li>▪ Hypothetical Levered ROE: 10-16%<sup>(b)</sup></li><li>▪ Conduit, Single Asset/Single Borrower, Freddie Mac K-series, Commercial Whole Loans</li></ul>
ABS	<ul style="list-style-type: none"><li>▪ Hypothetical Levered ROE: 9-16%<sup>(b)</sup></li><li>▪ Consumer and auto backed debt</li></ul>

(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 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 results could differ materially based on a number of factors, including changes in interest rates, spreads, prepayments, asset values, funding levels, risk positions, hedging costs, expenses and other factors.

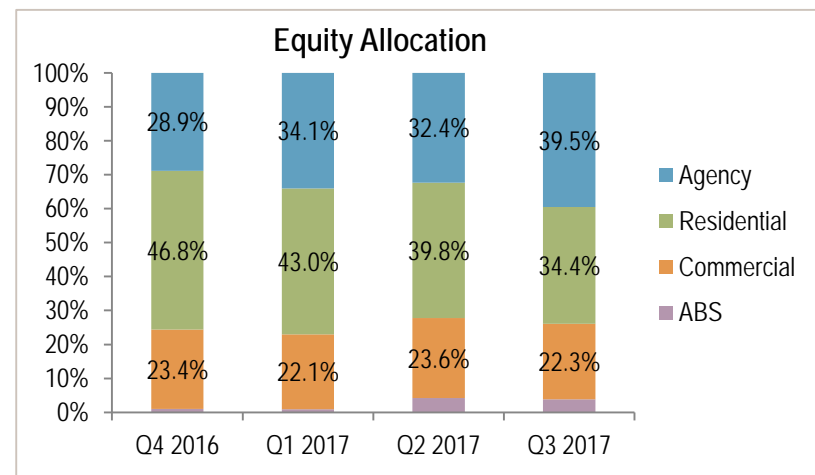
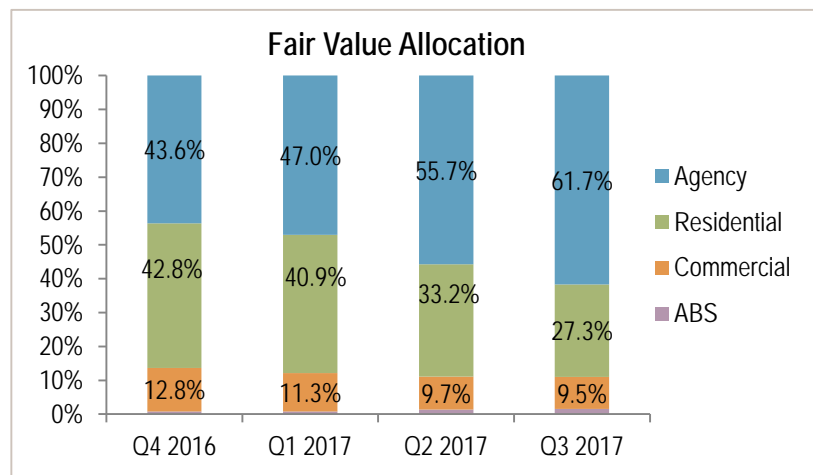
# Q3 2017 Investment Portfolio Composition<sup>3,4</sup>

	Amortized Cost (mm)	Fair Value (mm)	Percent of Fair Value	Allocated Equity (mm) <sup>16</sup>	Percent of Equity	Weighted Average Yield <sup>9</sup>	Funding Cost <sup>(a)</sup>	NIM <sup>(a)</sup>	Leverage <sup>(b)</sup>
Agency RMBS	\$2,167.3	\$2,181.0	61.7%	\$279.2	39.5%	3.2%	1.3%	1.9%	7.1x
Residential Investments <sup>(c)</sup>	904.6	963.3	27.3%	242.9	34.4%	6.4%	2.6%	3.8%	3.1x
Commercial Investments <sup>(c)</sup>	329.8	336.5	9.5%	157.6	22.3%	8.4%	2.7%	5.7%	1.1x
ABS	53.2	53.2	1.5%	26.9	3.8%	8.7%	3.0%	5.7%	1.0x
<b>Total Investment Portfolio</b>	<b>\$3,454.9</b>	<b>\$3,534.0</b>	<b>100.0%</b>	<b>\$706.6</b>	<b>100.0%</b>	<b>4.7%</b>	<b>2.1%</b>	<b>2.6%</b>	<b>4.2x</b>

(a) Total funding cost and NIM includes cost of interest rate hedges.

(b) Total leverage ratio includes any net receivables on TBA and the leverage ratio by type is calculated based on allocated equity.

