# AG Mortgage Investment Trust, Inc.

Q1 2012 Earnings Presentation (May 8, 2012)

ANGELO, GORDON & CO.

NYSE: MITT

# 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. 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 securities, 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 most recent filings with the Securities and Exchange Commission ("SEC"). Copies are available 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.

**May 8, 2012**

**David Roberts**
*Chief Executive Officer*

**Jonathan Lieberman**
*Chief Investment Officer*

**Frank Stadelmaier**
*Chief Financial Officer*

**Allan Krinsman**
*General Counsel*

**AG Mortgage Investment Trust, Inc. is an actively managed REIT that opportunistically invests in a diversified risk-adjusted portfolio of Agency RMBS, Non-Agency RMBS, CMBS and ABS**

- $0.77 per share of net income
- $0.71 per share of Core Earnings[1]
- $19.63 net book value per share[2] as of March 31, 2012, including impact of $0.70 per share dividend declared for the quarter ended March 31, 2012
- Net realized gains of $2.4 million, or $0.17 per share
- Approximately $0.43 per share[2] of undistributed taxable income as of March 31, 2012
- $2.5 billion investment portfolio as of March 31, 2012[3, 7]
  - 88.5% Agency RMBS, 11.5% credit securities (Non-Agency RMBS, CMBS, ABS)
- 4.4% constant prepayment rate ("CPR")[4] on the Agency RMBS portfolio for the first quarter
- 7.12x leverage as of March 31, 2012[5, 7]
- 2.56% net interest margin as of March 31, 2012[6]

# Economic Outlook

**Investment selection and portfolio management premised upon risk-adjusted returns, liquidity, mark-to-market volatility and an economic outlook, including interest rate forecasts**

- Macro-economic outlook
  - Low and volatile U.S. growth
  - Heavy U.S. household debt burden and growing government deficit
  - European countries experiencing a double dip recession and other developed economies significantly over-levered
  - Emerging markets excessively dependent upon exports and struggling with strengthening currencies
- U.S. unemployment
  - Will remain elevated for the foreseeable future
- U.S. housing and commercial real estate
  - Valuation moving closer to a bottom
  - Additional localized housing price declines of 5% to 10%
  - Increasing usage of debt forgiveness for Non-Agency mortgages due to attorney general settlement
  - Recovery of Class A properties continues, Class B&C properties and secondary markets experiencing slower recovery
- U.S. interest rates
  - Short-term rates will remain low through 2014
  - Increasing sovereign debt risk

