



Supplemental Earnings Presentation
First Quarter 2018
April 25, 2018

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on management's beliefs and assumptions, current expectations, estimates and projections. Such statements are not considered historical facts and are considered forward-looking information under the federal securities laws. This information may contain words such as "believes," "plans," "expects," "intends," "estimates" or similar expressions.

This information is not a guarantee of the Company's future performance and is subject to risks, uncertainties and other important factors that could cause the Company's actual performance or achievements to differ materially from those expressed or implied by this forward-looking information and include, without limitation, changes in interest rates and the yield curve, anticipated earnings, book value volatility, the effect of actual or proposed actions of the U.S. Government and the Federal Reserve (the "Fed"), changes in the constant prepayment rate ("CPR") experienced by the Company's agency residential mortgage-backed securities ("Agency RMBS"), the effects of interest rate swaps, swaptions and caps, short positions, duration estimates, and various other risks and uncertainties related to our business and the economy, some of which are described in our filings with the Securities and Exchange Commission. Given these uncertainties, you should not rely on forward-looking information. Except as required by law, the Company undertakes no obligation to update any forward-looking information, whether as a result of new information, future events or otherwise.

Summary Q1 2018 Results Versus Prior Quarter



Performance Indicator	Current Quarter Q1 2018 Versus Prior Quarter Q4 2017
Yield Curve and Current Investment Environment	During the first quarter of 2018 (the "First Quarter") Agency RMBS prices declined as the 10-Year U.S. Treasury yield increased 33 basis points ("bps") and 30-Year Agency RMBS Option-Adjusted Spreads ("OAS") widened 8 bps, while the yield curve flattened by 6 bps as measured by the difference between 2-Year and 10-Year U.S. Treasuries. At current leverage and hedging levels, levered returns on our target assets currently range from the high-single digits to mid teens.
Book Value Per Common Share	At March 31, 2018, book value per common share of \$7.41 ⁽¹⁾ , a decrease of \$(0.97) per common share from the December 31, 2017 book value per common share of \$8.38 ⁽¹⁾ , after declaring a per share dividend of \$0.22 during the First Quarter.
Dividends Per Common Share	Declared a quarterly dividend per common share of \$0.22 during the First Quarter, down \$0.03 from the fourth quarter of 2017 (the "Prior Quarter"), representing an annualized dividend yield of 13.1% and 12.5%, based upon the closing price per common share of \$6.72 and \$8.03 at March 31, 2018 and December 31, 2017, respectively.
GAAP Net Income (Loss) Available to Common Shareholders	GAAP net income (loss) available to common stockholders of \$(113.7) million, or \$(0.74) per diluted common share, compared to net income of \$3.6 million, or \$0.02 per diluted common share for the Prior Quarter.
Core Earnings, Plus Drop Income	Core Earnings ⁽²⁾ plus Drop Income ⁽³⁾ of \$37.9 million (\$34.0 million Core Earnings and \$3.9 million Drop Income), or \$0.24 per diluted common share (\$0.22 Core Earnings and \$0.02 Drop Income), as compared to \$33.6 million (\$29.0 million Core Earnings and \$4.6 million Drop Income), or \$0.22 per diluted common share (\$0.19 Core Earnings and \$0.03 Drop Income) for the Prior Quarter.
Interest Rate Spread Net of Hedge, Including Drop Income	Interest rate spread net of hedge, including Drop Income, of 1.31% ⁽⁴⁾ for the First Quarter, an 11 bps increase from 1.20% in the Prior Quarter.
Operating Expense Ratio	Operating expense ratio of 1.59% ⁽⁵⁾ (1.48%, excluding \$375K of non-recurring charges), as compared to 1.57% during the Prior Quarter (1.49%, excluding \$330K of non-recurring charges). Non-recurring charges are not necessarily representative of the Company's ongoing operations.
Weighted-Average Amortized Cost	Weighted-average amortized cost of Agency RMBS and U.S. Treasuries ⁽⁶⁾ (collectively, "Debt Securities") of \$102.95 at March 31, 2018, compared to \$102.92 at December 31, 2017.
Leverage and Hedge Ratios	Leverage ratio ⁽⁷⁾ increased to 8.06:1 at March 31, 2018 from 7.33:1 at December 31, 2017. Hedge ratio ⁽⁸⁾ increased to 101% at March 31, 2018, from 99% at December 31, 2017.
Net Duration Gap	Net Duration Gap ⁽⁹⁾ increased to 0.76 years at March 31, 2018, from 0.61 years at December 31, 2017 as our assets extended 0.75 years, which was partially offset by expanding the hedge portfolio and adding \$1.25 billion of notional related to swaptions and establishing an \$800 million 10-Year U.S. Treasury short position.
Weighted-Average Constant Prepayment Rate (CPR)	A weighted-average CPR ⁽¹⁰⁾ of 7.1% for the First Quarter, a decrease of 2.2% from the Prior Quarter.
Total Stockholder Return (Loss) on Common Equity	Total stockholder return (loss) on common equity ⁽¹¹⁾ of (8.95%) and 0.35% for the First Quarter and the Prior Quarter, respectively.

Footnotes appear on page 25.

Key Balance Sheet and Performance Metrics

Key Balance Sheet Metrics (dollars in thousands)	Three Months Ended					
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Average settled Debt Securities ⁽¹⁾	\$ 11,701,609	\$ 11,910,563	\$ 11,335,599	\$ 10,796,064	\$ 10,819,433	\$ 11,484,017
Average total Debt Securities ⁽²⁾	\$ 13,185,053	\$ 13,068,179	\$ 12,722,188	\$ 12,479,401	\$ 12,485,920	\$ 13,207,856
Average repurchase agreements ⁽³⁾	\$ 10,215,763	\$ 10,346,783	\$ 9,820,318	\$ 9,276,572	\$ 9,264,522	\$ 9,905,199
Average Debt Securities liabilities ⁽⁴⁾	\$ 11,699,207	\$ 11,504,399	\$ 11,206,907	\$ 10,959,909	\$ 10,931,009	\$ 11,629,038
Average stockholders' equity ⁽⁵⁾	\$ 1,480,291	\$ 1,581,986	\$ 1,570,974	\$ 1,550,906	\$ 1,539,245	\$ 1,646,903
Average common shares outstanding ⁽⁶⁾	155,198	155,009	152,487	151,729	151,572	151,434
Leverage ratio (at period end) ⁽⁷⁾	8.06:1	7.33:1	7.02:1	7.20:1	7.15:1	7.06:1
Liquidity as % of stockholders' equity ⁽⁸⁾	61%	65%	68%	69%	69%	61%
Hedge ratio ⁽⁹⁾	101%	99%	86%	97%	99%	92%
Net Duration Gap ⁽¹⁰⁾	0.76	0.61	0.79	1.03	0.93	1.02
Book value per common share (at period end) ⁽¹¹⁾	\$7.41	\$8.38	\$8.60	\$8.31	\$8.26	\$8.33
Weighted-average amortized cost of Agency RMBS and U.S. Treasuries ⁽¹²⁾	\$102.95	\$102.92	\$103.01	\$103.31	\$103.26	\$103.78

Key Performance Metrics*	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Average yield on settled Debt Securities ⁽¹³⁾	3.02%	2.73%	2.79%	2.86%	2.71%	2.39%
Average yield on total Debt Securities including Drop Income ⁽¹⁴⁾	2.80%	2.63%	2.71%	2.75%	2.65%	2.32%
Average cost of funds ⁽¹⁵⁾	1.61%	1.36%	1.30%	1.13%	0.92%	0.81%
Average cost of funds and hedge ⁽¹⁶⁾	1.71%	1.59%	1.59%	1.49%	1.28%	1.22%
Adjusted average cost of funds and hedge ⁽¹⁷⁾	1.49%	1.43%	1.39%	1.26%	1.08%	1.04%
Interest rate spread net of hedge ⁽¹⁸⁾	1.31%	1.14%	1.20%	1.37%	1.43%	1.17%
Interest rate spread net of hedge including Drop Income ⁽¹⁹⁾	1.31%	1.20%	1.32%	1.49%	1.57%	1.28%
Operating expense ratio ⁽²⁰⁾	1.59%	1.57%	1.31%	1.40%	1.61%	1.26%
Total stockholder return on common equity ⁽²¹⁾	(8.95%)	0.35%	6.50%	3.63%	2.16%	(12.36%)
CPR: weighted-average experienced 1-month ⁽²²⁾	7.1%	9.3%	9.5%	7.5%	8.1%	14.2%

Footnotes appear on page 25

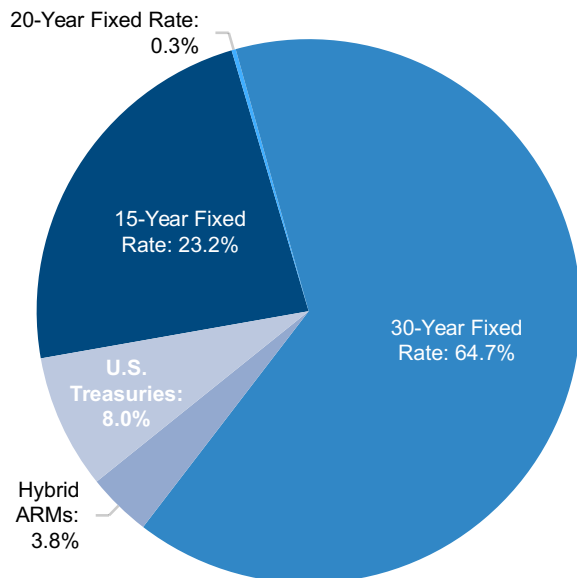
* All percentages are annualized except total stockholder return on common equity.