(c) Includes fair value of \$9.2 mm of Residential Investments and \$67.3 mm of Commercial Investments that are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheet.

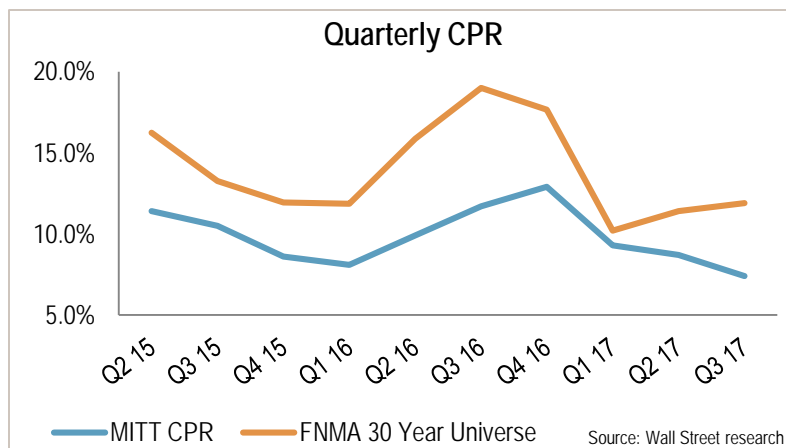


■ As of Q3 2017, 61.7% of fair value allocated to Agency and 38.3% to Credit

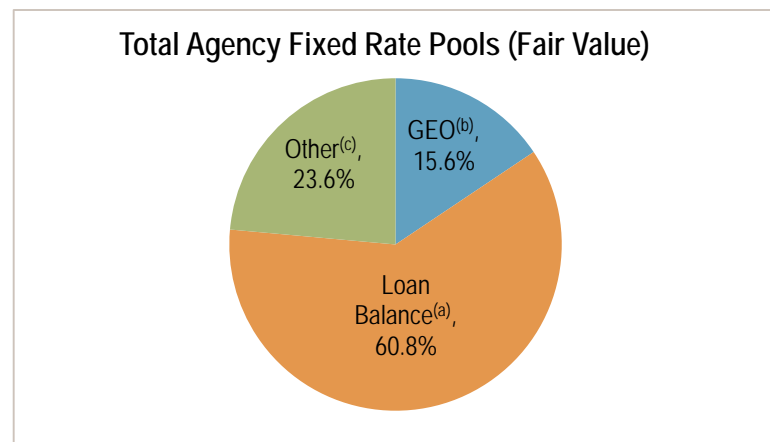
■ As of Q3 2017, 39.5% of equity allocated to Agency and 60.5% to Credit

# Q3 2017 Agency Portfolio Details

Description	Current Face (mm)	Fair Value (mm)	Percent of Fair Value	Weighted Average Coupon <sup>14</sup>	Weighted Average Yield <sup>9</sup>
30 Year Fixed Rate	\$1,676.7	\$1,760.3	80.7%	3.8%	3.1%
Fixed Rate CMO	54.3	55.6	2.5%	3.0%	2.8%
ARM	183.4	186.3	8.5%	2.3%	2.8%
Inverse Interest Only	125.5	17.2	0.8%	3.9%	7.1%
Interest Only and Excess MSR	862.3	40.5	1.9%	2.5%	6.5%
Fixed Rate 30 Year TBA	116.0	121.1	5.6%	3.8%	N/A
<b>Total Agency RMBS</b>	<b>\$3,018.2</b>	<b>\$2,181.0</b>	<b>100.0%</b>	<b>3.5%</b>	<b>3.2%</b>



- 7.4% constant prepayment rate ("CPR")<sup>6</sup> on the Agency RMBS investment portfolio for Q3 2017