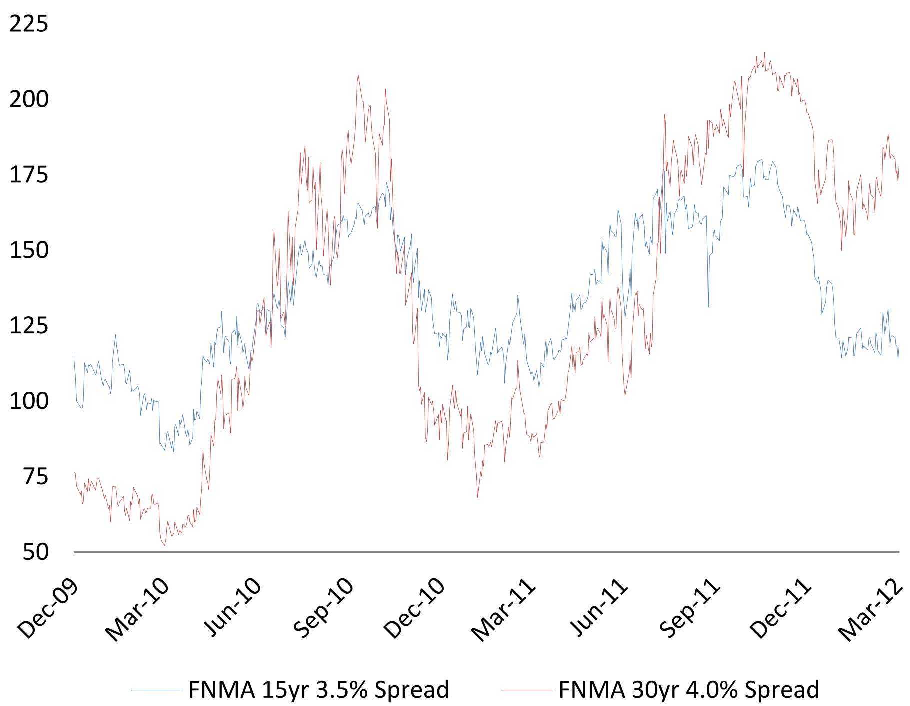
# Market Data – Rates and Agency RMBS

| Interest Rates | 6/30/2011 | 9/30/2011 | 12/31/2011 | 3/31/2012 |
|---|---|---|---|---|
| **Treasuries** | | | | |
| 2-year | 0.46 | 0.245 | 0.241 | 0.331 |
| 5-year | 1.762 | 0.953 | 0.833 | 1.039 |
| 10-year | 3.161 | 1.916 | 1.877 | 2.211 |
| **Swaps** | | | | |
| 2-year | 0.701 | 0.578 | 0.726 | 0.582 |
| 5-year | 2.034 | 1.256 | 1.225 | 1.272 |
| 10-year | 3.279 | 2.108 | 2.027 | 2.287 |
| **Mortgage Rates (rate/points)** | | | | |
| 15-year | 3.69/0.7 | 3.28/0.7 | 3.24/0.8 | 3.21/0.7 |
| 30-year | 4.51/0.7 | 4.01/0.7 | 3.95/0.7 | 3.98/0.7 |
| 5/1 Adjustable-Rate Mortgage | 3.22/0.6 | 3.02/0.6 | 2.88/0.6 | 2.86/0.8 |
| 1-year Adjustable-Rate Mortgage | 2.97/0.6 | 2.83/0.6 | 2.78/0.6 | 2.78/0.6 |

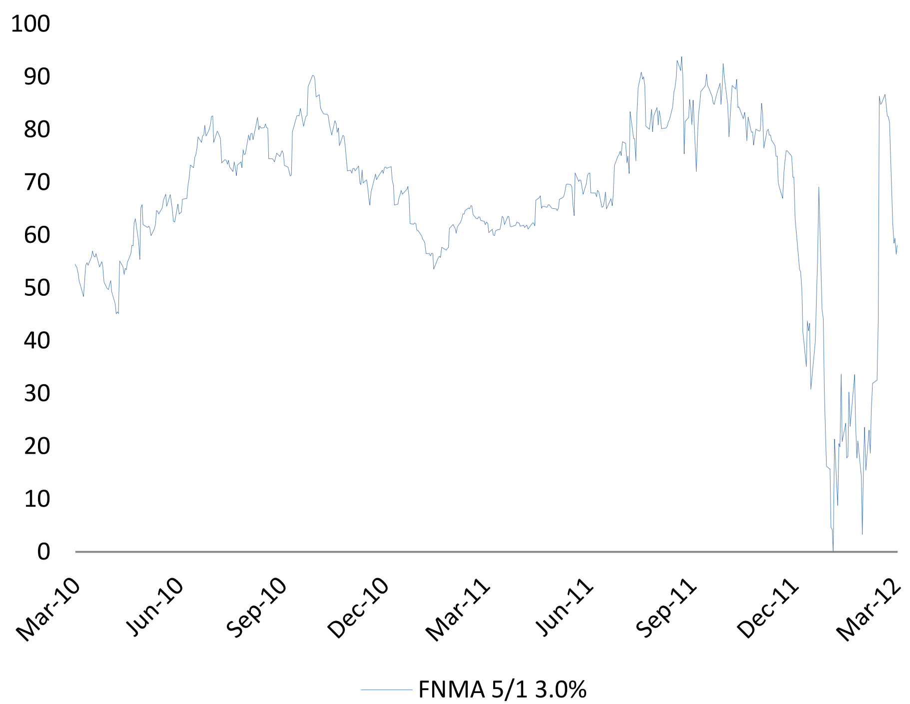
| Agency RMBS | 6/30/2011 | 9/30/2011 | 12/31/2011 | 3/31/2012 |
|---|---|---|---|---|
| **Fannie 15-year pass-thrus** | | | | |
| 3.00% | $99-10+<br>3.14% | $103-01+<br>2.23% | $103-09+<br>2.07% | $103-19+<br>1.89% |
| 3.50% | $101-26+<br>2.88% | $104-13+<br>2.02% | $104-18+<br>1.78% | $104-29+<br>1.65% |
| 4.00% | $104-06+<br>2.32% | $105-14+<br>1.78% | $105-16+<br>1.77% | $105-31+<br>1.50% |
| 4.50% | $106-01+<br>2.05% | $106-14+<br>1.84% | $106-19+<br>1.78% | $107-01+<br>1.66% |
| **Fannie 30-year pass-thrus** | | | | |
| 3.50% | $95-20+<br>4.32% | $102-25+<br>2.96% | $102-27+<br>2.84% | $102-23+<br>2.83% |
| 4.00% | $100-00+<br>3.95% | $104-28+<br>2.56% | $105-02+<br>2.23% | $104-28+<br>2.32% |
| 4.50% | $103-16+<br>3.17% | $106-04+<br>2.17% | $106-14+<br>1.90% | $106-12+<br>1.79% |
| 5.50% | $108-07+<br>2.13% | $108-13+<br>2.06% | $108-29+<br>1.91% | $109-00+<br>2.03% |
| **Adjustable-Rate Mortgages** | | | | |
| 5/1 ($ / Coupon) | $102-21<br>3.00% | $102-27<br>2.50% | $103-19<br>2.50% | $103-22<br>2.50% |
| 7/1 ($ / Coupon) | $102-28<br>3.50% | $103-15+<br>3.00% | $104-03+<br>3.00% | $104-17<br>3.00% |
| 10/1 ($ / Coupon) | $102-30<br>4.00% | $103-24+<br>3.50% | $104-02+<br>3.50% | $104-27+<br>3.50% |