Q1 2018: Market Data

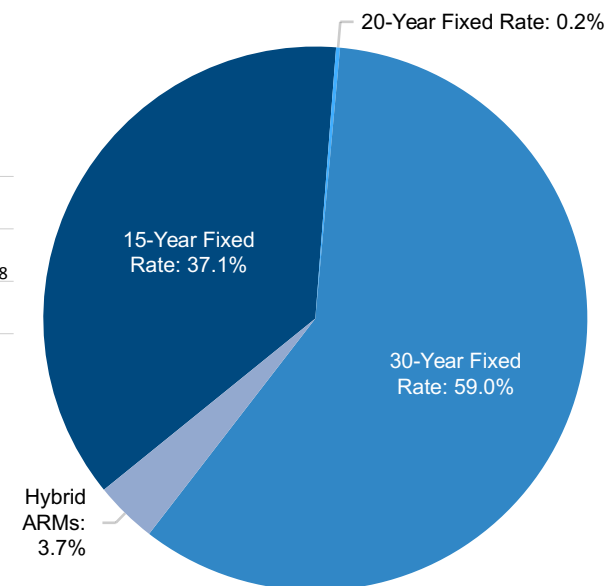
Security \ Index Type	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	Q4 2017 Δ to Q1 2018
15-Year Fannie Mae Fixed Rate RMBS Prices							
3.0%	\$102.48	\$102.55	\$102.61	\$102.73	\$101.89	\$99.80	\$(2.09)
3.5%	\$104.11	\$104.11	\$104.05	\$104.14	\$103.23	\$101.89	\$(1.34)
4.0%	\$102.95	\$103.36	\$103.45	\$103.27	\$102.45	\$102.83	\$0.38
30-Year Fannie Mae Fixed Rate RMBS Prices							
3.5%	\$102.33	\$102.36	\$102.67	\$103.05	\$102.73	\$100.20	\$(2.53)
4.0%	\$104.98	\$104.95	\$105.14	\$105.27	\$104.61	\$102.61	\$(2.00)
4.5%	\$107.39	\$107.30	\$107.27	\$107.33	\$106.42	\$104.70	\$(1.72)
U.S. Treasuries ("UST") Yield							
2-Yr UST	1.19%	1.25%	1.38%	1.48%	1.88%	2.27%	0.39
5-Yr UST	1.93%	1.92%	1.89%	1.94%	2.21%	2.56%	0.35
7-Yr UST	2.25%	2.21%	2.14%	2.17%	2.33%	2.68%	0.35
10-Yr UST	2.44%	2.39%	2.30%	2.33%	2.41%	2.74%	0.33
2-Yr UST to 10-Yr UST Spread	1.25%	1.14%	0.92%	0.85%	0.53%	0.47%	(0.06)
London Interbank Offered Rates ("LIBOR")							
1 Month LIBOR	0.77%	0.98%	1.22%	1.23%	1.56%	1.88%	0.32
3 Month LIBOR	1.00%	1.15%	1.30%	1.33%	1.69%	2.31%	0.62
Swap Rates							
2-Yr Swap	1.45%	1.62%	1.62%	1.74%	2.08%	2.58%	0.50
5-Yr Swap	1.98%	2.05%	1.96%	2.00%	2.24%	2.71%	0.47
7-Yr Swap	2.16%	2.22%	2.11%	2.14%	2.31%	2.73%	0.42
10-Yr Swap	2.34%	2.38%	2.28%	2.29%	2.40%	2.79%	0.39
30- and 15-Year Fannie Mae Yield Spread to Swap Rates							
30-Yr to 7-Yr Swap	0.97%	0.91%	0.92%	0.83%	0.69%	0.73%	0.04
15-Yr to 5-Yr Swap	0.50%	0.43%	0.44%	0.34%	0.27%	0.30%	0.03

Portfolio at Fair Value

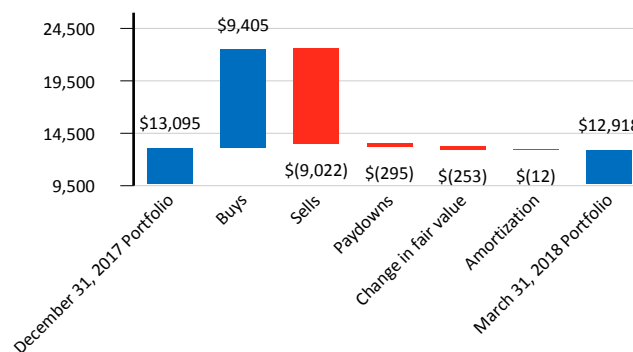
December 31, 2017
\$13.1B Portfolio*



March 31, 2018
\$12.9B Portfolio*



Q1 2018 Portfolio Changes*
(dollars in millions)



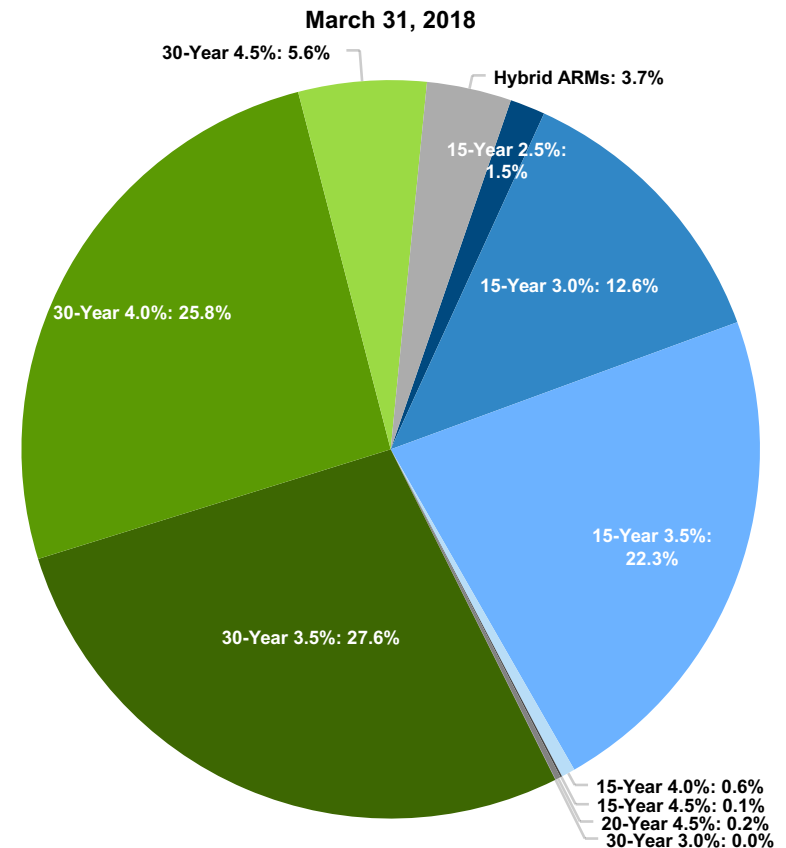
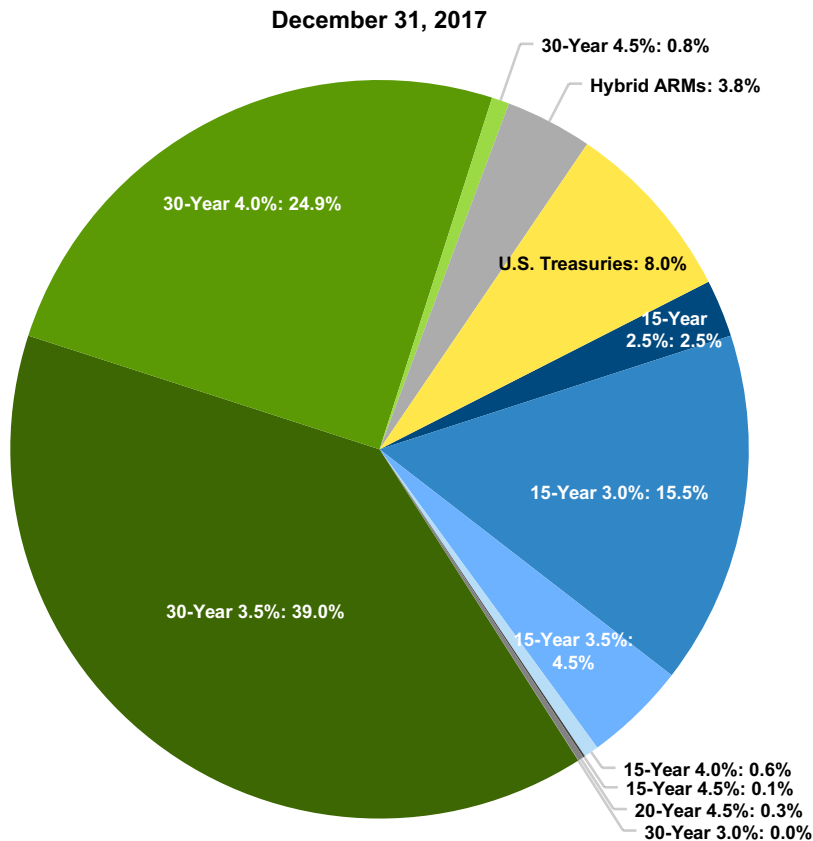
(dollars in thousands)	12/31/2017*	% of Portfolio	3/31/2018*	% of Portfolio	\$ Change	% Change
15-Year Fixed Rate	\$ 3,037,625	23.2%	\$ 4,797,653	37.1%	\$ 1,760,028	13%
20-Year Fixed Rate	32,748	0.3%	30,474	0.2%	(2,274)	—%
30-Year Fixed Rate	8,479,862	64.7%	7,611,158	59.0%	(868,704)	-7%
Hybrid ARMs	498,630	3.8%	479,377	3.7%	(19,253)	—%
U.S. Treasuries	1,046,934	8.0%	—	—%	(1,046,934)	-8%
Total	\$ 13,095,799	100.0%	\$ 12,918,662	100.0%	\$ (177,137)	-2.0%

*Q1 2018 portfolio changes include to be announced ("TBA") dollar roll transactions whereby the Company is not contractually obligated to accept delivery on the settlement date ("TBA Derivatives") (\$3.4 billion, \$2.5 billion, and \$(16.0) million of buys, sells, and change in fair value, respectively). Fair value of net TBA Derivative positions at December 31, 2017 and March 31, 2018 was \$0.5 billion and \$1.4 billion, respectively.

Portfolio Detail as of March 31, 2018 and Prior Quarter Summary

Coupon	Face Value (in 000's)	Fair Value (in 000's)*	Amortized Cost Basis as % of Face Value	Loan Balance ⁽¹⁾ (in 000's)	Loan Age ⁽¹⁾ (in months)	3-Month CPR ^{(1) (2)}	Duration ⁽³⁾
15-Year Agency RMBS							
Weighted-Average							
2.5%	\$203,329	\$199,304	\$102.31	\$195	17	6.8%	4.23
3.0%	1,600,572	1,601,835	102.08	251	32	8.5%	3.60
TBA 3.0%*	25,000	24,967	99.56	n/a	n/a	n/a	3.98
3.5%	1,423,204	1,452,977	102.20	236	28	9.9%	3.37
TBA 3.5%*	1,404,000	1,430,968	102.26	n/a	n/a	n/a	3.45
4.0%	76,005	78,216	100.92	165	85	14.7%	2.56
4.5%	9,089	9,386	101.93	241	98	29.1%	2.07
Subtotal	4,741,199	4,797,653	102.15	239	31	9.0%	3.50
20-Year Agency RMBS							
4.5%	29,007	30,474	102.50	205	92	15.0%	3.16
30-Year Agency RMBS							
3.0%	1,523	1,511	104.36	132	58	0.4%	5.61
3.5%	4,142,241	4,156,213	102.32	335	9	4.9%	5.29
TBA 3.5%*	(600,000)	(601,254)	99.52	n/a	n/a	n/a	(5.12)
4.0%	3,237,899	3,330,276	103.99	330	12	5.1%	4.26
4.5%	90,897	96,158	106.43	267	83	9.6%	3.51
TBA 4.5%*	600,000	628,254	104.45	n/a	n/a	n/a	3.30
Subtotal	7,472,560	7,611,158	103.49	332	11	5.1%	4.68
Agency RMBS Hybrid ARMs							
3.1% ⁽⁴⁾	475,571	479,377	102.42	324	29	7.7%	2.77
Portfolio Total	\$12,718,337	\$12,918,662	\$102.95	\$304	18	6.5%	4.16
As of December 31, 2017							
Coupon	Face Value (in 000's)	Fair Value (in 000's)*	Amortized Cost Basis per Face Value	Loan Balance ⁽¹⁾ (in 000's)	Loan Age ⁽¹⁾ (in months)	3-Month CPR ^{(1) (2)}	Duration ⁽³⁾
15-Year Agency RMBS	\$2,975,397	\$3,037,625	\$102.26	\$242	37	9.7%	3.24
20-Year Agency RMBS	30,692	32,748	102.53	207	89	23.8%	2.74
30-Year Agency RMBS	8,180,601	8,479,862	103.59	316	14	8.7%	3.62
Agency RMBS Hybrid ARMs	488,665	498,630	102.43	323	26	10.3%	2.38
U.S. Treasuries	1,050,000	1,046,934	99.81	n/a	n/a	n/a	2.80
Portfolio Total	\$12,725,355	\$13,095,799	\$102.92	\$295	21	9.2%	3.41

