



FOR IMMEDIATE RELEASE
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**AGNC INVESTMENT CORP.
ANNOUNCES SECOND QUARTER 2019 FINANCIAL RESULTS**

Bethesda, MD - July 24, 2019 - AGNC Investment Corp. ("AGNC" or the "Company") (Nasdaq: AGNC) today announced financial results for the quarter ended June 30, 2019.

SECOND QUARTER 2019 FINANCIAL HIGHLIGHTS

- \$(0.15) comprehensive loss per common share, comprised of:
 - \$(0.85) net loss per common share
 - \$0.70 other comprehensive income ("OCI") per common share on investments marked-to-market through OCI
- \$0.49 net spread and dollar roll income per common share, excluding estimated "catch-up" premium amortization cost ¹
 - Includes \$0.04 per common share of dollar roll income associated with the Company's \$11.9 billion average net long position in forward purchases and sales of Agency mortgage-backed securities ("MBS") in the "to-be-announced" ("TBA") market
 - Excludes \$(0.11) per common share of estimated "catch-up" premium amortization cost due to change in projected constant prepayment rate ("CPR") estimates
- \$16.58 tangible net book value per common share as of June 30, 2019
 - Decreased \$(0.65) per common share, or -3.8%, from \$17.23 per common share as of March 31, 2019
- \$0.50 dividends declared per common share for the second quarter
- -0.9% economic return on tangible common equity for the quarter
 - Comprised of \$0.50 dividends per common share and \$(0.65) decrease in tangible net book value per common share

OTHER SECOND QUARTER HIGHLIGHTS

- \$104.4 billion investment portfolio as of June 30, 2019, comprised of:
 - \$91.6 billion Agency MBS
 - \$11.2 billion TBA mortgage position
 - \$1.7 billion credit risk transfer ("CRT") and non-Agency securities
- 9.8x tangible net book value "at risk" leverage as of June 30, 2019
 - 10.0x average tangible net book value "at risk" leverage for the quarter
- 10.0% portfolio CPR for the quarter
 - 12.4% average projected portfolio life CPR as of June 30, 2019
- 1.00% annualized net interest spread and TBA dollar roll income for the quarter, excluding estimated "catch-up" premium amortization cost
 - Excludes -22 bps of "catch-up" premium amortization cost due to change in projected CPR estimates
- \$190 million of common equity raised, net of offering costs, pursuant to At-the-Market equity offerings

1. Represents a non-GAAP measure. Please refer to a reconciliation to the most applicable GAAP measure and additional information regarding the use of non-GAAP financial information later in this release.

MANAGEMENT REMARKS

"During the second quarter of 2019, generally weak global economic data, benign inflation indicators, and ongoing trade-related tensions led the Federal Reserve to shift its monetary policy stance toward greater accommodation, signaling at its May meeting that rate cuts were likely," said Gary Kain, the Company's Chief Executive Officer and Chief Investment Officer. "In response, interest rates declined materially, the yield curve steepened modestly, and interest rate volatility increased during the quarter. In aggregate, the 2-year U.S. Treasury rate declined 0.51% from 2.26% as of March 31, 2019 to 1.75% as of June 30, 2019, while the 10-year U.S. Treasury rate declined 0.40% from 2.41% as of March 31, 2019 to 2.01% as of June 30, 2019. The significant decline in interest rates led to a meaningful increase in prepayment expectations, which, coupled with a significant inversion of the front end of the curve, drove spreads on Agency mortgage-backed securities wider relative to U.S. Treasury and interest rate swap hedges during the quarter.

"In the current low rate environment, asset selection will be a key determinant of returns as prepayment speeds across the MBS spectrum will vary widely based upon coupon and pool characteristics. During the quarter, we took steps to further insulate the portfolio from the higher risk areas of the mortgage market by materially reducing our exposure to higher coupon, more generic MBS. As such, the average speed on our portfolio in the last prepayment release was only 10.8% CPR despite a significant percentage of recent production, generic 30-year 4.0% and 4.5% coupons prepaying at over 30% CPR. To this point, while a low rate, faster prepayment environment can be a significant threat to the performance of an Agency MBS portfolio, it also provides an excellent opportunity to generate incremental returns on equity."

"Given the uptick in interest rate volatility and the underperformance of our Agency MBS portfolio relative to swap and treasury hedges, AGNC's economic return on tangible common equity for the second quarter was -0.9%, consisting of \$0.50 in dividends and a \$(0.65) decrease in tangible net book value per common share," commented Peter Federico, the Company's President and Chief Operating Officer. "AGNC generated \$0.49 of net spread and dollar roll income, excluding catch-

up premium amortization, in the second quarter, as elevated MBS repo funding rates and increased amortization expense resulting from higher projected lifetime prepayment speeds adversely impacted our earnings. Looking ahead, we expect these headwinds to abate gradually as repo funding levels ultimately reprice to the new short-term rate outlook and the prepayment protection embedded in our asset portfolio mitigates the impact of further increases in prepayment speeds."

TANGIBLE NET BOOK VALUE PER COMMON SHARE

As of June 30, 2019, the Company's tangible net book value per common share was \$16.58 per share, a decrease of -3.8% compared to \$17.23 per share as of March 31, 2019.

The Company's tangible net book value per common share excludes \$526 million, or \$0.96 and \$0.98 per common share, of goodwill as of June 30, 2019 and March 31, 2019, respectively.