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

## Historical Agency 30/15 Year Spreads




## Historical Agency Hybrid Z-Spreads




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

**Credit Products rallied during the first quarter of 2012**

| | 6/30/2011 | 9/30/2011 | 12/31/2011 | 3/31/2012 |
|---|---|---|---|---|
| **ABS** | | | | |
| BBB Credit Cards | 95 | 135 | 135 | 80 |
| Prime Auto | 27 | 33 | 30 | 25 |
| **CMBS** | | | | |
| Super Senior | 200 | 365 | 255 | 215 |
| Mezzanine (AM) | 430 | 700 | 525 | 485 |
| Junior Mezzanine (AJ) | 950 | 1700 | 1725 | 1575 |
| **Non-Agency** | | | | |
| Prime Fixed | $89 | $91 | $89 | $91 |
| Prime Hybrids | $79 | $77 | $72 | $77 |
| Alt-A Fixed | $78 | $79 | $73 | $78 |
| Alt-A Hybrids | $60 | $55 | $48 | $52 |
| Subprime LCF (ABX 07-1 AAA Index) | $40.56 | $35.13 | $33.90 | $39.00 |

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

# Q1 2012 Investment Portfolio Composition[7]

| | Current Face | Premium (Discount) | Amortized Cost | Fair Value | Weighted Average Coupon | Weighted Average Yield |
|---|---|---|---|---|---|---|
| **Agency RMBS** | | | | | | |
| 15-year fixed rate | $881,720,959 | $27,976,152 | $909,697,111 | $923,188,220 | 3.26% | 2.56% |
| 20-year fixed rate | 242,520,924 | 8,762,952 | 251,283,876 | 252,994,642 | 3.62% | 2.95% |
| 30-year fixed rate | 929,458,284 | 44,726,742 | 974,185,026 | 970,831,629 | 3.78% | 3.14% |
| Interest only | 384,910,364 | (306,961,875) | 77,948,489 | 75,555,019 | 6.17% | 7.01% |
| Total Agency RMBS | $2,438,610,531 | $(225,496,029) | $2,213,114,502 | $2,222,569,510 | 3.95% | 3.01% |
| **Other Assets** | | | | | | |
| Non-Agency RMBS | $249,353,263 | ($27,272,163) | $222,081,100 | $222,299,101 | 4.99% | 6.59% |
| ABS | 44,061,942 | (31,507) | 44,030,435 | 44,494,739 | 5.31% | 5.35% |
| CMBS | 23,000,000 | (1,517,240) | 21,482,760 | 22,020,570 | 6.53% | 8.52% |
| Totals | $2,755,025,736 | ($254,316,939) | $2,500,708,797 | $2,511,383,920 | 4.09% | 3.41% |

