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|  | **UNITED STATES** |  |
|  | **SECURITIES AND EXCHANGE COMMISSION** |  |
|  | **Washington, D.C. 20549** |  |
| ☒ | **FORM 10-K** |  |
| **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934** |  |
|  | **For the year ended December 31, 2021** |  |
| ☐ | **OR** |  |
| **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934** |  |
|  | **Commission file number 001-34057** |  |



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **AGNC INVESTMENT CORP.** | | | |  |
| **(Exact name of registrant as specified in its charter)** | | | |  |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  |
| **Delaware** | |  |  | **26-1701984** |
| **(State or Other Jurisdiction of** | |  |  | **(I.R.S. Employer** |
| **Incorporation or Organization)** | |  |  | **Identification No.)** |
| **2 Bethesda Metro Center, 12th Floor** | | | |  |
| **Bethesda, Maryland 20814** | | | |  |
| **(Address of principal executive offices)** | | | |  |
| **(301) 968-9315** | | |  |  |
| **(Registrant’s telephone number, including area code)** | | | |  |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  |
| Securities registered pursuant to Section 12(b) of the Act: | |  |  |  |
| **Title of Each Class** | | **Trading Symbol(s)** | | **Name of Exchange on Which Registered** |
| Common Stock, par value $0.01 per share |  | AGNC |  | The Nasdaq Global Select Market |
| Depositary shares of 7.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | | AGNCN | | The Nasdaq Global Select Market |
| Depositary shares of 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | | AGNCM | | The Nasdaq Global Select Market |
| Depositary shares of 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | | AGNCO | | The Nasdaq Global Select Market |
| Depositary shares of 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | | AGNCP | | The Nasdaq Global Select Market |

**Securities Registered Pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Emerging growth company

☒

☐

☐

Accelerated filer

Smaller Reporting Company

☐

☐

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

As of June 30, 2021, the aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant was approximately $7.3 billion based upon the closing price of the Registrant's common stock of $16.89 per share as reported on The Nasdaq Global Select Market on that date. (For this computation, the Registrant has excluded the market value of all shares of its common stock reported as beneficially owned by executive officers and directors of the Registrant and certain other stockholders; such an exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the Registrant.)

The number of shares of the issuer's common stock, $0.01 par value, outstanding as of January 31, 2022 was 522,223,792.

DOCUMENTS INCORPORATED BY REFERENCE. The information required by Part III will be incorporated by reference from the Registrant's definitive proxy statement for the 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

Certain exhibits previously filed with the Securities and Exchange Commission are incorporated by reference into Part IV of this report.



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**PART I.**

**Item 1. Business**

AGNC Investment Corp. ("AGNC," the "Company," "we," "us" and "our") was organized on January 7, 2008 and commenced operations on May 20, 2008 following the completion of our initial public offering. Our common stock is traded on The Nasdaq Global Select Market under the symbol "AGNC."

We are a leading provider of private capital to the U.S. housing market, enhancing liquidity in the residential real estate mortgage markets and, in turn, facilitating home ownership in the U.S. We invest primarily in Agency residential mortgage-backed securities ("Agency RMBS") on a leveraged basis. These investments consist of residential mortgage pass-through securities and collateralized mortgage obligations for which the principal and interest payments are guaranteed by a U.S. Government-sponsored enterprise, such as the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, the "GSEs"), or by a U.S. Government agency, such as the Government National Mortgage Association ("Ginnie Mae"). We may also invest in other assets related to the housing, mortgage or real estate markets that are not guaranteed by a GSE or U.S. Government agency.

We operate to qualify to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). As a REIT, we are required to distribute annually 90% of our taxable income, and we will generally not be subject to U.S. federal or state corporate income tax to the extent that we distribute all our annual taxable income to our stockholders on a timely basis. It is our intention to distribute 100% of our taxable income within the time limits prescribed by the Internal Revenue Code, which may extend into the subsequent taxable year.

We are internally managed with the principal objective of providing our stockholders with attractive risk-adjusted returns through a combination of monthly dividends and tangible net book value accretion. We generate income from the interest earned on our investments, net of associated borrowing and hedging costs, and net realized gains and losses on our investment and hedging activities. We fund our investments primarily through collateralized borrowings structured as repurchase agreements.

**Investment Strategy**

Our investment strategy is intended to:

* generate attractive risk-adjusted returns for our stockholders through monthly dividend distributions and tangible net book value accretion;
* manage an investment portfolio consisting primarily of Agency securities;
* invest a subset of the portfolio in credit-oriented securities that are not guaranteed by a GSE or U.S. Government agency and other assets related to the housing, mortgage or real estate markets;
* capitalize on discrepancies in the relative valuations in the Agency and non-Agency securities market;
* manage financing, interest rate, prepayment, extension and credit risks;
* continue to qualify as a REIT; and
* remain exempt from the requirements of the Investment Company Act of 1940 (the "Investment Company Act").

**Targeted Investments**

***Agency Securities***

* **Agency Residential Mortgage-Backed Securities.** Our primary investments consist of Agency pass-through certificates representing interests in "pools" ofmortgage loans secured by residential real property. Monthly payments of principal and interest made by the individual borrowers on the mortgage loans underlying the pools are in effect "passed through" to the security holders, after deducting guarantee and servicer fees. In general, mortgage pass-through certificates distribute cash flows from the underlying collateral on a pro rata basis among the security holders. Security holders also receive guarantor advances of principal and interest for delinquent loans in the mortgage pools. We may also invest in Agency collateralized mortgage obligations ("CMOs"), which are structured instruments backed by a pool of Agency mortgage-backed securities.
* **To-Be-Announced Forward Contracts ("TBAs").** TBAs are forward contracts to purchase or sell Agency RMBS in the TBA market. TBA contractsspecify the coupon rate, issuer, term and face value of the bonds to be delivered, with the actual bonds to be delivered only identified shortly before the TBA settlement date.

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***Non-Agency Securities***

* **Credit Risk Transfer ("CRT") Securities.** CRT securities are risk sharing instruments that transfer a portion of the risk associated with credit losses withinpools of conventional residential mortgage loans from the GSEs and/or third- parties to private investors. Full repayment of the original principal balance of CRT securities is not guaranteed by the GSE or other third-party; rather, "credit risk transfer" is achieved by writing down the outstanding principal balance of the CRT security if credit losses on the related pool of loans exceed certain thresholds.
* **Non-Agency Residential Mortgage-Backed Securities ("Non-Agency RMBS").** Non-Agency RMBS are structured securities backed by pools ofresidential mortgages packaged and issued by private institutions, such as a commercial bank or non-bank lender. Certain tranches of non-Agency RMBS may benefit from credit enhancement derived from structural elements, such as subordination, over-collateralization or insurance. We may purchase investment grade instruments that benefit from credit enhancement and non-investment grade instruments that are structured to absorb more credit risk. We focus primarily on non-Agency securities where the underlying mortgages are secured by residential properties within the United States, which may be comprised of prime, non-prime, qualified and non-qualified mortgage loans.
* **Commercial Mortgage-Backed Securities ("CMBS").** CMBS are securities backed by a pool of loans secured by one or more commercial properties.CMBS may also consist of a single loan for a single asset or multiple loans for a group of cross-collateralized assets of a single-borrower. CMBS are typically structured as multiple classes of securities where cash flows are distributed following a predetermined waterfall, which may give priority to selected classes while subordinating other classes. We may invest across the capital structure of these securities. We intend to focus on CMBS where the underlying collateral is secured by commercial properties located within the United States.

**Active Portfolio Management Strategy**

We employ an active management strategy designed to achieve our principal objectives of generating attractive risk-adjusted returns and managing our tangible net book value within reasonable bands. As part of our investment strategy, we use leverage on our investment portfolio to increase potential returns to our stockholders. We invest in securities based on our assessment of their relative risk-return profiles and our ability to effectively hedge a portion of the securities' exposure to market risks. The composition of our portfolio and the strategies we use will vary based on our view of prevailing market conditions and the availability of suitable investment, hedging and funding opportunities.

**Financing Strategy**

We finance our investment portfolio primarily through collateralized borrowings structured as repurchase agreements ("repo"). Repurchase agreements involve the sale and a simultaneous agreement to repurchase the transferred assets at a future date. Our borrowings through repurchase transactions are generally short-term and have maturities ranging from one day to one year but may have maturities up to five or more years. Our financing rates are primarily impacted by short-term benchmark rates and liquidity in the Agency repo and short-term funding markets.

The amount of leverage that we utilize depends on market conditions, our assessment of risk and returns and our ability to borrow sufficient funds to acquire mortgage securities. We generally expect our leverage to be within six to twelve times the amount of our tangible stockholders' equity, but under certain conditions we may operate at leverage levels outside of this range.

We diversify our funding exposure by entering into repurchase agreements with multiple counterparties. We finance a portion of our investments through our wholly-owned captive broker-dealer subsidiary, Bethesda Securities, LLC ("BES"). BES is a member of the Fixed Income Clearing Corporation ("FICC") and has direct access to bilateral and triparty repo funding as a Financial Industry Regulatory Authority ("FINRA") member broker-dealer. As an eligible institution, BES also raises repo funding through the General Collateral Finance ("GCF") Repo service offered by the FICC, with the FICC acting as the central counterparty. Thus, through BES, we have greater depth and diversity of funding than solely through traditional bilateral repo, while also lowering our funding cost, reducing our collateral requirements and limiting our counterparty exposure.

We also finance the acquisition of Agency RMBS by entering into TBA dollar roll transactions through which we sell a TBA contract for current month settlement and simultaneously purchase a similar TBA contract for a forward settlement date. Prior to the forward settlement date, we may choose to roll the position to a later date by entering into an offsetting TBA position, net settling the paired off positions for cash, and simultaneously entering into a similar TBA contract for a forward settlement date. The TBA contract purchased for the forward settlement date is priced at a discount to the TBA contract sold for settlement/pair off in the current month. The difference (or discount) is referred to as the "price drop" and is the economic

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equivalent of net interest carry income (interest income less implied financing cost) on the underlying Agency RMBS over the roll period, which is commonly referred to as "dollar roll income." We recognize TBA contracts as derivative instruments on our consolidated financial statements at their net carrying value, which is their fair value less the purchase price to be paid or received under the TBA contract. Consequently, dollar roll transactions represent a form of off-balance sheet financing. In evaluating our overall leverage, we consider both our on-balance sheet and off-balance sheet financing.

**Risk Management Strategy**

We are exposed to a variety of market risks, including interest rate, prepayment, extension, spread and credit risks. Our investment strategies are based on our assessment of these risks, our ability to hedge a portion of these risks and our intention to qualify as a REIT. Our hedging strategies are generally not designed to protect our net book value from spread risk, which as a levered investor in mortgage-backed securities is the inherent risk we take that the spread between the market yield on our investments and the benchmark interest rates linked to our interest rate hedges fluctuates. In addition, although we attempt to protect our net book value against moves in interest rates, we may not fully hedge against interest rate, prepayment and extension risks if we believe that bearing such risks enhances our return profile, or if the hedging transaction would negatively impact our REIT status. Our risk management actions may lower our earnings and dividends in the short-term to further our objective of preserving our net book value and maintaining attractive levels of earnings and dividends over the long-term. In addition, some of our hedges are intended to provide protection against larger rate moves and as a result may be relatively ineffective for smaller interest rate changes. For additional explanation of our market risks please refer to Item 7A. *Quantitative and Qualitative Disclosures about Market Risk* and Item 1A. *Risk Factors* within this Form 10-K.

**Regulatory Requirements**

***Exemption from Regulation under the Investment Company Act***

We conduct our business so as not to become regulated as an investment company under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(5)(C) of the Act. So long as we qualify for this exemption, we will not be subject to leverage and other restrictions imposed on registered investment companies, which would significantly reduce our ability to use leverage. Section 3(c)(5)(C), as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC"), requires us to invest at least 55% of our assets in "mortgages and other liens on and interest in real estate" or "qualifying real estate interests" ("55% asset test") and at least 80% of our assets in qualifying real estate interests and "real estate-related assets." In satisfying this 55% requirement, based on pronouncements of the SEC staff and in certain instances our own judgment, we treat Agency RMBS issued with respect to an underlying pool of mortgage loans in which we hold all the certificates issued by the pool ("whole pool" securities) as qualifying real estate interests. We typically treat "partial pool" and other mortgage securities where we hold less than all the certificates issued by the pool as real estate-related assets. For additional information regarding our exemption under the Investment Company Act please refer to Item 1A. *Risk Factors* within this Form 10-K.

***Real Estate Investment Trust Requirements***

We have elected to be taxed as a REIT under the Internal Revenue Code. As a REIT, we generally will not be subject to U.S. federal or state corporate income tax on our taxable income to the extent that we distribute annually all our taxable income to stockholders within the time limits prescribed by the Internal Revenue Code. Qualification and taxation as a REIT depend on our ability to continually meet requirements imposed upon REITs by the Internal Revenue Code, including satisfying certain organizational requirements, an annual distribution requirement and quarterly asset and annual income tests. The REIT asset and income tests are significant to our operations as they restrict the extent to which we can invest in certain types of securities and conduct certain hedging activities within the REIT. Consequently, we may be required to limit these activities or conduct them through a taxable REIT subsidiary ("TRS"). We believe that we have been organized and operate in such a manner as to qualify for taxation as a REIT.

*Income Tests:*

To continue to qualify as a REIT, we must satisfy two gross income requirements on an annual basis.

1. At least 75% of our gross income for each taxable year generally must be derived from investments in real property or mortgages on real property.
2. At least 95% of our gross income in each taxable year generally must be derived from some combination of income that qualifies under the 75% gross income test described above, as well as other dividends, interest, and gains from the sale or disposition of stock or securities, which need not have any relation to real property.

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Interest income from obligations secured by mortgages on real property (such as Agency and non-Agency MBS) generally constitutes qualifying income for purposes of the 75% gross income test described above. There is no direct authority with respect to the qualification of income or gains from TBAs for the 75% gross income test; however, we treat these as qualifying income for this purpose based on an opinion of legal counsel. The treatment of interest income from other real estate securities depends on their specific tax structure. Income and gains from instruments that we use to hedge the interest rate risk associated with our borrowings incurred, or to be incurred, to acquire real estate assets will generally be excluded from both gross income tests, provided that specified requirements are met.

*Asset Tests:*

At the close of each calendar quarter, we must satisfy five tests relating to the nature of our assets.

1. At least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. Government securities, and, under some circumstances, temporary investments in stock or debt instruments purchased with new capital. For this purpose, mortgage-backed securities and mortgage loans are generally treated as "real estate assets." Assets that do not qualify for purposes of the 75% asset test are subject to the additional asset tests described below.
2. The value of any one issuer's securities that we own may not exceed 5% of the value of our total assets.
3. We may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries and the 10% asset test does not apply to "straight debt" having specified characteristics and to certain other securities.
4. The aggregate value of all securities of all TRSs that we hold may not exceed 20% of the value of our total assets.
5. No more than 25% of the total value of our assets may be represented by certain non-mortgage debt instruments issued by publicly offered REITs (even though such debt instruments qualify under the 75% asset test).

A failure to satisfy the income or asset tests would not immediately cause us to lose our REIT qualification; rather, we could retain our REIT qualification if we were able to satisfy certain relief provisions and pay any applicable penalty taxes and other fines, or, in the case of a failure to satisfy the asset test, eliminate the discrepancy within a 30-day cure period. Please also refer to the "Risks Related to Our Taxation as a REIT" in "Item 1A. Risk Factors" of this Form 10-K for further discussion of REIT qualification requirements and related items.

***Regulatory Requirements of our Captive Broker-Dealer Subsidiary***

BES as a member of the FICC and FINRA is subject to ongoing membership and regulatory requirements of the securities business that include but are not limited to trade practices, use and safekeeping of funds and securities, capital structure, recordkeeping and conduct of directors, officers and employees. Additionally, as a self-clearing, registered broker-dealer, BES is subject to minimum net capital requirements. Thus, our ability to access triparty repo funding through the FICC's GCF Repo service, which represents a significant portion of our total borrowing capacity, is reliant on BES' ability to continually meet FINRA and FICC regulatory and membership requirements.

**Human Capital Management**

We believe our success as a company ultimately depends on the strength, wellness, and dedication of our workforce. We pride ourselves on robust practices in the area of human capital management that are constantly evolving to meet the needs of our people. As of December 31, 2021, our workforce consisted of 50 full-time employees. We strive to provide each of our highly skilled employees an engaging, rewarding, supportive, and inclusive atmosphere in which to grow professionally. Our competitive and comprehensive benefits package is carefully designed to attract and retain talented personnel. We believe our low voluntary employee turnover and favorable employee survey results are a testament to the success of our human capital management initiatives.

**Employee Turnover Metrics**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | | **January 1** | | **Terminations 1** | | **New Hires** | | **December 31** |
| 2021 |  | 50 |  | -2 |  | 2 |  | 50 |
| 2020 |  | 51 |  | -1 |  | 0 |  | 50 |
| 2019 |  | 56 |  | -6 |  | 1 |  | 51 |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Employee terminations include voluntary and involuntary terminations. Terminations during 2019 were primarily associated with the termination of MTGE Investment Corp.’s management services agreement with our subsidiary MTGE Management, LLC due to the sale of MTGE Investment Corp. to a third party in 2018.

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*Employee Communications and Engagement*

We recognize the importance of ongoing open communication and engagement with our employees, and we greatly value their input. We regularly engage with our employees in a variety of ways through ongoing direct engagement with each member of our staff, anonymous employee surveys and regular town hall meetings. Our anonymous employee surveys are an important component of our employee engagement that provide a means of assessing job satisfaction and specific concerns of our employees. To enhance the candor and comfort of our employees, we use outside vendors that provide verbatim comments and analysis of engagement levels on an anonymous basis. In 2021, AGNC received the Great Place to Work™ certification. The prestigious certification was based entirely on feedback from employees through an extensive anonymous survey about their experiences working at AGNC, during which 98% of our employees said AGNC is a great place to work. Our Board and management use the results of our surveys and ongoing feedback to implement various ideas and recommendations received from employees.

*Workplace Culture and Ethics*

Our corporate culture promotes open and honest communication, fair treatment, collegiality and high ethics and compliance standards. Our Code of Ethics and Conduct ("Code of Conduct") applies to all directors, officers and employees and provides clear expectations and guidance to facilitate appropriate decisioning. Our Code of Conduct covers topics such as compliance with securities laws, conflicts of interest, giving and receiving gifts, discrimination, harassment, privacy, appropriate use of Company assets, protecting confidential information, and reporting Code of Conduct violations (including through an anonymous hotline). All employees are required to affirm their understanding of these standards on at least an annual basis. Our executive officers and human resources department maintain "open door" policies and any form of retaliation for bona fide reporting of Code of Conduct violations is expressly prohibited.

*Employee Development*

We have a number of policies and programs to further the professional development of our employees, including our professional certification and continuing education policy. This includes reimbursement for any supervisor-approved courses for our employees. We also maintain a "Lunch and Learn" series and a formal mentoring program for employees to receive direct one-on-one career guidance and cross-functional experience across various operations. These initiatives have advanced unique and professional skill sets throughout the organization.

*Diversity and Inclusion*

Central to our core values is that every individual deserves respect and equal treatment, regardless of gender, race, ethnicity, age, disability, sexual orientation, gender identity, cultural background or religious belief. We strive to have a diverse workforce and an inclusive and welcoming work environment that is free from wrongful discrimination. We have long maintained policies against discrimination and harassment in our workplace, and we periodically conduct workplace trainings and workshops attended by all employees related to these topics. Although we have a relatively small workforce and low turnover rate, our recruitment and hiring practices attempt to ensure the diversity of applicant pools for posted job openings. We also seek to engage our employees and provide them opportunities on a non-discriminatory and inclusive basis. As of December 31, 2021, 40% of our employees were women and 35% were ethnically diverse. Our Board also strives to maintain diversity and inclusion among its directors. As of December 31, 2021, three of our nine directors were women and two directors were ethnically diverse.

*Compensation and Benefits*

We seek to attract and retain the most talented employees in our industry by offering competitive compensation and benefits. Our pay-for-performance compensation philosophy is based on rewarding each employee’s individual contributions through a combination of fixed and variable pay elements. Each employee receives a total compensation package that includes base salary, short-term incentives in the form of an annual cash bonus and long-term equity incentives in the form of time-vesting and/or performance-vesting restricted stock units. The proportion of each employee’s variable incentive versus fixed-based elements of their compensation is directly correlated to the individual’s level of responsibility and role in the organization. Generally, higher level employees have higher proportions of variable incentive-based compensation in their target mix. Similarly, within the incentive-based elements, the proportion of long-term incentive-based elements generally corresponds to the individual’s role and level of responsibility in the organization.

As the success of our business is fundamentally connected to the well-being of our people, we offer benefits that support their physical, financial and emotional well-being. We provide our employees with access to flexible, comprehensive and convenient medical coverage intended to meet their needs and the needs of their families. In addition to standard medical coverage, we offer employees dental and vision coverage, health savings and flexible spending accounts, paid time off,

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employee assistance programs, voluntary short-term and long-term disability insurance, term life insurance and other benefits. We also believe in the long-term financial wellness of our employees, and to foster maximum savings rates by our employees we offer a 401(k) Savings Plan and Company matching contributions of 100% up to 6% of each employee’s eligible compensation, subject to IRS limits.

*COVID-19 and Workforce Safety*

To protect the health and safety of our workforce, during the COVID-19 pandemic (the "Pandemic" or "COVID-19"), we shifted to a fully remote work-from home environment prior to any jurisdiction’s mandate to do so. We also instituted a survey in mid-2020 to understand our employees' perspective during the extreme circumstances brought about by the Pandemic, including work-from-home environment and resource issues, employee mental health and wellbeing, child-care considerations and similar matters. We used their feedback to inform decisions regarding matters such as implementing flexible work schedules, providing additional resources and equipment to improve our employees work from home experience, and demonstrating flexibility with respect to the timing and manner of eventual office re-openings. Finally, we hosted regular town hall meetings to ensure sufficient company-wide communication with our workforce during this time. Employee survey results indicated that 100% of our employees believe we responded to the COVID-19 outbreak very well or extremely well. These approaches continued in 2021. Mid-year, we commenced a gradual return to in-office work, with employees having the choice to work in the office subject to safety protocols or to continue working remotely. Going forward, when conditions permit, we expect to implement a hybrid model through which employees will be able to split hours between the office and remote work.

**Competition**

Our success depends, in large part, on our ability to acquire assets at favorable spreads over our borrowing costs. In acquiring mortgage assets, we compete with a variety of other investors, including other mortgage REITs, government entities, banks, specialty finance companies, public and private funds, insurance companies and other financial institutions, who may have competitive advantages over us as to the price they are willing to pay due to factors such as a lower cost of funds, access to funding sources not available to us or a lack of REIT and Investment Company Act regulatory constraints.

**Corporate Information**

Our executive offices are located at Two Bethesda Metro Center, 12th Floor, Bethesda, MD 20814 and our telephone number is (301) 968-9315.

We make available our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports as well as our Code of Ethics and Conduct on our internet website at www.AGNC.com as soon as reasonably practical after such material is electronically filed with or furnished to the SEC. These reports are also available on the SEC internet website at www.sec.gov.

**Item 1A. *Risk Factors***

You should carefully consider the risks described below and all other information contained in this Annual Report on Form 10-K, including our annual consolidated financial statements and the related notes thereto before deciding to purchase our securities. Any of the following risks could materially affect our business, financial condition or results of operations. If that happens, the trading price of our securities could decline, and you may lose all or part of your investment. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, may also impair our operations and performance.

**Risks Related to Our Investment and Portfolio Management Activities**

***Spread risk is inherent to our business as a levered investor in Agency RMBS.***

When the spread between the market yield on our mortgage assets and benchmark interest rates widens, our tangible net book value will typically decline. We refer to this as "spread risk". As a levered investor primarily in fixed-rate Agency RMBS, spread risk is an inherent component of our investment strategy. Although we use hedging instruments to attempt to protect against moves in interest rates, our hedges will typically not protect us against spread risk. Spreads may widen due to numerous factors, including changes in mortgage and fixed income markets due to actual or expected monetary policy actions by U.S. and foreign central banks, market liquidity or changes in investor return requirements and sentiment. Wider spreads can also occur independent of moves in interest rates. For example, actions by the Federal Reserve to taper its purchases of Agency RMBS and to reduce its balance sheet will likely result in materially wider spreads.

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***The Fed’s participation in the Agency mortgage market could have an adverse effect on our Agency RMBS investments.***

Since the onset of the COVID-19 financial crisis in March 2020, the Federal Reserve and the U.S. Government have provided unprecedented amounts of monetary and fiscal stimulus in support of sustained economic growth. As part of its monetary policy response, the Fed doubled the size of its balance sheet from the start of the crisis to nearly $9 trillion as of December 31, 2021, through the acquisition of U.S. Treasuries and Agency RMBS. As of December 31, 2021, the Fed’s holdings of Agency RMBS totaled $2.6 trillion, representing nearly a third of all outstanding Agency RMBS.

During the fourth quarter of 2021, with inflation well above the Fed’s 2% long-run target and the unemployment rate at levels indicative of maximum employment, the Fed began to shift towards a normalization of monetary policy, starting with its reduction in the amount of monthly asset purchases, which are expected to be completed March 2022. The Fed also signaled its intent to begin to reduce the size of its balance sheet and has suggested that its asset holdings may decline sooner and at a faster pace than in the 2016-2020 time period following the prior quantitative easing cycle. Accordingly, we expect the Fed to announce the passive contraction of its balance sheet by reducing reinvestments of proceeds from maturing U.S. Treasury securities and Agency RMBS portfolio repayments by a predetermined amount comparatively soon after commencing increases in the Federal Funds interest rate.

As part of the Fed's overall monetary policy, it has participated in the Agency mortgage market since first conducting large scale asset purchases during the Great Financial Crisis in 2008. The Fed’s participation in the mortgage market can materially impact the available supply, price and returns on Agency RMBS. Thus, given the Fed's historic participation and the current scale of its balance sheet holdings, the effects of a shift in monetary policy may be material and difficult to predict, and we may be unable to mitigate potentially adverse effects on our portfolio and financial condition. Furthermore, despite its stated preference for a passive balance sheet reduction, there is no guarantee the Fed will not conduct outright sales of Agency RMBS in the secondary market. The Fed could also reduce or cease altogether monthly reinvestments, which could significantly increase the pace of their balance sheet reduction and lead to wider RMBS spreads to benchmark interest rates. Spread widening is an inherent risk we take as a levered Agency mortgage investor, and our hedges are not designed to protect against this risk. To mitigate some of the impact of spread widening, we may reduce our leverage below our normal operating levels, which may reduce our earnings potential relative to higher leverage operations.

***The ongoing effects of Covid-19 on economic conditions and our business are uncertain***

COVID-19 has resulted in, and may continue to result in, significant disruption of the global financial markets. The Pandemic may lead to a deterioration of economic and financial conditions, including periods of extreme market volatility, illiquidity and adverse dislocations, potentially leading to an economic downturn, and/or a recession, at a domestic or global scale, which could materially affect our business. There may also be unintended adverse consequences resulting from the magnitude of measures and actions taken by policymakers as a result of the Pandemic that could negatively impact our business and have lasting effects, which are difficult to predict. With only 50 employees, we may also experience the absence of critical personnel should our employees contract COVID-19. We may be unable to take actions necessary to mitigate these or other adverse consequences resulting from the Pandemic. Consequently, our operating results may be impaired, and we could incur significant losses.

***We may change our targeted investments, investment guidelines and other operational policies without stockholder consent.***

We may change our targeted investments and investment guidelines at any time without the consent of our stockholders, which could result in our making investments that are different from, and possibly riskier than, those described in this Annual Report or under our current guidelines. Our Board of Directors also determines our other operational policies, including our policies with respect to our REIT qualification, acquisitions, dispositions, operations, indebtedness and distributions. Our Board of Directors may amend or revise such policies or authorize transactions that deviate from them, without a vote of, or notice to, our stockholders. Any such change may increase our exposure to risks described herein or expose us to new risks that are not currently contemplated, which could materially impair our operations and financial performance.