INVESTMENT PORTFOLIO

As of June 30, 2019, the Company's investment portfolio totaled \$104.4 billion, comprised of:

- \$102.7 billion of Agency MBS and TBA securities, including:
 - \$101.8 billion of fixed-rate securities, comprised of:
 - \$82.7 billion 30-year fixed-rate securities,
 - \$8.0 billion 30-year TBA securities,
 - \$7.2 billion 15-year securities,
 - \$3.2 billion 15-year TBA securities, and
 - \$0.8 billion 20-year fixed-rate securities;
 - \$0.9 billion of collateralized mortgage obligations ("CMOs"), adjustable-rate and other Agency securities;
- \$1.7 billion of CRT and non-Agency securities.

As of June 30, 2019, 30-year and 15-year fixed-rate Agency securities represented 87% and 10%, of the Company's investment portfolio, respectively, compared to 86% and 10%, respectively, as of March 31, 2019.

As of June 30, 2019, the Company's fixed-rate securities' weighted average coupon declined to 3.75%, compared to 3.83% as of March 31, 2019, comprised of the following weighted average coupons:

- 3.79% for 30-year fixed-rate securities;
- 3.35% for 15-year fixed rate securities; and
- 3.95% for 20-year fixed-rate securities.

The Company accounts for TBA securities (or "dollar roll funded assets") as derivative instruments and recognizes dollar roll income in other gain (loss), net on the Company's financial statements. As of June 30, 2019, the Company's net TBA position had a total fair value of \$11.2 billion and a GAAP net carrying value of \$84 million reported in derivative assets/(liabilities) on the Company's balance sheet, compared to a total fair value of \$7.0 billion and a GAAP net carrying value of \$70 million as of March 31, 2019.

CONSTANT PREPAYMENT RATES

The Company's investment portfolio had a weighted average CPR of 10.0% for the second quarter, compared to 6.3% for the prior quarter. The weighted average projected CPR for the remaining life of the Company's Agency securities held as of June 30, 2019 was 12.4%, compared to 10.5% as of March 31, 2019.

The weighted average cost basis of the Company's investment portfolio was 103.4% of par value as of June 30, 2019. Net premium amortization cost on the Company's investment portfolio for the second quarter was \$(183) million, or \$(0.34) per common share, which includes a "catch-up" premium amortization cost of \$(58) million, or \$(0.11) per common share, due to changes in the Company's projected CPR estimates for securities acquired prior to the second quarter. This compares to net premium amortization cost for the prior quarter of \$(142) million, or \$(0.26) per common share, including a "catch-up" premium amortization cost of \$(39) million, or \$(0.07) per common share.

ASSET YIELDS, COST OF FUNDS AND NET INTEREST RATE SPREAD

The Company's average asset yield on its investment portfolio, excluding the net TBA position, was 2.99% for the second quarter, compared to 3.14% for the prior quarter. Excluding "catch-up" premium amortization, the Company's average asset yield was 3.24% for the second quarter, compared to 3.31% for the prior quarter. Including TBA securities and excluding "catch-up" premium amortization, the Company's average asset yield for the second quarter was 3.24%, compared to 3.33% for the prior quarter.

For the second quarter, the weighted average interest rate on the Company's Agency repurchase agreements was 2.62%, compared to 2.64% for the prior quarter. The Company's average implied TBA funding cost was 2.47% for the second quarter, compared to 2.60% for the prior quarter. Inclusive of interest rate swaps, the Company's combined average cost of funds for the second quarter was 2.24%, compared to 2.27% for the prior quarter.

The Company's annualized net interest spread, including TBA securities and interest rate swaps, was 0.78% for the second quarter, compared to 0.90% for the prior quarter. Excluding "catch-up" premium amortization, the Company's combined annualized net interest spread for the second quarter was 1.00%, versus 1.06% for the prior quarter.

NET SPREAD AND DOLLAR ROLL INCOME

The Company recognized net spread and dollar roll income (a non-GAAP financial measure) for the second quarter of \$0.49 per common share, excluding \$(0.11) per common share of "catch-up" premium amortization cost, compared to \$0.52 per common share for the prior quarter, excluding \$(0.07) per common share of "catch-up" premium amortization cost.

A reconciliation of the Company's net interest income to net spread and dollar roll income and additional information regarding the Company's use of non-GAAP measures are included later in this release.

LEVERAGE

As of June 30, 2019, \$85.1 billion of Agency repurchase agreements, \$11.1 billion of TBA dollar roll positions (at cost) and \$0.3 billion of other debt were used to fund the Company's investment portfolio. The remainder, or approximately \$1.2 billion, of the Company's repurchase agreements was used to fund purchases of U.S. Treasury securities ("U.S. Treasury repo") and is not included in the Company's leverage measurements. Inclusive of its net TBA position and net payable/(receivable) for unsettled investment securities, the Company's tangible net book value "at risk" leverage ratio was 9.8x as of June 30, 2019, compared to 9.4x as of March 31, 2019. The Company's average "at risk" leverage for the second quarter was 10.0x tangible net book value, compared to 9.3x for the prior quarter.

As of June 30, 2019, the Company's Agency repurchase agreements had a weighted average interest rate of 2.64%, compared to 2.82% as of March 31, 2019, and a weighted average remaining maturity of 80 days, compared to 81 days as of March 31, 2019. As of June 30, 2019, \$36.0 billion, or 42%, of the Company's Agency repurchase agreements were funded through the Company's captive broker-dealer subsidiary, Bethesda Securities, LLC.

As of June 30, 2019, the Company's Agency repurchase agreements had remaining maturities of:

- \$65.7 billion of three months or less;
- \$3.9 billion from three to six months;
- \$13.2 billion from six to twelve months; and
- \$2.3 billion from one to three years.

HEDGING ACTIVITIES

As of June 30, 2019, interest rate swaps, swaptions and U.S. Treasury positions equaled 91% of the Company's outstanding balance of Agency repurchase agreements, net TBA position and other debt, compared to 77% as of March 31, 2019.