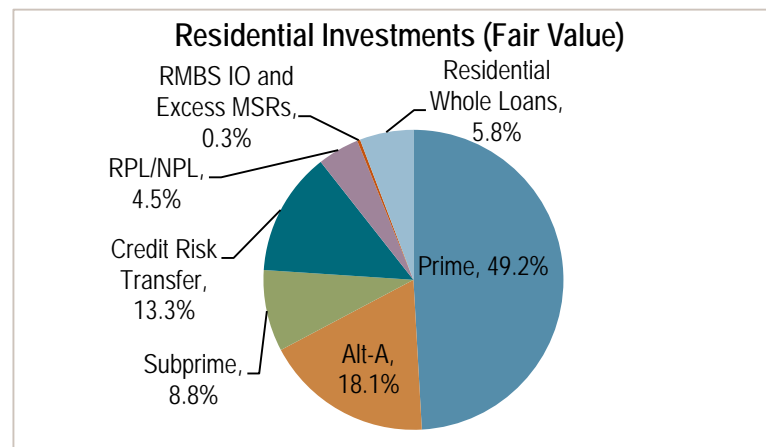
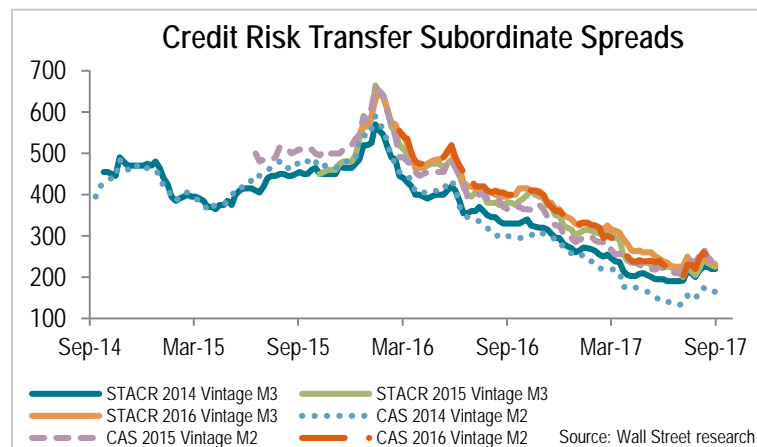
- (a) Loan Balance: Pools made up of loans with original balances less than \$200,000
- (b) Geography: Pools made up of loans originated in states that offer favorable prepayment profiles
- (c) Other: Pools made up of newly originated loans, loans on investor properties, loans with higher LTVs or loans taken out by borrowers with lower than average FICOs

# Q3 2017 Residential Portfolio Details

Description	Current Face (mm)	Fair Value (mm)	Percent of Fair Value	Weighted Average Coupon <sup>14</sup>	Weighted Average Yield <sup>9</sup>
Prime	\$552.1	\$473.0	49.2%	4.4%	6.4%
Alt-A	255.4	174.8	18.1%	4.6%	6.0%
Subprime	87.3	84.7	8.8%	4.7%	5.7%
Credit Risk Transfer	121.5	128.6	13.3%	5.0%	5.2%
RPL/NPL <sup>(a)</sup>	43.2	43.3	4.5%	4.8%	6.1%
RMBS Interest Only and Excess MSRs	433.7	3.1	0.3%	0.2%	10.3%
Residential Whole Loans <sup>(b)</sup>	78.5	55.8	5.8%	5.3%	11.7%
<b>Total Residential Investments</b>	<b>\$1,571.7</b>	<b>\$963.3</b>	<b>100.0%</b>	<b>3.4%</b>	<b>6.4%</b>

(a) RPL/NPL whose deal structures contain an interest rate step-up feature.

(b) Consolidated whole loan positions as well as whole loans purchased by an affiliate or affiliates of our manager in securitized form.

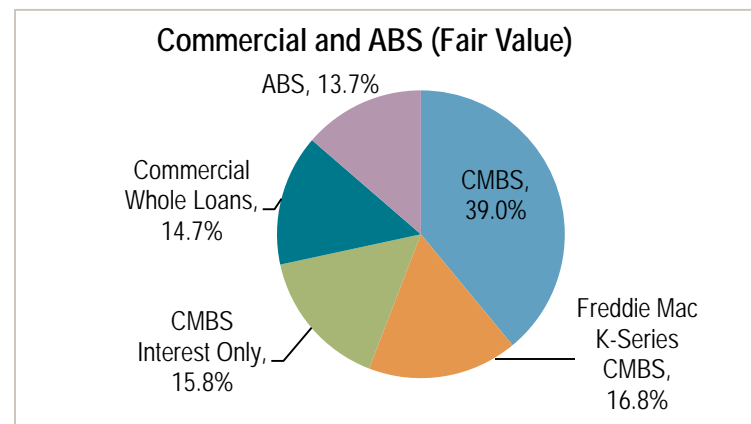
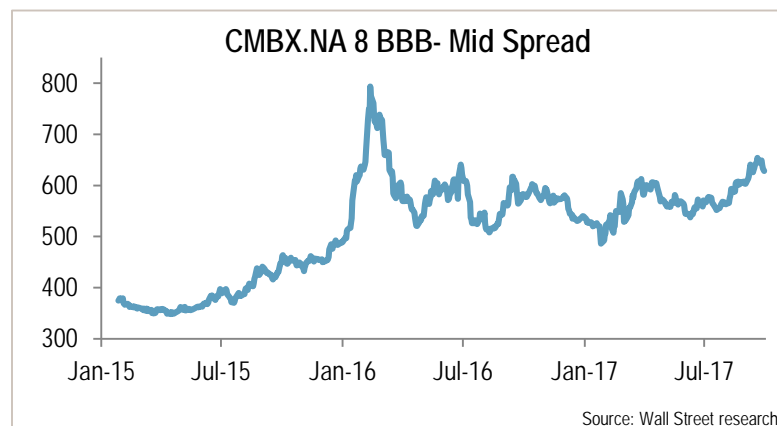