***Our active portfolio management strategy may expose us to greater losses and lower returns than compared to passive strategies.***

We employ an active management strategy to achieve our principal objective of preserving our tangible net book value while generating attractive risk-adjusted returns. The composition of our investment portfolio, leverage ratio and hedge composition will vary as we believe changes to market conditions, risks and valuations warrant. We may experience significant investment gains or losses when we sell investments that we no longer believe provide attractive risk-adjusted returns or when we believe more attractive alternatives are available. We may be incorrect in our assessment and select an investment portfolio that may generate lower returns than a more static management strategy. Furthermore, because of our active strategy, investors may be unable to assess changes in our financial position solely by observing changes in the mortgage market.

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***A decline in the fair value of our assets may adversely affect our financial condition and make it costlier to finance our assets.***

We record our investments at fair value with changes in fair value reported in net income or other comprehensive income. A decline in the fair value of our investments could reduce both our net income and stockholders' equity. We also use our investments as collateral for our financings and certain hedge transactions; consequently, a decline in fair value, or perceived market uncertainty about the value of our assets, could make it difficult for us to obtain financing on favorable terms or at all, or for us to maintain our compliance with terms of agreements already in place. Since we primarily invest in long-term fixed rate securities, our investment portfolio is particularly sensitive to changes in longer-term interest rates. If interest rates or other market conditions result in a decline in the fair value of our assets, we would be subject to margin calls on our existing agreements and it would decrease the amount we may borrow to purchase additional investments. If this occurs, we could be required to sell assets at adverse prices and our ability to maintain or increase our net income would be significantly restricted.

***Changes in prepayment rates may adversely affect the return on our investments.***

Our investment portfolio includes securities backed by pools of mortgage loans, which receive payments related to the underlying mortgage loans. When borrowers prepay their mortgage loans at rates faster or slower than anticipated, it exposes us to prepayment or extension risk. Generally, prepayments increase during periods of falling mortgage interest rates and decrease during periods of rising mortgage interest rates, but other factors can also affect the rate of prepayments, including loan age and size, loan-to-value ratios, housing price trends, general economic conditions and GSE buyouts of delinquent loans.

If our assets prepay at a faster rate than anticipated, we may be unable to reinvest the repayments at acceptable yields. If the proceeds are reinvested at lower yields than our existing assets, our net interest margins would be negatively impacted. We also amortize or accrete into interest income any premiums and discounts we pay or receive at purchase relative to the stated principal of our assets over their projected lives using the effective interest method. If the actual and estimated future prepayment experience differs from our prior estimates, we are required to record an adjustment to interest income for the impact of the cumulative difference in the effective yield, which could negatively affect our interest income.

If our assets prepay at a slower rate than anticipated, our assets could extend beyond their expected maturity and we may have to finance our investments at potentially higher costs without the ability to reinvest principal into higher yielding securities. Additionally, if prepayment rates decrease due to a rising interest rate environment, the average life or duration of our fixed-rate assets would extend, but our interest rate swap maturities would remain fixed and, therefore, cover a smaller percentage of our funding exposure. This situation may also cause the market value of our assets to decline, while most of our hedging instruments would not receive any incremental offsetting gains.

To the extent that actual prepayment speeds differ from our expectations, our operating results could be adversely affected, and we could be forced to sell assets to maintain adequate liquidity, which could cause us to incur realized losses. In addition, should significant prepayments occur, there is no certainty that we will be able to identify acceptable new investments, which could reduce our invested capital or result in us investing in less favorable securities.

***Prepayment rates are difficult to predict, and market conditions and other factors impacting mortgage origination channels may disrupt the historical correlation between interest rate changes and prepayment trends.***

Our success depends in part on our ability to predict prepayment behavior over a variety of economic conditions. As part of our overall portfolio risk management, we analyze interest rate changes and prepayment trends to assess their effects on our investment portfolio. Our analysis is largely based on predictive models and reliance on historical correlations between interest rates and other factors and the rate of prepayments. However, unprecedented events, market dislocations, advances in origination channel technologies and other factors may impair the usefulness of these historical correlations or render them completely invalid, reducing our ability to accurately predict future prepayment activity.

Other factors beyond interest rates also impact the rate of prepayments and may be difficult to predict. For example, Government programs or changes to GSE policies designed to increase the availability of credit to homeowners, when borrowers sell their property and use the proceeds to prepay their mortgage, or when borrowers default on their mortgages and the defaulted loans are either purchased from the RMBS trust or the mortgages are prepaid from the proceeds of a foreclosure sale of the property. Fannie Mae and Freddie Mac typically repurchase mortgages that are 120 days or more delinquent from RMBS trusts. However, during COVID-19, as a result of the GSEs granting qualified borrowers forbearance for a period of up to 18 months, they temporarily extended the timeline for repurchasing otherwise delinquent loans that are in forbearance. Thus, to the extent that the number of delinquencies and loan modifications increase as a result of exiting forbearance or due to other factors, the amount of loans bought out from RMBS trusts may increase prepayments on our investment portfolio.

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***The analytical models and third-party data that we rely on to manage our portfolio and conduct our business objectives may be incorrect, misleading or incomplete.***

We use analytical models, data and other information to value our assets and assess potential investment opportunities in connection with our risk management and hedging activities. We may source our models and data from third-parties or develop them internally. Models are dependent on multiple assumptions and inputs. Models typically also assume a static portfolio. If either the models, their underlying assumptions or data inputs prove to be incorrect, misleading or incomplete, any decisions we make in reliance on such information may be faulty and expose us to potential risks.

Many of the analytical models we use are predictive in nature, such as mortgage prepayment and default models. The use of predictive models has inherent risks and may incorrectly forecast future behavior, leading to potential losses. Furthermore, since predictive models are usually constructed based on historical trends using data supplied by third parties, the success of relying on such models depends heavily on the accuracy and reliability of the supplied historical data. Additionally, multiple factors could disrupt the relationships between data and historical trends, reducing the ability of our models to predict future outcomes, or even render them invalid. We are at greater risk of this occurring during periods of high volatility or unanticipated and/or unprecedented financial or economic events, such as during the ongoing Pandemic. A shift in Fed policy from a period of historic quantitative easing during 2020 and 2021 to a period of quantitative tightening and balance sheet normalization could also trigger significant volatility and reduce the predictive nature of our analytical models. Consequently, actual results could differ materially from our projections. Moreover, use of different models could result in materially different projections.

Valuation models rely on the accuracy of market data inputs. If incorrect market data is entered into even a well-founded valuation model, the resulting valuations will be incorrect. However, even if market data is input correctly, "model prices" may differ substantially from market prices, especially for securities with complex characteristics or illiquid instruments. Analytical models and third-party data used to analyze securitizations backed by non-Agency and residential and commercial mortgages also expose us to the risk that the (i) collateral cash flows and/or liability structures may be incorrectly modeled in one or more scenarios, or may be modeled based on simplifying assumptions that lead to errors; (ii) information about collateral may be incorrect, incomplete or misleading; (iii) collateral or bond historical performance (such as historical prepayments, defaults, cash flows, etc.) may be incorrectly reported, or subject to interpretation (e.g., different issuers may report delinquency statistics based on different definitions of what constitutes a delinquent loan); or (iv) collateral or bond information may be outdated, in which case the models may contain incorrect assumptions as to what has occurred since the date information was last updated.

Models may also include LIBOR as an input. Thus, the transition away from LIBOR may require changes to the models and/or impair the historical relationships patterned within these models as a result of less historical data than is currently available for LIBOR.

***The fair value of our investments may not be readily determinable or may be materially different from the value that we ultimately realize upon their disposal.***

We measure the fair value of our investments in accordance with guidance set forth in Accounting Standards Codification Topic 820, *Fair Value Measurements* *and Disclosures*. Fair value is only an estimate based on good faith judgment of the price at which an investment can be sold since market prices of investments canonly be determined by negotiation between a willing buyer and seller. Our determination of the fair value of our investments includes inputs provided by pricing services and third-party dealers. Valuations of certain investments in which we invest may be difficult to obtain or unreliable. In general, pricing services and dealers heavily disclaim their valuations and we do not have recourse against them in the event of inaccurate price quotes or other inputs used to determine the fair value of our investments. Depending on the complexity and illiquidity of a security, valuations of the same security can vary substantially from one pricing source to another. Moreover, values can fluctuate significantly, even over short periods of time. For these reasons, the fair value at which our investments are recorded may not be an accurate indication of their realizable value. The ultimate realization of the value of an asset depends on economic and other conditions that are beyond our control. Consequently, if we were to sell an asset, particularly in a forced liquidation, the realized value may be less than the amount at which the asset is recorded, which would negatively affect our results of operations and financial condition.

***The mortgage loans referenced by our CRT securities or that underlie our non-Agency securities may be or could become subject to delinquency or foreclosure, which could result in significant losses to us.***

Investments in credit-oriented securities, such as CRT securities and non-Agency MBS, where repayment of principal and interest is not guaranteed by a GSE or U.S. Government agency, subject us to the potential risk of loss of principal and/or interest due to delinquency, foreclosure and related losses on the underlying mortgage loans.

CRT securities are risk sharing instruments issued by Fannie Mae and Freddie Mac, and similarly structured transactions arranged by third-party market participants, that are designed to synthetically transfer mortgage credit risk from the issuing

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entity to private investors. The transactions are structured as unguaranteed bonds whose principal payments are determined by the delinquency and prepayment experience of a reference pool of mortgages guaranteed by Fannie Mae or Freddie Mac. An investor in CRT securities bears the risk that the borrowers in the reference pool of loans may default on their obligations to make full and timely payments of principal and interest.

Residential mortgage loans underlying non-Agency RMBS are secured by residential property and are subject to risks of delinquency, foreclosure and loss. The ability of a borrower to repay a loan secured by residential property is dependent upon the income or assets of the borrower. Many factors could impair a borrower's ability to repay the loan, including loss of employment, divorce, illness, acts of God, acts of war or terrorism, adverse changes in economic and market conditions, changes in laws and regulations, changes in fiscal policies and zoning ordinances, costs of remediation and liabilities associated with environmental conditions such as mold, and the potential for uninsured or under-insured property losses.

Commercial mortgage loans underlying CMBS are generally secured by multifamily or other commercial properties and are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with loans made on the security of residential property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income producing property can be affected by numerous factors, such as: occupancy rates, tenant mix, success of tenant businesses, property management decisions, property location and condition, changes in economic or operating conditions and other factors.

Geographic concentration of our assets can expose us to greater risk of default and loss. Repayments by borrowers and the market value of the related assets underlying our investments are affected by national as well as local and regional economic and other conditions. As a result, concentrations of investments tied to geographic regions increase the risk that adverse economic conditions or other developments affecting a region could increase the frequency and severity of losses on our investments. Additionally, assets in certain regional areas may be more susceptible to certain hazards (such as earthquakes, widespread fires, rising sea levels, disease, floods, hurricanes and certain climate risks) than properties in other parts of the country; for example, assets located in coastal states may be more susceptible to hurricanes or sea level rise than properties in other parts of the country. Areas affected by these types of events often experience disruptions in travel, transportation and tourism, loss of jobs, a decrease in consumer activity, and a decline in real estate-related investments, and their economies may not recover sufficiently to support income producing real estate at pre-event levels. These types of occurrences may increase over time or become more severe due to changes in weather patterns and other climate changes.

***Private mortgage insurance may not cover losses on loans referenced by our CRT securities and underlying our non-Agency RMBS.***

In certain instances, mortgage loans referenced by our CRT securities or underlying our non-Agency RMBS may have private mortgage insurance. However, this insurance may not cover some or all of our potential loss if a loan defaults. This may occur, for example, because it is frequently structured to absorb only a portion of the loss; the insurance provider rescinds or denies coverage; or the insurer's failure to satisfy its obligations under the insurance contract, whether due to breach of contract or to an insurer's insolvency.

***Changes in credit spreads may adversely affect our profitability.***

A significant component of the fair value of CRT and non-Agency securities and other credit risk-oriented investments is attributable to the credit spread, or the difference between the value of the credit instrument and the value of a financial instrument with similar interest rate exposure, but with no credit risk, such as a U.S. Treasury note. Credit spreads can be highly volatile and may fluctuate due to changes in economic conditions, liquidity, investor demand and other factors. Credits spreads typically widen in times of increased market uncertainty or when economic conditions have or are expected to deteriorate. Credit spreads may also widen due to actual or anticipated rating downgrades on the securities or similar securities. Hedging fair value changes associated with credit spreads can be inefficient and our hedging strategies are generally not designed to mitigate credit spread risk. Consequently, changes in credit spreads could adversely affect our profitability and financial condition.

***We may be unable to acquire desirable investments due to competition, a reduction in the supply of new production Agency RMBS having the specific attributes we seek, and other factors.***

Our profitability depends on our ability to acquire our target assets at attractive prices. We may seek assets with specific attributes that affect their propensity for prepayment under certain market conditions or enable us to satisfy asset test requirements to maintain our REIT qualification status or exemption from regulation under the Investment Company Act (such as "whole pool" Agency RMBS). The supply of our target assets may be impacted by policies and procedures adopted by the

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GSEs, such as pooling practices, or their regulator, the FHFA, or actions by other governmental agencies. Housing finance reform measures may also impact the supply and availability of our target assets. Consequently, a sufficient supply of our target assets may not be available or available at attractive prices. We may also compete for these assets with a variety of other investors, including other REITs, specialty finance companies, public and private funds, government entities, banks, insurance companies and other financial institutions, who may have competitive advantages over us, such as a lower cost of funds and access to funding sources not available to us. If we are unable to acquire a sufficient supply of our target assets, we may be unable to achieve our investment objectives or to maintain our REIT qualification status or exemption from regulation under the Investment Company Act.

**Risks Related to Our Financing and Hedging Activities**

***Our use of significant leverage increases the risk that we may incur substantial losses.***

Our strategy involves the significant use of leverage which will vary depending on our assessment of market conditions and risk adjusted returns. We generally expect to maintain our leverage between six to twelve times the amount of our tangible stockholders' equity, but we may operate at levels outside of this range for extended periods. We incur leverage by borrowing against a substantial portion of the market value of our assets. While leverage is fundamental to our investment strategy, it also creates significant risks because leverage amplifies the effect of changes in underlying asset values. Because of our leverage, we may incur substantial losses if the value of our investments declines or if mortgage spreads widen and our investments underperform our interest rate hedges.

***We may be unable to procure adequate financing or to renew or replace existing financing as it matures.***

We rely primarily on short-term borrowings to finance our mortgage investments. Consequently, our ability to achieve our investment objectives depends not only on our ability to borrow sufficient amounts and on favorable terms, but also our ability to renew or replace our maturing short-term borrowings on a continuous basis. A variety of factors could prevent us from being able to achieve our intended borrowing and leverage objectives, including:

* disruptions in the repo market that adversely impact the availability and cost of repo funding, including failure of the Fed and other policy makers to stabilize the repo market or a discontinuation of such stabilization measures;
* lender requirements of additional collateral to cover our borrowings, which we may be unable to deliver;
* lender exits from the market or unwillingness to make repurchase agreements or other financing arrangements available to us at acceptable rates and terms;
* regulatory capital requirements or other limitations imposed on our lenders that may negatively impact their ability or willingness to lend to us;
* our failure to satisfy covenants, leverage limits, or other requirements imposed by our lenders, in which case our lenders may terminate and cease entering into repurchase transactions with us; and
* our wholly-owned captive broker-dealer’s inability to continually meet FINRA and FICC regulatory and membership requirements, which may change over time.

The FICC continually assesses potential changes to rules governing the calculation of margin and minimum margin requirements. Increases in FICC margin requirements would have the effect of reducing our unencumbered assets and could potentially limit our ability to utilize triparty repo funding accessed through the FICC's GCF Repo service, which represents a significant portion of our total borrowing capacity.

Because of these and other factors, there is no assurance that we will be able to secure financing on terms that are acceptable to us. If we cannot obtain sufficient funding on acceptable terms, we may have to sell assets possibly under adverse market conditions.

***Our borrowing costs may increase at a faster pace than the yield on our investments.***

Our borrowing costs are particularly sensitive to changes in short-term interest rates, as well as overall funding availability and market liquidity, whereas the yield on our fixed rate assets is largely influenced by longer-term rates and conditions in the mortgage market. Consequently, our borrowing costs may rise at a faster pace or decline at a slower pace than the yield on our assets, negatively impacting our net interest margin.

***It may be uneconomical to roll our TBA dollar roll transactions and we may be required to take physical delivery of the underlying securities and fund our obligations with cash or other financing sources.***

We utilize TBA dollar roll transactions as an alternate means of investing in and financing Agency RMBS, which represent a form of off-balance sheet financing and increase our "at risk" leverage. It may become uneconomical for us to roll forward our TBA positions prior to their settlement dates due to market conditions, which can be impacted by a variety of

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factors including the Fed’s purchases and sales of Agency RMBS in the TBA market. TBA dollar roll transactions include a deferred purchase price obligation on our part, and an inability or unwillingness to continue to roll forward our position has effects similar to a termination of financing: In that circumstance, we would be required to settle the obligations for cash and would then take physical delivery of underlying Agency RMBS. We may not have sufficient funds or alternative financing sources available to settle such obligations. If we take delivery of the underlying securities, we expect to receive the "cheapest to deliver" securities with the least favorable prepayment attributes that satisfy the terms of the TBA contract. Additionally, the specific securities that we receive may include few, if any, “whole pool” securities, which could inhibit our ability to remain exempt from and regulation as an investment company under the Investment Company Act (see *“Loss of our* *exemption from regulation pursuant to the Investment Company Act would adversely affect us”* below). TBA contracts also subject us to margin requirements asdescribed further below. Our inability to roll forward our TBA positions or failure to obtain adequate financing to settle our obligations or to meet margin calls under our TBA contracts could force us to sell assets under adverse market conditions potentially causing us to incur significant losses.

***Our funding and derivative agreements subject us to margin calls that could result in defaults or force us to sell assets under adverse market conditions or through foreclosure.***

Our financing and hedging arrangements require that we maintain certain levels of collateral with our counterparties, called margin, to protect them from loss in the event we default on our obligations. Our counterparties in these arrangements require us to post additional margin if the value of the posted collateral declines to re-establish the agreed-upon collateral level. Our fixed-rate collateral is generally more susceptible to margin calls due to its price sensitivity to changes in interest rates. In addition, some collateral may be less liquid than other instruments, which could cause it to be more susceptible to margin calls in a volatile market environment. Additionally, faster rates of prepayment increase the magnitude of potential margin calls as there is a time lag between the effective date of the prepayment and when we receive the principal payment.

Our derivative agreements also subject us to margin calls. Collateral requirements under our derivative agreements are typically dictated by contract or clearinghouse rules and regulations adopted by the U.S. Commodity Futures Trading Commission (“CFTC”) and regulators of other countries. Thus, changes in clearinghouse rules and other regulations can increase our margin requirements and the cost of our hedges. Our counterparties typically have the sole discretion to determine eligible collateral, the value of our collateral and, in the case of our derivative counterparties, the value of our derivative instruments. Additionally, for cleared swaps and futures, the futures commission merchant, or FCM, that we transact through typically has the right to require more collateral than the clearinghouse requires.

The requirement to meet margin calls can create liquidity risks. In the event of a margin call, we must generally provide additional collateral on the same business day. Following an event of default, we could be required to settle our obligations under the agreements. Our derivative agreements may also contain cross default provisions under which a default under our other indebtedness may cause an event of default under the derivative agreement. The threat or occurrence of margin calls or the forced settlement of our obligations under our agreements could force us to sell our investments under adverse market conditions and result in substantial losses.

***Our funding and derivative agreement counterparties may not fulfill their obligations to us as and when due.***

If a repurchase agreement counterparty defaults on its obligation to resell collateral to us, we could incur a loss on the transaction equal to the difference between the value of our collateral and the amount of our borrowing. Similarly, if a derivative agreement counterparty fails to return collateral to us at the conclusion of the derivative transaction or fails to pledge collateral to us or to make other payments we are entitled to under the terms of our agreement as and when due, we could incur a loss equal to the value of our collateral and other amounts due to us.

We attempt to limit our counterparty exposure by diversifying our funding across multiple counterparties and limiting our counterparties to registered central clearing exchanges and major financial institutions with acceptable credit ratings. However, these measures may not sufficiently reduce our risk of loss. Central clearing exchanges typically attempt to reduce the risk of default by requiring initial and daily variation margin from their clearinghouse members and maintain guarantee funds and other resources that are available in the event of default. Nonetheless, we could be exposed to a risk of loss if an exchange or one or more of its clearing members defaults on its obligations. Most of the swaps that we enter into must be cleared by a Derivatives Clearing Organization, or DCO. DCOs are subject to regulatory oversight, use extensive risk management processes, and might receive "too big to fail" support from the government in the case of insolvency. We access the DCO through several FCMs, which may establish their own collateral requirements beyond that of the DCO. Consequently, for any cleared swap, we bear the credit risk of both the DCO and the relevant FCM as to obligations under our swap agreements. The enforceability of our derivative and repurchase agreements may also depend on compliance with applicable statutory, commodity and other regulatory requirements and, depending on the domicile of the counterparty, applicable international requirements.

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***Our rights under repurchase agreements in the event bankruptcy or insolvency may be limited.***

In the event of our bankruptcy or insolvency, our repurchase agreements may qualify for special treatment under the U.S. Bankruptcy Code, the effect of which, among other things, would be to allow the lender under the applicable repurchase agreement to avoid the automatic stay provisions of the U.S. Bankruptcy Code and to foreclose on the collateral without delay. In the event of a lender’s insolvency or bankruptcy, the lender may be permitted, under applicable insolvency laws, to repudiate the contract, and our claim against the lender for damages may be treated simply as an unsecured creditor. In addition, if the lender is a broker or dealer subject to the Securities Investor Protection Act of 1970, or an insured depository institution subject to the Federal Deposit Insurance Act, our ability to recover our assets under a repurchase agreement or to be compensated for any damages resulting from the lender's insolvency may be further limited by those statutes. Recoveries on these claims could be subject to significant delay and, if received, could be substantially less than the damages incurred.

***Our hedging strategies may be ineffective.***

We attempt to limit, or hedge against, the adverse effect of changes in interest rates on the value of our assets and financing costs, subject to complying with REIT tax requirements. Hedging strategies are complex and do not fully protect against adverse changes under all circumstances. Our business model also calls for accepting certain amounts of risk. Consequently, our hedging activities are generally designed to limit interest rate exposure, but not to eliminate it, and they are generally not designed to hedge against spread risk and other risks inherent to our business model.

Our hedging strategies may vary in scope based on our portfolio composition, liabilities and our assessment of the level and volatility of interest rates, expected prepayments, credit and other market conditions, and are expected to change over time. We could fail to properly assess a risk or fail to recognize a risk entirely, leaving us exposed to losses without the benefit of any offsetting hedges. Furthermore, the techniques and derivative instruments we select may not have the effect of reducing our risk. Poorly designed hedging strategies or improperly executed transactions could increase our risk of loss. Hedging activities could also result in losses if the hedged event does not occur. Numerous other factors can impact the effectiveness of our hedging strategies, including the following:

* the cost of interest rate hedges;
* the degree to which the interest rate hedge benchmark rate correlates to the interest rate risk being hedged;
* the degree to which the duration of the hedge matches that of the related asset or liability, particularly as interest rates change;
* the amount of income that a REIT may earn from hedging transactions that do not satisfy certain requirements of the Internal Revenue Code or that are not done through a TRS; and
* the degree to which the value of our interest rate hedges changes relative to our assets as a result of fluctuations in interest rates, passage of time, or other factors.

Additionally, regulations adopted by the CFTC and regulators of other countries could adversely affect our ability to engage in derivative transactions or impose increased margin requirements and require additional operational and compliance costs. Consequently, our hedging strategies may fail to protect us from loss and could even result in greater losses than if we had not entered in the hedge transaction.

***The discontinuation of LIBOR could negatively impact the dividends we pay on our fixed-to-floating rate cumulative redeemable preferred stock and the value of our LIBOR-based financial instruments.***

The stated dividend rate of each series of our outstanding fixed-to-floating rate cumulative redeemable preferred stock is indexed to three-month USD LIBOR following the applicable fixed rate period. In addition, we also have certain investments that reference USD LIBOR. The United Kingdom Financial Conduct Authority, or FCA, which regulates LIBOR, has announced that the USD LIBOR tenors relevant to us will cease to be published or will no longer be representative after June 30, 2023. The FCA's announcement coincided with the announcement of LIBOR's administrator, the ICE Benchmark Administration Limited, that it will cease publication of such LIBOR tenors immediately after the last publication on June 30, 2023 as a result of not having sufficient data necessary to calculate LIBOR on a representative basis after such date. These announcements mean that our LIBOR-based floating rate instruments outstanding beyond June 30, 2023 will need to be converted to alternative interest rates.

The Alternative Reference Rates Committee ("ARRC"), a group convened by the Federal Reserve Board and the Federal Reserve Bank of New York, has recommended the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for USD LIBOR. There are significant differences between LIBOR and SOFR. LIBOR reflects the average rates at which major banks indicate they are willing to lend to one another on an unsecured basis for various terms. Conversely, SOFR is a broad-based measure of the cost of borrowing cash overnight, on a secured basis, in the U.S. Treasury-backed repurchase market. Switching existing financial instruments from LIBOR to SOFR requires calculations of a fixed spread to account for such

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differences, which may not favor all parties equally. Additionally, certain of our LIBOR-based financial instruments may not contain fallback language specific to the permanent discontinuation of LIBOR. These factors may result in disputes over the substitute dividend rates on our fixed-to-floating rate preferred stock in effect after the fixed dividend periods end and negatively impact the fair value of our LIBOR-based investments.

Holders of depositary shares of our fixed-to-floating preferred stock should refer to the relevant prospectus for each series to understand the LIBOR-cessation provisions applicable to it. Each series of preferred stock that is currently outstanding becomes callable at the same time it begins to pay a LIBOR-based rate. At the later of the end of the fixed-rate term or the cessation of LIBOR, we may set the stated dividend rate in the manner specified by the provisions applicable to such series. Alternatively, at our option, we may call the shares of preferred stock. Application of these LIBOR fallback provisions or calling series of preferred stock may result in our incurring a higher cost of capital or potentially selling assets. Stockbrokers could also have restrictions on trading our preferred stock.

**Risks Related to Our Business Operations**

***Our executive officers and other key personnel are critical to our success and the loss of any executive officer or key employee may materially adversely affect our business.***

We operate in a highly specialized industry and our success is dependent upon the efforts, experience, diligence, skill and network of business contacts of our executive officers and key personnel. The departure of any of our executive officers and/or key personnel could have a material adverse effect on our operations and performance.

***We are highly dependent on information systems and third-party service providers to conduct our operations, and system failures, cybersecurity incidents or failure of our providers to fulfill their obligations to us could significantly disrupt our ability to operate our business.***

Our business is highly dependent on communication and information systems. We are dependent on third-parties to maintain many of our systems and to support our increasing reliance on cloud-based services and other services essential to operating our business. A system failure or of a third-party provider to fulfill their obligations to us could significantly delay or prevent us from conducting critical operating activities. Furthermore, our reliance on information systems, including remote access to such systems, exposes us to risks of a cybersecurity incident occurring, such as computer malware, virus, hacking, denial of service and phishing attacks, which have become more prevalent in our industry. In addition to disrupting our operations, a cyber-attack or security breach could lead to unauthorized access to confidential information and the release, misuse, loss or destruction of such information, subjecting us to regulatory fines, remediation costs, reputational harm, financial loss, litigation and increased difficulty doing business with third-parties that may rely on us to meet their own data protection requirements.

Although we have not detected a material cybersecurity breach to date, other financial services institutions have reported material breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that we or our third-party providers have experienced an undetected breach or may in the future. It is difficult to determine what, if any, negative impact may directly result from any specific cyber-attack, security breach or other business interruption. We may also face increased costs as we and our providers continue to evolve cyber defenses to contend with changing risks. Additionally, the legal and regulatory environment surrounding information privacy and security in the U.S. and international jurisdictions is constantly evolving potentially leading to increased regulatory requirements. The cost associated with these risks are difficult to predict and quantify but could have a significant adverse effect on our operating results.