As of June 30, 2019, the Company's interest rate swap position totaled \$75.0 billion in notional amount, compared to \$48.2 billion as of March 31, 2019. As of June 30, 2019, the Company's interest rate swap portfolio had an average fixed pay rate of 1.72%, an average receive rate of 2.46% and an average maturity of 3.3 years, compared to 2.01%, 2.69% and 4.3 years, respectively, as of March 31, 2019.

As of June 30, 2019, the Company had payer swaptions outstanding totaling \$4.4 billion, compared to \$2.6 billion as of March 31, 2019. As of June 30, 2019, the Company had short U.S. Treasury positions outstanding totaling \$8.7 billion, compared to \$21.2 billion as of March 31, 2019.

OTHER GAIN (LOSS), NET

For the second quarter, the Company recorded a net loss of \$(547) million in other gain (loss), net, or \$(1.02) per common share, compared to a net gain of \$120 million, or \$0.22 per common share, for the prior quarter. Other gain (loss), net for the second quarter was comprised of:

- \$132 million of net realized gains on sales of investment securities;
- \$759 million of net unrealized gains on investment securities measured at fair value through net income;

- \$88 million of interest rate swap periodic income;
- \$(1,107) million of net losses on interest rate swaps;
- \$(25) million of net losses on interest rate swaptions;
- \$(556) million of net losses on U.S. Treasury positions;
- \$22 million of TBA dollar roll income;
- \$141 million of net mark-to-market gains on TBA mortgage positions; and
- \$(1) million of other miscellaneous losses.

OTHER COMPREHENSIVE INCOME

During the second quarter, the Company recorded other comprehensive income of \$379 million, or \$0.70 per common share, consisting of net unrealized gains on the Company's Agency securities recognized through OCI, compared to a \$400 million, or \$0.75 per common share, of other comprehensive income for the prior quarter.

COMMON STOCK DIVIDENDS

During the second quarter, the Company declared dividends of \$0.18, \$0.16 and \$0.16 per share to common stockholders of record as of April 30, May 31 and June 28, 2019, respectively, totaling \$0.50 per share for the quarter, which were paid on May 9, June 11, and July 10, 2019, respectively. Since its May 2008 initial public offering through the second quarter of 2019, the Company has declared a total of \$9.1 billion in common stock dividends, or \$40.36 per common share.

STOCK REPURCHASE PROGRAM

The Company also announced that its Board of Directors has authorized it to repurchase up to \$1 billion of its outstanding shares of common stock through December 31, 2020. The Company may repurchase shares in the open market or privately negotiated transactions or pursuant to a trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Act of 1934, as amended. The Company intends to repurchase shares under the stock repurchase program only when the repurchase price is less than its then-current estimate of its tangible net book value per common share.

FINANCIAL STATEMENTS, OPERATING PERFORMANCE AND PORTFOLIO STATISTICS

The following measures of operating performance include net spread and dollar roll income; net spread and dollar roll income, excluding "catch-up" premium amortization; economic interest income; economic interest expense; estimated taxable income; and the related per common share measures and financial metrics derived from such information, which are non-GAAP financial measures. Please refer to "Use of Non-GAAP Financial Information" later in this release for further discussion of non-GAAP measures.

AGNC INVESTMENT CORP.
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|--|-------------------|-------------------|----------------------|-----------------------|------------------|
| | (unaudited) | (unaudited) | | (unaudited) | (unaudited) |
| Assets: | | | | | |
| Agency securities, at fair value (including pledged securities of \$87,582, \$89,471, \$78,619, \$67,889 and \$51,356, respectively) | \$ 91,140 | \$ 93,044 | \$ 82,291 | \$ 70,408 | \$ 55,524 |
| Agency securities transferred to consolidated variable interest entities, at fair value (pledged securities) | 411 | 425 | 436 | 453 | 587 |
| Credit risk transfer securities, at fair value (including pledged securities of \$269, \$142, \$141, \$44 and \$0, respectively) | 1,117 | 1,129 | 1,012 | 997 | 936 |
| Non-Agency securities, at fair value (including pledged securities of \$0, \$45, \$45, \$0 and \$0, respectively) | 603 | 672 | 548 | 507 | 60 |
| U.S. Treasury securities, at fair value (including pledged securities of \$1,152, \$121, \$0, \$45 and \$0, respectively) | 1,152 | 121 | 46 | 109 | — |
| REIT equity securities, at fair value | — | — | — | — | 46 |
| Cash and cash equivalents | 870 | 929 | 921 | 1,071 | 863 |
| Restricted cash | 789 | 517 | 599 | 456 | 447 |
| Derivative assets, at fair value | 116 | 253 | 273 | 412 | 458 |
| Receivable for investment securities sold (including pledged securities of \$673, \$439, \$489, \$443 and \$31, respectively) | 679 | 439 | 489 | 524 | 31 |
| Receivable under reverse repurchase agreements | 8,848 | 20,430 | 21,813 | 16,309 | 13,306 |
| Goodwill and other intangible asset, net | 526 | 526 | 526 | 526 | 550 |
| Other assets | 325 | 322 | 287 | 259 | 330 |
| Total assets | \$ 106,576 | \$ 118,807 | \$ 109,241 | \$ 92,031 | \$ 73,138 |
| Liabilities: | | | | | |
| Repurchase agreements | \$ 86,266 | \$ 86,685 | \$ 75,717 | \$ 65,734 | \$ 48,839 |
| Debt of consolidated variable interest entities, at fair value | 251 | 266 | 275 | 291 | 313 |
| Payable for investment securities purchased | 878 | 1,125 | 1,204 | 23 | 1,503 |
| Derivative liabilities, at fair value | 63 | 53 | 84 | 62 | 6 |
| Dividends payable | 101 | 107 | 106 | 95 | 87 |
| Obligation to return securities borrowed under reverse repurchase agreements, at fair value | 7,754 | 19,275 | 21,431 | 15,549 | 12,898 |
| Accounts payable and other liabilities | 917 | 795 | 518 | 650 | 450 |
| Total liabilities | 96,230 | 108,306 | 99,335 | 82,404 | 64,096 |
| Stockholders' equity: | | | | | |
| Preferred stock - aggregate liquidation preference of \$735, \$735, \$500, \$500 and \$500, respectively | 711 | 711 | 484 | 484 | 484 |
| Common stock - \$0.01 par value; 547.8, 536.3, 536.3, 477.8 and 434.1 shares issued and outstanding, respectively | 5 | 5 | 5 | 5 | 4 |
| Additional paid-in capital | 13,988 | 13,795 | 13,793 | 12,785 | 11,964 |
| Retained deficit | (4,194) | (3,467) | (3,433) | (2,343) | (2,299) |
| Accumulated other comprehensive loss | (164) | (543) | (943) | (1,304) | (1,111) |
| Total stockholders' equity | 10,346 | 10,501 | 9,906 | 9,627 | 9,042 |
| Total liabilities and stockholders' equity | \$ 106,576 | \$ 118,807 | \$ 109,241 | \$ 92,031 | \$ 73,138 |
| Tangible net book value per common share ¹ | \$ 16.58 | \$ 17.23 | \$ 16.56 | \$ 18.00 | \$ 18.41 |