- 53% of our Residential Investments are fixed rate coupon and 47% are floating rate coupon<sup>14</sup>

# Q3 2017 Commercial and ABS Portfolio Details

Description	Current Face (mm)	Fair Value (mm)	Percent of Fair Value	Weighted Average Coupon <sup>14</sup>	Weighted Average Yield <sup>9</sup>
CMBS	\$202.1	152.0	39.0%	5.4%	6.0%
Freddie Mac K-Series CMBS	194.8	65.7	16.8%	6.0%	14.8%
CMBS Interest Only	3,264.9	61.4	15.8%	0.3%	6.7%
Commercial Whole Loans	57.7	57.4	14.7%	7.9%	9.1%
<b>Total Commercial Investments</b>	<b>3,719.5</b>	<b>336.5</b>	<b>86.3%</b>	<b>0.7%</b>	<b>8.4%</b>
ABS	53.5	53.2	13.7%	8.3%	8.7%
<b>Total Commercial and ABS</b>	<b>\$3,773.0</b>	<b>\$389.7</b>	<b>100.0%</b>	<b>0.8%</b>	<b>8.4%</b>

Note: Our Credit Investments<sup>3</sup> include fair value of \$76.5 mm of investment in debt and equity of affiliates comprised of \$9.2 mm of Residential Whole Loans, \$9.4 mm of CMBS IO and \$57.9 mm of Freddie Mac K-Series CMBS. These items, inclusive of our investment in AG Arc LLC<sup>15</sup> and other items, net to \$89.1 mm which is included in the "Investments in debt and equity of affiliates" line item on our GAAP Balance Sheet. See slide 11 for further detail on Residential Whole Loans.



- 30% of our Commercial and ABS Investments are fixed rate coupon and 70% are floating rate coupon<sup>14</sup>

# Financing

- Financing arrangements with 39 counterparties
  - Currently financing investments at 28 of the counterparties
  - Our weighted average days to maturity is 31 days and our original days to maturity is 119 days
  - Financing counterparties remain stable

Repurchase Agreements <sup>(a)</sup> (\$ in millions)				
	Agency		Credit	
Maturing Within	Amount Outstanding	WA Funding Cost	Amount Outstanding	WA Funding Cost
Overnight	\$107.1	1.3%	\$-	-
30 Days or less	1,315.6	1.3%	725.8	2.6%
31-60 Days	230.1	1.3%	139.2	2.7%
61-90 Days	-	-	20.0	2.8%
90-180 Days	100.0	1.4%	11.0	3.0%
Greater than 180 Days	-	-	54.3	3.4%
<b>Total and WA</b>	<b>\$1,752.8</b>	<b>1.3%</b>	<b>\$950.3</b>	<b>2.6%</b>

(a) Numbers do not include securitized debt of \$17.2 mm.

# Duration Gap<sup>13</sup> and Interest Rate Sensitivity Summary

- Duration gap was approximately 1.36 years as of September 30, 2017, versus 1.44 years as of June 30, 2017

Duration	Years
Agency	2.68
Credit	0.92
Hedges	(2.20)
Repo Agreements	(0.04)
<b>Duration Gap</b>	<b>1.36</b>

- The interest rate sensitivity table below shows estimated impact of an immediate parallel shift in the yield curve up and down 50 and 100bps on the market value of the investment portfolio as of September 30, 2017<sup>13</sup>

Changes in Interest Rates (bps)	-100	-50	Base	50	100
Change in Market Value as a % of Assets	0.6%	0.5%	0.0%	-0.9%	-2.1%
Change in Market Value as a % of GAAP Equity	3.0%	2.7%	0.0%	-4.6%	-10.4%

# Hedging

- Added hedges as we increased our exposure to Agency RMBS during the quarter

Hedge Portfolio Summary as of September 30, 2017 (\$ in millions)		
	Notional	Duration <sup>13</sup>
Interest Rate Swaps	\$1,862.0	(2.13)
Eurodollar Futures, net	150.0	(0.01)
U.S. Treasury Futures, net	25.0	(0.06)
<b>Total</b>	<b>\$2,037.0</b>	<b>(2.20)</b>