**Risks Related to Our Taxation as a REIT**

***Our failure to qualify as a REIT would have adverse tax consequences.***

We believe that we operate in a manner that allows us to qualify as a REIT for U.S. federal income tax purposes under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder. We plan to continue to meet the requirements for taxation as a REIT. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control, and our compliance with the annual REIT income and quarterly asset requirements depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. For example, to qualify as a REIT, at least 75% of our gross income must come from real estate sources and 95% of our gross income must come from real estate sources and certain other sources that are itemized in the REIT tax laws. Additionally, our ability to satisfy the REIT asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Furthermore, the proper classification of an instrument as debt or equity for federal income tax

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purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. We are also required to distribute to stockholders at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain).

If we fail to qualify as a REIT in any tax year, we would be subject to U.S. federal and state corporate income tax on our taxable income at regular corporate rates, and dividends paid to our stockholders would not be deductible by us in computing our taxable income. Also, unless the IRS granted us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first fail to qualify. If we fail to qualify as a REIT, we may have to pay significant income taxes and would, therefore, have less money available for investments or for distributions to our stockholders. This would likely have a significant adverse effect on the value of our equity. In addition, the tax law would no longer require us to make distributions to our stockholders.

If we fail to satisfy one or more requirements for REIT qualification, we may still qualify as a REIT if there is reasonable cause for the failure and not due to willful neglect and other applicable requirements are met, including completion of applicable IRS filings. It is not possible to state whether we would be entitled to the benefit of these relief provisions. If these relief provisions are inapplicable, we will not qualify as a REIT. Furthermore, if we satisfy the relief provisions and maintain our qualification as a REIT, we may be still subject to a penalty tax. The amount of the penalty tax would be at least $50,000 per failure, and, in the case of certain asset test failures, would be determined as the amount of net income generated by the assets in question multiplied by the highest U.S. federal corporate tax rate in effect at the time of the failure if that amount exceeds $50,000 per failure, and, in case of income test failures, would be a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with our gross income.

***REIT distribution requirements could adversely affect our ability to execute our business plan.***

We generally must distribute annually at least 90% of our taxable income, subject to certain adjustments and excluding any net capital gain, for U.S. federal and state corporate income tax not to apply to earnings that we distribute and to retain our REIT status. Distributions of our taxable income must generally occur in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. We may also elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains if required, in which case, we could elect for our stockholders to include their proportionate share of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our stockholders would then increase the adjusted basis of their stock by the difference between (a) the amounts of capital gain dividends that we designated and that they include in their taxable income, minus (b) the tax that we paid on their behalf with respect to that income. We intend to make distributions to our stockholders to comply with the REIT qualification requirements of the Internal Revenue Code, which limits our ability to retain earnings and thereby replenish or increase capital from operations.

To the extent that we satisfy this distribution requirement, but distribute less than 100% of our taxable income, we will be subject to U.S. federal and state corporate income tax on our undistributed taxable income. Furthermore, if we should fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year, and (c) any undistributed taxable income from prior periods, we would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed, (y) the amounts of income we retained and on which we have paid corporate income tax and (z) any excess distributions from prior periods.

Our taxable income will typically differ from income prepared in accordance with GAAP due to temporary and permanent differences. For example, market gains and losses on our hedging instruments, such as interest rate swaps, may be deferred for income tax purposes and amortized into taxable income over the original contract term of the instrument even if we have exited the instrument and settled such gains or losses for cash. We are also not allowed to reduce our taxable income for a net capital loss incurred; instead, the net capital loss may be carried forward for a period of up to five years and applied against future capital gains subject to our ability to generate sufficient capital gains, which cannot be assured. Therefore, it is possible that our taxable income could be in excess of the net cash generated from our operations. If we do not have funds available in these situations to meet our REIT distribution requirements or to avoid corporate and excise taxes altogether, we could be required to borrow funds on unfavorable terms, sell investments at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions.

***We may choose to pay dividends in our own stock, in which case stockholders may be required to pay income taxes in excess of cash dividends received.***

We may in the future distribute taxable dividends that are payable at least in part in shares of our common stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the

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extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends that are in excess of the cash dividends received. If a U.S. stockholder sells the stock that it receives as a dividend to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock.

***Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.***

Even if we remain qualified for taxation as a REIT, we may nonetheless be subject to certain federal, state and local taxes on our income and assets, including the following items. Any of these or other taxes we may incur would decrease cash available for distribution to our stockholders.

* Regular U.S. federal and state corporate income taxes on any undistributed taxable income, including undistributed net capital gains.
* A non-deductible 4% excise tax if the actual amount distributed to our stockholders in a calendar year is less than a minimum amount specified under Federal tax laws.
* Corporate income taxes on the earnings of subsidiaries, to the extent that such subsidiaries are subchapter C corporations and are not qualified REIT subsidiaries or other disregarded entities for federal income tax purposes.
* A 100% tax on certain transactions between us and our TRSs that do not reflect arm's-length terms.
* If we acquire appreciated assets from a corporation that is not a REIT (i.e., a corporation taxable under subchapter C of the Internal Revenue Code) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize a gain on a disposition of any such assets during the five-year period following their acquisition from the subchapter C corporation.
* A 100% tax on net income and gains from "prohibited transactions."
* Penalty taxes and other fines for failure to satisfy one or more requirements for REIT qualification.

***Complying with REIT requirements may cause us to liquidate or forgo attractive investment opportunities.***

To remain qualified as a REIT, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investments in securities (other than government securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. We must also satisfy tests concerning the sources of our income and the amounts that we distribute to our stockholders. Complying with these requirements may prevent us from acquiring certain attractive investments or we may be required to sell otherwise attractive investments. Thus, the potential returns on our investment portfolio may be lower than if we were not subject to such requirements. Additionally, if we must liquidate our investments to repay our lenders or to satisfy other obligations, we may be unable to comply with these requirements, potentially jeopardizing our qualification as a REIT.

***Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.***

The REIT provisions of the Internal Revenue Code could substantially limit our ability to hedge our risks. Any income from a properly designated hedging transaction to manage risk of interest rate changes with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets generally does not constitute "gross income" for purposes of the 75% or 95% gross income tests ("qualified hedges"). To the extent that we enter into other types of hedging transactions, or fail to properly designate qualified hedges, the income from those transactions is likely to be treated as non-qualifying income for purposes of both gross income tests. As such, we may have to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities as our TRS would be subject to tax on gains or expose us to greater risks than we would otherwise want to bear. In addition, losses in a TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

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***Uncertainty exists with respect to the treatment of our TBAs for purposes of the REIT asset and income tests.***

There is no direct authority with respect to the qualification of TBAs as real estate assets or U.S. Government securities for purposes of the 75% asset test or the qualification of income or gains from dispositions of TBAs as gains from the sale of real property or other qualifying income for purposes of the 75% gross income test. However, we treat our TBAs as qualifying assets for purposes of the REIT 75% asset test, and we treat income and gains from our TBAs as qualifying income for purposes of the 75% gross income test, based on a legal opinion of Skadden, Arps, Slate, Meagher & Flom LLP (“Skadden”) substantially to the effect that (i) for purposes of the REIT asset tests, our ownership of a TBA should be treated as ownership of the underlying Agency RMBS, and (ii) for purposes of the 75% REIT gross income test, any gain recognized by us in connection with the settlement of our TBAs should be treated as gain from the sale or disposition of the underlying Agency RMBS. Opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not successfully challenge the conclusions set forth in such opinions. In addition, it must be emphasized that Skadden’s opinion is based on various assumptions relating to our TBAs and is conditioned upon fact-based representations and covenants made by our management regarding our TBAs. No assurance can be given that the IRS would not assert that such assets or income are not qualifying assets or income. If the IRS were to successfully challenge Skadden’s opinion, we could be subject to a penalty tax or we could fail to remain qualified as a REIT if a sufficient portion of our assets consists of TBAs or a sufficient portion of our income consists of income or gains from the disposition of TBAs.

***Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code.***

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions on a continuous basis for which only limited judicial and administrative authorities exist. Our application of such provisions may be dependent on interpretations of the provisions by the staff of the Internal Revenue Service, which may change over time. Even a technical or inadvertent violation of the Internal Revenue Code provisions could jeopardize our REIT qualification.

***The tax on prohibited transactions could limit our ability to engage in certain transactions.***

Net income that we derive from a "prohibited transaction" is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property that is held primarily for sale to customers in the ordinary course of a trade or business by us or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to us. We could be subject to this tax if we were to dispose of assets or structure transactions in a manner that is treated as a prohibited transaction for federal income tax purposes.

We intend to structure our activities to avoid classification as prohibited transactions. As a result, we may choose not to engage in certain transactions at the REIT level that might otherwise be beneficial to us. In addition, whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. Thus, no assurance can be given that any property that we sell will not be treated as such or that we can comply with certain safe-harbor provisions of the Internal Revenue Code that would prevent such treatment. The 100% tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax at the entity’s regular corporate rates.

***Distributions to tax-exempt investors may be classified as unrelated business taxable income.***

Although distributions with respect to our common stock generally do not constitute unrelated business taxable income, there are some circumstances where they may. If (i) we generate "excess inclusion income" as a result of all or a portion of our assets being subject to rules relating to "taxable mortgage pools" or as a result of holding residual interests in a REMIC or (ii) we become a "pension held REIT," then a portion of the distributions to tax exempt investors may be subject to U.S. federal income tax as unrelated business taxable income under the Code.

**Legislative and Regulatory Risks**

***Loss of our exemption from regulation pursuant to the Investment Company Act would adversely affect us.***

We conduct our business so as not to become regulated as an investment company under the Investment Company Act in reliance on the exemption provided by Section 3(c)(5)(C) of the Investment Company Act. Section 3(c)(5)(C), as interpreted by the staff of the SEC, requires that: (i) at least 55% of our investment portfolio consists of "mortgages and other liens on and interest in real estate," or "qualifying real estate interests," and (ii) at least 80% of our investment portfolio consists of qualifying real estate interests plus "real estate-related assets."

The specific real estate related assets that we acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated thereunder. In satisfying the 55% requirement, we treat Agency RMBS issued with respect to an underlying pool of mortgage loans in which we directly or indirectly hold all the certificates issued by the pool

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("whole pool" securities) as qualifying real estate interests based on pronouncements of the SEC staff. We treat partial pool securities, CRT and other mortgage related securities as real estate-related assets. Consequently, our ability to satisfy the exemption under the Investment Company Act is dependent upon our ability to acquire and hold on a continuous basis a sufficient amount of whole pool securities. The availability of whole pool securities may be adversely impacted by a variety of factors, including GSE pooling practices, which can change over time, housing finance reform initiatives and competition for whole pool securities with other mortgage REITs.

Additionally, if the SEC determines that any of our securities are not qualifying interests in real estate or real estate-related assets, otherwise believes we do not satisfy the above exceptions or changes its interpretation with respect to these securities or the above exceptions, we could be required to restructure our activities or sell certain of our assets. As such, we cannot guarantee that we will be able to acquire or hold enough whole pool securities to maintain our exemption under the Investment Company Act, and our compliance with these requirements may at times lead us to adopt less efficient methods of investing in certain securities or to forego acquiring more desirable securities. Importantly, if we fail to qualify for this exemption, our ability to use leverage would be substantially reduced and we would be unable to conduct our business as we currently conduct it, which could materially and adversely affect our business.

***New legislation or administrative or judicial action could make it more difficult or impossible for us to remain qualified as a REIT or it could otherwise adversely affect REITs and their stockholders.***

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect our ability to maintain our REIT status and/or the federal income tax treatment of an investment in us. The federal income tax rules dealing with REITs constantly are under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. Revisions in Federal tax laws and interpretations thereof could affect or cause us to change our investments and affect the tax considerations of an investment in us.

***Actions of the U.S. Government, including the U.S. Congress, Fed, U.S. Treasury, Federal Housing Finance Administration ("FHFA") and other governmental and regulatory bodies may adversely affect our business.***

U.S. Government actions may have an adverse impact on the financial markets. To the extent the markets do not respond favorably to any such actions or such actions do not function as intended, they could have broad adverse market implications and could negatively impact our financial condition and results of operations. New regulatory requirements, should they be imposed, could adversely affect the availability or terms of financing from our lender counterparties, impose more stringent capital rules on financial institutions, restrict the origination of residential mortgage loans and the formation of new issuances of mortgage-backed securities and limit the trading activities of certain banking entities and other systemically significant organizations that are important to our business. Together or individually new regulatory requirements could materially affect our financial condition or results of operations in an adverse way.

***Federal housing finance reform and potential changes to the Federal conservatorship of Fannie Mae and Freddie Mac or to laws or regulations affecting the relationship between the GSEs and the U.S. Government may adversely affect our business.***

The payments of principal and interest we receive on our Agency RMBS are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. The guarantees on Agency securities created by Ginnie Mae are explicitly backed by the full faith and credit of the U.S. Government, whereas the guarantees on Agency securities created by Fannie Mae and Freddie Mac are not.

In September 2008, Fannie Mae and Freddie Mac were placed into the conservatorship of the FHFA, their federal regulator. In addition to the conservatorships, the U.S. Department of the Treasury has provided a liquidity backstop to Fannie Mae and Freddie Mac to ensure their financial stability. Over time, efforts to end the conservatorships and the guarantee-payment structure of Fannie Mae and Freddie Mac have garnered attention from the U.S. Government. During the final year of the Trump Administration, FHFA established new regulatory capital requirements necessary for Fannie Mae and Freddie Mac to exit conservatorship, and the U.S. Treasury Department amended the terms of its liquidity backstop to enable Fannie Mae and Freddie Mac to retain a greater amount of capital in order to achieve these levels, subject to certain conditions. During 2021, the Biden Administration, and the FHFA, have delayed implementation or reversed some of these initiatives, and have taken steps intended to advance other housing finance policy objectives. These or future administrative actions may significantly impact the source, pricing, volume and nature of Agency RMBS and other mortgage securities that Fannie Mae and Freddie Mac issue, which may impact the supply of Agency RMBS available in the future.

Further administrative and/or legislative actions may be taken that affect structural GSE and federal housing finance reform, alter the amount or nature of the credit support provided by the U.S. Treasury to Fannie Mae and Freddie Mac, or modify the future roles of Fannie Mae and Freddie Mac in housing finance. Such actions may create market uncertainty, may have the effect of reducing the actual or perceived credit quality of securities issued or guaranteed by them or may otherwise

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impact the size and scope of the Agency RMBS markets. To the extent such actions would terminate the conservatorships without also providing for a sufficiently robust U.S. government guaranty, they could re-define what constitutes an Agency security and subject Agency RMBS to Fannie Mae or Freddie Mac credit risk, make them more difficult to finance, and cause their values to decline, all of which could have broad adverse implications for the mortgage markets and our business.

**Risks Related to Our Common Stock**

***The market price and trading volume of our common stock may be volatile.***

The market price and trading volume of our common stock may be highly volatile and subject to wide fluctuations. If the market price of our common stock declines significantly, stockholders may be unable to resell shares at a gain. Furthermore, fluctuations in the trading price of our common stock may adversely affect the liquidity of our common stock and our ability to raise additional equity capital. Price fluctuations may result in our stock trading below our reported net tangible book value per share for extended periods of time. Variations in the price of our common stock can be affected by any one of the risk factors described herein. Variations may also occur due to a variety of factors unrelated to our financial performance, such as:

* general market and economic conditions, including actual and anticipated changes in interest rates and mortgage spreads;
* changes in government policy, rules and regulations applicable to mortgage REITs, including tax laws, financial accounting and reporting standards, and exemptions from the Investment Company Act of 1940, as amended;
* actual or anticipated variations in our quarterly operating results as well as relative to levels expected by securities analysts;
* issuance of shares of common stock or securities convertible into common stock, which may be issued at a price below tangible net book value per share of common stock;
* changes in market valuations of similar companies;
* adverse market reaction to any increased indebtedness we incur in the future or issuance of preferred stock senior in priority to our common stock;
* actions by stockholders, individually or collectively;
* additions or departures of key management personnel;
* speculation in the press or investment community;
* actual or anticipated changes in our dividend policy; and
* changes to our targeted investments or investment guidelines.

***We have not established a minimum dividend payment level and may be unable to pay dividends in the future.***

We intend to pay monthly dividends to our common stockholders in an amount that all or substantially all our taxable income is distributed within the limits prescribed by the Internal Revenue Code. However, we have not established a minimum dividend payment level and the amount of our dividend may fluctuate. Our ability to pay dividends may be adversely affected by the risk factors described herein. All distributions will be made at the discretion of our Board of Directors and will depend on our earnings and financial condition, the requirements for REIT qualification and such other factors as our Board of Directors deems relevant from time to time. Additionally, our preferred stock has a preference on dividend payments and liquidating distributions that could limit our ability to pay dividends to the holders of our common stock. Therefore, we may not be able to make distributions in the future or our Board of Directors may change our dividend policy.

***Our certificate of incorporation generally does not permit ownership of more than 9.8% of our common or capital stock and attempts to acquire amounts above this limit will be ineffective unless an exemption is granted by our Board of Directors.***

For the purpose of complying with REIT ownership limitations under the Internal Revenue Code, our amended and restated certificate of incorporation generally prohibits beneficial or constructive ownership by any person of more than 9.8% of our common or capital stock (by value or by number of shares, whichever is more restrictive), unless exempted by our Board of Directors. Such constructive ownership rules are complex and may cause the outstanding stock owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of 9.8% or less of the outstanding stock by an individual, entity or group could result in constructive ownership greater than 9.8% and thus be subject to our amended and restated certificate of incorporation's ownership limit. Any attempt to own or transfer shares of our common or preferred stock more than the ownership limit without the consent of the Board of Directors will result in the shares being automatically transferred to a charitable trust or, if the transfer to a charitable trust would not be effective, such transfer being treated as invalid from the outset. Such ownership limit could also delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

**Item 1B. *Unresolved Staff Comments***

None.

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**Item 2. *Properties***

We do not own any property. Our executive offices are in Bethesda, Maryland.

**Item 3. *Legal Proceedings***

Neither we, nor any of our consolidated subsidiaries, are currently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us or any consolidated subsidiary, other than routine litigation and administrative proceedings arising in the ordinary course of business. Such proceedings are not expected to have a material adverse effect on the business, financial conditions, or results of our operations.

**Item 4. *Mine Safety Disclosures***

Not applicable.

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**PART II.**

**Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is listed on the Nasdaq Global Select Market under the symbol "AGNC." As of January 31, 2022, 522,223,792 shares of common stock were issued and outstanding, which were held by 1,377 stockholders of record. Most of the shares of our common stock are held by brokers and other institutions on behalf of stockholders.

**Dividends**

We intend to pay dividends monthly to our common stockholders and to continue to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum dividend payment level and our ability to pay dividends may be adversely affected for the reasons described under the caption "Risk Factors." Additionally, holders of depositary shares underlying our preferred stock are entitled to receive cumulative cash dividends before holders of our common stock are entitled to receive any dividends. See Note 9 to our Consolidated Financial Statements in this Form 10-K for a description of our preferred stock and for common and preferred stock dividends paid for the three years ended December 31, 2021. All distributions to stockholders will be made at the discretion of our Board of Directors and will depend on our earnings, financial condition, maintenance of our REIT status and other factors as our Board of Directors may deem relevant from time to time.

**Stock Repurchase Program**

On October 21, 2021, our Board of Directors terminated a previously existing stock repurchase authorization that was due to expire December 31, 2021 and replaced it with a new authorization to repurchase up to $1 billion of common stock through December 31, 2022. As of December 31, 2021, the Company had repurchased common stock totaling $42 million under the program and had $958 million of common stock remaining available for repurchase. The following table presents information with respect to purchases of our common stock made during the fourth quarter ended December 31, 2021 by us or any "affiliated purchaser" of us, as defined in Rule 10b-18(a)(3) under the Exchange Act (in millions, except per share amounts).

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Maximum Number (or** |  |
|  |  |  |  |  |  |  | **Approximate Dollar Value) of** |  |
|  |  |  |  |  | **Total Number of Shares** | | **Shares That May Yet Be** |  |
|  | **Total Number of Shares** | | **Average Net Price Paid** | | **Purchased Under the Publicly** |  |
| **Period 1** | **Purchased as Part of Publicly** | | **Announced Plans or Programs (in** |  |
| **Purchased** | | **Per Share** | | **Announced Plans or Programs** | | **millions)** |  |
| October 1, 2021 - October 31, 2021 | 1.0 |  | $15.90 |  | 1.0 |  | $985 |  |
| November 1, 2021 - November 30, 2021 | 1.2 |  | $15.95 |  | 1.2 |  | $965 |  |
| December 1, 2021 - December 31, 2021 | 0.5 |  | $14.92 |  | 0.5 |  | $958 |  |
| Total | 2.7 |  | $15.74 |  | 2.7 |  | $958 |  |
|  |  |  |  |  |  |  |  |  |

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1. Amounts are reported based on the trade date of the share repurchase.

**Equity Compensation Plan Information**

The following table summarizes information, as of December 31, 2021, concerning shares of our common stock authorized for issuance under our equity compensation plans, pursuant to which grants of equity-based awards, namely restricted stock units ("RSUs"), may be granted from time to time. See Notes 2 and 10 to our Consolidated Financial Statements in this Form 10-K for a description of our equity compensation plans.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Number of securities to be** | |  | **Weighted average** | | **Number of securities remaining** |  |
|  |  | **issued upon exercise of** | |  | **available for future issuance under** |  |
|  |  | **outstanding options,** | |  | **exercise price of** | | **equity compensation plans** |  |
| **Plan Category** |  | **warrants** | |  | **outstanding options,** | | **(excluding securities reflected in the** |  |
| **and rights 1** |  |  | **warrants and rights** |  | **first column of this table) 2** |  |
| Equity compensation plans approved by security holders | | 6,173,430 |  | $ | — | | 33,141,787 |  |
| Equity compensation plans not approved by security holders | | — |  |  | — |  | — |  |
| Total | | 6,173,430 |  | $ | — | | 33,141,787 |  |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

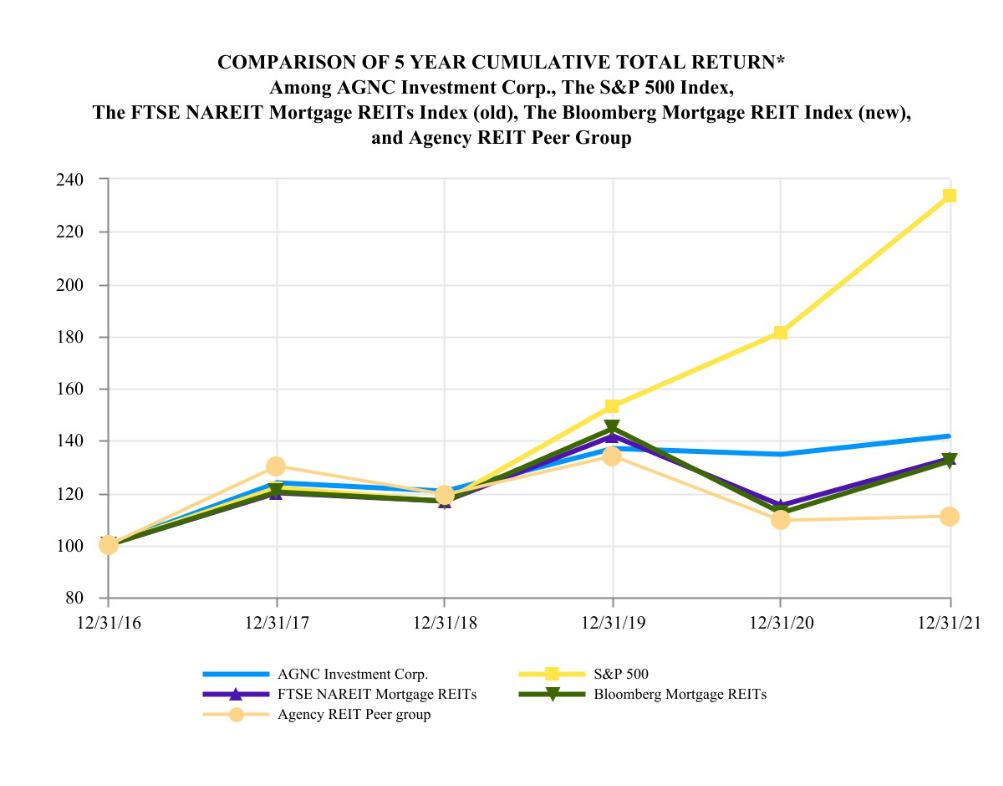
1. Includes (i) unvested time and performance-based RSU awards (unvested performance-based awards assume the maximum payout under the terms of the award); (ii) outstanding previously vested awards, if distribution of such awards has been deferred beyond the vesting date; and (iii) accrued dividend equivalent units on items (i) and (ii) through December 31, 2021.
2. Available shares are reduced by items (i), (ii) and (iii) noted above and by shares issued for vested awards, net of units withheld to cover minimum statutory tax withholding requirements paid by us in cash on behalf of the employee.

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**Performance Graph**

The following graph and table compare a stockholder's cumulative total return, assuming $100 invested at December 31, 2016, with the reinvestment of all dividends, as if such amounts had been invested in: (i) our common stock; (ii) the stocks included in the Standard & Poor's 500 Stock Index ("S&P 500"); (iii) the stocks included in the FTSE NAREIT Mortgage REIT Index (old); (iv) the stocks included in the Bloomberg Mortgage REIT Index (new) and (iv) an index of selected issuers in our peer group, composed of Annaly Capital Management, Inc., Armour Residential REIT, Inc, Two Harbors Investment Corp., Invesco Mortgage Capital, Inc and Dynex Capital, Inc (collectively, the "Agency REIT Peer Group").



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\* $100 invested on 12/31/16 in stock or index, including reinvestment of dividends.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fiscal year ending December 31. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **December 31,** | | |  |  |  |  |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |  |  | **2018** |  |  | **2017** |
| AGNC Investment Corp. | $ | 141.47 |  | $ | 134.43 |  | $ | 136.67 |  | $ | 120.60 |  | $ | 123.70 |
| S&P 500 | $ | 233.41 |  | $ | 181.35 |  | $ | 153.17 |  | $ | 116.49 |  | $ | 121.83 |
| FTSE NAREIT Mortgage REITs | $ | 133.08 |  | $ | 115.09 |  | $ | 141.67 |  | $ | 116.77 |  | $ | 119.79 |
| Bloomberg Mortgage REITs | $ | 132.08 |  | $ | 112.30 |  | $ | 144.35 |  | $ | 116.77 |  | $ | 120.27 |
| Agency REIT Peer Group 1 | $ | 111.03 |  | $ | 109.18 |  | $ | 133.91 |  | $ | 119.32 |  | $ | 130.04 |

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1. Agency REIT Peer Group annual return is calculated on a weighted basis by market cap at the end of the previous year.

The information in the share performance graph and table has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness can be guaranteed. The historical information set forth above is not necessarily indicative of future performance. Accordingly, we do not make or endorse any predictions as to future share performance.

**Item 6. [Reserved]**

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**Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of AGNC Investment Corp.'s consolidated financial statements with a narrative from the perspective of management and should be read in conjunction with the consolidated financial statements and accompanying notes included in this Annual Report on Form 10-K. Our MD&A is presented in six sections:

* Executive Overview
* Financial Condition
* Summary of Critical Accounting Estimates
* Results of Operations
* Liquidity and Capital Resources
* Forward-Looking Statements

**EXECUTIVE OVERVIEW**

We are a leading provider of private capital to the U.S. housing market, enhancing liquidity in the residential real estate mortgage markets and, in turn, facilitating home ownership in the U.S. We invest primarily in Agency RMBS on a leveraged basis. These investments consist of residential mortgage pass-through securities and collateralized mortgage obligations for which the principal and interest payments are guaranteed by a U.S. Government-sponsored enterprise, such as Fannie Mae and Freddie Mac, or by a U.S. Government agency, such as Ginnie Mae. We may also invest in other assets related to the housing, mortgage or real estate markets that are not guaranteed by a GSE or U.S. Government agency.