AGNC INVESTMENT CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

| | Three Months Ended | | | | |
|---|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Interest income: | | | | | |
| Interest income | \$ 693 | \$ 705 | \$ 604 | \$ 500 | \$ 414 |
| Interest expense | 570 | 541 | 418 | 312 | 237 |
| Net interest income | 123 | 164 | 186 | 188 | 177 |
| Other gain (loss), net: | | | | | |
| Realized gain (loss) on sale of investment securities, net | 132 | 60 | (21) | (40) | (74) |
| Unrealized gain (loss) on investment securities measured at fair value through net income, net | 759 | 1,060 | 683 | (363) | (94) |
| Gain (loss) on derivative instruments and other securities, net | (1,438) | (1,000) | (1,633) | 430 | 298 |
| Management fee income | — | — | — | 46 | 4 |
| Total other gain (loss), net | (547) | 120 | (971) | 73 | 134 |
| Expenses: | | | | | |
| Compensation and benefits | 11 | 10 | 11 | 14 | 10 |
| Other operating expense | 9 | 9 | 8 | 31 | 8 |
| Total operating expense | 20 | 19 | 19 | 45 | 18 |
| Net income (loss) | (444) | 265 | (804) | 216 | 293 |
| Dividend on preferred stock | 13 | 10 | 9 | 9 | 9 |
| Net income (loss) available (attributable) to common stockholders | <u>\$ (457)</u> | <u>\$ 255</u> | <u>\$ (813)</u> | <u>\$ 207</u> | <u>\$ 284</u> |
| Net income (loss) | \$ (444) | \$ 265 | \$ (804) | \$ 216 | \$ 293 |
| Unrealized gain (loss) on investment securities measured at fair value through other comprehensive income (loss), net | 379 | 400 | 361 | (193) | (145) |
| Comprehensive income (loss) | (65) | 665 | (443) | 23 | 148 |
| Dividend on preferred stock | 13 | 10 | 9 | 9 | 9 |
| Comprehensive income (loss) available (attributable) to common stockholders | <u>\$ (78)</u> | <u>\$ 655</u> | <u>\$ (452)</u> | <u>\$ 14</u> | <u>\$ 139</u> |
| Weighted average number of common shares outstanding - basic | <u>537.8</u> | <u>536.7</u> | <u>504.2</u> | <u>462.3</u> | <u>404.9</u> |
| Weighted average number of common shares outstanding - diluted | <u>537.8</u> | <u>537.2</u> | <u>504.2</u> | <u>462.7</u> | <u>405.2</u> |
| Net income (loss) per common share - basic | <u>\$ (0.85)</u> | <u>\$ 0.48</u> | <u>\$ (1.61)</u> | <u>\$ 0.45</u> | <u>\$ 0.70</u> |
| Net income (loss) per common share - diluted | <u>\$ (0.85)</u> | <u>\$ 0.47</u> | <u>\$ (1.61)</u> | <u>\$ 0.45</u> | <u>\$ 0.70</u> |
| Comprehensive income (loss) per common share - basic and diluted | <u>\$ (0.15)</u> | <u>\$ 1.22</u> | <u>\$ (0.90)</u> | <u>\$ 0.03</u> | <u>\$ 0.34</u> |
| Dividends declared per common share | <u>\$ 0.50</u> | <u>\$ 0.54</u> | <u>\$ 0.54</u> | <u>\$ 0.54</u> | <u>\$ 0.54</u> |