## Significant prepayment risk exists for both seasoned, under-water mortgages and recent, high quality loans

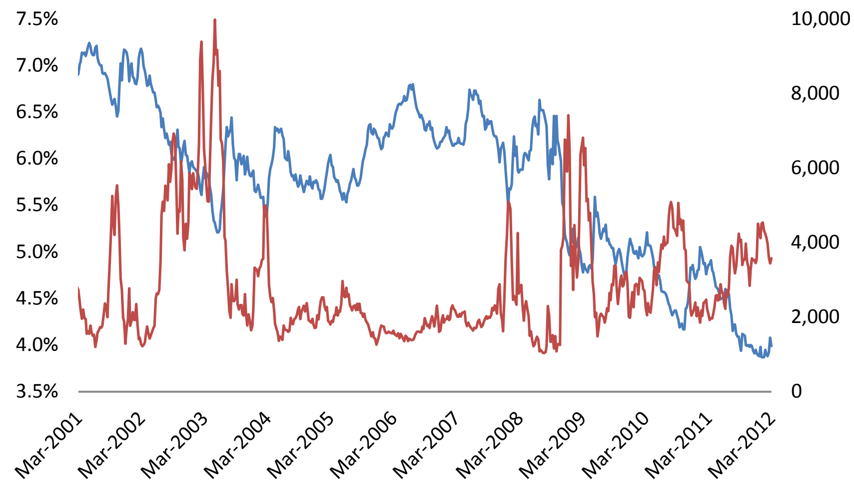
### Mortgage rates have reached historical lows

- 30-year fixed-rate mortgages ended 2011 below 4%
- The Fed's promise of "exceptionally low" rates through late 2014 should keep Agency RMBS CPRs elevated for an extended period, but will vary significantly depending on collateral characteristics
- Declining home values have kept many borrowers from refinancing, however, recent changes to HARP is opening the door to many seasoned borrowers
- Loans that were recently originated can be easily refinanced due to lower LTVs and higher credit quality

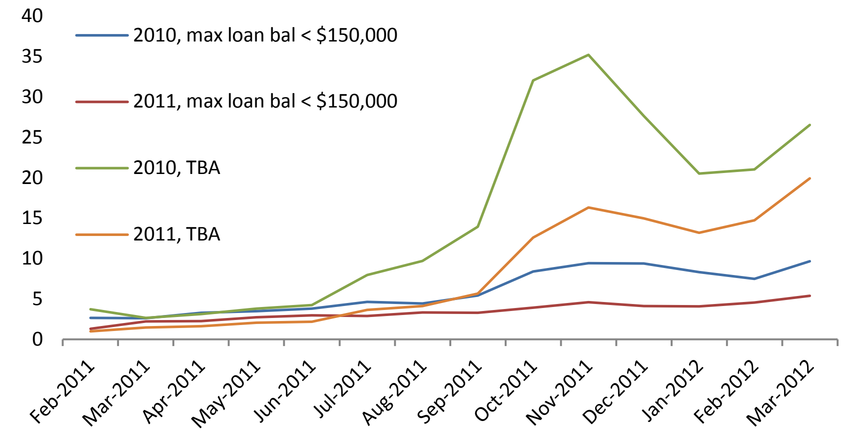
### Certain collateral characteristics have shown superior prepayment protection

- Loans with balances less than $150,000 continue to prepay at levels significantly below the cohort
- In addition to loan balance, less seasoned loans prepay at much lower CPRs