Interest Rate Swaps as of September 30, 2017 (\$ in millions)					
Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive Variable Rate <sup>(a)</sup>	Weighted Average Years to Maturity	
2017	\$36.0	0.88%	1.31%	0.09	
2019	170.0	1.36%	1.31%	2.13	
2020	620.0	1.64%	1.31%	2.63	
2022	606.0	1.87%	1.32%	4.78	
2024	205.0	2.03%	1.31%	6.71	
2026	75.0	2.12%	1.31%	9.14	
2027	150.0	2.26%	1.32%	9.63	
<b>Total / Wtd Avg</b>	<b>\$1,862.0</b>	<b>1.79%</b>	<b>1.32%</b>	<b>4.51</b>	

(a) 100% of our receive variable interest rate swap notional reset quarterly based on three-month LIBOR



# Q3 2017 Financial Metrics

Key Statistics	September 30, 2017	Weighted Average for the quarter-ended September 30, 2017
Investment portfolio <sup>3, 4</sup>	\$3,534.0	\$3,502.9
Repurchase agreements <sup>4</sup>	2,703.1	2,543.3
Total Financing <sup>7</sup>	2,937.2	2,833.3
Stockholders' equity	706.6	689.1
GAAP Leverage	4.0x	3.7x
"At Risk" Leverage <sup>7</sup>	4.2x	4.1x
Yield on investment portfolio <sup>9</sup>	4.69%	4.45%
Cost of funds <sup>10</sup>	2.12%	2.21%
Net interest margin <sup>8</sup>	2.57%	2.24%
Management fees <sup>11</sup>	1.39%	1.42%
Other operating expenses <sup>12</sup>	1.47%	1.51%
Book value, per share <sup>1</sup>	\$19.35	
Undistributed taxable income, per share <sup>(a)</sup>	\$1.59	
Regular Common Dividend, per share <sup>1</sup>	\$0.475	
Special Common Dividend, per share <sup>1</sup>	\$0.10	