AGNC INVESTMENT CORP.
RECONCILIATION OF GAAP NET INTEREST INCOME TO NET SPREAD AND DOLLAR ROLL INCOME (NON-GAAP MEASURE) ²
(in millions, except per share data)
(unaudited)

| | Three Months Ended | | | | |
|---|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| GAAP net interest income: | | | | | |
| Interest income | \$ 693 | \$ 705 | \$ 604 | \$ 500 | \$ 414 |
| Interest expense | 570 | 541 | 418 | 312 | 237 |
| GAAP net interest income | 123 | 164 | 186 | 188 | 177 |
| TBA dollar roll income, net ^{3,4} | 22 | 19 | 27 | 68 | 70 |
| Interest rate swap periodic income (cost), net ^{3,9} | 88 | 83 | 63 | 56 | 41 |
| Other interest and dividend income ³ | 4 | 3 | — | 1 | 1 |
| Adjusted net interest and dollar roll income | 237 | 269 | 276 | 313 | 289 |
| Other operating income (expense): | | | | | |
| Operating expense | (20) | (19) | (19) | (45) | (18) |
| Less non-recurring write-off of intangible asset and other expenses associated with termination of management agreement | — | — | 1 | 26 | — |
| Management fee income | — | — | — | 46 | 4 |
| Less management agreement termination fee income | — | — | — | (42) | — |
| Total operating income (expense), net | (20) | (19) | (18) | (15) | (14) |
| Net spread and dollar roll income | 217 | 250 | 258 | 298 | 275 |
| Dividend on preferred stock | 13 | 10 | 9 | 9 | 9 |
| Net spread and dollar roll income available to common stockholders | 204 | 240 | 249 | 289 | 266 |
| Estimated "catch-up" premium amortization cost (benefit) due to change in CPR forecast ¹¹ | 58 | 39 | 16 | (6) | (12) |
| Net spread and dollar roll income, excluding "catch-up" premium amortization, available to common stockholders | \$ 262 | \$ 279 | \$ 265 | \$ 283 | \$ 254 |
| Weighted average number of common shares outstanding - basic | | | | | |
| | 537.8 | 536.7 | 504.2 | 462.3 | 404.9 |
| Weighted average number of common shares outstanding - diluted | | | | | |
| | 538.4 | 537.2 | 504.7 | 462.7 | 405.2 |
| Net spread and dollar roll income per common share - basic | \$ 0.38 | \$ 0.45 | \$ 0.49 | \$ 0.63 | \$ 0.66 |
| Net spread and dollar roll income per common share - diluted | \$ 0.38 | \$ 0.45 | \$ 0.49 | \$ 0.62 | \$ 0.66 |
| Net spread and dollar roll income, excluding "catch-up" premium amortization, per common share - basic | \$ 0.49 | \$ 0.52 | \$ 0.53 | \$ 0.61 | \$ 0.63 |
| Net spread and dollar roll income, excluding "catch-up" premium amortization, per common share - diluted | \$ 0.49 | \$ 0.52 | \$ 0.53 | \$ 0.61 | \$ 0.63 |

AGNC INVESTMENT CORP.
RECONCILIATION OF GAAP NET INCOME TO ESTIMATED TAXABLE INCOME (NON-GAAP MEASURE)²
(in millions, except per share data)
(unaudited)

| | Three Months Ended | | | | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Net income/(loss) | \$ (444) | \$ 265 | \$ (804) | \$ 216 | \$ 293 |
| Book to tax differences: | | | | | |
| Premium amortization, net | 67 | 54 | 15 | (21) | (22) |
| Realized gain/loss, net | 886 | 627 | 928 | (291) | (221) |
| Net capital loss/(utilization of net capital loss carryforward) | 320 | (12) | (105) | (67) | 109 |
| Unrealized (gain)/loss, net | (644) | (719) | 140 | 316 | (46) |
| Other | (1) | (9) | (1) | (2) | — |
| Total book to tax differences | 628 | (59) | 977 | (65) | (180) |
| Estimated REIT taxable income | 184 | 206 | 173 | 151 | 113 |
| Dividend on preferred stock | 13 | 10 | 9 | 9 | 9 |
| Estimated REIT taxable income, net of preferred stock dividend | \$ 171 | \$ 196 | \$ 164 | \$ 142 | \$ 104 |
| Weighted average number of common shares outstanding - basic | 537.8 | 536.7 | 504.2 | 462.3 | 404.9 |
| Weighted average number of common shares outstanding - diluted | 538.4 | 537.2 | 504.7 | 462.7 | 405.2 |
| Estimated REIT taxable income per common share - basic | \$ 0.32 | \$ 0.37 | \$ 0.33 | \$ 0.31 | \$ 0.26 |
| Estimated REIT taxable income per common share - diluted | \$ 0.32 | \$ 0.36 | \$ 0.32 | \$ 0.31 | \$ 0.26 |
| Beginning cumulative non-deductible net capital loss | \$ 170 | \$ 182 | \$ 644 | \$ 711 | \$ 602 |
| Increase (decrease) in net capital loss carryforward ⁵ | 320 | (12) | (462) | (67) | 109 |
| Ending cumulative non-deductible net capital loss | \$ 490 | \$ 170 | \$ 182 | \$ 644 | \$ 711 |
| Ending cumulative non-deductible net capital loss per common share | \$ 0.89 | \$ 0.32 | \$ 0.34 | \$ 1.35 | \$ 1.64 |

AGNC INVESTMENT CORP.
NET INTEREST SPREAD COMPONENTS BY FUNDING SOURCE ²
(in millions, except per share data)
(unaudited)