**30-Year Mortgage Rate vs. Refinancing Index**



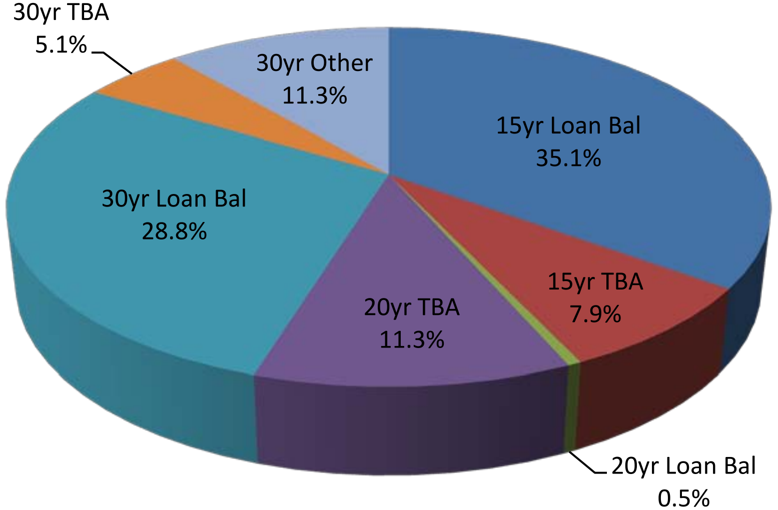

**Fannie Mae 15-Year 3.5% CPRs**



## MITT's Agency RMBS investment portfolio is focused on limiting prepayment risk while maintaining duration targets

- The MITT portfolio is comprised of prepayment protected pools and new production securities
  - 76% of specified pools have prepayment protection through lower maximum loan balances, higher LTV and concentrations in geographic regions which exhibit lower prepayments
  - Balance of the collateral is mostly new origination with a weighted average loan age of four months
  - Increased the allocation of 30-year securities due to interest rate and relative value consideration
  - Focus on lower coupons to further minimize risk of prepayments
  - No exposure in MITT portfolio to loans eligible for refinancing under HARP

- CPRs on the portfolio were muted for the 1st Quarter
  - 4.4% CPR for Q1 2012
  - 5.1% CPR for March 2012




Percentages represent % of total agency specified pools as of 3/31/2012
30yr Other includes GEO, LTV and HARP pools

| Description | Current Face (mm) | Fair Value (mm) | Coupon | Yields | Cost of Funds | NIM |
|---|---|---|---|---|---|---|
| **Agency RMBS** | | | | | | |
| 15-year Whole Pool | $881.7 | $923.2 | 3.3% | 2.6% | 0.4% | 2.2% |
| 20-year Whole Pool | 242.5 | 253.0 | 3.6% | 3.0% | 0.4% | 2.6% |
| 30-year Whole Pool | 929.5 | 970.8 | 3.8% | 3.1% | 0.4% | 2.7% |
| Interest-Only Securities | 384.9 | 75.6 | 6.2% | 7.0% | 0.8% | 6.2% |
| **Total Agency RMBS** | $2,438.6 | $2,222.6 | 4.0% | 3.0% | 0.4% | 2.6% |

## Increased investments in credit securities during the quarter

## Significant technical and liquidity Improvements

- **Non-Agency RMBS**
  - Increase holdings of senior prime securities which offer high current yield and can be financed at attractive levels
  - Replaced roll off in senior short duration securities by adding newly issued similar duration securities
  - Added seasoned RMBS bonds

- **Asset-backed securities (ABS)**
  - ABS securities have attractive financing terms due to investment grade ratings
  - ABS offer attractive yields given relatively short duration and strong fundamentals
  - Liquid and stable market value

- **Commercial mortgage-backed securities (CMBS)**
  - Opportunistically rotated certain CMBS securities during the rally in the first quarter
  - Lever the expertise of dedicated Angelo, Gordon CMBS and Real Estate teams

| Sector | Current Face (mm) | Fair Value (mm) | Yields | Cost of Funds | NIM |
|---|---|---|---|---|---|
| **Non-Agency RMBS:** | | | | | |
| Senior Prime Fixed | $80.9 | $74.7 | 6.5% | 1.7% | 4.8% |
| Senior Prime Hybrid | 52.8 | 44.0 | 5.6% | 1.9% | 3.7% |
| Senior Short Duration | 41.0 | 41.7 | 5.7% | 1.6% | 4.1% |
| Other RMBS | 74.7 | 61.8 | 7.9% | 1.9% | 6.0% |
| Total Non-Agency RMBS | $249.4 | $222.3 | 6.6% | 1.8% | 4.8% |
| **Other Credit Assets:** | | | | | |
| ABS | $44.1 | $44.5 | 5.4% | 1.5% | 3.8% |
| CMBS Junior Mezzanine | 5.0 | 4.0 | 16.3% | 1.7% | 14.5% |
| CMBS New Issue | 18.0 | 18.0 | 6.8% | 1.7% | 5.0% |
| **Total Credit Assets** | $316.5 | $288.8 | 6.5% | 1.8% | 4.7% |

## Portfolio leverage of 7.12x as of March 31, 2012

- During the quarter, leverage was increased as liquidity eased following year end
- Leverage is currently within our targeted range while leaving excess capacity to take advantage of opportunities in both the agency and credit markets

| Asset Class | Leverage[8] |
|---|---|
| Agency RMBS | 7.5x[9] |
| Non-Agency RMBS | 4.2x |
| CMBS | 2.6x |
| ABS | 3.2x |