We are internally managed with the principal objective of providing our stockholders with attractive risk-adjusted returns through a combination of monthly dividends and tangible net book value accretion. We generate income from the interest earned on our investments, net of associated borrowing and hedging costs, and net realized gains and losses on our investment and hedging activities. We fund our investments primarily through collateralized borrowings structured as repurchase agreements. We operate in a manner to qualify to be taxed as a REIT under the Internal Revenue Code.

The size and composition of our investment portfolio depends on the investment strategies we implement, availability of attractively priced investments, suitable financing to appropriately leverage our investment portfolio and overall market conditions. Market conditions are influenced by a variety of factors, including interest rates, prepayment expectations, liquidity, housing prices, unemployment rates, general economic conditions, government participation in the mortgage market, regulations and relative returns on other assets.

**Trends and Recent Market Impacts**

Since the onset of the COVID-19 financial crisis in March 2020, the Federal Reserve and the U.S. Government have provided unprecedented amounts of monetary and fiscal stimulus in support of sustained economic growth. In response, the U.S. economy, as measured by gross domestic product, grew 5.7% in 2021, the fastest full-year pace in nearly 40 years. U.S. equity markets also benefited, with the S&P 500 index reaching a series of record highs throughout 2021.

As part of its monetary policy response, the Fed doubled the size of its balance sheet from the start of the crisis to nearly $9 trillion as of December 31, 2021, through the acquisition of U.S. Treasuries and Agency RMBS. The Fed’s holdings of Agency RMBS totaled $2.6 trillion as of December 31, 2021, representing almost a third of all outstanding Agency RMBS, as compared to approximately 20% at the start of the crisis.

In the fourth quarter of 2021, however, with annual inflation measures running well above its 2% target and the labor market showing signs of full employment, the Fed communicated that it would soon end its incremental monthly asset purchases and begin tightening monetary policy conditions. Accordingly, the Fed is expected to begin raising the Federal Funds rate in March 2022 and has signaled that these rate hikes could occur at an aggressive pace. The Fed is also expected to reduce its holdings of U.S. Treasury securities and Agency RMBS by a predetermined monthly amount soon after raising the Federal Funds rate.

This shift by the Fed led to a notable increase in short and intermediate-term rates, with the two and five-year Treasury rates increasing 61 and 90 basis points over the year, respectively, while the longer end of the yield curve, despite material intra-year volatility, experienced more modest increases, with the 10 and 30-year Treasury rates rising 59 and 25 basis points, respectively. Against the backdrop of the anticipated reduction in the Fed’s balance sheet coupled with the expectation of greater mortgage supply in 2022, Agency RMBS spreads to benchmark interest rates widened over the course of 2021, particularly in the second and fourth quarters. As a result, our economic return on tangible common equity for fiscal year 2021

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was 2.9%, comprised of $1.44 in dividends declared per common share and a $0.96 decline in tangible net book value per common share.

We expect Agency RMBS spreads to continue to widen and for challenging market conditions to persist in 2022, as the Fed increases short term rates and reduces its holdings of Agency RMBS. Given this outlook, we expect to continue to maintain a more defensive portfolio position characterized by lower leverage and significant interest rate hedge protection. As of December 31, 2021, our "at risk" leverage was 7.7x our tangible equity, below our normal historical operating levels. Our hedge ratio was 101%, indicating that the notional amount of our interest rate hedges exceeded our mortgage borrowings. Our duration gap, which is a measure of the difference between the interest rate sensitivity of our assets and liabilities, inclusive of our interest rate hedges, was 0.1 years. Additionally, our unencumbered cash and Agency RMBS totaled $4.9 billion, or 50% of our tangible equity, as of December 31, 2021, which excludes unencumbered credit assets and assets held at our captive broker-dealer subsidiary, BES.

Wider spreads cause a decline in our tangible net book value, and we may experience increased volatility in our tangible net book value over the near term as the Agency RMBS market reprices to expectations regarding the normalization of Fed monetary policy. Over the longer run, however, wider Agency RMBS spreads improve the expected return on new investments and are beneficial to our business. We believe we are well positioned for the current environment and have the capacity and flexibility to take advantage of more attractive investment opportunities as they arise.

For fiscal year 2021, AGNC’s comprehensive income available to common stockholders totaled $231 million, or $0.44 per common share, compared to $260 million, or $0.47 per common share, for fiscal year 2020. Our average "at risk" leverage, which includes our net TBA position, declined to 7.7x tangible equity for the year, compared to 8.5x for the prior year.

Despite the decline in our "at risk" leverage, our net spread and dollar roll income, excluding estimated catch-up premium amortization, a non-GAAP measure, increased to $3.02 per common share for the year, compared to $2.70 per common share for 2020, due primarily to favorable funding and stable hedge costs throughout the year. Net spread and dollar roll income also benefited from attractive TBA dollar roll opportunities, with TBA dollar roll implied funding rates remaining well below comparable repo funding during the year. As a result, we increased our average dollar roll position to approximately 35% of our investment portfolio for the year, compared to 23% for the prior year and well above typical levels prior to the start of the crisis. As the Fed ends its monthly incremental asset purchases and begins to reduce the size of its balance sheet, we expect a corresponding decline in implied dollar roll financing to levels more consistent with historical averages. Additionally, with the Fed set to begin raising the Federal Funds rate in March 2022, we anticipate similar increases in repo rates. However, given our large hedge position, with interest rate swaps covering nearly 70% of our repo and TBA funding liabilities, we anticipate that these rate increases will have a more muted impact on our total cost of funds.

Lastly, during fiscal year 2021, our portfolio experienced elevated rates of prepayment as compared to pre-crisis levels driven by historically low mortgage rates. For 2021, our Agency RMBS, which excludes our lower coupon holdings held in TBA form, repaid at 23.1% CPR, compared to 19.9% for 2020 and 11.4% for 2019. Quantitative tightening measures by the Fed typically lead to higher mortgage rates and slower rates of prepayments, which should be beneficial to returns on our higher coupon RMBS holdings and new investments. However, multiple factors can impact longer-term rates, as a consequence, this may not be case during the forthcoming quantitative tightening cycle.

For information regarding non-GAAP financial measures, including reconciliations to the most comparable GAAP measure, and information regarding our average implied TBA dollar roll financing for fiscal years 2021, 2020 and 2019, please refer to *Results of Operations* included in this MD&A below. For further discussion regarding the sensitivity of our tangible net book value to changes in interest rates and mortgage spreads, please refer to Item 7A. *Quantitative and* *Qualitative Disclosures about Market Risk* in this form 10-K.

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***Market Information***

The following table summarizes interest rates and prices of generic fixed rate Agency RMBS as of each date presented below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Dec. 31,** | | **Mar. 31,** | | **June 30,** | | **Sept. 30,** | | **Dec. 31,** | | **Dec. 31, 2021** | |  |
| **Interest Rate/Security Price 1** | |  | **vs** |  |
| **2020** |  | **2021** |  | **2021** |  | **2021** |  | **2021** |  | **Dec. 31, 2020** | |  |
| **Target Federal Funds Rate:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Target Federal Funds Rate - Upper Band | | 0.25% |  | 0.25% |  | 0.25% |  | 0.25% |  | 0.25% |  | — | bps |  |
| **SOFR:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SOFR Rate | | 0.07% |  | 0.01% |  | 0.05% |  | 0.05% |  | 0.05% |  | -2 bps | |  |
| **SOFR Interest Rate Swap Rate:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2-Year Swap | | 0.06% |  | 0.12% |  | 0.19% |  | 0.24% |  | 0.74% |  | +68 | bps |  |
| 5-Year Swap | | 0.24% |  | 0.82% |  | 0.75% |  | 0.83% |  | 1.12% |  | +88 | bps |  |
| 10-Year Swap | | 0.71% |  | 1.52% |  | 1.19% |  | 1.26% |  | 1.32% |  | +61 | bps |  |
| 30-Year Swap | | 1.15% |  | 1.92% |  | 1.50% |  | 1.52% |  | 1.46% |  | +31 | bps |  |
| **U.S. Treasury Security Rate:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2-Year U.S. Treasury | | 0.12% |  | 0.16% |  | 0.25% |  | 0.28% |  | 0.73% |  | +61 | bps |  |
| 5-Year U.S. Treasury | | 0.36% |  | 0.94% |  | 0.89% |  | 0.97% |  | 1.26% |  | +90 | bps |  |
| 10-Year U.S. Treasury | | 0.92% |  | 1.74% |  | 1.47% |  | 1.49% |  | 1.51% |  | +59 | bps |  |
| 30-Year U.S. Treasury | | 1.65% |  | 2.41% |  | 2.09% |  | 2.05% |  | 1.90% |  | +25 | bps |  |
| **30-Year Fixed Rate Agency Price:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.0% |  | $103.88 |  | $99.70 |  | $101.09 |  | $100.21 |  | $99.79 |  | -$4.09 | |  |
| 2.5% |  | $105.41 |  | $102.55 |  | $103.48 |  | $103.04 |  | $102.12 |  | -$3.29 | |  |
| 3.0% |  | $104.77 |  | $104.13 |  | $104.27 |  | $104.61 |  | $103.68 |  | -$1.09 | |  |
| 3.5% |  | $105.66 |  | $105.63 |  | $105.28 |  | $105.80 |  | $105.32 |  | -$0.34 | |  |
| 4.0% |  | $106.78 |  | $107.31 |  | $106.53 |  | $107.13 |  | $106.44 |  | -$0.34 | |  |
| 4.5% |  | $108.39 |  | $108.91 |  | $107.66 |  | $108.13 |  | $107.19 |  | -$1.20 | |  |
| **15-Year Fixed Rate Agency Price:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.5% |  | $102.89 |  | $100.40 |  | $101.23 |  | $100.95 |  | $100.33 |  | -$2.56 | |  |
| 2.0% |  | $104.55 |  | $102.61 |  | $103.19 |  | $102.96 |  | $102.45 |  | -$2.10 | |  |
| 2.5% |  | $104.30 |  | $104.06 |  | $104.29 |  | $104.16 |  | $103.45 |  | -$0.85 | |  |
| 3.0% |  | $104.97 |  | $105.59 |  | $105.05 |  | $105.14 |  | $104.59 |  | -$0.38 | |  |
| 3.5% |  | $106.03 |  | $106.69 |  | $106.83 |  | $106.56 |  | $105.52 |  | -$0.51 | |  |
| 4.0% |  | $106.28 |  | $106.34 |  | $106.19 |  | $106.06 |  | $105.47 |  | -$0.81 | |  |

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1. Price information is for generic instruments only and is not reflective of our specific portfolio holdings. Price information is as of 3:00 p.m. (EST) on such date and can vary by source. Prices in the table above were obtained from Barclays. Interest rates were obtained from Bloomberg.

The following table summarizes mortgage rates and credit spreads as of each date presented below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Dec. 31,** | | **Mar. 31,** | | **June 30,** | | **Sept. 30,** | | **Dec. 31,** | | **Dec. 31, 2021** | |  |
| **Mortgage Rate/Credit Spread** | |  | **vs** |  |
| **2020** |  | **2021** |  | **2021** |  | **2021** |  | **2021** |  | **Dec. 31, 2020** | |  |
| **Mortgage Rate: 1** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 30-Year Mortgage Rate | | 2.87% |  | 3.27% |  | 3.13% |  | 3.18% |  | 3.27% |  | +40 | bps |  |
| 30-Year Agency Current Coupon | | 1.34% |  | 2.04% |  | 1.83% |  | 1.97% |  | 2.07% |  | +73 | bps |  |
| 30-Year Primary to Secondary Spread | | 1.53% |  | 1.23% |  | 1.30% |  | 1.21% |  | 1.20% |  | -33 | bps |  |
| **Credit Spread (in bps): 2** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| CRT M2 | | 216 |  | 235 |  | 179 |  | 171 |  | 182 |  | -34 | |  |
| CMBS AAA | | 66 |  | 69 |  | 65 |  | 66 |  | 68 |  | +2 | |  |
| CDX IG | | 50 |  | 54 |  | 48 |  | 53 |  | 49 |  |  | -1 |  |

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1. 30-Year Mortgage rates are sourced from Bloomberg; 30-Year Current Coupon rates represent current coupon rates for new production Agency RMBS sourced from Bloomberg; and the 30-Year Primary to Secondary Spreads represent the 30-Year Mortgage Rate and 30-Year Agency Current Coupon rate spread differential as of each date.
2. CRT and CMBS spreads are averages of JP Morgan, Bank of America and Wells Fargo. CRT spreads are discount margins. CMBS spreads are spreads to the swap curve. CDX spreads are sourced from JP Morgan.

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**FINANCIAL CONDITION**

As of December 31, 2021 and 2020, our investment portfolio totaled $82.0 billion and $97.9 billion, respectively, consisting of: $54.4 billion and $66.4 billion investment securities, at fair value, respectively; $27.1 billion and $31.5 billion net TBA securities, at fair value, respectively; and $0.4 billion and zero forward settling non-Agency securities, at fair value, respectively. The following table is a summary of our investment portfolio as of December 31, 2021 and 2020 (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **December 31, 2021** | | | |  |  |  |  |  |  | **December 31, 2020** | | | |  |  |
| **Investment Portfolio (Includes TBAs)** | | **Amortized Cost** | | |  | **Fair Value** | | **Average** | | **%** |  | **Amortized Cost** | | |  | **Fair Value** | | **Average** | | **%** |  |
|  | **Coupon** | |  |  | **Coupon** | |  |
| Fixed rate Agency RMBS and TBA securities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 15-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 15-year RMBS | | $ | 2,570 |  | $ | 2,652 |  | 3.27 % |  | 3 % |  | $ | 9,256 |  | $ | 9,482 |  | 2.48 % |  | 10 % |  |
| 15-year TBA securities, net 1 | |  | 2,056 |  |  | 2,059 |  | 1.71 % |  | 3 % |  |  | 6,916 |  |  | 6,980 |  | 1.74 % |  | 7 % |  |
| Total ≤ 15-year | |  | 4,626 |  |  | 4,711 |  | 2.57 % |  | 6 % |  |  | 16,172 |  |  | 16,462 |  | 2.16 % |  | 17 % |  |
| 20-year RMBS | |  | 1,948 |  |  | 1,942 |  | 2.52 % |  | 2 % |  |  | 2,409 |  |  | 2,470 |  | 2.58 % |  | 3 % |  |
| 30-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 30-year RMBS | |  | 47,028 |  |  | 47,695 |  | 3.04 % |  | 58 % |  |  | 50,312 |  |  | 52,663 |  | 3.55 % |  | 54 % |  |
| 30-year TBA securities, net 1 | |  | 25,128 |  |  | 25,081 |  | 2.54 % |  | 31 % |  |  | 24,288 |  |  | 24,499 |  | 2.05 % |  | 25 % |  |
| Total 30-year | |  | 72,156 |  |  | 72,776 |  | 2.87 % |  | 89 % |  |  | 74,600 |  |  | 77,162 |  | 3.06 % |  | 79 % |  |
| Total fixed rate Agency RMBS and TBA securities | |  | 78,730 |  |  | 79,429 |  | 2.84 % |  | 97 % |  |  | 93,181 |  |  | 96,094 |  | 2.89 % |  | 98 % |  |
| Adjustable rate Agency RMBS | |  | 45 |  |  | 47 |  | 2.23 % |  | — % |  |  | 69 |  |  | 70 |  | 2.35 % |  | — % |  |
| Multifamily | |  | — | |  | — | | — % | | — % | |  | 17 |  |  | 19 |  | 3.31 % |  | — % |  |
| CMO Agency RMBS: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| CMO | |  | 182 |  |  | 188 |  | 3.12 % |  | — % | |  | 289 |  |  | 301 |  | 3.30 % |  | 1 % |  |
| Interest-only strips | |  | 31 |  |  | 37 |  | 5.60 % |  | — % | |  | 45 |  |  | 59 |  | 5.57 % |  | — % |  |
| Principal-only strips | |  | 39 |  |  | 43 |  | — % | | — % | |  | 60 |  |  | 67 |  | — % | | — % |  |
| Total CMO Agency RMBS | |  | 252 |  |  | 268 |  | 4.08 % |  | — % |  |  | 394 |  |  | 427 |  | 4.10 % |  | 1 % |  |
| Total Agency RMBS and TBA securities | |  | 79,027 |  |  | 79,744 |  | 2.85 % |  | 97 % |  |  | 93,661 |  |  | 96,610 |  | 2.90 % |  | 99 % |  |
| Non-Agency RMBS 2 | |  | 763 |  |  | 767 |  | 2.85 % |  | 1 % |  |  | 178 |  |  | 188 |  | 4.28 % |  | — % |  |
| CMBS | |  | 505 |  |  | 514 |  | 3.60 % |  | 1 % |  |  | 333 |  |  | 358 |  | 4.13 % |  | — % |  |
| CRT | |  | 955 |  |  | 974 |  | 3.74 % |  | 1 % |  |  | 733 |  |  | 737 |  | 3.43 % |  | 1 % |  |
| Total investment portfolio | | $ | 81,250 |  | $ | 81,999 |  | 2.85 % |  | 100 % |  | $ | 94,905 |  | $ | 97,893 |  | 2.91 % |  | 100 % |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. TBA securities are presented net of long and short positions. For further details of our TBA securities refer to Note 5 of our Consolidated Financial Statements in this Form 10-K.
2. Includes $0.4 billion of forward settling non-Agency securities.

TBA and forward settling securities are recorded as derivative instruments in our accompanying consolidated financial statements, and our TBA dollar roll transactions represent a form of off-balance sheet financing. As of December 31, 2021 and 2020, our TBA position and forward settling securities had a net carrying value of $(44) million and $275 million, respectively, reported in derivative assets/(liabilities) on our accompanying consolidated balance sheets. The net carrying value represents the difference between the fair value of the underlying security in the TBA contract or forward purchase agreement and the price to be paid or received for the underlying security.

As of December 31, 2021 and 2020, the weighted average yield on our investment securities (excluding TBA and forward settling securities) was 2.43% and 2.33%, respectively.

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The following tables summarize certain characteristics of our fixed rate Agency RMBS portfolio, inclusive of TBA securities, as of December 31, 2021 and 2020 (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  | **December 31, 2021** | | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Includes Net TBA Position** | | | | |  |  |  |  | **Excludes Net TBA Position** | | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Weighted Average** | | | |  |  |  |  |
| **Fixed Rate Agency RMBS and TBA** | |  | **Par Value** | |  | **Amortized** | |  | **Fair Value** | | **Specified Pool** |  | **Amortized** | | **WAC 2** |  | **Yield 3** | | **Age (Months)** | | **Projected** | |  |
| **Securities** | |  |  | **Cost** | |  | **% 1** |  | **Cost Basis** | |  | **CPR** | **3** |  |
| **Fixed rate** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 15-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.5% |  | $ | 1,184 |  | $ | 1,184 |  | $ | 1,185 |  | —% |  | —% | | —% |  | —% | | — | | —% |  |  |
| 2.0% |  |  | 914 |  |  | 933 |  |  | 934 |  | 6% | 102.9% | |  | 2.68% | 1.29% | |  | 13 |  | 11% |  |  |
| 2.5% |  |  | 312 |  |  | 329 |  |  | 326 |  | 100% | 105.4% | |  | 3.03% | 1.16% | |  | 27 |  | 13% |  |  |
| 3.0% |  |  | 806 |  |  | 818 |  |  | 848 |  | 99% | 101.5% | |  | 3.55% | 2.46% | |  | 55 |  | 15% |  |  |
| 3.5% |  |  | 869 |  |  | 887 |  |  | 924 |  | 100% | 102.0% | |  | 4.03% | 2.73% | |  | 52 |  | 18% |  |  |
| ≥ 4.0% | |  | 462 |  |  | 475 |  |  | 494 |  | 92% | 102.9% | |  | 4.61% | 2.88% | |  | 50 |  | 19% |  |  |
| Total ≤ 15-year | |  | 4,547 |  |  | 4,626 |  |  | 4,711 |  | 55% |  | 102.5% |  | 3.82% |  | 2.44% |  | 49 |  | 16% |  |  |
| 20-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.0% |  |  | 1,044 |  |  | 1,076 |  |  | 1,055 |  | —% | 103.0% | |  | 2.86% | 1.42% | |  | 14 |  | 10% |  |  |
| 2.5% |  |  | 427 |  |  | 446 |  |  | 440 |  | —% | 104.4% | |  | 3.28% | 1.48% | |  | 18 |  | 14% |  |  |
| 3.0% |  |  | 35 |  |  | 36 |  |  | 37 |  | 97% | 103.4% | |  | 3.78% | 2.16% | |  | 29 |  | 14% |  |  |
| 3.5% |  |  | 169 |  |  | 172 |  |  | 181 |  | 81% | 101.8% | |  | 4.05% | 2.95% | |  | 101 |  | 13% |  |  |
| ≥ 4.0% | |  | 209 |  |  | 218 |  |  | 229 |  | 96% | 104.1% | |  | 4.74% | 3.08% | |  | 61 |  | 15% |  |  |
| Total 20-year: | |  | 1,884 |  |  | 1,948 |  |  | 1,942 |  | 21% |  | 103.3% |  | 3.29% |  | 1.77% |  | 28 |  | 12% |  |  |
| 30-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.0% |  |  | 15,617 |  |  | 15,673 |  |  | 15,581 |  | 3% | 100.5% | |  | 2.86% | 1.92% | |  | 8 |  | 7% |  |  |
| 2.5% |  |  | 27,578 |  |  | 28,342 |  |  | 28,182 |  | 22% | 104.1% | |  | 3.16% | 1.96% | |  | 6 |  | 7% |  |  |
| 3.0% |  |  | 5,031 |  |  | 5,197 |  |  | 5,234 |  | 16% | 102.8% | |  | 3.61% | 2.52% | |  | 49 |  | 11% |  |  |
| 3.5% |  |  | 8,531 |  |  | 8,917 |  |  | 9,200 |  | 86% | 104.5% | |  | 4.05% | 2.59% | |  | 83 |  | 12% |  |  |
| 4.0% |  |  | 8,696 |  |  | 9,146 |  |  | 9,495 |  | 92% | 105.2% | |  | 4.51% | 2.81% | |  | 65 |  | 15% |  |  |
| ≥ 4.5% | |  | 4,606 |  |  | 4,881 |  |  | 5,084 |  | 97% | 106.0% | |  | 5.02% | 3.06% | |  | 53 |  | 16% |  |  |
| Total 30-year | |  | 70,059 |  |  | 72,156 |  |  | 72,776 |  | 40% |  | 103.5% |  | 3.71% |  | 2.36% |  | 38 |  | 11% |  |  |
| **Total fixed rate** | | $ | 76,490 |  | $ | 78,730 |  | $ | 79,429 |  | 41% |  | 103.5% |  | 3.70% |  | 2.34% |  | 38 |  | 11% |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Specified pools include pools backed by lower balance loans with original loan balances of up to $200K, HARP pools (defined as pools that were issued between May 2009 and December 2018 and backed by 100% refinance loans with original LTVs ≥ 80%), and pools backed by loans 100% originated in New York and Puerto Rico. As of December 31, 2021, lower balance specified pools had a weighted average original loan balance of $119,000 and $117,000 for 15-year and 30-year securities, respectively, and HARP pools had a weighted average original LTV of 127% and 138% for 15-year and 30-year securities, respectively.
2. WAC represents the weighted average coupon of the underlying collateral.
3. Portfolio yield incorporates a projected life CPR based on forward rate assumptions as of December 31, 2021.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  | **December 31, 2020** | | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Includes Net TBA Position** | | | | |  |  |  |  | **Excludes Net TBA Position** | | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Weighted Average** | | | |  |  |  |  |
| **Fixed Rate Agency RMBS and TBA** | |  | **Par Value** | |  | **Amortized** | |  | **Fair Value** | | **Specified Pool** |  | **Amortized** | | **WAC 2** |  | **Yield 3** | | **Age (Months)** | | **Projected** | |  |
| **Securities** | |  |  | **Cost** | |  | **% 1** |  | **Cost Basis** | |  | **CPR** | **3** |  |
| **Fixed rate** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 15-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.5% |  | $ | 5,001 |  | $ | 5,107 |  | $ | 5,144 |  | —% | 102.4% | |  | 2.28% | 0.91% | |  | 1 |  | 13% |  |  |
| 2.0% |  |  | 6,718 |  |  | 6,958 |  |  | 7,023 |  | —% | 103.8% | |  | 2.62% | 1.01% | |  | 2 |  | 15% |  |  |
| 2.5% |  |  | 795 |  |  | 836 |  |  | 840 |  | 59% | 105.5% | |  | 3.07% | 1.10% | |  | 13 |  | 15% |  |  |
| 3.0% |  |  | 1,168 |  |  | 1,186 |  |  | 1,248 |  | 94% | 101.5% | |  | 3.55% | 2.46% | |  | 44 |  | 16% |  |  |
| 3.5% |  |  | 1,249 |  |  | 1,275 |  |  | 1,356 |  | 100% | 102.1% | |  | 4.03% | 2.75% | |  | 40 |  | 18% |  |  |
| ≥ 4.0% | |  | 788 |  |  | 810 |  |  | 851 |  | 92% | 102.8% | |  | 4.63% | 2.92% | |  | 47 |  | 19% |  |  |
| Total ≤ 15-year | |  | 15,719 |  |  | 16,172 |  |  | 16,462 |  | 23% |  | 103.1% |  | 3.09% |  | 1.59% |  | 17 |  | 16% |  |  |
| 20-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 2.0% | |  | 1,168 |  |  | 1,202 |  |  | 1,215 |  | —% | 103.0% | |  | 2.87% | 1.29% | |  | 3 |  | 15% |  |  |
| 2.5% |  |  | 597 |  |  | 620 |  |  | 630 |  | —% | 103.9% | |  | 3.28% | 1.33% | |  | 6 |  | 20% |  |  |
| 3.0% |  |  | 48 |  |  | 50 |  |  | 52 |  | 98% | 103.0% | |  | 3.78% | 2.10% | |  | 17 |  | 19% |  |  |
| 3.5% |  |  | 226 |  |  | 230 |  |  | 246 |  | 81% | 101.6% | |  | 4.05% | 2.93% | |  | 89 |  | 18% |  |  |
| ≥ 4.0% | |  | 296 |  |  | 307 |  |  | 327 |  | 96% | 103.6% | |  | 4.73% | 3.05% | |  | 48 |  | 20% |  |  |
| Total 20-year: | |  | 2,335 |  |  | 2,409 |  |  | 2,470 |  | 23% |  | 103.2% |  | 3.34% |  | 1.70% |  | 18 |  | 17% |  |  |
| 30-year: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 2.0% | |  | 23,805 |  |  | 24,445 |  |  | 24,628 |  | —% | 103.2% | |  | 2.89% | 1.51% | |  | — | | 11% |  |  |
| 2.5% |  |  | 8,995 |  |  | 9,423 |  |  | 9,506 |  | 4% | 105.2% | |  | 3.43% | 1.35% | |  | 4 |  | 16% |  |  |
| 3.0% |  |  | 3,507 |  |  | 3,619 |  |  | 3,709 |  | 17% | 102.9% | |  | 3.74% | 2.03% | |  | 33 |  | 22% |  |  |
| 3.5% |  |  | 12,913 |  |  | 13,428 |  |  | 14,151 |  | 88% | 104.0% | |  | 4.07% | 2.48% | |  | 66 |  | 17% |  |  |
| 4.0% |  |  | 14,245 |  |  | 14,847 |  |  | 15,734 |  | 92% | 104.2% | |  | 4.51% | 2.81% | |  | 52 |  | 19% |  |  |
| ≥ 4.5% | |  | 8,417 |  |  | 8,838 |  |  | 9,434 |  | 98% | 105.0% | |  | 5.01% | 3.04% | |  | 38 |  | 21% |  |  |
| Total 30-year | |  | 71,882 |  |  | 74,600 |  |  | 77,162 |  | 48% |  | 104.3% |  | 4.17% |  | 2.43% |  | 42 |  | 18% |  |  |
| **Total fixed rate** | | $ | 89,936 |  | $ | 93,181 |  | $ | 96,094 |  | 43% |  | 104.0% |  | 3.98% |  | 2.28% |  | 37 |  | 18% |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. See Note 1 of preceding table for specified pool composition. As of December 31, 2020, lower balance specified pools had a weighted average original loan balance of $117,000 and $117,000 for 15-year and 30-year securities, respectively, and HARP pools had a weighted average original LTV of 126% and 137% for 15-year and 30-year securities, respectively.
2. WAC represents the weighted average coupon of the underlying collateral.
3. Portfolio yield incorporates a projected life CPR based on forward rate assumptions as of December 31, 2020.