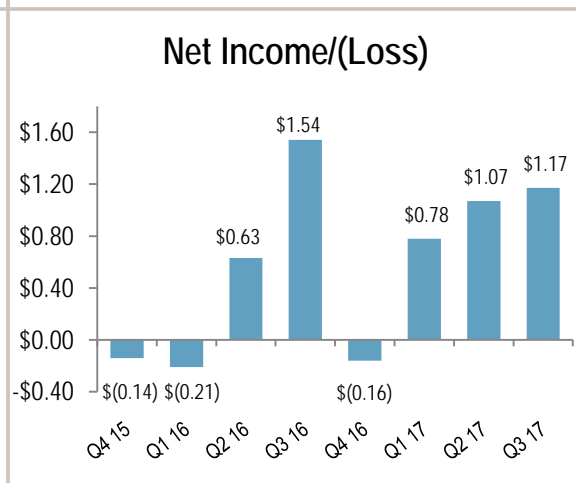
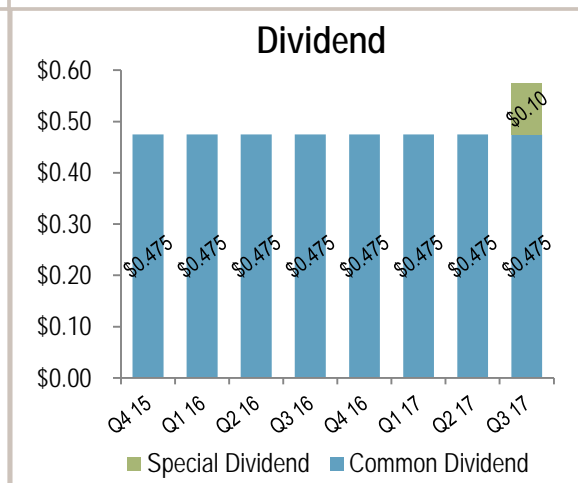
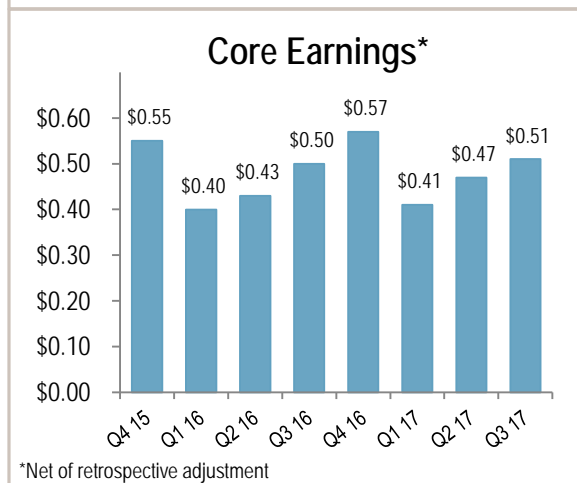
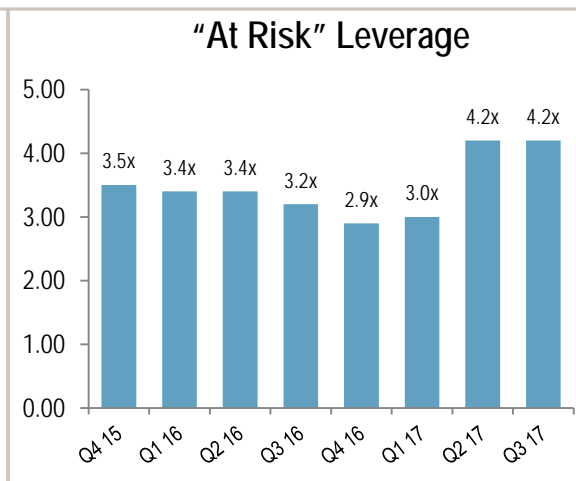
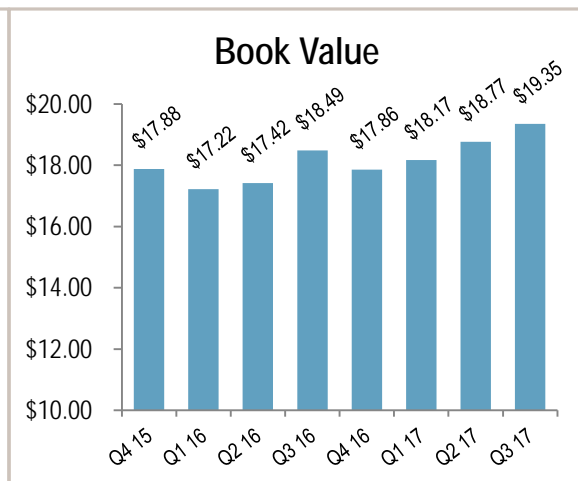
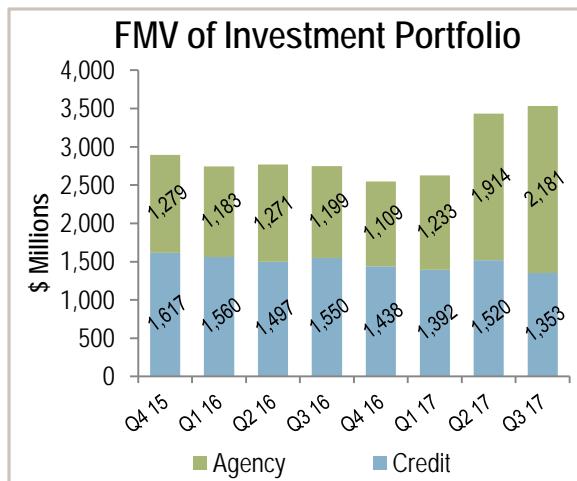
(a) Refer to slide 23 for further detail

# 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 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 believes that this non-GAAP financial information, when considered with our GAAP financials, provide supplemental information useful for investors in evaluating results of our operations. 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.

# Supplemental Information & Financial Statements

# Quarter-Over-Quarter Snapshot



# Market Snapshot

Interest Rates	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17
<b>Treasuries</b>					
2-year	0.764	1.190	1.256	1.384	1.486
5-year	1.150	1.928	1.922	1.889	1.937
10-year	1.595	2.445	2.388	2.305	2.334
<b>Swaps</b>					
3 month LIBOR	0.854	0.998	1.150	1.299	1.334
2-year	1.013	1.452	1.618	1.618	1.741
5-year	1.181	1.975	2.052	1.958	2.004
10-year	1.456	2.337	2.384	2.281	2.291

Agency RMBS	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17
<b>Fannie Mae Pass-Thrus</b>					
15 year 2.50%	103-18+	100-01+	100-02+	100-15+	100-21+
15 year 3.00%	104-31+	102-15+	102-17+	102-19+	102-23+
30 year 3.00%	103-31+	99-06+	99-07+	99-26+	100-08+
30 year 3.50%	105-17+	102-10+	102-11+	102-21+	103-01+
<b>Mortgage Rates</b>					
15-year	2.72%	3.55%	3.39%	3.17%	3.13%
30-year	3.42%	4.32%	4.14%	3.88%	3.83%