## We maintained liquidity in excess of $174 million as of March 31, 2012[10]

- Liquidity is more than sufficient to offset risks including higher haircuts, higher prepayments and decrease in market values
- If haircuts on Agency MBS increased from approximately 5% to 8%, liquidity of $60.9 million would be needed to meet margin calls (i.e., 1% change is equal to $20.3 million)
- If our Agency portfolio paid at a CPR equal to 5 times the March 2012 portfolio prepayment speed (5.0 CPR), liquidity of $47.9 million would be required to meet any interim margin calls between factor date and payment date
- If the market value of the portfolio decreased by 1% across all assets, liquidity of $23.7 million would be required to meet margin calls

## Repurchase Agreements ("repo") with 24 financial institutions

- Targeted counterparty exposure risk less than 10%
- Maximum exposure to any one counterparty was 8% at quarter end with the average being less than 5%
- As new counterparties are added, repo positions are rebalanced
- Haircuts remained relatively unchanged during the quarter
- 0.51% weighted average repo cost of funds
  - The increase in repo cost of funds from Q4 2011 is attributable to the increase in leverage for Non-Agency RMBS and CMBS securities
  - Repo rates for both agency and credit securities decreased in the first quarter

**MITT Repos**
*($ in thousands – as of March 31, 2012)*

| Original Repo Maturities | Repo Outstanding | WA Interest Rate | WA Days to Maturity | WA Haircut |
|---|---|---|---|---|
| 30 Days or less | $1,270,638 | 0.60% | 15.4 | 7.2% |
| 31-60 Days | 564,553 | 0.39% | 51.1 | 4.6% |
| 61-90 Days | 399,628 | 0.40% | 77.7 | 5.2% |
| Greater than 90 Days | - | - | - | - |
| Total and WA | $2,234,819 | 0.51% | 35.6 | 6.2% |

**Hedging policy will not eliminate interest rate risk and market value risk. Rather, we seek to protect net interest margin and book value within a specified band of risk based upon our rates outlook. Hedges will be adjusted to respond to different interest rate expectations.**

**Interest rate swaps**

- Standard interest rate swaps
- 53% of total repo notional hedged[11] (51% with the effects of TBA)
- Increased the average swap to account for the increase in 30-year Agency securities
- Hedge ratio target range of 40% to 60% subject to current interest rate environment
- Interest rate swaps hedge market value and NIM

**Mortgage derivative hedges**

- Purchased excess servicing strips and fixed IO strips
- Efficient hedge due to positive carry with negative duration
- Seasoning and low loan balance provide call protection in a low rate environment
- MBS derivatives primarily function as a market value hedge as compared to swaps

**Interest Rate Swaps**
( as of March 31, 2012)

| Maturity | Notional Amount | Pay Rate | Receive Rate | Years to Maturity |
|---|---|---|---|---|
| 2013 | $142,000,000 | 0.52% | 0.24% | 1.60 |
| 2014 | 204,500,000 | 1.00% | 0.55% | 2.29 |
| 2015 | 334,025,000 | 1.13% | 0.51% | 3.13 |
| 2016 | 282,500,000 | 1.18% | 0.46% | 4.02 |
| 2017 | 60,000,000 | 1.18% | 0.53% | 4.86 |
| 2018 | 120,000,000 | 1.61% | 0.48% | 6.14 |
| 2019 | 25,000,000 | 1.88% | 0.47% | 6.97 |
| Total / Wtd Avg | $1,168,025,000 | 1.11% | 0.47% | 3.49 |

## Duration gap of the portfolio was approximately 2.2 years as of March 31, 2012

- Duration gap is a measure of the difference in the interest rate sensitivity of our assets and our liabilities
- Hedges include impact of both interest rate swaps and MBS derivatives

| Duration | Years |
|---|---|
| Assets | 3.9 |
| Hedges | -1.6 |
| Repurchase Agreements | -0.1 |
| **Duration Gap** | **2.2** |

### Interest Sensitivity Table

| Change in Interest Rates (bps) | -100 | -75 | -50 | -25 | Base | 25 | 50 | 75 | 100 |
|---|---|---|---|---|---|---|---|---|---|
| Change in Market Value ($ in Millions) | $63.9 | $57.5 | $45.1 | $24.6 | $0.0 | ($27.1) | ($56.1) | ($86.7) | ($118.4) |
| Change in Market Value as a % of Assets | 0.95% | 1.10% | 1.00% | 0.59% | 0.00% | -0.69% | -1.45% | -2.29% | -3.17% |
| Change in Market Value as a % of Equity | 7.72% | 8.95% | 8.19% | 4.78% | 0.00% | -5.60% | -11.87% | -18.67% | -25.88% |
| % Change in Projected Net Interest Income | 4.93% | 4.93% | 4.44% | 2.72% | 0.00% | -2.73% | -5.45% | -8.18% | -10.90% |