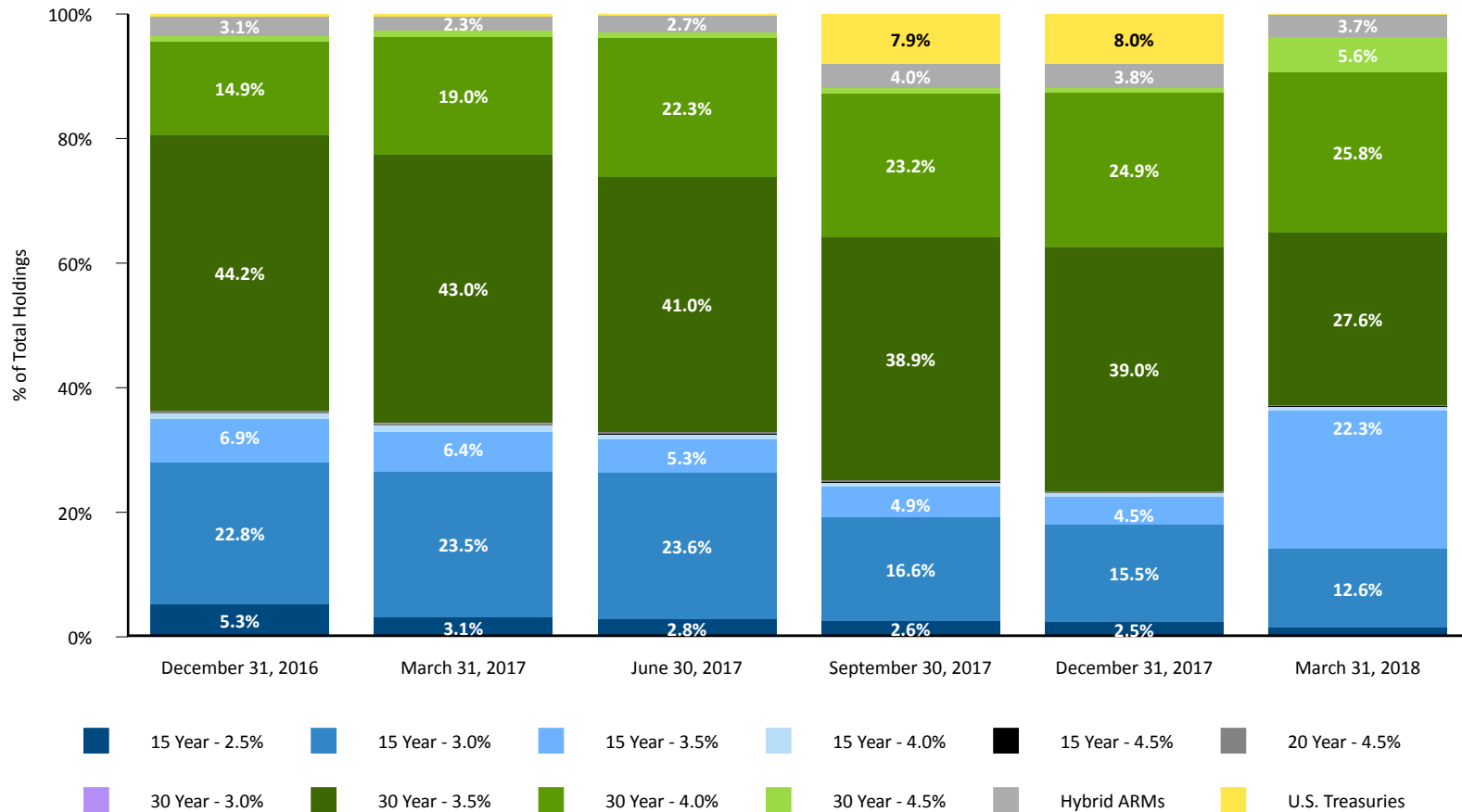
*Includes fair value of net TBA Derivative positions of \$1.4 billion and \$0.5 billion as of March 31, 2018 and December 31, 2017, respectively.



- During the First Quarter, we sold all of our U.S. Treasuries (all 3-Year tenor) and reduced our lower coupon 30-year 3.5% Agency RMBS and 15-Year 2.5% and 3.0% Agency RMBS holdings, and replaced them with higher coupon 15-Year 3.5% and 30-Year 4.5% Agency RMBS. This allowed us to improve the overall portfolio yields and simultaneously reduce the duration on the asset side of the portfolio.
- 30-Year 3.5% Agency RMBS represent 27.6% of our portfolio at March 31, 2018, down from 39% at December 31, 2017.
- 15-Year 3.5% Agency RMBS represent 22.3% of our portfolio at March 31, 2018, up from 4.5% at December 31, 2017.

*Includes fair value of net TBA Derivative positions of \$0.5 billion and \$1.4 billion as of December 31, 2017 and March 31, 2018, respectively.

Portfolio Composition Trends*



*Includes fair value of net TBA Derivative positions of \$(0.3) billion, \$1.4 billion, \$0.9 billion, \$(0.2) billion, \$0.5 billion and \$1.4 billion as of December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017, December 31, 2017 and March 31, 2018, respectively.

Interest Rate Swaps and Caps												
March 31, 2018							December 31, 2017					
Interest Rate Swaps - Maturity	Notional Amount (in 000's)	Fair Value (in 000's)	Weighted-Average				Notional Amount (in 000's)	Fair Value (in 000's)	Weighted-Average			
			Duration ⁽¹⁾	Pay Rate	Receive Rate	Net Pay Rate			Duration ⁽¹⁾	Pay Rate	Receive Rate	Net Pay Rate
≤ 3 Years	\$ 2,250,000	\$57,267	(2.25)	1.60	1.83	(0.23)	\$ 3,250,000	\$34,990	(1.78)	1.41	1.41	—
> 3 to ≤ 5 Years	3,200,000	110,880	(3.38)	1.64	1.92	(0.28)	3,200,000	61,593	(3.68)	1.64	1.47	0.17
> 5 to ≤ 7 Years	625,000	31,874	(5.53)	1.88	2.02	(0.14)	625,000	16,567	(5.92)	1.88	1.50	0.38
> 7 to ≤ 10 Years	400,000	19,919	(7.82)	2.21	2.14	0.07	400,000	7,004	(8.33)	2.21	1.60	0.61
Interest Rate Swaps Subtotal	\$ 6,475,000	\$219,940	(3.47)	1.69	1.91	(0.22)	\$ 7,475,000	\$120,154	(3.29)	1.59	1.45	0.14
Interest Rate Caps - Maturity												
≤ 3 Years	\$ 2,500,000	\$54,669	(1.76)	1.28	2.02	(0.74)	\$ 2,500,000	\$39,466	(1.97)	1.28	1.37	(0.09)
Interest Rate Caps Subtotal	\$ 2,500,000	\$54,669	(1.76)	1.28	2.02	(0.74)	\$ 2,500,000	\$39,466	(1.97)	1.28	1.37	(0.09)
Total Interest Rate Swaps and Caps (net pay\receive) rate shown)	\$ 8,975,000	\$274,609	(2.99)			(0.37)	\$ 9,975,000	\$159,620	(2.96)			0.08

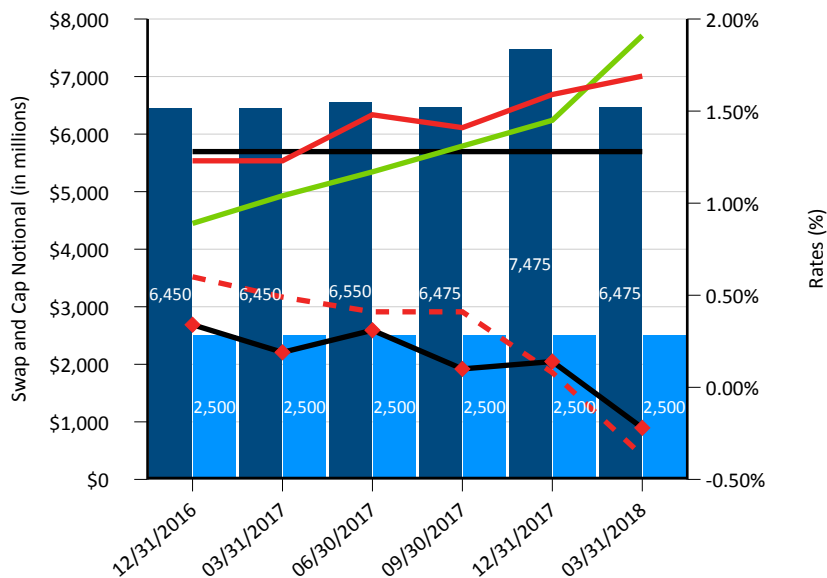
Swaptions												
March 31, 2018						December 31, 2017						
Maturity	Notional Amount (in 000's)	Fair Value (in 000's)	Premium (in 000's)	Weighted-Average			Notional Amount (in 000's)	Fair Value (in 000's)	Premium (in 000's)	Weighted-Average		
				Duration ⁽¹⁾	Pay Rate	Swap Term (Years)				Duration ⁽¹⁾	Pay Rate	Swap Term (Years)
≤ 3 Years	\$ 1,250,000	\$4,876	\$10,393	(2.19)	2.89	7.00	\$ —	\$—	—	—	—	—

U.S. Treasury Short Positions						
March 31, 2018				December 31, 2017		
	Notional Amount (in 000's)	Fair Value (in 000's)	Duration ⁽¹⁾	Notional Amounts (in 000's)	Fair Value (in 000's)	Duration ⁽¹⁾
Total	\$ 800,000	\$(767,062)	(8.04)	\$ —	\$—	—