Credit Spreads	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17
CDX IG	75	68	66	61	56
CAS 2016 Vintage M2	400	360	295	230	235
CMBX.NA 8 BBB- Mid Spread	578	539	582	568	628

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

# Book Value Roll-Forward

	Amount (000's)	Per Share <sup>1</sup>
<b>6/30/17 Book Value</b>	<b>\$ 521,918</b>	<b>\$ 18.77</b>
Regular Common dividend	(13,390)	(0.48)
Special Common dividend	(2,819)	(0.10)
Core earnings	14,327	0.51
Equity based compensation	121	-
Issuance of Common Stock (ATM)	6,938	0.01
Issuance of Common Stock (RSUs)	-	(0.02)
Capital Appreciation/(Reduction)	5,177	(0.08)
Net realized gain/(loss)	22	-
Net realized and unrealized gain/(loss) on investments in debt and equity of affiliates	2,505	0.09
Net unrealized gain/(loss)	15,790	0.57
Net realized and unrealized gain/loss	18,317	0.66
<b>9/30/17 Book Value</b>	<b>\$ 545,412</b>	<b>\$ 19.35</b>
Change in Book Value	23,494	0.58

# Reconciliation of GAAP Net Income to Core Earnings<sup>2</sup>

3 Months Ended September 30, 2017	Amount (000's)	Per Share <sup>1</sup>
<b>Net Income/(loss) available to common stockholders</b>	<b>\$ 32,644</b>	<b>\$ 1.17</b>
Add (Deduct):		
Net realized (gain)/loss	(22)	-
Drop income	1,525	0.05
Equity in (earnings)/loss from affiliates	(4,701)	(0.18)
Net interest income and expenses from equity method investments	2,197	0.08
Unrealized (gain)/loss on real estate securities and loans, net	(14,893)	(0.52)
Unrealized (gain)/loss on derivative and other instruments, net	(2,423)	(0.09)
<b>Core Earnings</b>	<b>\$ 14,327</b>	<b>\$ 0.51</b>

# Undistributed Taxable Income Roll-Forward

	Amount (000's)	Per Share <sup>1</sup>
<b>6/30/17 Undistributed Taxable Income</b>	<b>\$ 48,247</b>	<b>\$ 1.74</b>
Net accretion/(dilution) from common stock issuances	-	(0.02)
Q3 Core Earnings	14,327	0.51
Q3 Recurring Core-Tax Differences	<u>(1,537)</u>	<u>(0.06)</u>
<b>Q3 2017 Ordinary Taxable Income, Net of Preferred Distribution</b>	<b>12,790</b>	<b>0.45</b>
Q3 2017 Regular Common Distribution	(13,390)	(0.48)
Q3 2017 Special Common Distribution	<u>(2,819)</u>	<u>(0.10)</u>
	(16,209)	(0.58)
<b>9/30/17 Undistributed Taxable Income</b>	<b>\$ 44,828</b>	<b>\$ 1.59</b>

Note: This estimate of undistributed taxable income per share represents the total estimated undistributed taxable income as of quarter-end. Undistributed taxable income is based on current estimates. The actual amount is not finalized until we file our annual tax return, typically in September of the following year. Figures may not foot due to rounding.



# Condensed Consolidated Balance Sheet

September 30, 2017  
(Unaudited)

Amount (000's)

Assets		Liabilities	
Real estate securities, at fair value	\$ 3,252,162	Repurchase agreements	\$ 2,694,552
Residential mortgage loans, at fair value	23,868	Securitized debt, at fair value	17,221
Commercial loans, at fair value	57,399	Payable on unsettled trades	95,429
Investments in debt and equity of affiliates	89,082	Interest payable	5,342
Excess mortgage servicing rights, at fair value	2,681	Derivative liabilities, at fair value	2,125
Cash and cash equivalents	61,717	Dividend payable	16,209
Restricted cash	40,854	Due to affiliates	4,377
Interest receivable	11,799	Accrued expenses and other liabilities	2,593
Derivative assets, at fair value	1,028	Total Liabilities	2,837,848
Other assets	3,345	<b>Stockholders' Equity</b>	
Due from broker	539	Preferred stock	161,214
Total Assets	\$ 3,544,474	Common stock	282
		Additional paid-in capital	585,396
		Retained earnings (deficit)	(40,266)
		Total Stockholders' Equity	706,626
		Total Liabilities & Stockholders' Equity	\$ 3,544,474

# Consolidated Statement of Operations

Three Months Ended  
September 30, 2017  
(Unaudited)