- The interest rate sensitivity table above shows the estimated impact of an immediate parallel shift in the yield curve up and down 25, 50, 75 and 100 basis points on the market value of the portfolio as of March 31, 2012

- $11.0 million of net income, or $0.77  per share, fully diluted
  - GAAP net income includes mark-to-market adjustments on our investment portfolio and our hedges
- $10.1 million of Core Earnings[1], or $0.71 per share, fully diluted
  - Core Earnings equals GAAP net income excluding realized and unrealized gains on investments and derivatives
- $0.70 per share dividend declared for the first quarter
- Approximately $0.43 per share[2] of undistributed taxable income as of March 31, 2012
- Net realized gains of $2.4 million, or $0.17 per share
- 2.56% net interest margin[6] as of March 31, 2012

| Operating Metrics[7] | Weighted Average at March 31, 2012 | Weighted Average for the Quarter Ended March 31, 2012 |
|---|---|---|
| Investment portfolio[3] | $2,511,383,920 | $1,975,109,711 |
| Repurchase agreements | $2,234,819,456 | $1,738,485,082 |
| Stockholders' equity | $310,204,171 | $287,263,205 |
| | | |
| Leverage ratio[5] | 7.12x | 6.05x |
| Swap ratio[11] | 53% | 59% |
| | | |
| Yield on investment portfolio[12] | 3.41% | 3.22% |
| Cost of funds[13] | 0.85% | 0.82% |
| Net interest margin[6] | 2.56% | 2.40% |
| Management fees[14] | 1.35% | 1.46% |
| Other operating expenses[15] | 1.05% | 1.13% |

# Footnotes



1 Core Earnings is defined as net income excluding both realized and unrealized gains (losses) on the sale or termination of securities, including those underlying linked transactions and derivatives.

2 Per share figures are calculated using outstanding shares including all shares granted to our Manager and our independent directors under our equity incentive plans as of quarter end.

3 The total investment portfolio is calculated by summing the fair market value of our Agency RMBS, Non-Agency RMBS, CMBS and ABS assets, including linked transactions. The percentage of Agency RMBS and credit investments are calculated by dividing the respective fair market value of each, including linked transactions, by the total investment portfolio.

4 Represents the weighted average monthly CPRs published during the period for our in-place portfolio during the same period.

5 The leverage ratio during the quarter was calculated by dividing our daily weighted average repurchase agreements, including those included in linked transactions, for the period by the weighted average stockholders' equity for the period. The leverage ratio at quarter end is calculated by dividing total repurchase agreements, including those included in linked transactions, plus the net payable/receivable on unsettled trades on our GAAP balance sheet by our GAAP stockholders' equity.

6 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.

7 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 them, including our leverage metrics, we have un-linked the transaction and used the gross presentation as used for all other securities. 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.

8 Leverage includes the effects of unsettled trades and linked transactions for the periods presented.

9 Unpledged cash included as an asset for Agency RMBS.

10 Liquidity is defined as unpledged cash, unpledged Agency RMBS and unpledged credit securities.

# Footnotes (cont'd)

11 The swap ratio during the quarter was calculated by dividing our daily weighted average swap notionals, excluding forward starting swaps, for the period by our daily weighted average repurchase agreements, including those included in linked transactions. The swap ratio at quarter end was calculated by dividing the notional value of our interest rate swaps by total repurchase agreements, including those included in linked transactions, plus the net payable/receivable on unsettled trades.

12 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.

13 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 rate on the repurchase agreements outstanding at period end and the weighted average net pay rate on our interest rate swaps. Both elements of the cost of funds were weighted by the repurchase agreements outstanding at quarter end.

14 The management fee percentage during the quarter was calculated by annualizing the management fees incurred during the quarter and dividing by our weighted average stockholders' equity for the quarter. The management fee percentage at quarter end was calculated by annualizing management fees incurred during the quarter and dividing by quarter-ended stockholders' equity.

15 The other operating expenses percentage during the quarter was calculated by annualizing the other operating expenses incurred 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-ended stockholders' equity.

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