For additional details regarding our CRT and non-Agency securities, including credit ratings, as of December 31, 2021 and 2020, please refer to Note 3 of our Consolidated Financial Statements included under Item 8 of this Form 10-K.

**SUMMARY OF CRITICAL ACCOUNTING ESTIMATES**

Our critical accounting estimates involve estimates that require management to make judgments that are subjective in nature. We rely on our experience and analysis of historical and current market data to arrive at what we believe to be reasonable estimates. Under different conditions, we could report materially different amounts based on such estimates. For additional information regarding our significant accounting policies please refer to Note 2 of our Consolidated Financial Statements included under Item 8 of this Form 10-K.

***Interest Income***

The effective yield on our Agency RMBS and non-Agency securities of high credit quality is highly impacted by our estimate of future prepayments. We accrue interest income based on the outstanding principal amount and contractual terms of these securities, and we amortize or accrete premiums and discounts associated with our purchase of these securities into interest income over their projected lives, taking into account scheduled contractual payments and estimated prepayments, using the effective interest method. The weighted average cost basis of our securities as of December 31, 2021 was 103.4% of par value; therefore, changes in our actual or projected prepayments can significantly alter the effective yield on our assets.

Future prepayment rates are difficult to predict, and we rely on a third-party service provider and our experience and analysis of historical and current market data to arrive at what we believe to be reasonable estimates. Our third-party service

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provider estimates prepayment rates over the remaining life of our securities using models that incorporate the forward yield curve, current mortgage rates, mortgage rates on the outstanding loans, age and size of the outstanding loans, loan-to-value ratios, interest rate volatility and other factors. We review the estimated prepayment rates for reasonableness, giving consideration to historical prepayment rates, current market conditions and other factors we believe are likely to impact the rate of prepayments on our portfolio, and based on our judgment we may adjust the third-party estimates.

We review our actual and anticipated prepayment experience on at least a quarterly basis, and effective yields are recalculated when differences arise between (i) our previous prepayment estimates and (ii) actual prepayments to date and current estimates of future prepayments. If the actual and estimated future prepayment experience differs from our prior estimate of prepayments, we are required to record an adjustment in the current period to the amortization or accretion of premiums and discounts for the cumulative difference in the effective yield from inception through the reporting date. We commonly refer to this adjustment as "catch-up" premium amortization or expense.

The most significant factor impacting prepayment rates on our securities is changes to long-term interest rates. Prepayment rates generally increase when interest rates fall and decrease when interest rates rise. Item 7A. *Quantitative and Qualitative Disclosures About Market Risk* in this Form 10-K includes the estimated change in the weighted average projected CPR of our investments and in the corresponding weighted average yield on our investments should interest rates instantaneously go up or down by 50, 75 and 100 basis points. However, there are a variety of other factors that may impact the rate of prepayments on our securities. Consequently, our actual experience and future estimates of prepayments could differ materially from our estimates.

At the time we purchase CRT and non-Agency securities that are not of high credit quality, we determine an effective interest rate based on our estimate of the timing and amount of cash flows and our cost basis. On at least a quarterly basis, we review the estimated cash flows and make appropriate adjustments based on input and analysis received from external sources, internal models, our judgment about interest rates, prepayment rates, including collateral call provisions, timing and amount of estimated credit losses, and other factors. Any resulting changes in effective yield are recognized prospectively based on the current amortized cost of the investment as adjusted for credit impairment, if any.

**RESULTS OF OPERATIONS**

***Non-GAAP Financial Measures***

In addition to the results presented in accordance with GAAP, our results of operations discussed below include certain non-GAAP financial information, including "economic interest income," "economic interest expense," "net spread and dollar roll income," "net spread and dollar roll income, excluding 'catch-up' premium amortization," "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."

"Economic interest income" is measured as interest income (GAAP measure), adjusted (i) to exclude "catch-up" premium amortization associated with changes in CPR estimates and (ii) to include TBA dollar roll implied interest income. "Economic interest expense" is measured as interest expense (GAAP measure) adjusted to include TBA dollar roll implied interest expense/(benefit) and interest rate swap periodic cost/(income). "Net spread and dollar roll income, excluding "catch-up" premium amortization" includes (i) the components of economic interest income and economic interest expense and other interest and dividend income (referred to as "adjusted net interest and dollar roll income"), less (ii) total operating expenses (GAAP measure).

By providing such measures, in addition to the related GAAP measures, we believe we give greater transparency into the information used by our management in its financial and operational decision-making. We also believe it is important for users of our financial information to consider information related to our current financial performance without the effects of certain measures and one-time events that are not necessarily indicative of our current investment portfolio performance and operations.

Specifically, in the case of "adjusted net interest and dollar roll income," we believe 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 our consolidated statement of comprehensive income, are economically equivalent to holding and financing generic Agency RMBS using short-term repurchase agreements. Similarly, we believe that the inclusion of periodic interest rate swap settlements in "economic interest expense" is meaningful as interest rate swaps are the primary instrument we use to economically hedge against fluctuations in our borrowing costs and it is more indicative of our total cost of funds than interest expense alone. In the case of "economic interest income" and "net spread and dollar roll income, excluding 'catch-up' premium amortization," we believe the exclusion of "catch-up" adjustments to premium amortization cost or benefit is meaningful as it excludes the cumulative effect from prior reporting periods due to current changes in future

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prepayment expectations and, therefore, exclusion of such cost or benefit is more indicative of the current earnings potential of our investment portfolio. In the case of estimated taxable income, we believe it is meaningful information because it directly relates to the amount of dividends that we are required to distribute to maintain our REIT qualification status.

However, because such measures are incomplete measures of our 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, our 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 our income tax returns, which occurs after the end of our fiscal year.

***Selected Financial Data***

The following selected financial data is derived from our annual financial statements for the three years ended December 31, 2021. The selected financial data should be read in conjunction with the more detailed information contained in Item 8. *Financial Statements* and in this Item 7. *Management's Discussion and Analysis* *of Financial Condition and Results of Operations* (in millions, except per share amounts):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **December 31,** | |  |  |
| **Balance Sheet Data** |  | **2021** |  |  | **2020** |  |  | **2019** |
| Investment securities, at fair value | $ | 54,421 |  | $ | 66,414 |  | $ | 100,442 |
| Total assets | $ | 68,149 |  | $ | 81,817 |  | $ | 113,082 |
| Repurchase agreements and other debt | $ | 47,507 |  | $ | 52,543 |  | $ | 89,410 |
| Total liabilities | $ | 57,858 |  | $ | 70,738 |  | $ | 102,041 |
| Total stockholders' equity | $ | 10,291 |  | $ | 11,079 |  | $ | 11,041 |
| Net book value per common share 1 | $ | 16.76 |  | $ | 17.68 |  | $ | 18.63 |
| Tangible net book value per common share 2 | $ | 15.75 |  | $ | 16.71 |  | $ | 17.66 |

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| --- | --- | --- | --- |
|  |  | **Fiscal Year** |  |
| **Statement of Comprehensive Income Data** | **2021** | **2020** | **2019** |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Interest income |  | $ | 1,361 |  | $ | 1,519 |  | $ | 2,842 |
| Interest expense | |  | 75 |  |  | 674 |  |  | 2,149 |
| Net interest income | |  | 1,286 |  |  | 845 |  |  | 693 |
| Other gain (loss), net | |  | (449) |  |  | (1,018) |  |  | 78 |
| Operating expenses | |  | 88 |  |  | 93 |  |  | 83 |
| Net income (loss) | |  | 749 |  |  | (266) |  |  | 688 |
| Dividends on preferred stock | |  | 100 |  |  | 96 |  |  | 54 |
| Issuance cost of redeemed preferred stock | |  | — | |  | — | |  | 6 |
| Net income (loss) available (attributable) to common stockholders | | $ | 649 |  | $ | (362) |  | $ | 628 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Net income (loss) | | $ | 749 |  | $ | (266) |  | $ | 688 |
| Other comprehensive income (loss), net | |  | (418) |  |  | 622 |  |  | 1,040 |
| Comprehensive income | |  | 331 |  |  | 356 |  |  | 1,728 |
| Dividends on preferred stock | |  | 100 |  |  | 96 |  |  | 54 |
| Issuance cost of redeemed preferred stock | |  | — | |  | — | |  | 6 |
| Comprehensive income available to common stockholders | | $ | 231 |  | $ | 260 |  | $ | 1,668 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Weighted average number of common shares outstanding - basic | |  | 528.1 |  |  | 551.6 |  |  | 540.6 |
|  |  |  |  |  |  |  |  |  |  |
| Weighted average number of common shares outstanding - diluted | |  | 530.0 |  |  | 551.6 |  |  | 541.4 |
|  |  |  |  |  |  |  |  |  |  |
| Net income (loss) per common share - basic | | $ | 1.23 |  | $ | (0.66) |  | $ | 1.16 |
|  |  |  |  |  |  |  |  |  |  |
| Net income (loss) per common share - diluted | | $ | 1.22 |  | $ | (0.66) |  | $ | 1.16 |
|  |  |  |  |  |  |  |  |  |  |
| Comprehensive income (loss) per common share - basic | | $ | 0.44 |  | $ | 0.47 |  | $ | 3.09 |
|  |  |  |  |  |  |  |  |  |  |
| Comprehensive income (loss) per common share - diluted | | $ | 0.44 |  | $ | 0.47 |  | $ | 3.08 |
|  |  |  |  |  |  |  |  |  |  |
| Dividends declared per common share | | $ | 1.44 |  | $ | 1.56 |  | $ | 2.00 |
|  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Fiscal Year** | |  |  |
| **Other Data (Unaudited) \*** |  |  | **2021** |  |  | **2020** |  |  | **2019** |
| Average investment securities - at par | | $ | 53,057 |  | $ | 70,077 |  | $ | 89,234 |
| Average investment securities - at cost | | $ | 54,869 |  | $ | 72,543 |  | $ | 92,207 |
| Net TBA portfolio - at par (as of period end) 9 | | $ | 27,123 |  | $ | 30,364 |  | $ | 7,322 |
| Net TBA portfolio - at cost (as of period end) 9 | | $ | 27,622 |  | $ | 31,204 |  | $ | 7,404 |
| Net TBA portfolio - at market value (as of period end) 9 | | $ | 27,578 |  | $ | 31,479 |  | $ | 7,429 |
| Net TBA portfolio - at carrying value (as of period end) 3,9 | | $ | (44) |  | $ | 275 |  | $ | 25 |
| Average net TBA dollar roll position - at cost | | $ | 29,851 |  | $ | 21,224 |  | $ | 9,262 |
| Average total assets - at fair value | | $ | 72,908 |  | $ | 88,403 |  | $ | 110,112 |
| Average repurchase agreements and other debt outstanding 4 | | $ | 49,923 |  | $ | 69,370 |  | $ | 86,231 |
| Average stockholders' equity 5 | | $ | 10,885 |  | $ | 10,684 |  | $ | 10,380 |
| Average tangible net book value "at risk" leverage 6 | |  | 7.7:1 |  |  | 8.9:1 |  |  | 9.7:1 |
| Tangible net book value "at risk" leverage *(as of period end)* 7 | |  | 7.7:1 |  |  | 8.5:1 |  |  | 9.4:1 |
| Economic return on tangible common equity 8 | |  | 2.9 % |  |  | 3.5 % |  |  | 18.7 % |
| Expenses % of average total assets | |  | 0.12 % |  |  | 0.11 % |  |  | 0.08 % |
| Expenses % of average assets, including average net TBA position | |  | 0.09 % |  |  | 0.08 % |  |  | 0.07 % |
| Expenses % of average stockholders' equity | |  | 0.81 % |  |  | 0.87 % |  |  | 0.80 % |

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\* Except as noted below, average numbers for each period are weighted based on days on our books and records.

1. Net book value per common share is calculated as total stockholders' equity, less preferred stock liquidation preference, divided by number of common shares outstanding as of period end.
2. Tangible net book value per common share excludes goodwill.
3. The carrying value of our net TBA position represents the difference between the market value and the cost basis of the TBA contract as of period-end and is reported in derivative assets/(liabilities), at fair value on our accompanying consolidated balances sheets.

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1. Amount excludes U.S. Treasury repurchase agreements and TBA contracts. Other debt includes debt of consolidated VIEs.
2. Average stockholders' equity calculated as average month-ended stockholders' equity during the period.
3. Average tangible net book value "at risk" leverage is calculated by dividing the sum of daily weighted average repurchase agreements used to fund our investment securities, other debt, and TBA and forward settling securities (at cost) (collectively "mortgage borrowings") outstanding for the period by the sum of average stockholders' equity adjusted to exclude goodwill for the period. Leverage excludes U.S. Treasury repurchase agreements.
4. Tangible net book value "at risk" leverage as of period end is calculated by dividing the sum of mortgage borrowings outstanding and receivable/payable for unsettled investment securities as of period end by the sum of total stockholders' equity adjusted to exclude goodwill as of period end. Leverage excludes U.S. Treasury repurchase agreements.
5. Economic return on tangible common equity represents the sum of the change in tangible net book value per common share and dividends declared per share of common stock during the period over beginning tangible net book value per common share.
6. Includes net TBA dollar roll position and, if applicable, forward settling securities.

***Economic Interest Income and Asset Yields***

The following table summarizes our economic interest income (a non-GAAP measure) for fiscal years 2021, 2020 and 2019, which includes the combination of interest income (a GAAP measure) on our holdings reported as investment securities on our consolidated balance sheets, adjusted to exclude estimated "catch-up" premium amortization adjustments for the cumulative effect from prior reporting periods of changes in our CPR forecast, and implied interest income on our TBA securities (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Fiscal Year 2021** | | | |  | **Fiscal Year 2020** | | | |  | **Fiscal Year 2019** | | |  |
|  |  | **Amount** | | **Yield** |  |  | **Amount** | | **Yield** |  |  | **Amount** | | **Yield** |  |
| Interest income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash/coupon interest income | $ | 1,730 |  | 3.26 % |  | $ | 2,601 |  | 3.71 % |  | $ | 3,443 |  | 3.84 % |  |
| Net premium amortization benefit (cost) |  | (369) |  | (0.78)% |  |  | (1,082) |  | (1.62)% |  |  | (601) |  | (0.76)% |  |
| Interest income (GAAP measure) |  | 1,361 |  | 2.48 % |  |  | 1,519 |  | 2.09 % |  |  | 2,842 |  | 3.08 % |  |
| Estimated "catch-up" premium amortization cost (benefit) due to change in |  | (96) |  | (0.17)% |  |  | 457 |  | 0.63 % |  |  | 104 |  | 0.11 % |  |
| CPR forecast |  |  |  |  |  |  |  |  |  |
| Interest income, excluding "catch-up" premium amortization |  | 1,265 |  | 2.31 % |  |  | 1,976 |  | 2.72 % |  |  | 2,946 |  | 3.19 % |  |
| TBA dollar roll income - implied interest income 1,2 |  | 528 |  | 1.77 % |  |  | 365 |  | 1.73 % |  |  | 306 |  | 3.30 % |  |
| Economic interest income, excluding "catch-up" amortization (non-GAAP | $ | 1,793 |  | 2.12 % |  | $ | 2,341 |  | 2.50 % |  | $ | 3,252 |  | 3.20 % |  |
| measure) 3 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average actual portfolio CPR for investment securities held during |  | 23.1 % |  |  |  |  | 19.9 % |  |  |  |  | 11.4 % |  |  |  |
| the period |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average projected CPR for the remaining life of investment |  | 10.9 % |  |  |  |  | 17.6 % |  |  |  |  | 10.8 % |  |  |  |
| securities held as of period end |  |  |  |  |  |  |  |  |  |  |  |  |
| 30-year fixed rate mortgage rate as of period end 4 |  | 3.27 % |  |  |  |  | 2.87 % |  |  |  |  | 3.86 % |  |  |  |
| 10-year U.S. Treasury rate as of period end |  | 1.51 % |  |  |  |  | 0.92 % |  |  |  |  | 1.92 % |  |  |  |

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1. Reported in gain (loss) on derivatives instruments and other securities, net in the accompanying consolidated statements of operations.
2. Implied interest income from TBA dollar roll transactions is computed as the sum of (i) TBA dollar roll income and (ii) estimated TBA implied funding cost (see *Economic Interest Expense and* *Aggregate Cost of Funds* below). TBA dollar roll income represents the price differential, or "price drop," between the TBA price for current month settlement versus the TBA price for forwardmonth settlement and is the economic equivalent to interest income on the underlying Agency securities, less an implied funding cost, over the forward settlement period. Amount is net of TBAs used for hedging purposes. Amount excludes TBA mark-to-market adjustments.
3. The combined asset yield is calculated on a weighted average basis based on our average investment and TBA balances outstanding during the period and their respective yields.
4. Source: Bloomberg

The principal elements impacting our economic interest income are the size of our average investment portfolio and the yield on our securities. The following table includes a summary of the estimated impact of each of these elements on our economic interest income for fiscal years 2021 and 2020 compared to the prior year period (in millions):

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**Impact of Changes in the Principal Elements Impacting Economic Interest Income**



|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Due to Change in Average** | | | |  |
| **Fiscal Year 2021 vs 2020** | |  | **Total Increase /** | |  | **Portfolio** | |  | **Asset** |  |
|  | **(Decrease)** | |  | **Size** | |  | **Yield** |  |
| Interest Income (GAAP measure) |  | $ | (158) |  | $ | (370) |  | $ | 212 |  |
| Estimated "catch-up" premium amortization due to change in CPR forecast | |  | (553) |  |  | — | |  | (553) |  |
| Interest income, excluding "catch-up" premium amortization | |  | (711) |  |  | (370) |  |  | (341) |  |
| TBA dollar roll income - implied interest income | |  | 163 |  |  | 148 |  |  | 15 |  |
| Economic interest income, excluding "catch-up" amortization (non-GAAP measure) | | $ | (548) |  | $ | (222) |  | $ | (326) |  |
|  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Due to Change in Average** | | | |  |
| **Fiscal Year 2020 vs 2019** | |  | **Total Increase /** | |  | **Portfolio** | |  | **Asset** |  |
|  | **(Decrease)** | |  | **Size** | |  | **Yield** |  |
| Interest Income (GAAP measure) |  | $ | (1,323) |  | $ | (606) |  | $ | (717) |  |
| Estimated "catch-up" premium amortization due to change in CPR forecast | |  | 353 |  |  | — | |  | 353 |  |
| Interest income, excluding "catch-up" premium amortization | |  | (970) |  |  | (606) |  |  | (364) |  |
| TBA dollar roll income - implied interest income | |  | 59 |  |  | 395 |  |  | (336) |  |
| Economic interest income, excluding "catch-up" amortization (non-GAAP measure) | | $ | (911) |  | $ | (211) |  | $ | (700) |  |
|  |  |  |  |  |  |  |  |  |  |  |

Our average investment portfolio, inclusive of TBAs (at cost), decreased 10% and 8% for fiscal years 2021 and 2020, respectively, primarily due to reductions in our targeted operating leverage. The decrease in the average yield on our investment portfolio, including TBA implied asset yields and excluding "catch-up" premium amortization, of 38 and 70 basis points for fiscal years 2021 and 2020, respectively, was largely the result of changes in asset composition and lower prevailing yields on new asset purchases.

***Leverage***

Our primary measure of leverage is our tangible net book value "at risk" leverage ratio, which is measured as the sum of our repurchase agreements and other debt used to fund our investment securities and net TBA and forward settling securities position (at cost) (together referred to as "mortgage borrowings") and our net receivable/payable for unsettled investment securities, divided by our total stockholders' equity adjusted to exclude goodwill.

We include our net TBA position in our measure of leverage because a forward contract to acquire Agency RMBS in the TBA market carries similar risks to Agency RMBS purchased in the cash market and funded with on-balance sheet liabilities. Similarly, a TBA contract for the forward sale of Agency securities has substantially the same effect as selling the underlying Agency RMBS and reducing our on-balance sheet funding commitments. (Refer to *Liquidity and Capital* *Resources* for further discussion of TBA securities and dollar roll transactions). Repurchase agreements used to fund short-term investments in U.S. Treasury securities("U.S. Treasury repo") are excluded from our measure of leverage due to the temporary and highly liquid nature of these investments. The following table presents a summary of our leverage ratios for the periods listed (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Repurchase Agreements** | | | | | | |  |  |  | **Net TBA Position** | | | |  |  |  |  |  |
|  |  |  |  | **and Other Debt** | | | **1** |  |  |  |  |  | **Long/(Short) 2** | | | |  | **Average Tangible Net** | | **Tangible Net Book Value** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Average Daily** |  |  | **Maximum** |  |  |  | **Ending** | | **Average Daily** | | |  | **Ending** |  | **Book Value** | | **"At Risk" Leverage** |  |
| **Quarter Ended** | |  |  |  |  |  |  |  |  | **"At Risk" Leverage** | | **as of** |  |
|  | **Amount** |  | **Daily Amount** | |  |  |  | **Amount** | |  | **Amount** | |  | **Amount** |  | **during the Period 3** | | **Period End 4** |  |
| December 31, 2021 |  | $ | 46,999 |  | $ | 48,524 |  |  | $ | 47,037 |  | $ | 29,014 |  | $ | 27,622 |  | 7.6:1 |  | 7.7:1 |  |
| September 30, 2021 | | $ | 45,847 | $ | | 49,021 | $ | | | 45,723 |  | $ | 30,312 |  | $ | 28,912 | 7.5:1 | |  | 7.5:1 |  |
| June 30, 2021 | | $ | 52,374 | $ | | 60,186 | $ | | | 48,488 |  | $ | 28,082 |  | $ | 27,611 | 7.6:1 | |  | 7.9:1 |  |
| March 31, 2021 | | $ | 54,602 | $ | | 57,153 | $ | | | 55,221 |  | $ | 32,022 |  | $ | 25,355 | 8.0:1 | |  | 7.7:1 |  |
| December 31, 2020 | | $ | 53,645 | $ | | 55,249 | $ | | | 52,543 |  | $ | 33,753 |  | $ | 31,204 | 8.4:1 | |  | 8.5:1 |  |
| September 30, 2020 | | $ | 61,008 | $ | | 69,628 | $ | | | 54,558 |  | $ | 27,785 |  | $ | 29,460 | 8.9:1 | |  | 8.8:1 |  |
| June 30, 2020 | | $ | 69,552 | $ | | 72,399 | $ | | | 69,370 |  | $ | 15,662 |  | $ | 20,413 | 8.8:1 | |  | 9.2:1 |  |
| March 31, 2020 | | $ | 93,538 | $ | | 104,773 | $ | | | 63,241 |  | $ | 7,487 |  | $ | 20,648 | 9.9:1 | |  | 9.4:1 |  |
| December 31, 2019 | | $ | 88,677 | $ | | 92,672 | $ | | | 89,313 |  | $ | 7,038 |  | $ | 7,404 | 9.5:1 | |  | 9.4:1 |  |
| September 30, 2019 | | $ | 87,938 | $ | | 92,420 | $ | | | 90,462 |  | $ | 10,146 |  | $ | 1,820 | 10.0:1 | |  | 9.8:1 |  |
| June 30, 2019 | | $ | 86,147 | $ | | 86,969 | $ | | | 85,367 |  | $ | 11,864 |  | $ | 11,086 | 10.0:1 | |  | 9.8:1 |  |
| March 31, 2019 | | $ | 82,070 | $ | | 87,877 | $ | | | 86,590 |  | $ | 8,002 |  | $ | 6,885 | 9.3:1 | |  | 9.4:1 |  |

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1. Other debt includes debt of consolidated VIEs. Amounts exclude U.S. Treasury repo agreements.
2. Daily average and ending net TBA position outstanding measured at cost. Includes forward settling non-Agency securities.
3. Average tangible net book value "at risk" leverage during the period represents the sum of our daily weighted average repurchase agreements and other debt used to fund acquisitions of investment securities and net TBA and forward settling securities position outstanding, divided by the sum of our average month-ended stockholders' equity, adjusted to exclude goodwill.
4. Tangible net book value "at risk" leverage as of period end represents the sum of our repurchase agreements and other debt used to fund acquisitions of investments securities, net TBA and forward settling securities position (at cost), and net receivable/payable for unsettled investment securities outstanding as of period end, divided by total stockholders' equity, adjusted to exclude goodwill as of period end.

***Economic Interest Expense and Aggregate Cost of Funds***

The following table summarizes our economic interest expense and aggregate cost of funds (non-GAAP measures) for fiscal years 2021, 2020 and 2019 (dollars in millions), which includes the combination of interest expense on Agency repurchase agreements and other debt (GAAP measure), implied financing cost (benefit) of our TBA securities and interest rate swap periodic cost:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Fiscal Year 2021** | | | |  | **Fiscal Year 2020** | | | |  | **Fiscal Year 2019** | | |  |
| **Economic Interest Expense and Aggregate Cost of Funds 1** | |  | **Amount** | | **Cost of Funds** |  |  | **Amount** | | **Cost of Funds** |  |  | **Amount** | | **Cost of Funds** |  |
| Repurchase agreement and other debt - interest expense (GAAP measure) |  | $ | 75 |  | 0.15 % |  | $ | 674 |  | 0.96 % |  | $ | 2,149 |  | 2.46 % |  |
| TBA dollar roll income - implied interest expense (benefit) 2,3 | |  | (128) |  | (0.42)% |  |  | (60) |  | (0.27)% |  |  | 212 |  | 2.26 % |  |
| Economic interest expense (benefit) - before interest rate swap periodic | |  | (53) |  | (0.06)% |  |  | 614 |  | 0.67 % |  |  | 2,361 |  | 2.44 % |  |
| cost, net 4 | |  |  |  |  |  |  |  |  |  |
| Interest rate swap periodic cost (income), net 2,5 | |  | 60 |  | 0.07 % |  |  | 48 |  | 0.05 % |  |  | (402) |  | (0.42)% |  |
| Total economic interest expense (benefit) (non-GAAP measure) | | $ | 7 |  | 0.01 % |  | $ | 662 |  | 0.72 % |  | $ | 1,959 |  | 2.02 % |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Amounts exclude interest rate swap termination fees and variation margin settlements paid or received, forward starting swaps and the impact of other supplemental hedges, such as swaptions and U.S. Treasury positions.
2. Reported in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income.
3. The implied funding cost (benefit) of TBA dollar roll transactions is determined using the price differential, or "price drop," between the TBA price for current month settlement versus the TBA price for forward month settlement 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 (benefit) for all TBA transactions is weighted based on our daily average TBA balance outstanding for the period.
4. The combined cost of funds for total mortgage borrowings outstanding, before interest rate swap costs, is calculated on a weighted average basis based on average repo, other debt and TBA balances outstanding during the period and their respective cost of funds.
5. Interest rate swap periodic cost is measured as a percent of average mortgage borrowings outstanding for the period.

The principal elements impacting our economic interest expense are (i) the size of our average mortgage borrowings and interest rate swap portfolio outstanding during the period, (ii) the average interest rate on our mortgage borrowings and (iii) the average net interest rate paid/received on our interest rate swaps. The following table includes a summary of the estimated impact of these elements on our economic interest expense for fiscal years 2021 and 2020 compared to the prior year period (in millions):

**Impact of Changes in the Principal Elements of Economic Interest Expense**



|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Due to Change in Average** | | |  |  |
| **Fiscal Year 2021 vs 2020** | |  | **Total Increase /** | |  | **Borrowing / Swap** | | **Borrowing / Swap Rate** | |  |
|  | **(Decrease)** | |  | **Balance** | |  |
| Repurchase agreements and other debt interest expense |  | $ | (599) |  | $ | (189) |  | $ | (410) |  |
| TBA dollar roll income - implied interest benefit/expense | |  | (68) |  |  | (24) |  |  | (44) |  |
| Interest rate swap periodic cost | |  | 12 |  |  | (1) |  |  | 13 |  |
| Total change in economic interest benefit/expense | | $ | (655) |  | $ | (214) |  | $ | (441) |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |

**Due to Change in Average**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Fiscal Year 2020 vs 2019** | |  | **Total Increase /** | |  | **Borrowing / Swap** | | **Borrowing / Swap Rate** | |  |
|  | **(Decrease)** | |  | **Balance** | |  |
| Repurchase agreements and other debt interest expense |  | $ | (1,475) |  | $ | (415) |  | $ | (1,060) |  |
| TBA dollar roll income - implied interest benefit/expense | |  | (272) |  |  | 274 |  |  | (546) |  |
| Interest rate swap periodic cost | |  | 450 |  |  | 87 |  |  | 363 |  |
| Total change in economic interest benefit/expense | | $ | (1,297) |  | $ | (54) |  | $ | (1,243) |  |
|  |  |  |  |  |  |  |  |  |  |  |

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Our average mortgage borrowings, inclusive of TBAs, decreased 12% and 5% for fiscal years 2021 and 2020, respectively, due to reductions in our targeted operating leverage. The decline in the average interest rate on our mortgage borrowings for fiscal years 2021 and 2020 of 73 and 177 basis points, respectively, was due to the combination of lower short-term interest rates and favorable funding opportunities in the TBA dollar roll market.