Amount (000's)		Earnings/(Loss) Per Share of Common Stock	
<b>Net Interest Income</b>			
Interest income	\$ 33,593	Basic	\$ 1.17
Interest expense	11,959	Diluted	\$ 1.17
	21,634		
<b>Other Income</b>		<b>WA Shares of Common Stock Outstanding</b>	
Net realized gain/(loss)	22	Basic	27,842
Realized loss on interest settlements of derivative instruments, net	(2,147)	Diluted	27,857
Unrealized gain/(loss) on real estate securities and loans, net	14,892		
Unrealized gain/(loss) on derivative and other instruments, net	2,423		
Other Income	2		
	15,192		
<b>Expenses</b>			
Management fee to affiliate	2,454		
Other operating expenses	2,602		
Servicing fees	23		
Equity based compensation to affiliate	61		
Excise tax	375		
	5,515		
Income/(loss) before equity in earnings/(loss) from affiliates	31,311		
Equity in earnings/(loss) from affiliates	4,700		
<b>Net Income/(Loss)</b>	<b>36,011</b>		
Dividends on preferred stock	3,367		
<b>Net Income/(Loss) Available to Common Stockholders</b>	<b>\$ 32,644</b>		

# Footnotes

1. 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.
2. Core Earnings are defined as net income available to common stockholders excluding both unrealized and realized gains/(losses) on the sale or termination of securities and the related tax expense/benefit or disposition expense, if any, and on such sale or termination, including investments held in affiliated entities and derivatives. Core Earnings includes earnings from AG Arc LLC. Earnings from AG Arc LLC were \$0.1 million in the third quarter of 2017. See page 22 for a reconciliation of GAAP net income to Core Earnings. See footnote 15 for further details on AG Arc LLC.
3. The investment portfolio at period end is calculated by summing the fair market value of our Agency RMBS, any long positions in TBAs, Residential Investments, Commercial Investments, and ABS Investments, including securities and mortgage loans owned through investments in affiliates, exclusive of AG Arc LLC. Our Credit Investments refer to our Residential Investments, Commercial Investments, and ABS Investments. Refer to footnote 4 for more information on the GAAP accounting for certain items included in our investment portfolio. The percentage of fair market value includes any net TBA positions and securities and mortgage loans owned through investments in affiliates and is exclusive of AG Arc LLC. See footnote 15 for further details on AG Arc LLC.
4. Generally, when we purchase a security and employ leverage, the security is included in our assets and the leverage is reflected in our liabilities on the balance sheet as either Repurchase agreements or Securitized debt. Throughout this presentation where we disclose our investment portfolio and the related repurchase agreements that finance it, we have presented this information inclusive of (i) unconsolidated ownership interests 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 15 for further details on AG Arc LLC.
5. The economic return on equity for the quarter represents the change in book value per share from June 30, 2017 to September 30, 2017, plus the common dividends declared over that period, divided by book value per share as of June 30, 2017. The annualized economic return on equity is the quarterly return on equity multiplied by four.
6. This represents the weighted average monthly CPRs published during the quarter for our in-place portfolio during the same period. Any net TBA position is excluded from the CPR calculation.
7. "At Risk" Leverage was 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 \$121.6 million, \$310.5 million, \$93.4 million, \$(22.9) million, and \$0.0 million for the periods ending September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, and September 30, 2016, respectively. Total financing at quarter-end, and when shown, daily weighted average total financing, includes repurchase agreements inclusive of repurchase agreements 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 repurchase agreements and unsettled trades on U.S. Treasuries.
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 9 and 10 for further detail.
9. 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 investment portfolio. This calculation excludes cash held by the Company and excludes any net TBA position. The calculation of weighted average yield is weighted based on fair value.

## Footnotes (cont.)

10. The cost of funds during the quarter was calculated by annualizing the sum of our interest expense and net interest settlements 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 was 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/pay rate on our Treasury long and short positions, respectively, and the net receivable rate on our IO index derivatives, if any. Both elements of the cost of funds at quarter-end were weighted by the outstanding repurchase agreements and securitized debt outstanding at quarter-end, excluding repurchase agreements associated with U.S. Treasury positions. The cost of funds excludes any net TBA position.
11. 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.
12. 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.
13. 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.
14. Equity residuals, excess MSRs and principal only securities with a zero coupon rate are excluded from this calculation. The calculation of weighted average coupon is weighted based on face value.
15. The Company invests in Arc Home LLC through AG Arc LLC, one of its indirect subsidiaries.
16. The Company allocates its equity by investment using the fair market 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.



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