| | Three Months Ended | | | | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Adjusted net interest and dollar roll income, excluding "catch-up" premium amortization: | | | | | |
| Economic interest income: | | | | | |
| Investment securities - GAAP interest income ¹² | \$ 693 | \$ 705 | \$ 604 | \$ 500 | \$ 414 |
| Estimated "catch-up" premium amortization cost (benefit) due to change in CPR forecast ¹¹ | 58 | 39 | 16 | (6) | (12) |
| TBA dollar roll income - implied interest income ^{3,7} | 96 | 71 | 74 | 162 | 144 |
| Economic interest income, excluding "catch-up" premium amortization | 847 | 815 | 694 | 656 | 546 |
| Economic interest expense: | | | | | |
| Repurchase agreements and other debt - GAAP interest expense | (570) | (541) | (418) | (312) | (237) |
| TBA dollar roll income - implied interest expense ^{3,6} | (74) | (52) | (47) | (94) | (74) |
| Interest rate swap periodic income (cost) ^{3,9} | 88 | 83 | 63 | 56 | 41 |
| Economic interest expense | (556) | (510) | (402) | (350) | (270) |
| Other interest and dividend income ³ | 4 | 3 | — | 1 | 1 |
| Adjusted net interest and dollar roll income, excluding "catch-up" premium amortization | \$ 295 | \$ 308 | \$ 292 | \$ 307 | \$ 277 |
| Net interest spread, excluding "catch-up" amortization: | | | | | |
| Average asset yield: | | | | | |
| Investment securities - average asset yield | 2.99 % | 3.14 % | 3.13 % | 3.11 % | 2.99 % |
| Estimated "catch-up" premium amortization cost (benefit) due to change in CPR forecast | 0.25 % | 0.17 % | 0.08 % | (0.04)% | (0.08)% |
| Investment securities average asset yield, excluding "catch-up" premium amortization | 3.24 % | 3.31 % | 3.21 % | 3.07 % | 2.91 % |
| TBA securities - average implied asset yield ⁷ | 3.21 % | 3.55 % | 3.66 % | 3.54 % | 3.41 % |
| Average asset yield, excluding "catch-up" premium amortization ⁸ | 3.24 % | 3.33 % | 3.26 % | 3.18 % | 3.02 % |
| Average total cost of funds: | | | | | |
| Repurchase agreements and other debt - average funding cost | 2.62 % | 2.64 % | 2.42 % | 2.20 % | 1.99 % |
| TBA securities - average implied funding cost ⁶ | 2.47 % | 2.60 % | 2.32 % | 2.05 % | 1.75 % |
| Average cost of funds, before interest rate swap periodic (income) cost ⁸ | 2.60 % | 2.64 % | 2.41 % | 2.18 % | 1.92 % |
| Interest rate swap periodic (income) cost of funds ¹⁰ | (0.36)% | (0.37)% | (0.32)% | (0.30)% | (0.25)% |
| Average total cost of funds | 2.24 % | 2.27 % | 2.09 % | 1.88 % | 1.67 % |
| Average net interest spread, excluding "catch-up" premium amortization | 1.00 % | 1.06 % | 1.17 % | 1.30 % | 1.35 % |

AGNC INVESTMENT CORP.
 KEY STATISTICS*
 (in millions, except per share data)
 (unaudited)

Three Months Ended

| Key Balance Sheet Statistics: | Three Months Ended | | | | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Investment securities: ¹² | | | | | |
| Fixed-rate Agency MBS, at fair value - as of period end | \$ 90,627 | \$ 92,502 | \$ 81,753 | \$ 69,844 | \$ 55,119 |
| Other Agency MBS, at fair value - as of period end | \$ 924 | \$ 967 | \$ 974 | \$ 1,017 | \$ 992 |
| Credit risk transfer securities, at fair value - as of period end | \$ 1,117 | \$ 1,129 | \$ 1,012 | \$ 997 | \$ 936 |
| Non-Agency MBS, at fair value - as of period end | \$ 603 | \$ 672 | \$ 548 | \$ 507 | \$ 60 |
| Total investment securities, at fair value - as of period end | \$ 93,271 | \$ 95,270 | \$ 84,287 | \$ 72,365 | \$ 57,107 |
| Total investment securities, at cost - as of period end | \$ 91,953 | \$ 95,090 | \$ 85,569 | \$ 74,691 | \$ 58,875 |
| Total investment securities, at par - as of period end | \$ 88,931 | \$ 92,091 | \$ 82,693 | \$ 71,844 | \$ 56,320 |
| Average investment securities, at cost | \$ 92,610 | \$ 89,952 | \$ 77,182 | \$ 64,346 | \$ 55,329 |
| Average investment securities, at par | \$ 89,586 | \$ 87,021 | \$ 74,395 | \$ 61,696 | \$ 52,856 |
| TBA securities: | | | | | |
| Net TBA portfolio - as of period end, at fair value | \$ 11,170 | \$ 6,955 | \$ 7,322 | \$ 9,393 | \$ 20,003 |
| Net TBA portfolio - as of period end, at cost | \$ 11,086 | \$ 6,885 | \$ 7,252 | \$ 9,436 | \$ 19,898 |
| Net TBA portfolio - as of period end, carrying value | \$ 84 | \$ 70 | \$ 70 | \$ (43) | \$ 105 |
| Average net TBA portfolio, at cost | \$ 11,864 | \$ 8,002 | \$ 8,066 | \$ 18,270 | \$ 16,912 |
| Average repurchase agreements and other debt ¹³ | \$ 86,147 | \$ 82,070 | \$ 68,499 | \$ 56,265 | \$ 47,823 |
| Average stockholders' equity ¹⁴ | \$ 10,371 | \$ 10,186 | \$ 9,634 | \$ 9,345 | \$ 8,652 |
| Tangible net book value per common share ¹ | \$ 16.58 | \$ 17.23 | \$ 16.56 | \$ 18.00 | \$ 18.41 |
| Tangible net book value "at risk" leverage - average ¹⁵ | 10.0:1 | 9.3:1 | 8.4:1 | 8.5:1 | 8.0:1 |
| Tangible net book value "at risk" leverage - as of period end ¹⁶ | 9.8:1 | 9.4:1 | 9.0:1 | 8.2:1 | 8.3:1 |
| Key Performance Statistics: | | | | | |
| Investment securities: ¹² | | | | | |
| Average coupon | 3.88 % | 3.87 % | 3.83 % | 3.78 % | 3.71 % |
| Average asset yield | 2.99 % | 3.14 % | 3.13 % | 3.11 % | 2.99 % |
| Average asset yield, excluding "catch-up" premium amortization | 3.24 % | 3.31 % | 3.21 % | 3.07 % | 2.91 % |
| Average coupon - as of period end | 3.88 % | 3.88 % | 3.86 % | 3.82 % | 3.74 % |
| Average asset yield - as of period end | 3.21 % | 3.29 % | 3.31 % | 3.22 % | 3.03 % |
| Average actual CPR for securities held during the period | 10.0 % | 6.3 % | 7.4 % | 9.7 % | 9.7 % |
| Average forecasted CPR - as of period end | 12.4 % | 10.5 % | 7.9 % | 6.8 % | 7.1 % |
| Total premium amortization, net | \$ (183) | \$ (142) | \$ (107) | \$ (81) | \$ (74) |
| TBA securities: | | | | | |
| Average coupon - as of period end | 3.01 % | 3.64 % | 4.03 % | 3.90 % | 3.75 % |
| Average implied asset yield ⁷ | 3.21 % | 3.55 % | 3.66 % | 3.54 % | 3.41 % |
| Combined investment and TBA securities - average asset yield, excluding "catch-up" premium amortization ⁸ | 3.24 % | 3.33 % | 3.26 % | 3.18 % | 3.02 % |
| Cost of funds: | | | | | |
| Repurchase agreements - average funding cost | 2.62 % | 2.64 % | 2.42 % | 2.20 % | 1.99 % |
| TBA securities - average implied funding cost ⁶ | 2.47 % | 2.60 % | 2.32 % | 2.05 % | 1.75 % |
| Interest rate swaps - average periodic (income) cost of funds ¹⁰ | (0.36)% | (0.37)% | (0.32)% | (0.30)% | (0.25)% |
| Average total cost of funds, inclusive of TBAs and interest rate swap periodic (income) cost ⁸ | 2.24 % | 2.27 % | 2.09 % | 1.88 % | 1.67 % |
| Repurchase agreements - average funding cost as of period end | 2.64 % | 2.82 % | 2.79 % | 2.30 % | 2.18 % |
| Interest rate swaps - average net pay/(receive) rate as of period end ¹⁷ | (0.74)% | (0.68)% | (0.52)% | (0.32)% | (0.41)% |
| Net interest spread: | | | | | |
| Combined investment and TBA securities average net interest spread | 0.78 % | 0.90 % | 1.09 % | 1.33 % | 1.42 % |
| Combined investment and TBA securities average net interest spread, excluding "catch-up" premium amortization | 1.00 % | 1.06 % | 1.17 % | 1.30 % | 1.35 % |
| Expenses % of average stockholders' equity - annualized ¹⁸ | 0.77 % | 0.75 % | 0.75 % | 0.81 % | 0.83 % |
| Economic return (loss) on tangible common equity - unannualized ¹⁹ | (0.9)% | 7.3 % | (5.0)% | 0.7 % | 1.7 % |