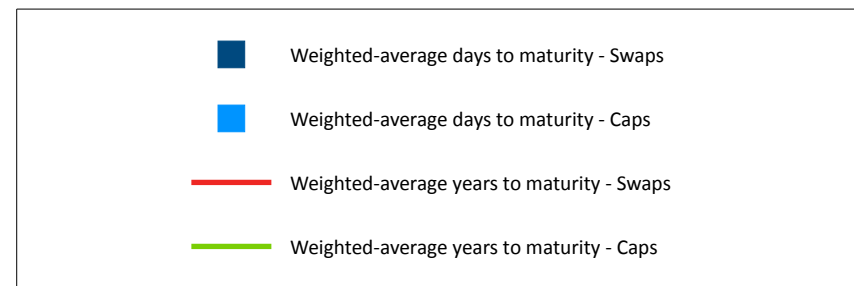
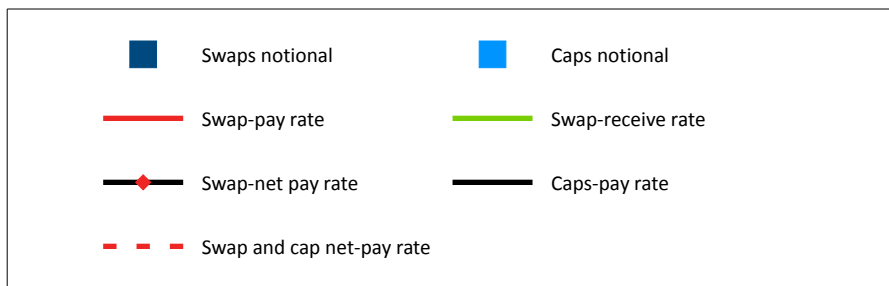
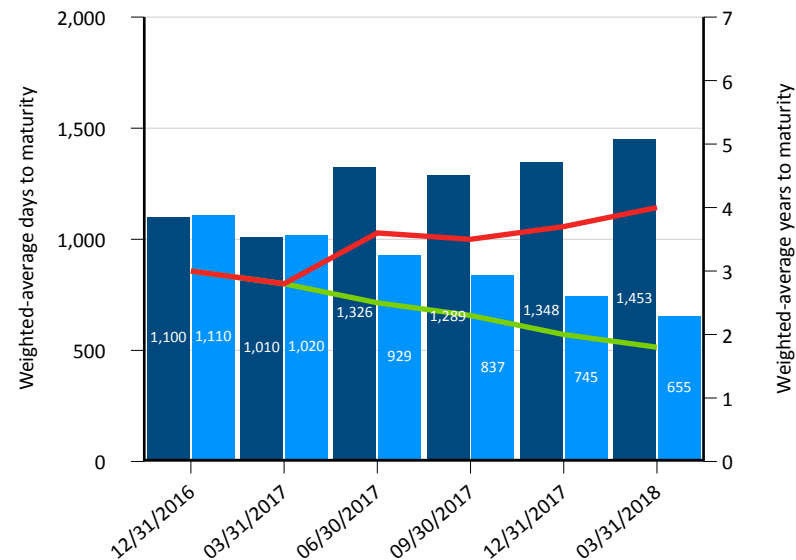
- In an effort to reduce book value volatility in a rising interest rate environment, during the First Quarter we expanded the size and composition of the hedge portfolio and added \$1.25 billion in notional of swaptions and established an \$800 million 10-Year U.S. Treasury short position.

Interest Rate Swap and Cap Cost and Maturity Trends

Interest Rate Swap and Cap and Cost Trends



Maturity Trends



- During the First Quarter, we continued to benefit from an increase in 3-month LIBOR, resulting in a 45 bps decrease in our swap and cap net pay (receive) rate to (0.37) at March 31, 2018.
- At March 31, 2018, all of our caps and most of our swaps were cash flow positive to us. Effective June 2018, we expect that all of our existing swap and cap portfolio at March 31, 2018 will be cash flow positive to us, assuming 3-Month LIBOR remains at current levels.

Sensitivity Analysis and Duration Gap

Interest Rate Sensitivity ⁽¹⁾ March 31, 2018				
Interest Rate Change (bps)	Projected Change in Net Income	Projected Change in the Fair Value of Our Investments	Projected Change in Stockholders' Equity	Net Duration Gap ⁽³⁾
-75	17.28% ⁽²⁾	0.46%	4.00%	(0.16)
-50	11.20% ⁽²⁾	0.46%	4.01%	0.19
-25	5.57% ⁽²⁾	0.30%	2.60%	0.52
—	—%	—%	—%	0.76
25	(5.48)% ⁽²⁾	(0.38)%	(3.32)%	0.92
50	(10.96)% ⁽²⁾	(0.82)%	(7.17)%	1.07
75	(16.43)% ⁽²⁾	(1.33)%	(11.66)%	1.23

Interest Rate Sensitivity ⁽¹⁾ December 31, 2017				
Interest Rate Change (bps)	Projected Change in Net Income	Projected Change in the Fair Value of Our Investments	Projected Change in Stockholders' Equity	Net Duration Gap ⁽³⁾
-75	55.95% ⁽²⁾	0.12%	1.02%	(0.32)
-50	43.10% ⁽²⁾	0.21%	1.74%	(0.06)
-25	30.25% ⁽²⁾	0.18%	1.54%	0.24
—	—%	—%	—%	0.61
25	(12.16)% ⁽²⁾	(0.34)%	(2.89)%	0.96
50	(24.31)% ⁽²⁾	(0.82)%	(6.93)%	1.24
75	(38.32)% ⁽²⁾	(1.41)%	(11.91)%	1.47

- The net duration gap increased to 0.76 in the First Quarter, largely in response to an increase in bond yields, which served to extend the duration of our assets.
- The asset portfolio duration extension during the First Quarter was mitigated in part by changes in the nature and size of our hedge portfolio. Refer to page 13 for more details regarding changes in duration during the First Quarter.
- We expect the hedge portfolio repositioning to reduce book value volatility in a +75 bps interest rate change, despite the asset duration extension noted above.

Net Duration Gap

Net Duration Gap ⁽¹⁾					
(dollars in thousands)					
		March 31, 2018		December 31, 2017	
Component	Duration (Years)	Notional (Face Value)	Duration (Years)	Notional (Face Value)	
Agency RMBS and U.S. Treasuries	4.16	\$ 12,718,337	3.41	\$ 12,725,355	
Interest rate swaps	(3.47)	\$ 6,475,000	(3.29)	\$ 7,475,000	
Interest rate caps	(1.76)	2,500,000	(1.97)	2,500,000	
Swaptions	(2.19)	1,250,000	—	—	
U.S. Treasury short position	(8.04)	800,000	—	—	
Net Duration Gap (years)	0.76		0.61		

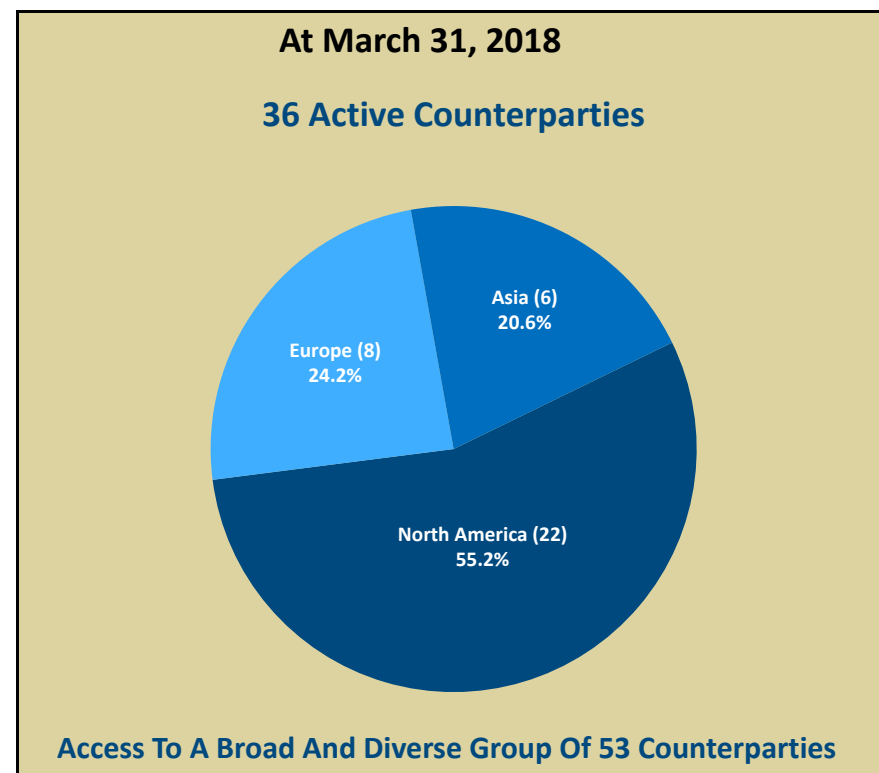
- Despite repositioning a portion of the asset portfolio into lower tenors, the increase in bond yields and widening of Agency RMBS spreads during the First Quarter resulted in a 0.75 increase in the asset portfolio duration.
- During the First Quarter, we expanded the nature and size of our hedge portfolio by adding \$1.25 billion of swaptions and establishing an \$800 million 10-Year U.S. Treasury short position. These changes are expected to reduce book value volatility in a rising interest rate environment.

(1) Net duration gap is calculated as a weighted-average of the total portfolio including the aggregate notional amount on our interest rate swaps, swaptions, caps and U.S. Treasury short position using DV01 methodology. Duration estimates in the table are calculated utilizing Yield Book® software and may reflect adjustments based on our judgment.