The change in our interest rate swap periodic cost for fiscal years 2021 and 2020 was a function of our average swap balance outstanding and the average fixed rate paid / floating rate received on our interest rate swaps. The following is a summary of our average interest rate swaps outstanding and the related average swap pay and receive rates for fiscal years 2021, 2020 and 2019 (dollars in millions). Amounts exclude forward starting swaps not yet in effect.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Fiscal Year** | |  |  |
| **Average Ratio of Interest Rate Swaps (Excluding Forward Starting Swaps) to Mortgage Borrowings Outstanding** | |  | **2021** |  |  | **2020** |  |  | **2019** |
| Average Agency repo and other debt outstanding |  | $ | 49,923 |  | $ | 69,370 |  | $ | 86,231 |
| Average net TBA dollar roll position outstanding - at cost | | $ | 29,851 |  | $ | 21,224 |  | $ | 9,262 |
| Average mortgage borrowings outstanding | | $ | 79,774 |  | $ | 90,594 |  | $ | 95,493 |
| Average notional amount of interest rate swaps outstanding (excluding forward starting swaps) | | $ | 48,634 |  | $ | 49,978 |  | $ | 63,890 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Ratio of average interest rate swaps to mortgage borrowings outstanding | 61 % |  | 55 % |  | 67 % |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Average interest rate swap pay-fixed rate (excluding forward starting swaps) | 0.17 % |  | 0.66 % |  | 1.61 % |
| Average interest rate swap receive-floating rate | (0.05)% |  | (0.56)% |  | (2.24)% |
| Average interest rate swap net pay/(receive) rate | 0.12 % |  | 0.10 % |  | (0.63)% |
|  |  |  |  |  |  |

For fiscal years 2021, 2020 and 2019, we had an average forward starting swap balance of $0.1 billion, $0.8 billion and $3.0 billion, respectively. Forward starting interest rate swaps do not impact our economic interest expense and aggregate cost of funds until they commence accruing net interest settlements on their forward start dates. Including forward starting swaps, our average ratio of interest rate swaps outstanding to our average mortgage borrowings for fiscal years 2021, 2020 and 2019 was 61%, 56% and 70%, respectively.

***Net Interest Spread***

The following table presents a summary of our net interest spread (including the impact of TBA dollar roll income, interest rate swaps and excluding "catch-up"

premium amortization) for fiscal years 2021, 2020 and 2019:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Fiscal Year** | |  |
| **Investment and TBA Securities - Net Interest Spread** | | **2021** |  | **2020** |  | **2019** |
| Average asset yield, excluding "catch-up" premium amortization |  | 2.12 % |  | 2.50 % |  | 3.20 % |
| Average aggregate cost of funds | | (0.01)% |  | (0.72)% |  | (2.02)% |
| Average net interest spread, excluding "catch-up" premium amortization | | 2.11 % |  | 1.78 % |  | 1.18 % |
|  |  |  |  |  |  |  |

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***Net Spread and Dollar Roll Income***

The following table presents a summary of our net spread and dollar roll income, excluding estimated "catch-up" premium amortization, per diluted common share (a non-GAAP financial measure) and a reconciliation to our net interest income (the most comparable GAAP financial measure) for fiscal years 2021, 2020 and 2019 (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Fiscal Year** | |  |  |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |  |
| Net interest income (GAAP measure) | $ | 1,286 |  | $ | 845 |  | $ | 693 |  |
| TBA dollar roll income, net 1 |  | 656 |  |  | 425 |  |  | 94 |  |
| Interest rate swap periodic cost (income), net 1 |  | (60) |  |  | (48) |  |  | 402 |  |
| Other interest and dividend income 1 |  | — | |  | 3 |  |  | 14 |  |
| Adjusted net interest and dollar roll income |  | 1,882 |  |  | 1,225 |  |  | 1,203 |  |
| Operating expense |  | (88) |  |  | (93) |  |  | (83) |  |
| Net spread and dollar roll income |  | 1,794 |  |  | 1,132 |  |  | 1,120 |  |
| Dividend on preferred stock |  | 100 |  |  | 96 |  |  | 54 |  |
| Net spread and dollar roll income available to common stockholders (non-GAAP measure) |  | 1,694 |  |  | 1,036 |  |  | 1,066 |  |
| Estimated "catch-up" premium amortization cost (benefit) due to change in CPR forecast |  | (96) |  |  | 457 |  |  | 104 |  |
| Net spread and dollar roll income, excluding "catch-up" premium amortization, available to common stockholders (non-GAAP | $ | 1,598 |  | $ | 1,493 |  | $ | 1,170 |  |
| measure) |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Weighted average number of common shares outstanding - basic |  | 528.1 |  |  | 551.6 |  |  | 540.6 |  |
|  |  |  |  |  |  |  |  |  |  |
| Weighted average number of common shares outstanding - diluted |  | 530.0 |  |  | 552.7 |  |  | 541.4 |  |
|  |  |  |  |  |  |  |  |  |  |
| Net spread and dollar roll income per common share - basic | $ | 3.21 |  | $ | 1.88 |  | $ | 1.97 |  |
|  |  |  |  |  |  |  |  |  |  |
| Net spread and dollar roll income per common share - diluted | $ | 3.20 |  | $ | 1.87 |  | $ | 1.97 |  |
|  |  |  |  |  |  |  |  |  |  |
| Net spread and dollar roll income, excluding "catch-up" premium amortization, per common share - basic | $ | 3.03 |  | $ | 2.71 |  | $ | 2.16 |  |
|  |  |  |  |  |  |  |  |  |  |
| Net spread and dollar roll income, excluding "catch-up" premium amortization, per common share - diluted | $ | 3.02 |  | $ | 2.70 |  | $ | 2.16 |  |
|  |  |  |  |  |  |  |  |  |  |

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1. Reported in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income

***Gain (Loss) on Investment Securities, Net***

The following table is a summary of our net gain (loss) on investment securities for fiscal years 2021, 2020 and 2019 (in millions):

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Fiscal Year** | |  |  |
| **Gain (Loss) on Investment Securities, Net 1** | |  | **2021** |  |  | **2020** |  |  | **2019** |
| Gain (loss) on sale of investment securities, net |  | $ | (57) |  | $ | 1,126 |  | $ | 388 |
| Unrealized gain (loss) on investment securities measured at fair value through net income, net 2 | |  | (1,502) |  |  | 319 |  |  | 2,014 |
| Unrealized gain (loss) on investment securities measured at fair value through other comprehensive income, net | |  | (418) |  |  | 622 |  |  | 1,040 |
| Total gain (loss) on investment securities, net | | $ | (1,977) |  | $ | 2,067 |  | $ | 3,442 |
|  |  |  |  |  |  |  |  |  |  |

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1. Amounts exclude gain (loss) on TBA securities, which are reported in gain (loss) on derivative instruments and other securities, net in our Consolidated Statements of Comprehensive Income.
2. Investment securities acquired after fiscal year 2016 are measured at fair value through net income (see Note 2 of our Consolidated Financial Statements in this Form 10-K).

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***Gain (Loss) on Derivative Instruments and Other Securities, Net***

The following table is a summary of our gain (loss) on derivative instruments and other securities, net for fiscal years 2021, 2020 and 2019 (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Fiscal Year** | |  |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |
| TBA securities, dollar roll income | $ | 656 |  | $ | 425 |  | $ | 94 |
| TBA securities, mark-to-market gain/(loss) |  | (1,208) |  |  | 1,072 |  |  | 317 |
| Forward settling non-Agency securities, mark-to-market gain/(loss) |  | 5 |  |  | — | |  | — |
| Interest rate swaps, periodic cost/(income) |  | (60) |  |  | (48) |  |  | 402 |
| Interest rate swaps, mark-to-market gain/(loss) |  | 1,177 |  |  | (2,718) |  |  | (2,047) |
| Payer swaptions |  | 23 |  |  | (156) |  |  | (26) |
| U.S. Treasury securities - short position |  | 444 |  |  | (905) |  |  | (967) |
| U.S. Treasury securities - long position |  | (25) |  |  | 102 |  |  | 11 |
| U.S. Treasury futures contracts - short position |  | 42 |  |  | (106) |  |  | (109) |
| Other |  | 56 |  |  | (129) |  |  | 1 |
| Total gain (loss) on derivative instruments and other securities, net | $ | 1,110 |  | $ | (2,463) |  | $ | (2,324) |
|  |  |  |  |  |  |  |  |  |

For further details regarding our use of derivative instruments and related activity refer to Notes 2 and 5 of our Consolidated Financial Statements in this Form 10-K.

***Estimated Taxable Income (Loss)***

For the fiscal years 2021, 2020 and 2019, we had estimated taxable income (loss) available (attributable) to common stockholders of $(488) million, $745 million and $620 million, respectively, or $(0.92), $1.35 and $1.15 per diluted common share, respectively. Income determined under GAAP differs from income determined under U.S. federal income tax rules because of both temporary and permanent differences in income and expense recognition. The primary differences are (i) unrealized gains and losses on investment securities and derivative instruments marked-to-market in current income for GAAP purposes, but excluded from taxable income until realized, settled or amortized over the instrument's original term, (ii) timing differences, both temporary and potentially permanent, in the recognition of certain realized gains and losses and (iii) temporary differences related to the amortization of premiums and discounts on investments. Furthermore, our estimated taxable income is subject to potential adjustments up to the time of filing our appropriate tax returns, which occurs after the end of our fiscal year.

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The following is a reconciliation of our GAAP net income to our estimated taxable income for fiscal years 2021, 2020 and 2019 (dollars in millions, except per share amounts):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Fiscal Year** | |  |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |
| Net income/(loss) | $ | 749 |  | $ | (266) |  | $ | 688 |
| Book to tax differences: |  |  |  |  |  |  |  |  |
| Premium amortization, net |  | (300) |  |  | 292 |  |  | 91 |
| Realized gain/loss, net |  | (2,363) |  |  | 1,535 |  |  | 1,530 |
| Net capital loss/(utilization of net capital loss carryforward) |  | — | |  | (394) |  |  | 212 |
| Unrealized (gain)/loss, net |  | 1,428 |  |  | (321) |  |  | (1,838) |
| Other |  | (2) |  |  | (5) |  |  | (9) |
| Total book to tax differences |  | (1,237) |  |  | 1,107 |  |  | (14) |
| REIT taxable income (loss) |  | (488) |  |  | 841 |  |  | 674 |
| REIT taxable income attributed to preferred stock |  | — | |  | 96 |  |  | 54 |
| REIT taxable income (loss), attributed to common stock | $ | (488) |  | $ | 745 |  | $ | 620 |
|  |  |  |  |  |  |  |  |  |
| Weighted average common shares outstanding - basic |  | 528.1 |  |  | 551.6 |  |  | 540.6 |
|  |  |  |  |  |  |  |  |  |
| Weighted average common shares outstanding - diluted |  | 528.1 |  |  | 552.7 |  |  | 541.4 |
|  |  |  |  |  |  |  |  |  |
| REIT taxable income (loss) per common share - basic | $ | (0.92) |  | $ | 1.35 |  | $ | 1.15 |
|  |  |  |  |  |  |  |  |  |
| REIT taxable income (loss) per common share - diluted | $ | (0.92) |  | $ | 1.35 |  | $ | 1.15 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Beginning net capital loss carryforward | $ | — | | $ | 394 |  | $ | 182 |
| Increase (decrease) in net capital loss carryforward |  | — | |  | (394) |  |  | 212 |
| Ending net capital loss carryforward | $ | — |  | $ | — |  | $ | 394 |
| Ending net capital loss carryforward per common share | $ | — |  | $ | — |  | $ | 0.73 |
|  |  |  |  |  |  |  |  |  |

Given our taxable loss for fiscal year 2021, we do not expect to incur a tax liability for this period. We also did not incur income or excise tax liabilities for fiscal years 2020 or 2019 as we distributed all of our taxable income for these periods within the time limits prescribed by the Internal Revenue Code. Please refer to Note 9 to our Consolidated Financial Statements included in this Form 10-K for a summary of dividends declared on our common and preferred stock during fiscal years 2021, 2020 and 2019.

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**LIQUIDITY AND CAPITAL RESOURCES**

Our business is dependent on our ability to maintain adequate levels of liquidity and capital resources to fund day-to-day operations, fulfill collateral requirements under our funding and derivative agreements, and to satisfy our dividend distribution requirement of at least 90% of our taxable income to maintain our qualification as a REIT. Our primary sources of liquidity are unencumbered cash and securities, borrowings available under repurchase agreements, TBA dollar roll financing and monthly receipts of principal and interest payments. We may also conduct asset sales, change our asset or funding mix, issue equity or undertake other capital enhancing actions to maintain adequate levels of liquidity and capital resources. There are various risks and uncertainties that can impact our liquidity, such as those described in Item 1A. *Risk Factors* and Item 7A. *Quantitative and Qualitative Disclosures of Market Risks* sections of this Form 10-K. In assessing our liquidity, we consider a number of factors, including our current leverage, collateral levels, access to capital markets, overall market conditions, and the sensitivity of our tangible net book value over a range of scenarios. We believe that we have sufficient liquidity and capital resources available to meet our obligations and execute our business strategy.

***Leverage and Financing Sources***

Our leverage will vary depending on market conditions and our assessment of relative risks and returns, but we generally expect our leverage to be between six and twelve times the amount of our tangible stockholders' equity, measured as the sum of our total mortgage borrowings and net payable / (receivable) for unsettled investment securities, divided by the sum of our total stockholders' equity adjusted to exclude goodwill. Our tangible net book value "at risk" leverage ratio was 7.7x and 8.5x as of December 31, 2021 and 2020, respectively. The following table includes a summary of our mortgage borrowings outstanding as of December 31, 2021 and 2020 (dollars in millions). For additional details of our mortgage borrowings refer to Notes 2, 4 and 5 to our Consolidated Financial Statements in this Form 10-K.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **December 31, 2021** | | |  |  |  |  | **December 31, 2020** | | |  |
| **Mortgage Borrowings** | |  | **Amount** | | | **%** |  |  |  | **Amount** | | | **%** |
| Repurchase agreements 1,2 |  | $ | 46,911 |  |  |  | 63 % |  | $ | 52,366 |  |  | 63 % |
| Debt of consolidated variable interest entities, at fair value | |  | 126 |  |  |  | — % | |  | 177 |  |  | — % |
| Total debt | |  | 47,037 |  |  |  | 63 % |  |  | 52,543 |  |  | 63 % |
| TBA and forward settling non-Agency securities, at cost | |  | 27,622 |  |  |  | 37 % |  |  | 31,204 |  |  | 37 % |
| Total mortgage borrowings | | $ | 74,659 |  |  |  | 100 % |  | $ | 83,747 |  |  | 100 % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. As of December 31, 2021 and 2020, 42% and 46%, respectively, of our repurchase agreements were funded through the Fixed Income Clearing Corporation's GCF Repo service.
2. Amounts exclude U.S. Treasury repurchase agreements.

Our primary financing sources are collateralized borrowings structured as repurchase agreements. We enter into repurchase agreements, or "repo," through bi-lateral arrangements with financial institutions and independent dealers. We also enter into third-party repurchase agreements through our wholly-owned registered broker-dealer subsidiary, Bethesda Securities, LLC, such as tri-party repo offered through the FICC's GCF Repo service. We manage our repurchase agreement funding position through a variety of methods, including diversification of counterparties, maintaining a staggered maturity profile and utilization of interest rate hedging strategies. We also use TBA dollar roll transactions as a means of synthetically financing Agency RMBS.

The terms and conditions of our repurchase agreements are determined on a transaction-by-transaction basis when each such borrowing is initiated or renewed and, in the case of GCF Repo, by the variable margin requirements calculated by the FICC, which acts as the central counterparty. The amount borrowed is generally equal to the fair value of the securities pledged, as determined by the lending counterparty, less an agreed-upon discount, referred to as a "haircut," which reflects the underlying risk of the specific collateral and protects the counterparty against a change in its value. Interest rates are generally fixed based on prevailing rates corresponding to the term of the borrowing. None of our repo counterparties are obligated to renew or otherwise enter into new borrowings at the conclusion of our existing borrowings.

The use of TBA dollar roll transactions increases our funding diversification, expands our available pool of assets, and increases our overall liquidity position, as TBA contracts typically have lower implied haircuts relative to Agency RMBS pools funded with repo financing. TBA dollar roll transactions may also have a lower implied cost of funds than comparable repo funded transactions (referred to as "dollar roll specialness") offering incremental return potential. However, if it were to become uneconomical to roll our TBA contracts into future months it may be necessary to take physical delivery of the underlying securities and fund those assets with cash or other financing sources, which could reduce our liquidity position.

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***Collateral Requirements and Unencumbered Assets***

Amounts available to be borrowed under our repurchase agreements are dependent upon prevailing interest rates, the lender’s "haircut" requirements and collateral value. Each of these elements may fluctuate with changes in interest rates, credit quality and liquidity conditions within the financial markets. To help manage the adverse impact of interest rate changes on our borrowings, we utilize an interest rate risk management strategy involving the use of derivative financial instruments. In particular, we attempt to mitigate the risk of the cost of our short-term funding liabilities increasing at a faster rate than the earnings of our long-term fixed rate assets during a period of rising interest rates.

The collateral requirements, or haircut levels, under our repo agreements are typically determined on an individual transaction basis or by the prevailing requirements established by the FICC for GCF tri-party repo. Consequently, haircut levels and minimum margin requirements can change over time and may increase during periods of elevated market volatility. If the fair value of our collateral declines, our counterparties will typically require that we post additional collateral to re-establish the agreed-upon collateral levels, referred to as "margin calls." Similarly, if the estimated fair value of our investment securities increases, we may request that counterparties release collateral back to us. Our counterparties typically have the sole discretion to determine the value of pledged collateral but are required to act in good faith in making determinations of value. Our agreements generally provide that in the event of a margin call, collateral must be posted on the same business day, subject to notice requirements. As of December 31, 2021, we had met all our margin requirements.

The value of Agency RMBS collateral is impacted by market factors and is reduced by monthly principal pay-downs on the underlying mortgage pools. Fannie Mae and Freddie Mac publish monthly security pay-down factors for their mortgage pools on the fifth day after month-end, but do not remit payment to security holders until generally the 25th day after month-end. Bi-lateral repo counterparties assess margin to account for the reduction in value of Agency collateral when factors are released. The FICC assesses margin on the last day of each month, prior to the factor release date, based on its internally projected pay-down rates (referred to as the "blackout period exposure adjustment" or "blackout margin"). On the factor release date, the blackout margin is released and collateralization requirements are adjusted to actual factor data. Due to the timing difference between associated margin calls and our receipt of principal pay-downs, our liquidity is temporarily reduced each month for principal repayments. We attempt to manage the liquidity risk associated with principal pay-downs by monitoring conditions impacting prepayment rates and through asset selection. As of December 31, 2021, our portfolio largely consisted of lower coupon TBA securities, which are not subject to monthly principal pay-downs, and higher coupon holdings concentrated in high quality, specified Agency RMBS pools, which have a lower risk of prepayment than similar coupon generic Agency RMBS.

Collateral requirements under our derivative agreements are subject to our counterparties' assessment of their maximum risk of loss associated with the derivative instrument measured over a certain period of time, referred to as the initial or minimum margin requirement. We are also subject to daily variation margin requirements based on changes in the value of the derivative instrument and/or collateral pledged. Daily variation margin requirements also entitle us to receive collateral if the value of amounts owed to us under the derivative agreement exceeds the minimum margin requirement. The collateral requirements under our TBA contracts are governed by the Mortgage-Backed Securities Division ("MBSD") of the FICC and, if applicable, by our third-party brokerage agreements, which may establish margin levels in excess of the MBSD. Collateral levels for interest rate derivative agreements are typically governed by the central clearing exchange and the associated futures commission merchants ("FCMs"), which may establish margin levels in excess of the clearing exchange. Collateral levels for interest rate derivative agreements not subject to central clearing are established by the counterparty financial institution.

Haircut levels and minimum margin requirements imposed by our counterparties reduce the amount of our unencumbered assets and limit the amount we can borrow against our investment securities. During fiscal year 2021, haircuts remained stable. As of December 31, 2021, the weighted average haircut on our repurchase agreements was approximately 3.8% of the value of our collateral, compared to 4.6% as of December 31, 2020.

To mitigate the risk of margins calls, we seek to maintain excess liquidity by holding unencumbered liquid assets that can be used to satisfy collateral requirements, collateralize additional borrowings or sold for cash. As of December 31, 2021, our unencumbered assets totaled 67% of our tangible net equity, compared to 60% as of December 31, 2020. The majority of our liquidity is held at AGNC, but we also maintain capital and excess liquidity at Bethesda Securities to meet regulatory standards, satisfy counterparty and clearing organization expectations, and for risk management purposes. As of December 31, 2021, we had cash and unencumbered Agency RMBS and U.S. Treasury securities totaling $4.9 billion, or 50% of our tangible equity, which excludes unencumbered CRT and non-Agency securities and assets held at Bethesda Securities, compared to $5.4 billion and 51%, respectively, as of December 31, 2020.

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***Counterparty Risk***

Collateral requirements imposed by counterparties subject us to the risk that the counterparty does not return pledged assets to us as and when required. We attempt to manage this risk by monitoring our collateral positions and limiting our counterparties to registered clearinghouses and major financial institutions with acceptable credit ratings. We also diversify our funding across multiple counterparties and by region.

As of December 31, 2021, our maximum amount at risk (or the excess/shortfall of the value of collateral pledged/received over our repurchase agreement liabilities/reverse repurchase agreement receivables) with any of our repurchase agreement counterparties, excluding the FICC, was approximately 2% of our tangible stockholders' equity, with our top five repo counterparties, excluding the FICC, representing less than 5% of our tangible stockholders' equity. As of December 31, 2021, approximately 7% of our tangible stockholder's equity was at risk with the FICC. Excluding central clearing exchanges, as of December 31, 2021, our amount at risk with any counterparty to our derivative agreements was less than 1% of our stockholders' equity.

***Asset Sales***

Agency RMBS securities are among the most liquid fixed income securities, and the TBA market is the second most liquid market (after the U.S. Treasury market). The vitality of these markets enables us to sell assets under most market conditions to generate liquidity through direct sales or delivery into TBA contracts, subject to "good delivery" provisions promulgated by the Securities Industry and Financial Markets Association ("SIFMA"). Under certain market conditions, however, we may be unable to realize the full "pay-up" value of our specified pool securities, or the incremental value in excess of equivalent coupon generic Agency RMBS. We attempt to manage this risk by maintaining at least a minimum level of securities that trade at or near TBA values that in our estimation enhances our portfolio liquidity across a wide range of market conditions.

***Capital Markets***

The equity capital markets serve as a source of capital to grow our business and to meet potential liquidity needs of our business. The availability of equity capital is dependent on market conditions and investor demand for our common and preferred stock. We will typically not issue common stock when the price of our common stock trades below our tangible net book value or issue preferred equity when its cost exceeds acceptable hurdle rates of return on our equity. There can be no assurance that we will be able to raise additional equity capital at any particular time or on any particular terms. Furthermore, when the trading price of our common stock is less than our estimate of our current tangible net book value per common share, among other conditions, we may repurchase shares of our common stock. Please refer to Note 9 of our Consolidated Financial Statements in this Form 10-K for further details regarding our recent equity capital transactions.

**FORWARD-LOOKING STATEMENTS**

The statements contained in this Annual Report that are not historical facts, including estimates, projections, beliefs, expectations concerning conditions, events, or the outlook for our business, strategy, performance, operations or the markets or industries in which we operate, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as “believe,” “plan,” “expect,” “anticipate,” “see,” “intend,” “outlook,” “potential,” “forecast,” “estimate,” “will,” “could,” “should,” “likely” and other similar, correlative or comparable words and expressions.

Forward looking statements are based on management’s assumptions, projections and beliefs as of the date of this Annual Report, but they involve a number of risks and uncertainties. Actual results may differ materially from those anticipated in forward-looking statements, as well as from historical performance. Factors that could cause actual results to vary from our forward-looking statements include, but are not limited to, the following:

* changes in U.S. monetary policy or interest rates, including actions taken by the Fed to normalize monetary policy, to reduce its purchases of Agency RMBS and to address the size of its U.S. Treasury and Agency RMBS bond portfolio;
* fluctuations in the yield curve;
* fluctuations in mortgage prepayment rates on the loans underlying our Agency RMBS;
* the availability and terms of financing;
* changes in the market value of our assets, including from changes in net interest spreads, and changes in market liquidity or depth;
* the effectiveness of our risk mitigation strategies;
* conditions in the market for Agency RMBS and other mortgage securities;

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* the impact of the COVID-19 pandemic and of measures taken in response to the COVID-19 pandemic by various governmental authorities, businesses and other third parties;
* actions by the federal, state, or local governments to stabilize the economy, the housing sector or financial markets;
* legislative or regulatory changes that affect our status as a REIT, our exemption from the Investment Company Act of 1940 or the mortgage markets in which we participate; and
* other risks discussed under the heading “Risk Factors” herein and in our Annual Report on Form 10-K.

Forward-looking statements speak only as of the date made, and we do not assume any duty and do not undertake to update forward-looking statements. A further discussion of risks and uncertainties that could cause actual results to differ from any of our forward-looking statements is included in this document under Item 1A. *Risk Factors*. We caution readers not to place undue reliance on our forward-looking statements.

**Item 7A. *Quantitative and Qualitative Disclosures about Market Risk***

Market risk is the exposure to loss resulting from changes in market factors such as interest rates, foreign currency exchange rates, commodity prices and equity prices. The primary market risks that we are exposed to are interest rate, prepayment, spread, liquidity, extension and credit risks.

***Interest Rate Risk***

We are subject to interest rate risk in connection with the fixed income nature of our assets and the short-term, variable rate nature of our financing obligations. Our operating results depend in large part on differences between the income earned on our assets and our cost of borrowing and hedging activities. The costs associated with our borrowings are generally based on prevailing market interest rates. During a period of rising interest rates, our borrowing costs generally will increase while the yields earned on our existing portfolio of leveraged fixed-rate assets will largely remain static. This can result in a decline in our net interest spread. Changes in the level of interest rates can also affect the rate of mortgage prepayments and the value of our assets.

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. Subject to maintaining our qualification as a REIT, we engage in a variety of interest rate management techniques to mitigate the influence of interest rate changes on our net interest income and fluctuations of our tangible net book value. The principal instruments that we use to hedge our interest rate risk are interest rate swaps, swaptions, U.S. Treasury securities and U.S. Treasury futures contracts. Our hedging techniques are highly complex and are partly based on assumed levels of prepayments of our assets. If prepayments are slower or faster than assumed, the maturity of our investments will also differ from our expectations, which could reduce the effectiveness of our hedging strategies and may cause losses on such transactions and adversely affect our cash flow.

The severity of potential declines in our tangible net book value due to fluctuations in interest rates would depend on our asset, liability, and hedge composition at the time, as well as the magnitude and duration of the interest rate change. Primary measures of an instrument's price sensitivity to interest rate fluctuations are its duration and convexity. Duration measures the estimated percentage change in market value of an instrument that would be caused by a parallel change in short and long-term interest rates. The duration of our assets will vary with changes in interest rates and tends to increase when interest rates rise and decrease when interest rates fall. This "negative convexity" generally increases the interest rate exposure of our investment portfolio in excess of what is measured by duration alone.