*Except as noted below, average numbers for each period are weighted based on days on the Company's books and records. All percentages are annualized, unless otherwise noted.

Numbers in financial tables may not total due to rounding.

1. Tangible net book value per common share excludes preferred stock liquidation preference and goodwill and other intangible asset, net.
2. Table includes non-GAAP financial measures and/or amounts derived from non-GAAP measures. Refer to "Use of Non-GAAP Financial Information" for additional discussion of non-GAAP financial measures.
3. Amount reported in gain (loss) on derivatives instruments and other securities, net in the accompanying consolidated statements of operations.
4. Dollar roll income represents the price differential, or "price drop," between the TBA price for current month settlement versus the TBA price for forward month settlement. Amount is net of TBAs used for hedging purposes. Amount excludes TBA mark-to-market adjustments.
5. Includes decrease in net capital loss carryforwards due to expiration of unutilized net capital loss carryforwards from prior years.
6. The implied funding cost of TBA dollar roll transactions is determined using the "price drop" (Note 4) and market based assumptions regarding the "cheapest-to-deliver" collateral that can be delivered to satisfy the TBA contract, such as the anticipated collateral's weighted average coupon, weighted average maturity and projected 1-month CPR. The average implied funding cost for all TBA transactions is weighted based on the Company's daily average TBA balance outstanding for the period.
7. The average implied asset yield for TBA dollar roll transactions is extrapolated by adding the average TBA implied funding cost (Note 6) to the net dollar roll yield. The net dollar roll yield is calculated by dividing dollar roll income (Note 4) by the average TBA cost basis outstanding for the period.
8. Amount calculated on a weighted average basis based on average balances outstanding during the period and their respective asset yield/funding cost.
9. Represents periodic interest rate swap settlements. Amount excludes interest rate swap termination fees and mark-to-market adjustments.
10. Represents interest rate swap periodic income/cost measured as a percent of total mortgage funding (Agency repurchase agreements, other debt and TBA securities).
11. "Catch-up" premium amortization cost/benefit is reported in interest income on the accompanying consolidated statements of operations
12. Investment securities include Agency MBS, CRT and non-Agency securities. Amounts exclude TBA securities.
13. Average repurchase agreements and other debt excludes U.S. Treasury repurchase agreements.
14. Average stockholders' equity calculated as the average month-ended stockholders' equity during the quarter.
15. Average tangible net book value "at risk" leverage during the period was calculated by dividing the sum of the daily weighted average Agency repurchase agreements, other debt and net TBA position (at cost) outstanding for the period by the sum of average stockholders' equity adjusted to exclude goodwill and other intangible asset and investment in REIT equity securities. Leverage excludes U.S. Treasury repurchase agreements.
16. Tangible net book value "at risk" leverage as of period end was calculated by dividing the sum of the amount outstanding under Agency repurchase agreements, other debt, net TBA position (at cost) and net receivable / payable for unsettled investment securities outstanding by the sum of total stockholders' equity adjusted to exclude goodwill and other intangible asset and investment in REIT equity securities at period end. Leverage excludes U.S. Treasury repurchase agreements.
17. Includes forward starting swaps not yet in effect as of reported period-end.
18. Annualized Q4 2018 and Q3 2018 operating expenses exclude the non-recurring write-off of the intangible asset and other expenses associated with sale of MTGE Investment Corp. and the resulting termination of the Company's management agreement with MTGE.
19. Economic return (loss) on tangible common equity represents the sum of the change in tangible net book value per common share and dividends declared on common stock during the period over the beginning tangible net book value per common share.