Financing Summary

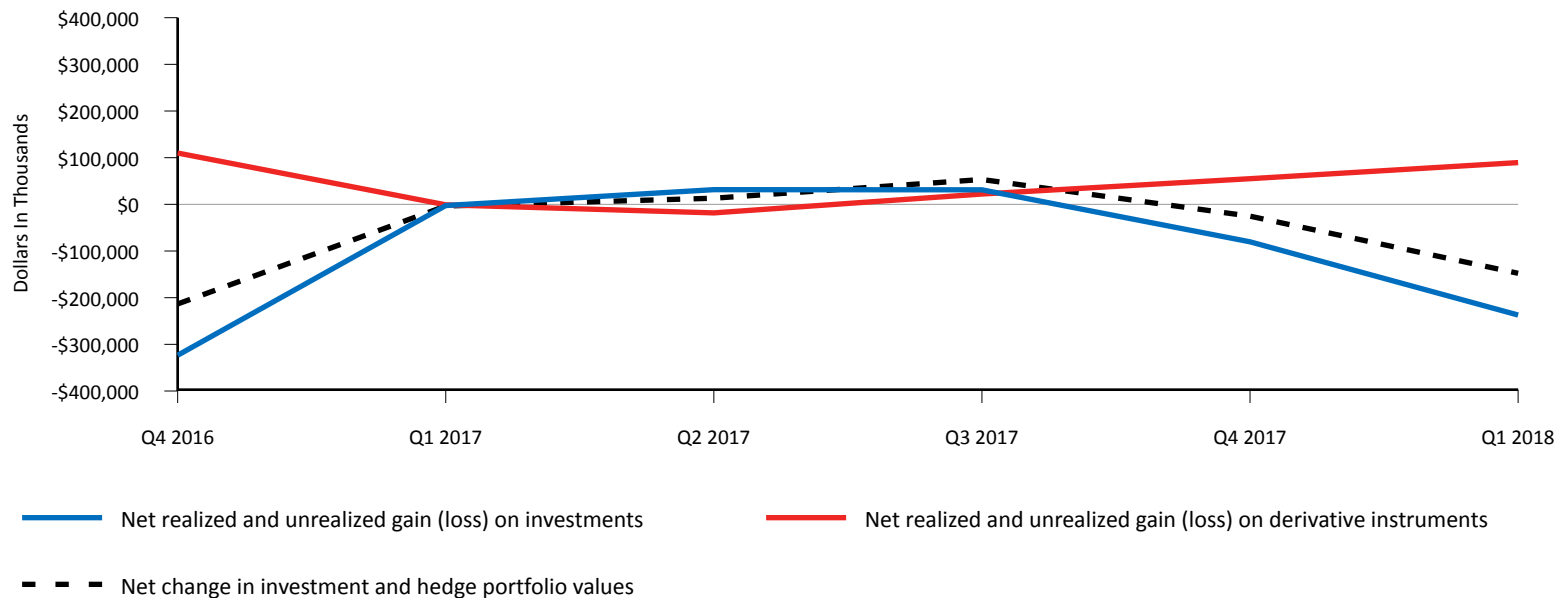
Repo Borrowings Collateralized with Agency RMBS and U.S. Treasuries As of March 31, 2018					
Original Days to Maturity	Repo Borrowings Outstanding (in 000's)	Percentage of Total	Weighted-Average Interest Rate	Weighted-Average Remaining Days to Maturity	Weighted-Average Original Days to Maturity
Agency RMBS					
≤ 30 Days	\$ 1,344,656	13%	1.87%	11	23
> 30 to ≤ 60 Days	2,034,393	20%	1.70%	14	46
> 60 Days	6,705,594	67%	1.73%	88	165
Total/ Wtd.-Avg.	\$ 10,084,643	100%	1.74%	63	122

As of December 31, 2017					
Original Days to Maturity	Repo Borrowings Outstanding (in 000's)	Percentage of Total	Weighted-Average Interest Rate	Weighted-Average Remaining Days to Maturity	Weighted-Average Original Days to Maturity
Total/ Wtd.-Avg.	\$ 10,089,917	100%	1.42%	51	127



- At March 31, 2018, the Company had borrowings from repurchase agreements ("repo borrowings") outstanding with 36 counterparties and repurchase agreements in place with a total of 53 counterparties.
- The weighted-average interest rate on outstanding repo borrowings was 1.74% at March 31, 2018, a 32 bps increase from 1.42% at December 31, 2017, as a direct result of the Fed's rate hike in March 2018.

Investment and Hedge Portfolio Performance Trends



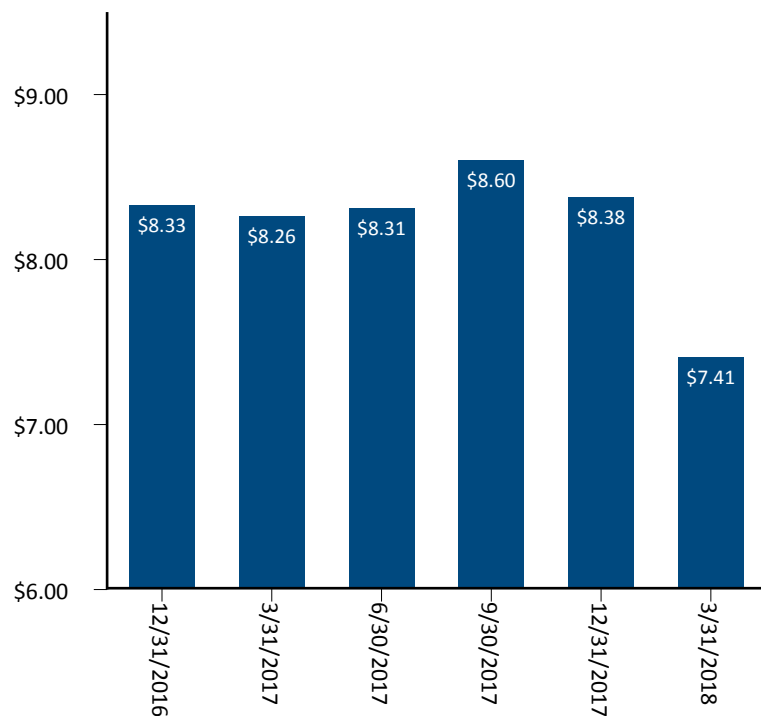
Net Change in Investment and Hedge Portfolio						
(dollars in thousands)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Net realized and unrealized gain (loss) on investments	\$(323,414)	\$(2,566)	\$31,468	\$31,122	\$(80,298)	\$(237,200)
Net realized and unrealized gain (loss) on derivative instruments*	109,951	(1,012)	(18,324)	22,117	54,969	89,468
Net change in investment and hedge portfolio	\$(213,463)	\$(3,578)	\$13,144	\$53,239	\$(25,329)	\$(147,732)

- During the First Quarter, Agency RMBS prices experienced a sharp decline as the 10-year U.S. Treasury yield rose 33 bps and 30-Year Agency RMBS Spreads widened 8 bps.
- Our hedge portfolio increased in value during the First Quarter, largely in response to an increase in swap rates.

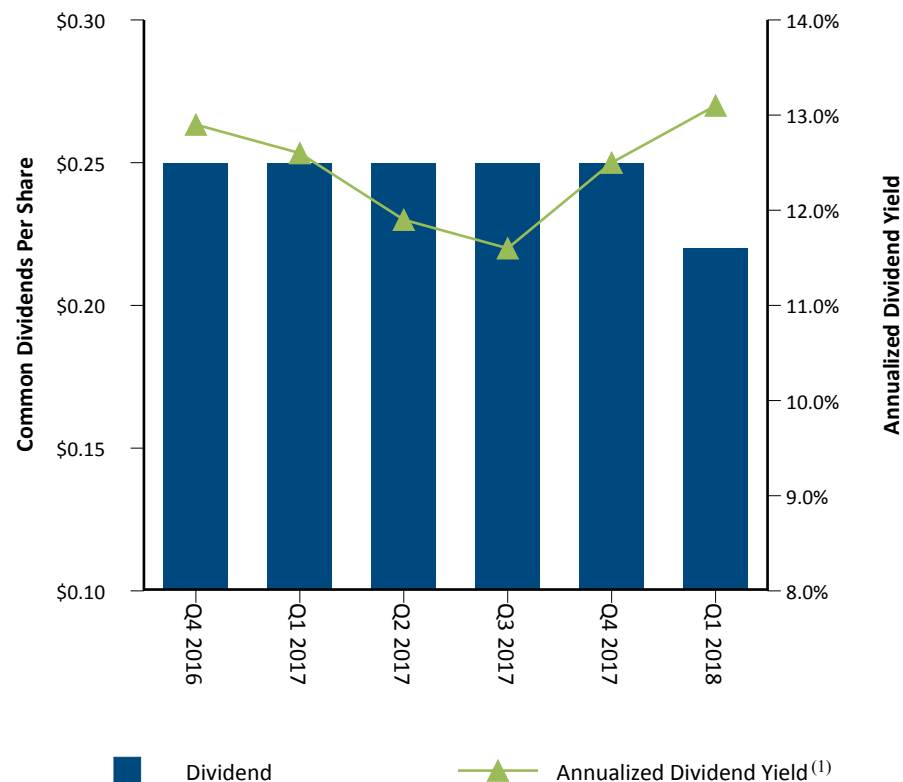
* Net realized and unrealized gain (loss) on derivative instruments includes net realized and unrealized gain (loss) on TBA Derivatives of \$(16.0) million, \$(2.3) million, \$5.9 million, \$10.1 million, \$(8.2) million, and \$(47.1) million in the First Quarter, Q4 2017, Q3 2017, Q2 2017, Q1 2017 and Q4 2016, respectively.

Book Value and Common Stock Dividend Trends

Book Value Per Common Share



Common Stock Dividends

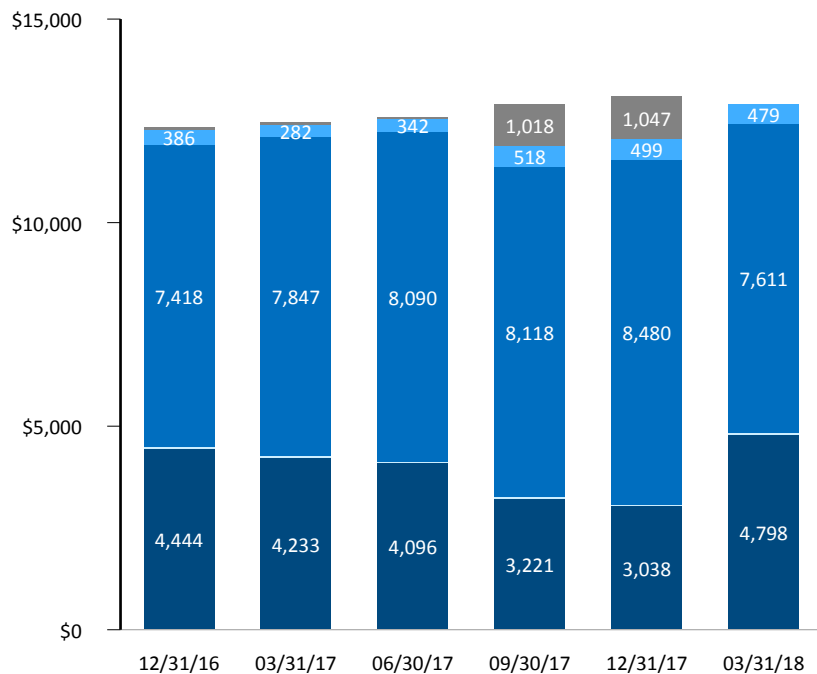


(1) The annualized dividend yield is calculated using the stock price at the respective quarter end.