We estimate the duration and convexity of our assets using a third-party risk management system and market data. We review the estimates for reasonableness, giving consideration to any unique characteristics of our securities, market conditions and other factors likely to impact these estimates, and based on our judgement we may make adjustments to the third-party estimates.

The table below quantifies the estimated changes in the fair value of our investment portfolio (including derivatives and other securities used for hedging purposes) and in our tangible net book value per common share as of December 31, 2021 and 2020 should interest rates go up or down by 25, 50 and 75 basis points, assuming instantaneous parallel shifts in the yield curve and including the impact of both duration and convexity. All values in the table below are measured as percentage changes from the base interest rate scenario. The base interest rate scenario assumes interest rates and prepayment projections as of December 31, 2021 and 2020.

To the extent that these estimates or other assumptions do not hold true, which may be more likely during periods of elevated market volatility, actual results could differ materially from our projections. Moreover, if different models were employed in the analysis, materially different projections could result. Lastly, while the table below reflects the estimated

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impact of interest rate changes on a static portfolio, we actively manage our portfolio and we continuously adjust the size and composition of our asset and hedge portfolio.

**Interest Rate Sensitivity 1,2**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2021** | | | | **December 31, 2020** | | |  |
|  |  | **Estimated Change in** | | **Estimated Change in** |  | **Estimated Change in** | | **Estimated Change in** |  |
|  |  | **Tangible Net Book** | | **Tangible Net Book** |  |
| **Change in Interest Rate** | | **Portfolio Market** | | **Value Per Common** | | **Portfolio Market** | | **Value Per Common** |  |
| **Value** | | **Share** | | **Value** | | **Share** |  |
| -75 Basis Points |  | -0.6% |  | -6.4% |  | -0.9% |  | -9.7% |  |
| -50 Basis Points | | -0.2% |  | -2.3% |  | -0.5% |  | -5.8% |  |
| -25 Basis Points | | 0.0% |  | -0.3% |  | -0.2% |  | -2.1% |  |
| +25 Basis Points | | -0.1% |  | -1.3% |  | 0.0% |  | 0.4% |  |
| +50 Basis Points | | -0.4% |  | -3.8% |  | -0.1% |  | -1.1% |  |
| +75 Basis Points | | -0.7% |  | -7.4% |  | -0.4% |  | -4.0% |  |

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1. Derived from models that are dependent on inputs and assumptions, assumes there are no changes in mortgage spreads and assumes a static portfolio. Actual results could differ materially from these estimates.
2. Includes the effect of derivatives and other securities used for hedging purposes. Interest rates are assumed to be floored at 0% in down rate scenarios.

***Prepayment Risk***

Prepayment risk is the risk that our assets will be repaid at a faster rate than anticipated. Interest rates and numerous other factors affect the rate of prepayments, such as housing prices, general economic conditions, loan age, size and loan-to-value ratios, and GSE buyouts of delinquent loans underlying our securities. Generally, declining mortgage rates increase the rate of prepayments, while rising rates have the opposite effect.

If our assets prepay at a faster rate than anticipated, we may be unable to reinvest the repayments at acceptable yields. If the proceeds are reinvested at lower yields than our existing assets, our net interest income would be negatively impacted. We also amortize or accrete premiums and discounts we pay or receive at purchase relative to the stated principal of our assets into interest income over their projected lives using the effective interest method. If the actual and estimated future prepayment experience differs from our prior estimates, we are required to record an adjustment to interest income for the impact of the cumulative difference in the effective yield.

***Extension Risk***

Extension risk is the risk that our assets will be repaid at a slower rate than anticipated and generally increases when interest rates rise. In a rising or higher interest rate environment, we may be required to finance our investments at potentially higher costs without the ability to reinvest principal into higher yielding securities as a result of borrowers prepaying their mortgages at a slower pace than originally anticipated, adversely impacting our net interest spread, and thus our net interest income.

As of December 31, 2021 and 2020, our investment securities (excluding TBAs) had a weighted average projected CPR of 10.9% and 17.6%, respectively, and a weighted average yield of 2.43% and 2.33%, respectively. The table below presents estimated weighted average projected CPRs and yields for our investment securities should interest rates go up or down instantaneously by 25, 50 and 75 basis points. Estimated yields exclude the impact of retroactive "catch-up" premium amortization adjustments for prior periods due to changes in the projected CPR assumption.

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**Interest Rate Sensitivity 1**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2021** | | | | **December 31, 2020** | | |  |
| **Change in Interest Rate** | | **Weighted Average** | | **Weighted Average** |  | **Weighted Average** | | **Weighted Average** |  |
| **Projected CPR** | | **Asset Yield 2** | | **Projected CPR** | | **Asset Yield 2** |  |
| -75 Basis Points |  | 17.0% |  | 2.21% |  | 23.9% |  | 1.99% |  |
| -50 Basis Points | | 14.1% |  | 2.30% |  | 21.9% |  | 2.09% |  |
| -25 Basis Points | | 12.2% |  | 2.37% |  | 19.7% |  | 2.20% |  |
| Actual as of Period End | | 10.9% |  | 2.43% |  | 17.6% |  | 2.33% |  |
| +25 Basis Points | | 9.9% |  | 2.47% |  | 15.9% |  | 2.38% |  |
| +50 Basis Points | | 9.1% |  | 2.51% |  | 14.3% |  | 2.45% |  |
| +75 Basis Points | | 8.4% |  | 2.54% |  | 13.0% |  | 2.51% |  |

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1. Derived from models that are dependent on inputs and assumptions and assumes a static portfolio. Actual results could differ materially from these estimates. Table excludes TBA securities.
2. Asset yield based on historical cost basis and does not include the impact of retroactive "catch-up" premium amortization adjustments due to changes in projected CPR.

***Spread Risk***

Spread risk is the risk that the market spread between the yield on our assets and the yield on benchmark interest rates linked to our interest rate hedges, such as U.S. Treasury rates and interest rate swap rates, may vary. As a levered investor in mortgage-backed securities, spread risk is an inherent component of our investment strategy. Therefore, although we use hedging instruments to attempt to protect against moves in interest rates, our hedges are generally not designed to protect against spread risk, and our tangible net book value could decline if spreads widen.

Fluctuations in mortgage spreads can occur due to a variety of factors, including changes in interest rates, prepayment expectations, actual or anticipated monetary policy actions by the U.S. and foreign central banks, liquidity conditions, required rates of returns on different assets and other market supply and demand factors. The table below quantifies the estimated changes in the fair value of our assets, net of hedges, and our tangible net book value per common share as of December 31, 2021 and 2020 should spreads widen or tighten by 10, 25 and 50 basis points. The estimated impact of changes in spreads is in addition to our interest rate shock sensitivity included in the interest rate shock table above. The table below assumes a spread duration of 5.4 and 4.4 years as of December 31, 2021 and 2020, respectively, based on interest rates and prices as of such dates; however, our portfolio's sensitivity to mortgage spread changes will vary with changes in interest rates and in the size and composition of our portfolio. Therefore, actual results could differ materially from our estimates.

**Spread Sensitivity 1,2**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2021** | | | | **December 31, 2020** | | |  |
|  |  | **Estimated Change in** | | **Estimated Change in** |  | **Estimated Change in** | | **Estimated Change in** |  |
|  |  | **Tangible Net Book** | | **Tangible Net Book** |  |
| **Change in MBS Spread** | | **Portfolio Market** | | **Value Per Common** | | **Portfolio Market** | | **Value Per Common** |  |
| **Value** | | **Share** | | **Value** | | **Share** |  |
| -50 Basis Points |  | +2.7% |  | +27.1% |  | +2.2% |  | +23.9% |  |
| -25 Basis Points | | +1.4% |  | +13.6% |  | +1.1% |  | +11.9% |  |
| -10 Basis Points | | +0.5% |  | +5.4% |  | +0.4% |  | +4.8% |  |
| +10 Basis Points | | -0.5% |  | -5.4% |  | -0.4% |  | -4.8% |  |
| +25 Basis Points | | -1.4% |  | -13.6% |  | -1.1% |  | -11.9% |  |
| +50 Basis Points | | -2.7% |  | -27.1% |  | -2.2% |  | -23.9% |  |

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1. Spread sensitivity is derived from models that are dependent on inputs and assumptions, assumes there are no changes in interest rates and assumes a static portfolio. Actual results could differ materially from these estimates.
2. Includes the effect of derivatives and other securities used for hedging purposes.

***Liquidity Risk***

Our liquidity risk principally arises from financing long-term fixed rate assets with shorter-term variable rate borrowings. Future borrowings are dependent upon the willingness of lenders to finance our investments, lender collateral

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requirements and the lenders’ determination of the fair value of the securities pledged as collateral, which fluctuates with changes in interest rates and liquidity conditions within the commercial banking and mortgage finance industries.

As of December 31, 2021, we believe that we have sufficient liquidity and capital resources available to execute our business strategy (see *Liquidity and Capital* *Resources* in this Form 10-K for additional details). However, should the value of our collateral or the value of our derivative instruments suddenly decrease, margincalls relating to our funding liabilities and derivative agreements could increase, causing an adverse change in our liquidity position. Furthermore, there is no assurance that we will always be able to renew (or roll) our short-term funding liabilities. In addition, our counterparties have the option to increase our haircuts (margin requirements) on the assets we pledge against our funding liabilities, thereby reducing the amount that can be borrowed against an asset even if they agree to renew or roll our funding liabilities. Significantly higher haircuts can reduce our ability to leverage our portfolio or may even force us to sell assets, especially if correlated with asset price declines or faster prepayment rates on our assets.

***Credit Risk***

Our credit sensitive investments, such as CRT and non-Agency securities, expose us to the risk of nonpayment of principal, interest or other remuneration we are contractually entitled to. We are also exposed to credit risk in the event our repurchase agreement counterparties default on their obligations to resell the underlying collateral back to us at the end of the repo term or in the event our derivative counterparties do not perform under the terms of our derivative agreements.

We accept credit exposure related to our credit sensitive assets at levels we deem prudent within the context of our overall investment strategy. We attempt to manage this risk through careful asset selection, pre-acquisition due diligence, post-acquisition performance monitoring, and the sale of assets where we identify negative credit trends. We may also manage credit risk with credit default swaps or other financial derivatives that we believe are appropriate. Additionally, we may vary the mix of our interest rate and credit sensitive assets or our duration gap to adjust our credit exposure and/or improve the return profile of our assets, such as when we believe credit performance is inversely correlated with changes in interest rates. Our credit risk related to derivative and repurchase agreement transactions is largely mitigated by limiting our counterparties to major financial institutions with acceptable credit ratings or to registered central clearinghouses and monitoring concentration levels with any one counterparty. We also continuously monitor and adjust the amount of collateral pledged based on changes in market value.

There is no guarantee that our efforts to manage credit risk will be successful and we could suffer losses if credit performance is worse than our expectations or our counterparties default on their obligations. Excluding central clearing exchanges, as of December 31, 2021, our maximum amount at risk with any counterparty related to our repurchase agreements and derivative agreements was approximately 2% and less than 1%, respectively, of tangible stockholders' equity.

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**Item 8. *Financial Statements***

Our management is responsible for the accompanying consolidated financial statements and the related financial information. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States and necessarily include certain amounts that are based on estimates and informed judgments. Our management also prepared the related financial information included in this Annual Report on Form 10-K and is responsible for its accuracy and consistency with the consolidated financial statements.

The consolidated financial statements as of December 31, 2021 and 2020 and fiscal years 2021, 2020 and 2019 have been audited by Ernst & Young LLP, an independent registered public accounting firm, who conducted their audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). The independent registered public accounting firm's responsibility is to express an opinion on these consolidated financial statements based on their audit. For further information refer to the Ernst & Young LLP (PCAOB ID: 42) audit opinion included in this Item 8 of our Annual Report.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013 framework). Based on this assessment and those criteria, management determined that our internal control over financial reporting was effective as of December 31, 2021. The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, our independent registered public accounting firm, as stated in their attestation report included in this Form 10-K.

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of AGNC Investment Corp.

**Opinion on Internal Control over Financial Reporting**

We have audited AGNC Investment Corp.’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, AGNC Investment Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of AGNC Investment Corp. as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes, and our report dated February 23, 2022 expressed an unqualified opinion thereon.

**Basis for Opinion**

AGNC Investment Corp.’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on AGNC Investment Corp.’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to AGNC Investment Corp. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia

February 23, 2022

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of AGNC Investment Corp.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of AGNC Investment Corp. (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AGNC Investment Corp. at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), AGNC Investment Corp.’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2022 expressed an unqualified opinion thereon.

**Basis for Opinion**

These financial statements are the responsibility of AGNC Investment Corp.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to AGNC Investment Corp. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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***Agency securities and non-agency securities of high credit quality net premium amortization***

*Description*

*of the Matter*

As of December 31, 2021, the Company’s investment securities had a net unamortized premium balance of $1.8 billion, including interest and principal-only securities, and it recorded $0.4 billion of net premium amortization for the year then ended. As explained in Note 2 to the financial statements, premiums or discounts associated with the purchase of Agency residential mortgage-backed securities (“Agency RMBS") and non-Agency mortgage-backed securities of high credit quality are amortized or accreted into interest income, respectively, over the projected lives of the securities, including contractual payments and estimated prepayments using the effective interest method. The effective yield on the Company’s Agency RMBS and non-Agency mortgage-backed securities of high credit quality is highly impacted by the Company’s estimate of future prepayments. The Company estimates long-term prepayment speeds of such securities using a third-party service provider and market data. The third-party service provider estimates long-term prepayment speeds using models that incorporate the forward yield curve, current mortgage rates, mortgage rates of the outstanding loans, age and size of the outstanding loans, loan-to-value ratios, interest rate volatility and other factors.

Auditing the Company's estimation of long-term prepayment speeds used for the amortization of premiums and accretion of discounts is subjective due to the significant judgments and estimates required by management and the third-party service provider, as inputs into prepayment models are prone to fluctuation based on changing macroeconomic conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the estimation of long-term prepayment speeds, including management’s review of the estimated prepayment speeds provided by the third-party service provider.

Our audit procedures included, among others, performing comparative analyses between the Company’s long-term prepayment speed estimates and long-term prepayment speed estimates data from independent third-party sources, reconciling the Company’s estimates of long-term prepayment speeds to source prepayment speeds data provided by management’s third-party service provider, evaluating the competency and objectivity of management’s third-party service provider, and identifying potential sources of contrary information, with the assistance of an internal valuation specialist.

/s/ Ernst & Young LLP

We have served as AGNC Investment Corp.’s auditor since 2008.

Tysons, Virginia

February 23, 2022

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**AGNC INVESTMENT CORP.**

**CONSOLIDATED BALANCE SHEETS**

**(in millions, except per share data)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | |  |  |
|  | **2021** |  |  |  | **2020** |  |
| **Assets:** |  |  |  |  |  |  |
| Agency securities, at fair value (including pledged securities of $47,601 and $53,698, respectively) | $ | 52,396 |  | $ | 64,836 |  |
| Agency securities transferred to consolidated variable interest entities, at fair value (pledged securities) |  | 208 |  |  | 295 |  |
| Credit risk transfer securities, at fair value (including pledged securities of $510 and $455, respectively) |  | 974 |  |  | 737 |  |
| Non-Agency securities, at fair value (including pledged securities of $571 and $458, respectively) |  | 843 |  |  | 546 |  |
| U.S. Treasury securities, at fair value (including pledged securities of $471 and $0, respectively) |  | 471 |  |  | — |  |
| Cash and cash equivalents |  | 998 |  |  | 1,017 |  |
| Restricted cash |  | 527 |  |  | 1,307 |  |
| Derivative assets, at fair value |  | 317 |  |  | 391 |  |
| Receivable for investment securities sold (including pledged securities of $0 and $207, respectively) |  | — | |  | 210 |  |
| Receivable under reverse repurchase agreements |  | 10,475 |  |  | 11,748 |  |
| Goodwill |  | 526 |  |  | 526 |  |
| Other assets |  | 414 |  |  | 204 |  |
| Total assets | $ | 68,149 |  | $ | 81,817 |  |
| **Liabilities:** |  |  |  |  |  |  |
|  |  |  |  |  |  |
| Repurchase agreements | $ | 47,381 |  | $ | 52,366 |  |
| Debt of consolidated variable interest entities, at fair value |  | 126 |  |  | 177 |  |
| Payable for investment securities purchased |  | 80 |  |  | 6,157 |  |
| Derivative liabilities, at fair value |  | 86 |  |  | 2 |  |
| Dividends payable |  | 88 |  |  | 90 |  |
| Obligation to return securities borrowed under reverse repurchase agreements, at fair value |  | 9,697 |  |  | 11,727 |  |
| Accounts payable and other liabilities |  | 400 |  |  | 219 |  |
| Total liabilities |  | 57,858 |  |  | 70,738 |  |
| **Stockholders' equity:** |  |  |  |  |  |  |
| Preferred Stock - aggregate liquidation preference of $1,538 |  | 1,489 |  |  | 1,489 |  |
| Common stock - $0.01 par value; 1,500 shares authorized; 522.2 and 539.5 shares issued and outstanding, respectively |  | 5 |  |  | 5 |  |
| Additional paid-in capital |  | 13,710 |  |  | 13,972 |  |
| Retained deficit |  | (5,214) |  |  | (5,106) |  |
| Accumulated other comprehensive income |  | 301 |  |  | 719 |  |
| Total stockholders' equity |  | 10,291 |  |  | 11,079 |  |
| Total liabilities and stockholders' equity | $ | 68,149 |  | $ | 81,817 |  |
|  |  |  |  |  |  |  |

See accompanying notes to consolidated financial statements.

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**AGNC INVESTMENT CORP.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(in millions, except per share data)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the year ended December 31,** | | | | | | |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |  |
| **Interest income:** |  |  |  |  |  |  |  |  |  |
| Interest income | $ | 1,361 |  | $ | 1,519 |  | $ | 2,842 |  |
| Interest expense |  | 75 |  |  | 674 |  |  | 2,149 |  |
| Net interest income |  | 1,286 |  |  | 845 |  |  | 693 |  |
| **Other gain (loss), net:** |  |  |  |  |  |  |  |  |  |
| Gain (loss) on sale of investment securities, net |  | (57) |  |  | 1,126 |  |  | 388 |  |
| Unrealized gain (loss) on investment securities measured at fair value through net income, net |  | (1,502) |  |  | 319 |  |  | 2,014 |  |
| Gain (loss) on derivative instruments and other securities, net |  | 1,110 |  |  | (2,463) |  |  | (2,324) |  |
| Total other gain (loss), net: |  | (449) |  |  | (1,018) |  |  | 78 |  |
| **Expenses:** |  |  |  |  |  |  |  |  |  |
| Compensation and benefits |  | 54 |  |  | 56 |  |  | 47 |  |
| Other operating expense |  | 34 |  |  | 37 |  |  | 36 |  |
| Total operating expense |  | 88 |  |  | 93 |  |  | 83 |  |
| **Net income (loss)** |  | 749 |  |  | (266) |  |  | 688 |  |
| Dividends on preferred stock |  | 100 |  |  | 96 |  |  | 54 |  |
| Issuance costs of redeemed preferred stock |  | — | |  | — | |  | 6 |  |
| **Net income (loss) available (attributable) to common stockholders** | $ | 649 |  | $ | (362) |  | $ | 628 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Net income (loss)** | $ | 749 |  | $ | (266) |  | $ | 688 |  |
| Unrealized gain (loss) on investment securities measured at fair value through other comprehensive |  | (418) |  |  | 622 |  |  | 1,040 |  |
| income (loss), net |  |  |  |  |  |  |
| **Comprehensive income** |  | 331 |  |  | 356 |  |  | 1,728 |  |
| Dividends on preferred stock |  | 100 |  |  | 96 |  |  | 54 |  |
| Issuance costs of redeemed preferred stock |  | — | |  | — | |  | 6 |  |
| **Comprehensive income available to common stockholders** | $ | 231 |  | $ | 260 |  | $ | 1,668 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Weighted average number of common shares outstanding - basic** |  | 528.1 |  |  | 551.6 |  |  | 540.6 |  |
|  |  |  |  |  |  |  |  |  |  |
| **Weighted average number of common shares outstanding - diluted** |  | 530.0 |  |  | 551.6 |  |  | 541.4 |  |
|  |  |  |  |  |  |  |  |  |  |
| **Net income (loss) per common share - basic** | $ | 1.23 |  | $ | (0.66) |  | $ | 1.16 |  |
|  |  |  |  |  |  |  |  |  |  |
| **Net income (loss) per common share - diluted** | $ | 1.22 |  | $ | (0.66) |  | $ | 1.16 |  |
|  |  |  |  |  |  |  |  |  |  |

See accompanying notes to consolidated financial statements.

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**AGNC INVESTMENT CORP.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**(in millions)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | **Additional** | |  |  |  |  | **Accumulated** | |  |  |  |
|  |  |  |  | **Common Stock** | | |  |  |  |  |  |  |  | **Other** | |  |  |  |
|  |  | **Preferred** | |  |  |  | **Paid-in** | |  | **Retained** | |  | **Comprehensive** | |  |  |  |
|  |  | **Stock** | | **Shares** | | **Amount** |  |  |  | **Capital** | |  | **Deficit** | |  | **Income (Loss)** | |  | **Total** |  |
| **Balance, December 31, 2018** | $ | 484 |  | 536.3 |  | $ | 5 |  | $ | 13,793 |  | $ | (3,433) |  | $ | (943) |  | $ | 9,906 |  |
| Net income |  | — | | — | |  | — | |  | — | |  | 688 |  |  | — | |  | 688 |  |
| Other comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unrealized gain on available-for-sale securities, net |  | — | | — | |  | — | |  | — | |  | — | |  | 1,040 |  |  | 1,040 |  |
| Stock-based compensation, net |  | — | | 0.1 |  |  | — | |  | 13 |  |  | — | |  | — | |  | 13 |  |
| Issuance of preferred stock, net of offering cost |  | 617 |  | — | |  | — | |  | — | |  | — | |  | — | |  | 617 |  |
| Redemption of preferred stock |  | (169) |  | — | |  | — | |  | — | |  | (6) |  |  | — | |  | (175) |  |
| Issuance of common stock, net of offering cost |  | — | | 11.4 |  |  | — | |  | 190 |  |  | — | |  | — | |  | 190 |  |
| Repurchase of common stock |  | — | | (6.9) |  |  | — | |  | (103) |  |  | — | |  | — | |  | (103) |  |
| Preferred dividends declared |  | — | | — | |  | — | |  | — | |  | (54) |  |  | — | |  | (54) |  |
| Common dividends declared |  | — | | — | |  | — | |  | — | |  | (1,081) |  |  | — | |  | (1,081) |  |
| **Balance, December 31, 2019** | $ | 932 |  | 540.9 |  | $ | 5 |  | $ | 13,893 |  | $ | (3,886) |  | $ | 97 |  | $ | 11,041 |  |
| Net loss |  | — | | — | |  | — | |  | — | |  | (266) |  |  | — | |  | (266) |  |
| Other comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unrealized gain on available-for-sale securities, net |  | — | | — | |  | — | |  | — | |  | — | |  | 622 |  |  | 622 |  |
| Stock-based compensation, net |  | — | | 0.1 |  |  | — | |  | 18 |  |  | — | |  | — | |  | 18 |  |
| Issuance of preferred stock, net of offering cost |  | 557 |  | — | |  | — | |  | — | |  | — | |  | — | |  | 557 |  |
| Issuance of common stock, net of offering cost |  | — | | 26.7 |  |  | 1 |  |  | 438 |  |  | — | |  | — | |  | 439 |  |
| Repurchase of common stock |  | — | | (28.2) |  |  | (1) |  |  | (377) |  |  | — | |  | — | |  | (378) |  |
| Preferred dividends declared |  | — | | — | |  | — | |  | — | |  | (96) |  |  | — | |  | (96) |  |
| Common dividends declared |  | — | | — | |  | — | |  | — | |  | (858) |  |  | — | |  | (858) |  |
| **Balance, December 31, 2020** | $ | 1,489 |  | 539.5 |  | $ | 5 |  | $ | 13,972 |  | $ | (5,106) |  | $ | 719 |  | $ | 11,079 |  |
| Net income |  | — | | — | |  | — | |  | — | |  | 749 |  |  | — | |  | 749 |  |
| Other comprehensive loss: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unrealized loss on available-for-sale securities, net |  | — | | — | |  | — | |  | — | |  | — | |  | (418) |  |  | (418) |  |
| Stock-based compensation, net |  | — | | 0.4 |  |  | — | |  | 19 |  |  | — | |  | — | |  | 19 |  |
| Repurchase of common stock |  | — | | (17.7) |  |  | — | |  | (281) |  |  | — | |  | — | |  | (281) |  |
| Preferred dividends declared |  | — | | — | |  | — | |  | — | |  | (100) |  |  | — | |  | (100) |  |
| Common dividends declared |  | — | | — | |  | — | |  | — | |  | (757) |  |  | — | |  | (757) |  |
| **Balance, December 31, 2021** | $ | 1,489 |  | 522.2 |  | $ | 5 |  | $ | 13,710 |  | $ | (5,214) |  | $ | 301 |  | $ | 10,291 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

See accompanying notes to consolidated financial statements.

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**AGNC INVESTMENT CORP.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(in millions)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the year ended December 31,** | | | | | |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |
| **Operating activities:** |  |  |  |  |  |  |  |  |
| Net income (loss) | $ | 749 |  | $ | (266) |  | $ | 688 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |  |  |  |  |  |  |  |  |
| Amortization of premiums and discounts on mortgage-backed securities, net |  | 369 |  |  | 1,082 |  |  | 601 |
| Stock-based compensation, net |  | 19 |  |  | 18 |  |  | 13 |
| (Gain) loss on sale of investment securities, net |  | 57 |  |  | (1,126) |  |  | (388) |
| Unrealized (gain) loss on investment securities measured at fair value through net income, net |  | 1,502 |  |  | (319) |  |  | (2,014) |
| (Gain) loss on derivative instruments and other securities, net |  | (1,110) |  |  | 2,463 |  |  | 2,324 |
| (Increase) decrease in other assets |  | (29) |  |  | 119 |  |  | (35) |
| Decrease in accounts payable and other accrued liabilities |  | (17) |  |  | (224) |  |  | (9) |
| Net cash provided by operating activities |  | 1,540 |  |  | 1,747 |  |  | 1,180 |
| **Investing activities:** |  |  |  |  |  |  |  |  |
| Purchases of Agency mortgage-backed securities |  | (45,345) |  |  | (56,521) |  |  | (47,548) |
| Purchases of credit risk transfer and non-Agency securities |  | (2,031) |  |  | (765) |  |  | (1,406) |
| Proceeds from sale of Agency mortgage-backed securities |  | 34,595 |  |  | 77,294 |  |  | 23,212 |
| Proceeds from sale of credit risk transfer and non-Agency securities |  | 1,434 |  |  | 896 |  |  | 1,437 |
| Principal collections on Agency mortgage-backed securities |  | 15,042 |  |  | 17,373 |  |  | 12,810 |
| Principal collections on credit risk transfer and non-Agency securities |  | 84 |  |  | 131 |  |  | 20 |
| Payments on U.S. Treasury securities |  | (22,055) |  |  | (24,497) |  |  | (26,823) |
| Proceeds from U.S. Treasury securities |  | 19,795 |  |  | 25,978 |  |  | 13,555 |
| Net proceeds from (payments on) reverse repurchase agreements |  | 1,272 |  |  | (1,530) |  |  | 11,962 |
| Net proceeds from (payments on) derivative instruments |  | 1,045 |  |  | (1,834) |  |  | (1,437) |
| Net cash provided by investing activities |  | 3,836 |  |  | 36,525 |  |  | (14,218) |
| **Financing activities:** |  |  |  |  |  |  |  |  |
| Proceeds from repurchase arrangements |  | 2,189,555 |  |  | 3,133,008 |  |  | 4,234,972 |
| Payments on repurchase agreements |  | (2,194,540) |  |  | (3,169,824) |  |  | (4,221,507) |
| Payments on debt of consolidated variable interest entities |  | (49) |  |  | (62) |  |  | (55) |
| Net proceeds from preferred stock issuances |  | — | |  | 557 |  |  | 617 |
| Payments for preferred stock repurchases |  | — | |  | — | |  | (175) |
| Net proceeds from common stock issuances |  | — | |  | 439 |  |  | 190 |
| Payments for common stock repurchases |  | (281) |  |  | (378) |  |  | (103) |
| Cash dividends paid |  | (860) |  |  | (970) |  |  | (1,139) |
| Net cash (used in) provided by financing activities |  | (6,175) |  |  | (37,230) |  |  | 12,800 |
| Net change in cash, cash equivalents and restricted cash |  | (799) |  |  | 1,042 |  |  | (238) |
| Cash, cash equivalents and restricted cash at beginning of period |  | 2,324 |  |  | 1,282 |  |  | 1,520 |
| Cash, cash equivalents and restricted cash at end of period | $ | 1,525 |  | $ | 2,324 |  | $ | 1,282 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Supplemental disclosure to cash flow information:** |  |  |  |  |  |  |  |  |
| Interest paid | $ | 89 |  | $ | 866 |  | $ | 2,097 |
|  |  |  |  |  |  |  |  |  |

See accompanying notes to consolidated financial statements.