STOCKHOLDER CALL

AGNC invites stockholders, prospective stockholders and analysts to attend the AGNC stockholder call on July 25, 2019 at 8:30 am ET. Interested persons who do not plan on asking a question and have internet access are encouraged to utilize the free live webcast at www.AGNC.com. Those who plan on participating in the Q&A or do not have internet available may access the call by dialing (877) 300-5922 (U.S. domestic) or (412) 902-6621 (international). Please advise the operator you are dialing in for the AGNC Investment Corp. stockholder call.

A slide presentation will accompany the call and will be available at www.AGNC.com. Select the Q2 2019 Earnings Presentation link to download and print the presentation in advance of the stockholder call.

An archived audio of the stockholder call combined with the slide presentation will be available on the AGNC website after the call on July 25, 2019. In addition, there will be a phone recording available one hour after the live call on July 25, 2019 through August 8, 2019. Those who are interested in hearing the recording of the presentation, can access it by dialing (877) 344-7529 (U.S. domestic) or (412) 317-0088 (international), passcode 10132872.

For further information, please contact Investor Relations at (301) 968-9300 or IR@AGNC.com.

ABOUT AGNC INVESTMENT CORP.

AGNC Investment Corp. is an internally-managed real estate investment trust ("REIT") that invests primarily in residential mortgage-backed securities for which the principal and interest payments are guaranteed by a U.S. Government-sponsored enterprise or a U.S. Government agency. For further information, please refer to www.AGNC.com.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements. 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 important 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 the Company's 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. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements, are included in the Company's periodic reports filed with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website, www.sec.gov. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

USE OF NON-GAAP FINANCIAL INFORMATION

In addition to the results presented in accordance with GAAP, the Company's results of operations discussed in this release include certain non-GAAP financial information, including "net spread and dollar roll income," "net spread and dollar roll income, excluding 'catch-up' premium amortization," "economic interest income" and "economic interest expense" (both components of "net spread and dollar roll income"), "estimated taxable income" and the related per common share measures and certain financial metrics derived from such non-GAAP information, such as "cost of funds" and "net interest spread."

"Net spread and dollar roll income" is measured as (i) net interest income (GAAP measure) adjusted to include TBA dollar roll income, interest rate swap periodic income/cost and other interest and dividend income (referred to as "adjusted net interest and dollar roll income"), plus (ii) management fee income (GAAP measure) and less (iii) total operating expense (GAAP measure), which are adjusted to exclude non-recurring termination fee income and one-time expenses associated with the termination of the Company's management agreement with MTGE Investment Corp. "Net spread and dollar roll income, excluding 'catch-up' premium amortization," further excludes retrospective

"catch-up" adjustments to premium amortization cost or benefit due to changes in projected CPR estimates.

By providing users of the Company's financial information with such measures in addition to the related GAAP measures, the Company believes users will have greater transparency into the information used by the Company's management in its financial and operational decision-making. The Company also believes that it is important for users of its financial information to consider information related to the Company's current financial performance without the effects of certain transactions that are not necessarily indicative of its current investment portfolio performance and operations.

Specifically, in the case of "adjusted net interest and dollar roll income," the Company believes the inclusion of TBA dollar roll income is meaningful as TBAs, which are accounted for under GAAP as derivative instruments with gains and losses recognized in other gain (loss) in the Company's statement of operations, are economically equivalent to holding and financing generic Agency MBS using short-term repurchase agreements. Similarly, the Company believes that the inclusion of periodic interest rate swap settlements in such measure, which are recognized under GAAP in other gain (loss), is meaningful as interest rate swaps are the primary instrument the Company uses to economically hedge against fluctuations in the Company's borrowing costs and inclusion of periodic interest rate swap settlements is more indicative of the Company's total cost of funds than interest expense alone. In the case of "net spread and dollar roll income, excluding 'catch-up' premium amortization," the Company believes the exclusion of "catch-up" adjustments to premium amortization cost is meaningful as it excludes the cumulative effect from prior reporting periods due to current changes in future prepayment expectations and, therefore, exclusion of such "catch-up" cost or benefit is more indicative of the current earnings potential of the Company's investment portfolio. In the case of estimated taxable income, the Company believes it is meaningful information as it is directly related to the amount of dividends the Company is required to distribute in order to maintain its REIT qualification status.

However, because such measures are incomplete measures of the Company's financial performance and involve differences from results computed in accordance with GAAP, they should be considered as supplementary to, and not as a substitute for, results computed in accordance with GAAP. In addition, because not all companies use identical calculations, the Company's presentation of such non-GAAP measures may not be comparable to other similarly-titled measures of other companies. Furthermore, estimated taxable income can include certain information that is subject to potential adjustments up to the time of filing the Company's income tax returns, which occurs after the end of its fiscal year.

A reconciliation of GAAP net interest income to non-GAAP "net spread and dollar roll income, excluding 'catch-up' premium amortization" and a reconciliation of GAAP net income to non-GAAP "estimated taxable income" is included in this release.