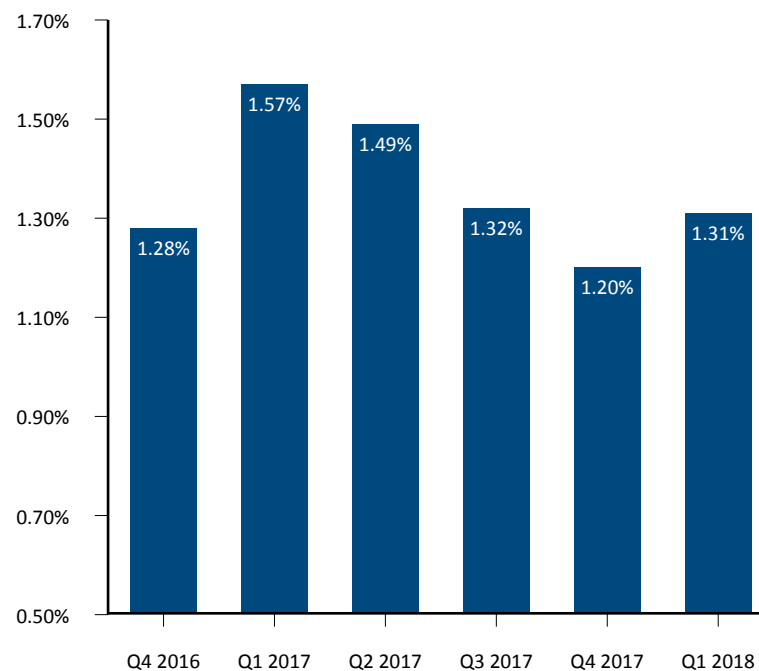
Portfolio & Interest Rate Spread Trends

Debt Securities Portfolio at Fair Value

(dollars in millions)

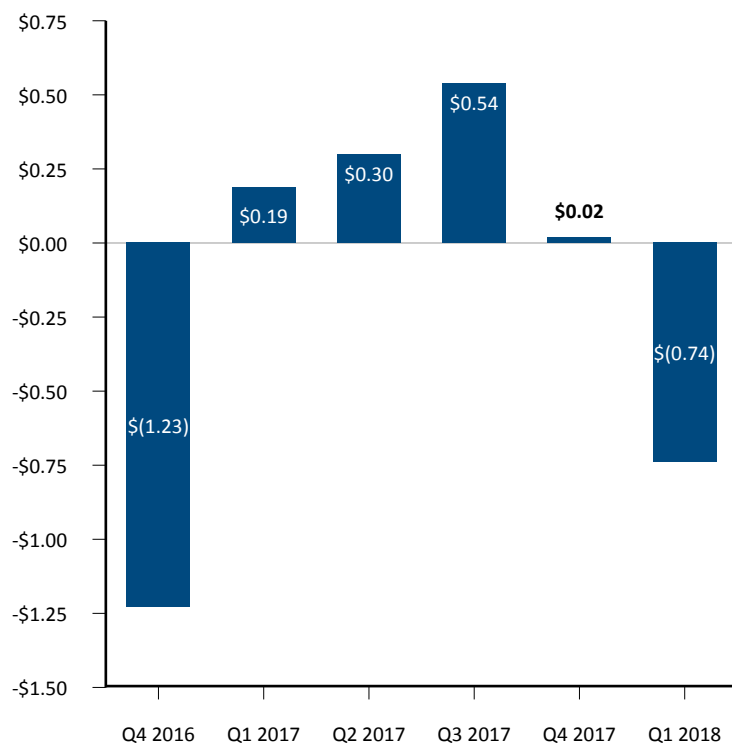


Interest Rate Spread Net of Hedge Including Drop Income

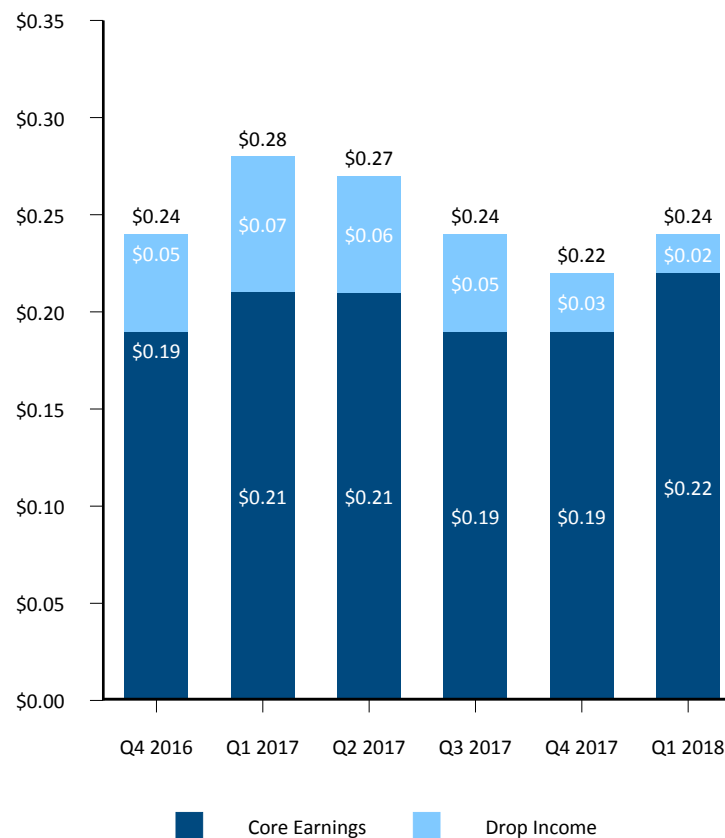


GAAP Net Income and Core Earnings, Plus Drop Income

GAAP Net Income (Loss) Per Common Share

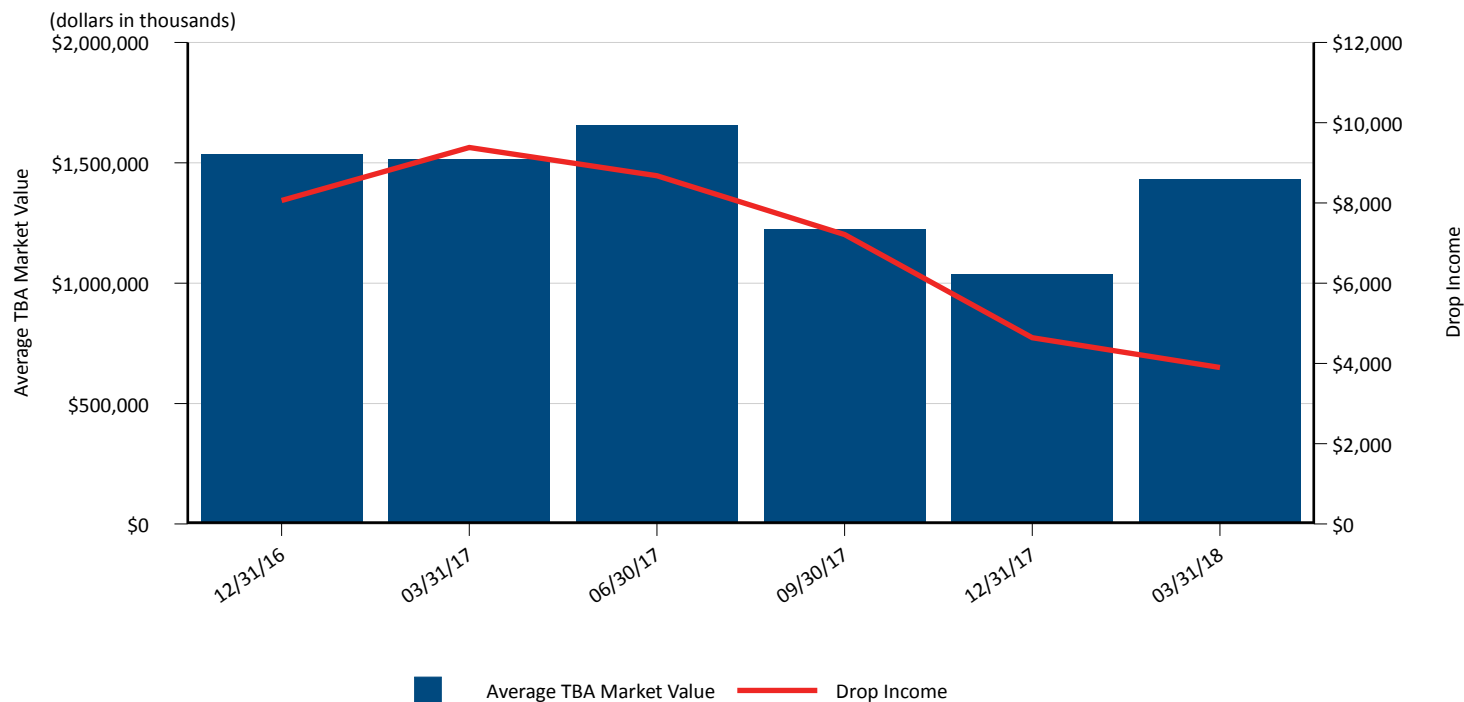


Core Earnings⁽¹⁾, Plus Drop Income Per Common Share



(1) A reconciliation of the non-GAAP financial measure Core Earnings can be found on page 23.

TBA and Drop Income Trends*



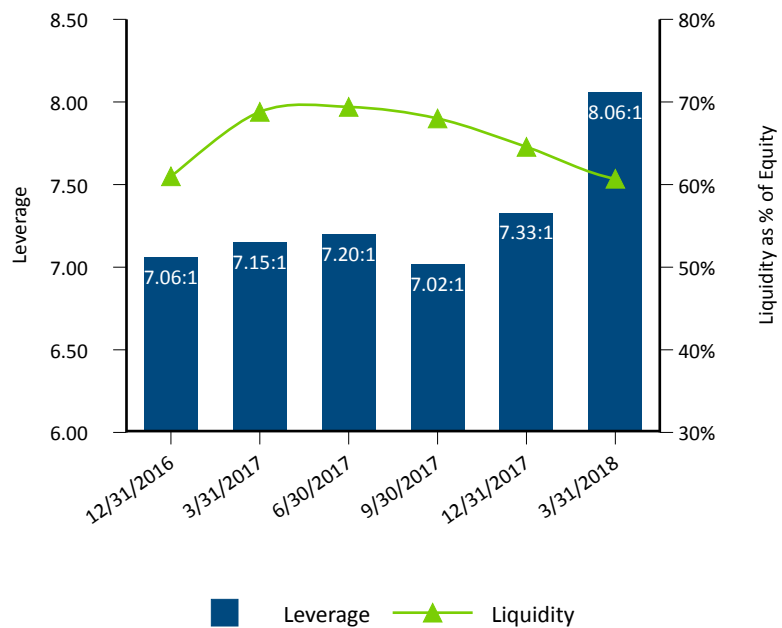
Average TBA Market Values and Drop Income						
(dollars in thousands)						
	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Average TBA Market Value*	\$ 1,534,878	\$ 1,513,532	\$ 1,657,271	\$ 1,224,175	\$ 1,034,786	\$ 1,430,334
Drop Income	\$ 8,061	\$ 9,382	\$ 8,678	\$ 7,212	\$ 4,641	\$ 3,899

- The decline in Drop Income during the First Quarter relative to the Prior Quarter is attributable to a combination of the timing of TBA trades, more forward sales, and less specialness (i.e. implied financing rate) during the First Quarter relative to the Prior Quarter.

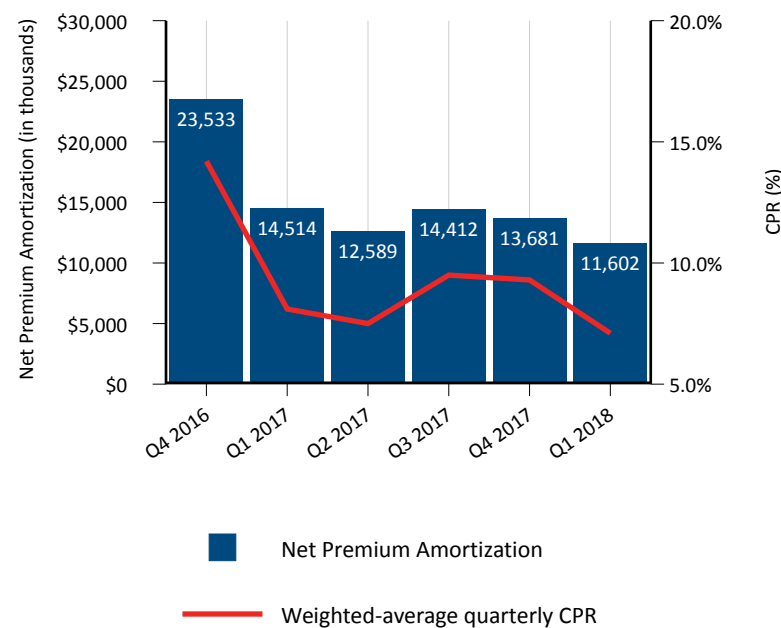
*Includes fair value of net TBA Derivative positions of \$1.4 billion, \$0.5 billion, \$(0.2) billion, \$0.9 billion, \$1.4 billion and \$(0.3) billion as of March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017 and December 31, 2016, respectively.

Leverage, Liquidity, Amortization and CPR Trends

Leverage and Liquidity at Quarter-End*



Amortization and CPR



* Leverage includes net TBA Derivative positions of \$1.4 billion, \$0.5 billion, \$(0.2) billion, \$0.9 billion, \$1.4 billion, and \$(0.3) billion as of March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017 and December 31, 2016, respectively.

Consolidated Balance Sheets

(dollars in 000's, except per share data)	As of					
	03/31/2018	12/31/2017 ⁽¹⁾	09/30/2017	06/30/2017	03/31/2017	12/31/2016 ⁽¹⁾
Assets:	(Unaudited)		(Unaudited)		(Unaudited)	
Cash	\$ 6,206	\$ 4,132	\$ 804	\$ 1,264	\$ 584	\$ 1,260
Investments in securities, at fair value:						
Agency RMBS	11,535,960	11,587,720	12,092,527	11,705,696	11,011,163	12,599,045
U.S. Treasury securities	—	1,046,934	1,017,964	24,841	49,688	49,686
Receivable for securities sold and principal repayments	287,360	301,398	157,730	689	573	409,849
Receivable for reverse repurchase agreements	767,422	—	—	—	—	—
Receivable for cash pledged as collateral	—	—	—	—	—	600
Interest receivable	38,559	32,890	33,385	32,340	31,401	31,825
Derivative assets, at fair value	281,528	159,629	107,588	92,520	136,552	142,556
Other investments	9,765	9,765	8,028	8,028	8,028	8,028
Other assets	3,461	3,114	3,511	4,038	2,929	2,419
Total assets	\$ 12,930,261	\$ 13,145,582	\$ 13,421,537	\$ 11,869,416	\$ 11,240,918	\$ 13,245,268
Liabilities and stockholders' equity:						
Liabilities:						
Repurchase agreements	\$ 10,084,643	\$ 10,089,917	\$ 10,383,226	\$ 9,370,845	\$ 9,015,594	\$ 9,691,544
Obligation to return securities borrowed under reverse repurchase agreements, at fair value	767,062	—	—	—	—	—
Payable for securities purchased	307,247	1,290,805	1,264,639	817,597	524,482	1,881,963
Payable for cash received as collateral	245,732	139,614	77,326	64,402	101,819	91,503
Accrued interest payable	47,911	41,468	34,007	28,810	25,457	27,908
Accrued expenses and other liabilities	2,371	4,969	4,058	3,045	3,559	6,170
Dividends payable	38,601	4,410	43,158	42,342	42,337	4,410
Derivative liabilities, at fair value	9,749	152	6,586	6,725	—	6,051
Total liabilities	\$ 11,503,316	11,571,335	11,813,000	10,333,766	9,713,248	11,709,549
Stockholders' equity:						
Preferred Stock, \$0.01 par value, 50,000 shares authorized:						
7.75% Series A Cumulative Redeemable Preferred Stock, (3,000 shares issued and outstanding, respectively, \$75,000 in aggregate liquidation preference)	\$ 72,369	\$ 72,369	\$ 72,369	\$ 72,369	\$ 72,369	\$ 72,369
7.50% Series B Cumulative Redeemable Preferred Stock, (8,000 shares issued and outstanding, respectively, \$200,000 in aggregate liquidation preference)	193,531	193,531	193,531	193,531	193,531	193,531
Common Stock, \$0.01 par value, 500,000 shares authorized (155M, 155M, 155M, 152M, 152M and 151M shares issued and outstanding, respectively)	1,554	1,550	1,550	1,517	1,517	1,514
Additional paid in capital	1,976,906	1,976,310	1,975,476	1,946,856	1,945,966	1,944,908
Retained earnings (accumulated deficit)	(817,415)	(669,513)	(634,389)	(678,623)	(685,713)	(676,603)
Total stockholders' equity	1,426,945	1,574,247	1,608,537	1,535,650	1,527,670	1,535,719
Total liabilities and stockholders' equity	\$ 12,930,261	\$ 13,145,582	\$ 13,421,537	\$ 11,869,416	\$ 11,240,918	\$ 13,245,268
Book value per common share	\$ 7.41	\$ 8.38	\$ 8.60	\$ 8.31	\$ 8.26	\$ 8.33

(1) Derived from audited consolidated financial statements.

Consolidated Statements of Operations

(dollars in 000's, except per share data) (Unaudited)	Three Months Ended					
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Interest income:						
Agency RMBS	\$ 85,986	\$ 75,358	\$ 78,809	\$ 77,027	\$ 73,227	\$ 66,996
Other	2,692	6,063	152	61	86	1,572
Total interest income	88,678	81,421	78,961	77,088	73,313	68,568
Interest expense:						
Repurchase agreements	41,117	35,242	31,971	26,182	21,221	20,168
Total interest expense	41,117	35,242	31,971	26,182	21,221	20,168
Net interest income	47,561	46,179	46,990	50,906	52,092	48,400
Other income (loss):						
Net realized gain (loss) on investments	(71,191)	(23,647)	(5,215)	(19,831)	(66,044)	(36,253)
Net unrealized gain (loss) on investments	(166,009)	(56,651)	36,337	51,299	63,478	(287,161)
Other income	39	39	38	39	47	203
Net realized and unrealized gain (loss) on investments and other income	(237,161)	(80,259)	31,160	31,507	(2,519)	(323,211)
Interest rate hedge expense, net	(2,508)	(5,841)	(6,948)	(8,434)	(8,327)	(10,128)
Net realized and unrealized gain (loss) on derivative instruments	89,468	54,969	22,117	(18,324)	(1,012)	109,951
Net gain (loss) on derivative instruments	86,960	49,128	15,169	(26,758)	(9,339)	99,823
Total other income (loss)	(150,201)	(31,131)	46,329	4,749	(11,858)	(223,388)
Expenses:						
Compensation and benefits	3,192	3,985	2,994	3,004	3,776	1,885
General, administrative and other	2,676	2,232	2,140	2,426	2,438	3,287
Total operating expenses	5,868	6,217	5,134	5,430	6,214	5,172
Net income (loss)	\$ (108,508)	\$ 8,831	\$ 88,185	\$ 50,225	\$ 34,020	\$ (180,160)
Dividends on preferred stock	(5,203)	(5,203)	(5,203)	(5,203)	(5,203)	(5,203)
Net income (loss) available to common stockholders	\$ (113,711)	\$ 3,628	\$ 82,982	\$ 45,022	\$ 28,817	\$ (185,363)
Net income (loss) per common share	\$ (0.74)	\$ 0.02	\$ 0.54	\$ 0.30	\$ 0.19	\$ (1.23)

Reconciliation of Non-GAAP Measure Core Earnings, Plus Drop Income

Core Earnings:

The following table reconciles net income to Core Earnings, a non-GAAP financial measure, and summarizes Core Earnings, plus Drop Income for the periods presented.

(dollars in 000's, except per share data) (Unaudited)	Three Months Ended					
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Net income (loss) available to common stockholders	\$ (113,711)	\$ 3,628	\$ 82,982	\$ 45,022	\$ 28,817	\$ (185,363)
Net realized (gain) loss on investments	71,191	23,647	5,215	19,831	66,044	36,253
Net unrealized (gain) loss on investments	166,009	56,651	(36,337)	(51,299)	(63,478)	287,161
Net realized and unrealized (gain) loss on derivative instruments	(89,468)	(54,969)	(22,117)	18,324	1,012	(109,951)
Core Earnings ⁽¹⁾	\$ 34,021	\$ 28,957	\$ 29,743	\$ 31,878	\$ 32,395	\$ 28,100
Core Earnings per average share	\$ 0.22	\$ 0.19	\$ 0.19	\$ 0.21	\$ 0.21	\$ 0.19
Drop Income ⁽²⁾	\$ 3,899	\$ 4,641	\$ 7,212	\$ 8,678	\$ 9,382	\$ 8,061
Drop Income per average share	\$ 0.02	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.07	\$ 0.05
Core Earnings, plus Drop Income	\$ 37,920	\$ 33,598	\$ 36,955	\$ 40,556	\$ 41,777	\$ 36,161
Core Earnings, plus Drop Income per share	\$ 0.24	\$ 0.22	\$ 0.24	\$ 0.27	\$ 0.28	\$ 0.24

Footnotes appear on page 27.

Reconciliation of Non-GAAP Measure: Economic Net Interest Income and Economic Interest Expense



Economic Net Interest Income and Economic Interest Expense:

The table below provides GAAP measures of net interest income and total interest expense and details with respect to reconciling the aforementioned line items on a non-GAAP basis for each respective period.

(dollars in 000's) (Unaudited)	Three Months Ended					
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Net interest income	\$ 47,561	\$ 46,179	\$ 46,990	\$ 50,906	\$ 52,092	\$ 48,400
Interest rate hedge expense, net	2,508	5,841	6,948	8,434	8,327	10,128
Economic Net Interest Income ⁽¹⁾	\$ 45,053	\$ 40,338	\$ 40,042	\$ 42,472	\$ 43,765	\$ 38,272
Total interest expense	\$ 41,117	\$ 35,242	\$ 31,971	\$ 26,182	\$ 21,221	\$ 20,168
Interest rate hedge expense, net ⁽²⁾	2,508	5,841	6,948	8,434	8,327	10,128
Economic Interest Expense ⁽³⁾	\$ 43,625	\$ 41,083	\$ 38,919	\$ 34,616	\$ 29,548	\$ 30,296

Footnotes appear on page 27.

Footnotes: Pages 3 and 4

Footnotes Page 3, Summary Q1 2018 Results Versus Prior Quarter

1. Book value per common share is calculated by dividing total stockholders' equity, less the liquidation value of preferred stock at period end, by common shares outstanding at period end.
2. Core Earnings is defined as net income (loss) available to common stockholders, excluding net realized and unrealized gain (loss) on investments and derivative instruments. See reconciliation of net income (loss) to Core Earnings on page 23.
3. Drop Income is a component of our net realized and unrealized gain (loss) on investments and derivative instruments on our Consolidated Statements of Operations and, therefore, is excluded from Core Earnings. Drop Income is the difference between the spot price and the forward settlement price for the same security on the trade date. This difference is also the economic equivalent of the assumed net interest margin (yield minus financing costs) of the bond from trade date to settlement date. We derive Drop Income through utilization of forward settling transactions.
4. The interest rate spread net of hedge, including Drop Income, for the period is calculated by subtracting adjusted average cost of funds and hedge from average yield on Debt Securities including Drop Income.
5. The operating expense ratio for the period is calculated by dividing annualized operating expenses by average stockholders' equity.
6. The weighted-average amortized cost of Agency RMBS and U.S. Treasuries is calculated using the weighted-average amortized cost by security divided by the current face value at period end.
7. The leverage ratio is calculated by dividing (i) the Company's repurchase agreements balances plus payable for securities purchased minus receivable for securities sold, plus or minus net TBA Derivative positions by (ii) stockholders' equity.
8. The hedge ratio for the period is calculated by dividing the combined total interest rate swaps, swaptions and interest rate caps notional amount by total repurchase agreements.
9. Net duration gap is calculated as a weighted-average of the total portfolio including the aggregate notional amount on our interest rate swaps, swaptions, caps and U.S. Treasury short positions using DV01 methodology. Duration estimates in the table are calculated utilizing Yield Book® software and may reflect adjustments based on our judgment.
10. The CPR represents the weighted-average 1-month actual experienced CPR of the Company's Agency RMBS during the respective period.
11. The total stockholder return on common equity is calculated as the change in book value plus dividend distribution on common stock divided by book value at the beginning of the respective period.

Footnotes Page 4, Key Balance Sheet and Performance Metrics

1. The average settled Debt Securities is calculated by averaging the month-end cost basis of settled Debt Securities during the period.
2. The average total Debt Securities is calculated by averaging the month-end cost basis of total Debt Securities and unsettled Debt Securities (inclusive of TBA Derivatives) during the period.
3. The average repurchase agreements balance is calculated by averaging the month-end repurchase agreements balance during the period.
4. The average Debt Securities liabilities are calculated by adding the average month-end repurchase agreements balance plus average unsettled Debt Securities (inclusive of TBA Derivatives) during the period.
5. The average stockholders' equity is calculated by averaging the month-end stockholders' equity during the period.
6. The average common shares outstanding is calculated by averaging the daily common shares outstanding during the period.
7. The leverage ratio is calculated by dividing (i) the Company's repurchase agreements balances plus payable for securities purchased minus receivable for securities sold, plus or minus net TBA Derivative positions by (ii) stockholders' equity at period end.
8. The liquidity as % of stockholders' equity is calculated by dividing unencumbered liquid assets by stockholders' equity at period end.
9. The hedge ratio for the period is calculated by dividing the combined total interest rate swaps, swaptions and interest rate caps notional amount by total repurchase agreements.
10. Net duration gap calculated as a weighted-average of the total portfolio including the aggregate notional amount on our interest rate swaps, swaptions, caps and U.S. Treasury short positions using DV01 methodology. Duration estimates in the table are calculated utilizing Yield Book® software and may reflect adjustments based on our judgment.
11. Book value per common share is calculated by dividing total stockholders' equity less the liquidation value of preferred stock at period end by common shares outstanding at period end.
12. The weighted average amortized cost of Agency RMBS and U.S. Treasuries is calculated using a weighted average amortized cost by security divided by the current face at period end.
13. The average yield on settled Debt Securities for the period is calculated by dividing total interest income by average settled Debt Securities.
14. The average yield on total Debt Securities including Drop Income for the period is calculated by dividing total interest income plus Drop Income by average total Debt Securities. Drop Income was \$3.9 million, \$4.6 million, \$7.2 million, \$8.7 million, \$9.4 million, and \$8.1 million for Q1 2018, Q4 2017, Q3 2017, Q2 2017, Q1 2017, and Q4 2016, respectively.
15. The average cost of funds for the period is calculated by dividing repurchase agreement interest expense by average repurchase agreements for the period.
16. The average cost of funds and hedge for the period is calculated by dividing repurchase agreement interest expense and interest rate hedge expense, net by average repurchase agreements for the period.
17. The adjusted average cost of funds and hedge for the period is calculated by dividing repurchase agreement interest expense and interest rate hedge expense, net by average Debt Securities liabilities.
18. The interest rate spread net of hedge for the period is calculated by subtracting average cost of funds and hedge from average yield on settled Debt Securities.
19. The interest rate spread net of hedge including Drop Income for the period is calculated by subtracting adjusted average cost of funds and hedge from average yield on total Debt Securities including Drop Income.
20. The operating expense ratio for the period is calculated by dividing annualized operating expenses by average stockholders' equity.
21. The total stockholder return on common equity is calculated as the change in book value plus dividend distributions on common stock divided by book value at the beginning of the period.
22. CPR represents the weighted-average 1-month CPR of the Company's Agency RMBS during the period.

Footnotes: Pages 7, 10 and 12

Footnotes Page 7, Portfolio Detail as of March 31, 2018 and Prior Quarter Summary

1. TBA securities are excluded from this calculation as they do not have a defined weighted-average loan balance or age until mortgages have been assigned to the pool.
2. Represents the historical experienced 3-month CPR of the Company's Agency RMBS portfolio at March 31, 2018 and December 31, 2017, respectively. The historical experienced CPR is not indicative of future performance.
3. Duration measures the market price volatility of financial instruments as interest rates change, using Dollar Value of One Basis Point, or "DV01", methodology. We generally calculate duration using various third-party financial models and empirical data. Different models and methodologies can produce different estimates of duration for the same securities. Duration estimates in the table are calculated utilizing Yield Book® software and may reflect adjustments based on our judgment.
4. Represents the weighted-average coupon of Hybrid ARMs.

Footnote Page 10, Hedging Summary

1. Duration measures the market price volatility of financial instruments as interest rates change, using DV01 methodology. We generally calculate duration using various third-party financial models and empirical data. Different models and methodologies can produce different duration figures for the same securities. Analytics provided by The Yield Book® software and may reflect adjustments based on our judgment.

Footnotes Page 12, Sensitivity Analysis and Duration Gap

1. The interest rate sensitivity analysis shows the estimated impact interest rate changes would have on net income, the fair value of the Company's investments, stockholders' equity and net duration gap, using DV01 methodology, and assuming a static portfolio and yield curve with rates instantaneously falling or rising 25, 50 and 75 bps, unless otherwise noted.
2. Immediate impact estimated over 12 month period.
3. Net duration gap is calculated as a weighted-average of the total portfolio including the aggregate notional amount on our interest rate swaps, swaptions, caps and U.S. Treasury short positions using DV01 methodology. Duration estimates in the table are calculated utilizing Yield Book® software and may reflect adjustments based on our judgment.

Footnotes: Pages 23 and 24

Footnotes Page 23, Reconciliation of Non-GAAP Measure Core Earnings, Plus Drop Income

1. "Core Earnings" represents a non-GAAP financial measure and is defined as net income (loss) available to common stockholders excluding net realized and unrealized gain (loss) on investments and derivative instruments. Management uses Core Earnings to evaluate the effective yield of the portfolio after operating expenses. The Company believes that providing users of the Company's financial information with such measures, in addition to the related GAAP measures, gives investors additional transparency and insight into the information used by the Company's management in its financial and operational decision-making.

The primary limitation associated with Core Earnings as a measure of our financial performance over any period is that it excludes the effects of net realized and unrealized gain (loss) on investments and derivative instruments. In addition, our presentation of Core Earnings may not be comparable to similarly-titled measures used by other companies, which may employ different calculations. As a result, Core Earnings should not be considered a substitute for our GAAP net income (loss), as a measure of our financial performance or any measure of our liquidity under GAAP.

2. "Drop Income" is a component of our net realized and unrealized gain (loss) on investments and derivative instruments in the Consolidated Statements of Operations. Drop Income is the difference between the spot price and the forward settlement price for the same security on the trade date. This difference is also the economic equivalent of the assumed net interest margin (yield minus financing costs) of the bond from trade date to settlement date. We derive Drop Income through utilization of forward settling transactions.

Footnotes Page 24, Reconciliation of Non-GAAP Measure: Economic Net Interest Income and Economic Interest Expense

1. Our Economic Net Interest Income, a non-GAAP measure, is generated primarily from the net spread, or difference, between the interest income we earn on our investment portfolio and the cost of our borrowings and hedging activities. The amount of Economic Net Interest income we earn on our investments depends in part on our ability to control our financing costs, which comprise a significant portion of our operating expenses.
2. Prior to October 1, 2017, "Interest rate hedge expense, net" was referred to as "Swap and cap interest expense" in the Consolidated Statement of Operations. This line item includes the following: i) net periodic payments made on interest rate swaps and interest rate caps, ii) the periodic amortization of premiums paid to enter into interest rate caps, less, total payments received in connection with i) the receive leg of our interest rate swaps, and ii) payments received in connection with interest rate caps. On October 1, 2017, the name was changed to "Interest rate hedge expense, net", to better reflect the broad nature of items included in this line items, all of which reflect the Company's net cost of hedging its exposure to interest rates. Prior period financial statement line items have been renamed to conform to the current period presentation.
3. Economic Interest Expense, a non-GAAP measure, is comprised of interest expense, as computed in accordance with GAAP, plus interest rate hedge expense, net used to hedge our cost of funds, a component of net gain (loss) on derivative instruments in the company's Consolidated Statements of Operations. The Company uses interest rate swaps (cancelable and non-cancelable), swaptions and interest rate caps to manage its exposure to changes in interest rates on its interest bearing liabilities by economically hedging cash flows associated with these borrowings. Presenting the contractual interest payments on interest rate swaps and caps with the interest paid on interest-bearing liabilities reflects the total contractual interest payments. This presentation depicts the economic cost of our financing strategy.