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**AGNC INVESTMENT CORP.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1. Organization**

AGNC Investment Corp. (referred throughout this report as the "Company," "we," "us" and "our") was organized in Delaware on January 7, 2008 and commenced operations on May 20, 2008 following the completion of our initial public offering. Our common stock is traded on The Nasdaq Global Select Market under the symbol "AGNC."

We invest primarily in Agency residential mortgage-backed securities ("Agency RMBS") for which the principal and interest payments are guaranteed by a U.S. Government-sponsored enterprise ("GSE") or a U.S. Government agency. We also invest in other types of mortgage and mortgage-related securities, such as credit risk transfer ("CRT") securities and non-Agency residential and commercial mortgage-backed securities ("non-Agency RMBS" and "CMBS," respectively), where repayment of principal and interest is not guaranteed by a GSE or U.S. Government agency, and other assets related to the housing, mortgage or real estate markets. We fund our investments primarily through collateralized borrowings structured as repurchase agreements.

We operate to qualify to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). As a REIT, we are required to distribute annually 90% of our taxable income, and we will generally not be subject to U.S. federal or state corporate income tax to the extent that we distribute our annual taxable income to our stockholders on a timely basis. It is our intention to distribute 100% of our taxable income within the time limits prescribed by the Internal Revenue Code, which may extend into the subsequent tax year.

We are internally managed with the principal objective of providing our stockholders with attractive risk-adjusted returns through a combination of monthly dividends and tangible net book value accretion. We generate income from the interest earned on our investments, net of associated borrowing and hedging costs, and net realized gains and losses on our investment and hedging activities.

**Note 2. Summary of Significant Accounting Policies**

***Basis of Presentation and Consolidation***

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Our consolidated financial statements include the accounts of all subsidiaries and variable interest entities for which we are the primary beneficiary. Significant intercompany accounts and transactions have been eliminated.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates.

***Investment Securities***

Agency RMBS consist of residential mortgage pass-through securities and collateralized mortgage obligations ("CMOs") guaranteed by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, the "GSEs") or the Government National Mortgage Association ("Ginnie Mae").

CRT securities are risk sharing instruments issued by the GSEs, and similarly structured transactions issued by third-party market participants, that synthetically transfer a portion of the risk associated with credit losses within pools of conventional residential mortgage loans from the GSEs and/or third parties to private investors. Unlike Agency RMBS, full repayment of the original principal balance of CRT securities is not guaranteed by a GSE or U.S. Government agency; rather, "credit risk transfer" is achieved by writing down the outstanding principal balance of the CRT securities if credit losses on a related pool of loans exceed certain thresholds. By reducing the amount that they are obligated to repay to holders of CRT securities, the GSEs and/or other third parties offset credit losses on the related loans.

Non-Agency RMBS and CMBS (together, "Non-Agency MBS") are backed by residential and commercial mortgage loans, respectively, packaged and securitized by a private institution, such as a commercial bank. Non-Agency MBS typically benefit from credit enhancements derived from structural elements, such as subordination, over-collateralization or insurance, but nonetheless carry a higher level of credit exposure than Agency RMBS.

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All of our securities are reported at fair value on our consolidated balance sheet. Accounting Standards Codification ("ASC") Topic 320, *Investments—Debt and* *Equity Securities*, requires that at the time of purchase, we designate a security as held-to-maturity, available-for-sale or trading, depending on our ability and intent tohold such security to maturity. Alternatively, we may elect the fair value option of accounting for securities pursuant to ASC Topic 825, *Financial Instruments*. Prior to fiscal year 2017, we primarily designated our investment securities as available-for-sale. On January 1, 2017, we began electing the fair value option of accounting for all investment securities newly acquired after such date. Unrealized gains and losses on securities classified as available-for-sale are reported in accumulated other comprehensive income ("OCI"), whereas unrealized gains and losses on securities for which we elected the fair value option, or are classified as trading, are reported in net income through other gain (loss). Upon the sale of a security designated as available-for-sale, we determine the cost of the security and the amount of unrealized gain or loss to reclassify out of accumulated OCI into earnings based on the specific identification method. In our view, the election of the fair value option simplifies the accounting for investment securities and more appropriately reflects the results of our operations for a reporting period by presenting the fair value changes for these assets in a manner consistent with the presentation and timing of the fair value changes for our derivative instruments.

We generally recognize gains or losses through net income on available-for-sale securities only if the security is sold; however, if the fair value of a security declines below its amortized cost and we determine that it is more likely than not that we will incur a realized loss on the security when we sell the asset, we will recognize the difference between the amortized cost and the fair value in net income as a component of other gain (loss). Since all of our available-for-sale designated securities consist of Agency RMBS, we do not have an allowance for credit losses. We have not recognized impairment losses on our available-for-sale securities through net income for the periods presented in our consolidated financial statements.

***Interest Income***

Interest income is accrued based on the outstanding principal amount of the investment securities and their contractual terms. Premiums or discounts associated with the purchase of Agency RMBS and non-Agency MBS of high credit quality are amortized or accreted into interest income, respectively, over the projected lives of the securities, including contractual payments and estimated prepayments, using the effective interest method in accordance with ASC Subtopic 310-20, *Receivables—* *Nonrefundable Fees and Other Costs*.

We estimate long-term prepayment speeds of our mortgage securities using a third-party service and market data. The third-party service provider estimates prepayment speeds using models that incorporate the forward yield curve, primary to secondary mortgage rate spreads, current mortgage rates, mortgage rates of the outstanding loans, age and size of the outstanding loans, loan-to-value ratios, interest rate volatility and other factors. We review the prepayment speeds estimated by the third-party service for reasonableness with consideration given to both historical prepayment speeds and current market conditions. If based on our assessment, we believe that the third-party model does not fully reflect our expectations of the current prepayment landscape, such as during periods of elevated market uncertainty or unique market conditions, we may make adjustments to the models. We review our actual and anticipated prepayment experience on at least a quarterly basis and effective yields are recalculated when differences arise between (i) our previous estimate of future prepayments and (ii) actual prepayments to date and our current estimate of future prepayments. We are required to record an adjustment in the current period to premium amortization / discount accretion for the cumulative effect of the difference in the effective yields as if the recalculated yield had been in place as of the security's acquisition date through the reporting date.

At the time we purchase CRT securities and non-Agency MBS that are not of high credit quality, we determine an effective yield based on our estimate of the timing and amount of future cash flows and our cost basis. Our initial cash flow estimates for these investments are based on our observations of current information and events and include assumptions related to interest rates, prepayment rates, including collateral call provisions, and the impact of default and severity rates on the timing and amount of credit losses. On at least a quarterly basis, we review the estimated cash flows and make appropriate adjustments based on inputs and analysis received from external sources, internal models, and our judgment regarding such inputs and other factors. Any resulting changes in effective yield are recognized prospectively based on the current amortized cost of the investment adjusted for credit impairments, if any.

***Repurchase Agreements***

We finance the acquisition of securities for our investment portfolio primarily through repurchase agreements with financial institutions. Repurchase arrangements involve the sale and a simultaneous agreement to repurchase the transferred assets at a future date. We maintain a beneficial interest in the specific securities pledged during the term of each repurchase arrangement and we receive the related principal and interest payments. Pursuant to ASC Topic 860, *Transfers* *and Servicing*, we account for repurchase agreements as collateralized financing transactions, which are carried at their contractual amounts

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(cost), plus accrued interest. Our repurchase agreements typically have maturities of less than one year but may extend up to five years or more. ***Reverse Repurchase Agreements and Obligation to Return Securities Borrowed under Reverse Repurchase Agreements***

We borrow securities to cover short sales of U.S. Treasury securities through reverse repurchase transactions under our master repurchase agreements (see *Derivative Instruments* below). We account for these as securities borrowing transactions and recognize an obligation to return the borrowed securities at fair value onthe balance sheet based on the value of the underlying borrowed securities as of the reporting date. We may also enter into reverse repurchase agreements to earn a yield on excess cash balances. The securities received as collateral in connection with our reverse repurchase agreements mitigate our credit risk exposure to counterparties. Our reverse repurchase agreements typically have maturities of 30 days or less.

***Derivative Instruments***

We use a variety of derivative instruments to hedge a portion of our exposure to market risks, including interest rate, prepayment, extension and liquidity risks. The objective of our risk management strategy is to reduce fluctuations in net book value over a range of interest rate scenarios. In particular, we attempt to mitigate the risk of the cost of our variable rate liabilities increasing during a period of rising interest rates. The primary instruments that we use are interest rate swaps, options to enter into interest rate swaps ("swaptions"), U.S. Treasury securities and U.S. Treasury futures contracts. We also use forward contracts in the Agency RMBS "to-be-announced" market, or TBA securities, to invest in and finance Agency securities and to periodically reduce our exposure to Agency RMBS.

We account for derivative instruments in accordance with ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). ASC 815 requires an entity to recognize all derivatives as either assets or liabilities in our accompanying consolidated balance sheets and to measure those instruments at fair value. None of our derivative instruments have been designated as hedging instruments for accounting purposes under the provisions of ASC 815, consequently changes in the fair value of our derivative instruments are reported in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income.

Our derivative agreements generally contain provisions that allow for netting or setting off derivative assets and liabilities with the counterparty; however, we report related assets and liabilities on a gross basis in our consolidated balance sheets. Derivative instruments in a gain position are reported as derivative assets at fair value and derivative instruments in a loss position are reported as derivative liabilities at fair value in our consolidated balance sheets. Changes in fair value of derivative instruments and periodic settlements related to our derivative instruments are recorded in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income. Cash receipts and payments related to derivative instruments are classified in our consolidated statements of cash flows according to the underlying nature or purpose of the derivative transaction, generally in the investing section.

*Interest rate swap agreements*

We use interest rate swaps to economically hedge the variable cash flows associated with our borrowings made under repurchase agreements. Under our interest rate swap agreements, we typically pay a fixed rate and receive a floating rate ("payer swaps") based on a short-term benchmark rate, such as the Secured Overnight Financing Rate ("SOFR") and Overnight Index Swap Rate ("OIS"). Our interest rate swaps typically have terms from one to 10 years but may extend up to 20 years or more. Our interest rate swaps are centrally cleared through a registered commodities exchange. The clearing exchange requires that we post an "initial margin" amount determined by the exchange, which is generally intended to be set at a level sufficient to protect the exchange from the interest rate swap's maximum estimated single-day price movement. We also exchange daily settlements of "variation margin" based upon changes in fair value, as measured by the exchange. Pursuant to rules governing central clearing activities, we recognize variation margin settlements as a direct reduction of the carrying value of the interest rate swap asset or liability.

*Interest rate swaptions*

We purchase interest rate swaptions to help mitigate the potential impact of larger, more rapid changes in interest rates on the performance of our investment portfolio. Interest rate swaptions provide us the option to enter into an interest rate swap agreement for a predetermined notional amount, stated term and pay and receive interest rates in the future. Our interest rate swaption agreements are not subject to central clearing. The difference between the premium paid and the fair value of the swaption is reported in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income. If a swaption expires unexercised, the realized loss on the swaption would be equal to the premium paid. If we sell or exercise a swaption, the realized gain or loss on the swaption would be equal to the difference between the cash or the fair value of the underlying interest rate swap and the premium paid.

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*TBA securities*

A TBA security is a forward contract for the purchase or sale of Agency RMBS at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date. The specific Agency RMBS to be delivered into the contract are not known until shortly before the settlement date. We may choose, prior to settlement, to move the settlement of these securities out to a later date by entering into an offsetting TBA position, net settling the offsetting positions for cash, and simultaneously purchasing or selling a similar TBA contract for a later settlement date (together referred to as a "dollar roll transaction"). The Agency securities purchased or sold for a forward settlement date are typically priced at a discount to equivalent securities settling in the current month. This difference, or "price drop," is the economic equivalent of interest income on the underlying Agency securities, less an implied funding cost, over the forward settlement period (referred to as "dollar roll income"). Consequently, forward purchases of Agency securities and dollar roll transactions represent a form of off-balance sheet financing.

We account for TBA contracts as derivative instruments since either the TBA contracts do not settle in the shortest period of time possible or we cannot assert that it is probable at inception and throughout the term of the TBA contract that we will physically settle the contract on the settlement date. We account for TBA dollar roll transactions as a series of derivative transactions.

*U.S. Treasury securities*

We use U.S. Treasury securities and U.S. Treasury futures contracts to mitigate the potential impact of changes in interest rates on the performance of our portfolio. We borrow U.S. Treasury securities under reverse repurchase agreements to cover short sales of U.S. Treasury securities. We account for these as securities borrowing transactions and recognize an obligation to return the borrowed securities at fair value on our accompanying consolidated balance sheets based on the value of the underlying U.S. Treasury security as of the reporting date. Gains and losses associated with U.S. Treasury securities and U.S. Treasury futures contracts are recognized in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income.

***Fair Value Measurements***

We determine the fair value of financial instruments based on our estimate of the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. We utilize a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of the instrument as of the measurement date. We categorize a financial instrument within the hierarchy based upon the lowest level of input that is significant to the fair value measurement.

The three levels of valuation hierarchy are defined as follows:

* Level 1 Inputs —Quoted prices (unadjusted) for identical unrestricted assets and liabilities in active markets that are accessible at the measurement date.
* Level 2 Inputs —Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
* Level 3 Inputs —Instruments with primarily unobservable market data that cannot be corroborated.

The majority of our financial instruments are classified as Level 2 inputs. The availability of observable inputs can be affected by a wide variety of factors, including the type of instrument, whether the instrument is new and not yet established in the marketplace and other characteristics particular to the instrument. We typically obtain price estimates from multiple third-party pricing sources, such as pricing services and dealers, or, if applicable, the registered clearing exchange. We make inquiries of third-party pricing sources to understand the significant inputs and assumptions they used to determine their prices and that they are derived from orderly transactions, particularly during periods of elevated market turbulence and reduced market liquidity. We also review third-party price estimates and perform procedures to validate their reasonableness, including an analysis of the range of estimates for each position, comparison to recent trade activity for similar securities and for consistency with market conditions observed as of the measurement date. While we do not adjust prices we obtain from pricing sources, we will exclude prices for securities from our estimation of fair value if we determine based on our validation procedures and our market knowledge and expertise that the price is significantly different from what observable market data

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would indicate and we cannot obtain an understanding from the third-party source as to the significant inputs used to determine the price.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis classified as Level 2 inputs. These instruments trade in active markets such that participants transact with sufficient frequency and volume to provide transparent pricing information on an ongoing basis. The liquidity of these markets and the similarity of our securities and derivative instruments to those actively traded enable our pricing sources and us to observe quoted prices in the market and utilize those prices as a basis for formulating fair value measurements.

*Investment securities* - are valued based on prices obtained from multiple third-party pricing sources. The pricing sources utilize various valuation approaches,including market and income approaches. For Agency RMBS, the pricing sources primarily utilize a matrix pricing technique that interpolates the estimated fair value based on observed quoted prices for forward contracts in the Agency RMBS "to-be-announced" market ("TBA securities") of the same coupon, maturity and issuer, adjusted to reflect the specific characteristics of the pool of mortgages underlying the Agency security, such as maximum loan balance, loan vintage, loan-to-value ratio, geography and other characteristics as may be appropriate. For other investment securities, the pricing sources primarily utilize discounted cash flow model-derived pricing techniques to estimate the fair value. Such models incorporate market-based discount rate assumptions based on observable inputs such as recent trading activity, credit data, volatility statistics, benchmark interest rate curves, spread measurements to benchmark curves and other market data that are current as of the measurement date and may include certain unobservable inputs, such as assumptions of future levels of prepayment, defaults and loss severities.

*TBA securities* - are valued using prices obtained from third-party pricing sources based on pricing models that reference recent trading activity.

*Interest rate swaps* - are valued using the daily settlement price, or fair value, determined by the clearing exchange based on a pricing model that referencesobservable market inputs, including current benchmark rates and the forward yield curve.

*Interest rate swaptions* - are valued using prices obtained from the counterparty and other third-party pricing models. The pricing models are based on the valueof the future interest rate swap that we have the option to enter into as well as the remaining length of time that we have to exercise the option based on observable market inputs, adjusted for non-performance risk, if any.

U.S. Treasury securities and futures are valued based on quoted prices for identical instruments in active markets and are classified as Level 1 assets. None of our financial instruments are classified as Level 3 inputs.

***Consolidated Variable Interest Entities***

ASC Topic 810, *Consolidation* ("ASC 810"), requires an enterprise to consolidate a variable interest entity ("VIE") if it is deemed the primary beneficiary of the VIE. As of December 31, 2021 and 2020, our consolidated financial statements reflect the consolidation of certain VIEs for which we have determined we are the primary beneficiary. The consolidated VIEs consist of CMO trusts backed by fixed or adjustable-rate Agency RMBS. Fannie Mae or Freddie Mac guarantees the payment of interest and principal and acts as the trustee and administrator of their respective securitization trusts. Accordingly, we are not required to provide the beneficial interest holders of the CMO securities any financial or other support. Our maximum exposure to loss related to our involvement with the CMO trusts is the fair value of the CMO securities and interest and principal-only securities held by us, less principal amounts guaranteed by Fannie Mae and Freddie Mac.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash held in bank accounts and cash held in money market funds on an overnight basis.

***Restricted Cash***

Restricted cash includes cash pledged as collateral for clearing and executing trades, repurchase agreements, and interest rate swaps and other derivative instruments.

***Goodwill***

Goodwill is the cost of an acquisition in excess of the fair value of identified assets acquired and liabilities assumed and is recognized as an asset on our consolidated balance sheets. As of December 31, 2021 and 2020, we had $526 million of goodwill related to our acquisition of AGNC Management, LLC, our former manager, on July 1, 2016. Goodwill is not subject to amortization but must be tested for impairment at least annually and at interim periods when events or circumstances may make it more likely than not that an impairment has occurred. If a qualitative analysis indicates that there may be an

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impairment, a quantitative analysis is performed. The quantitative analysis requires that we compare the carrying value of the identified reporting unit comprising the goodwill to the reporting unit's fair value. If the reporting units' carrying value is greater than its fair value, an impairment charge is recognized to the extent the carrying amount of the reporting unit exceeds its fair value. During each of the three fiscal years ended December 31, 2021, we did not recognize a goodwill impairment charge.

***Stock-Based Compensation***

Under our Amended and Restated AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan (the "2016 Equity Plan" or "the Plan"), we may grant equity-based compensation to our officers and other employees and non-employee directors for the purpose of providing incentives and rewards for service or performance. Stock-based awards issued under the Plan include time-based and performance-based restricted stock unit awards ("RSU" and "PSU" awards, respectively), but may include other forms of equity-based compensation. RSU and PSU awards are an agreement to issue an equivalent number of shares of our common stock, plus any equivalent shares for dividends declared on our common stock, at the time the award vests, or later if distribution of such shares has been deferred beyond the vesting date. RSU awards vest over a specified service period. PSU awards vest over a specified service period subject to achieving long-term performance criteria.

We measure and recognize compensation expense for all stock-based payment awards made to employees and non-employee directors based on their fair values. We value RSU and PSU awards based on the fair value of our common stock on the date of grant. Compensation expense is recognized over each award’s respective service period. In the case of PSU awards, we estimate the probability that the performance criteria will be achieved and recognize expense only for those awards expected to vest. We reevaluate our estimates each reporting period and recognize a cumulative effect adjustment to expense if our estimates change from the prior period. We do not estimate forfeiture rates; rather, we adjust for forfeitures in the periods in which they occur.

Shares underlying RSU and PSU awards are issued on the vesting dates, or later if distribution of such shares has been deferred beyond the vesting date, net of shares withheld for minimum statutory tax withholdings to be paid by us on behalf of our employees. As a result, the actual number of shares issued will be fewer than the actual number of awards outstanding. When shares are withheld for statutory tax withholdings, we record a liability for tax withholding amounts to be paid by us as a reduction to additional paid-in capital.

***Recent Accounting Pronouncements***

We consider the applicability and impact of all ASUs issued by the FASB. There are no unadopted ASUs that are expected to have a significant impact on our consolidated financial statements when adopted or other recently adopted ASUs that had a significant impact on our consolidated financial statements upon adoption.

**Note 3. Investment Securities**

As of December 31, 2021 and 2020, our investment portfolio consisted of: $54.4 billion and $66.4 billion investment securities, at fair value, respectively; $27.1 billion and $31.5 billion net TBA securities, at fair value, respectively; and $0.4 billion and zero forward settling non-Agency securities, at fair value, respectively. Our net TBA position and forward settling non-Agency securities are reported at their net carrying value totaling $(44) million and $275 million as of December 31, 2021 and 2020, respectively, in derivative assets / (liabilities) on our accompanying consolidated balance sheets. The net carrying value of our TBA position and forward settling non-Agency securities represents the difference between the fair value of the underlying security and the cost basis or the forward price to be paid or received for the underlying security.

As of December 31, 2021 and 2020, our investment securities had a net unamortized premium balance of $1.8 billion and $2.4 billion, respectively.

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The following tables summarize our investment securities as of December 31, 2021 and 2020, excluding TBA and forward settling securities, (dollars in millions). Details of our TBA and forward settling securities as of each of the respective dates are included in Note 5.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  | **December 31, 2021** | | | | | | | |  |  |  |  |  | **December 31, 2020** | | | | | |  |  |
|  | **Investment Securities** | |  |  |  |  |  |  |  |  |  | **Amortized** | |  |  |  |  | **Fair Value** | |  |  | **Amortized** | | | |  |  |  |  | **Fair Value** | |  |
|  |  |  |  |  |  |  |  |  |  | **Cost** | |  |  |  |  |  |  | **Cost** | | |  |  |  |  |  |  |
|  | Agency RMBS: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Fixed rate | |  |  |  |  | $ | | |  |  | 51,546 | | $ | | | | 52,289 | | | $ | |  |  | 61,977 | $ | | |  |  | 64,615 |  |
|  | Adjustable rate | |  |  |  |  |  |  |  |  |  | 45 | |  |  |  |  |  |  | 47 |  |  |  |  | 69 |  |  |  |  |  | 70 |  |
|  | CMO | |  |  |  |  |  |  |  |  |  | 182 | |  |  |  |  |  |  | 188 |  |  |  |  | 289 |  |  |  |  |  | 301 |  |
|  | Interest-only and principal-only strips | |  |  |  |  |  |  |  |  |  | 70 | |  |  |  |  |  |  | 80 |  |  |  |  | 105 |  |  |  |  |  | 126 |  |
|  | Multifamily | |  |  |  |  |  |  |  |  |  | — | |  |  |  |  |  |  | — |  |  |  |  | 17 |  |  |  |  |  | 19 |  |
|  | Total Agency RMBS | |  |  |  |  |  |  |  |  |  | 51,843 | |  |  |  |  | 52,604 | | |  |  |  |  | 62,457 |  |  |  |  |  | 65,131 |  |
|  | Non-Agency RMBS | |  |  |  |  |  |  |  |  |  | 325 | |  |  |  |  |  |  | 329 |  |  |  |  | 178 |  |  |  |  |  | 188 |  |
|  | CMBS | |  |  |  |  |  |  |  |  |  | 505 | |  |  |  |  |  |  | 514 |  |  |  |  | 333 |  |  |  |  |  | 358 |  |
|  | CRT securities | |  |  |  |  |  |  |  |  |  | 955 | |  |  |  |  |  |  | 974 |  |  |  |  | 733 |  |  |  |  |  | 737 |  |
|  | Total investment securities | |  |  |  |  |  |  | $ |  |  | 53,628 | |  |  |  | $ | 54,421 | | |  | $ |  |  | 63,701 |  |  | $ |  |  | 66,414 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | **December 31, 2021** | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Agency RMBS** | | | | |  |  |  |  |  |  |  | **Non-Agency** | | | | |  |  |  |  |  |  |  |  |  |  |
|  | **Investment Securities** | |  | **Fannie Mae** | |  | **Freddie Mac** | | | |  | **Ginnie** |  |  |  |  |  | **RMBS** | |  | **CMBS** | | |  | **CRT** | | | | |  | **Total** |  |
|  |  |  |  | **Mae** | |  |  |  |  |  |  |  |  |
|  | Available-for-sale securities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Par value | | $ | 6,345 |  | $ | 2,111 | | |  | $ | 2 |  | $ | | | | — | | $ |  | — | | $ |  |  | — | | | $ | 8,458 |  |
|  | Unamortized discount | |  | (3) |  |  | (1) | | |  |  | — | |  |  |  |  | — | |  |  | — | |  |  |  | — | | |  | (4) |  |
|  | Unamortized premium | |  | 299 |  |  | 105 | | |  |  | — | |  |  |  |  | — | |  |  | — | |  |  |  | — | | |  | 404 |  |
|  | Amortized cost | |  | 6,641 |  |  | 2,215 | | |  |  | 2 |  |  |  |  |  | — |  |  |  | — |  |  |  |  | — | |  |  | 8,858 |  |
|  | Gross unrealized gains | |  | 234 |  |  | 67 | | |  |  | — | |  |  |  |  | — | |  |  | — | |  |  |  | — | | |  | 301 |  |
|  | Gross unrealized losses | |  | — | |  |  | — | | |  | — | |  |  |  |  | — | |  |  | — | |  |  |  | — | | |  | — |  |
|  | Total available-for-sale securities, at fair value | |  | 6,875 |  |  | 2,282 | | |  |  | 2 |  |  |  |  |  | — |  |  |  | — |  |  |  |  | — | |  |  | 9,159 |  |
|  | Securities remeasured at fair value through earnings: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Par value | |  | 27,952 |  |  | 13,680 | | |  |  | 3 |  |  |  |  |  | 327 |  |  | 508 | |  |  |  | 950 | | |  |  | 43,420 |  |
|  | Unamortized discount | |  | (14) |  |  | (4) | | |  |  | — | |  |  |  |  | (6) |  |  | (6) | |  |  |  | (7) | | |  |  | (37) |  |
|  | Unamortized premium | |  | 924 |  |  | 444 | | |  |  | — | |  |  |  |  | 4 |  |  | 3 | |  |  |  | 12 | | |  |  | 1,387 |  |
|  | Amortized cost | |  | 28,862 |  |  | 14,120 | | |  |  | 3 |  |  |  |  |  | 325 |  |  | 505 | |  |  |  | 955 | | |  |  | 44,770 |  |
|  | Gross unrealized gains | |  | 517 |  |  | 213 | | |  |  | — | |  |  |  |  | 6 |  |  | 11 | |  |  |  | 21 | | |  |  | 768 |  |
|  | Gross unrealized losses | |  | (181) |  |  | (89) | | |  |  | — | |  |  |  |  | (2) |  |  | (2) | |  |  |  | (2) | | |  |  | (276) |  |
|  | Total securities remeasured at fair value through earnings | |  | 29,198 |  |  | 14,244 | | |  |  | 3 |  |  |  |  |  | 329 |  |  | 514 | |  |  |  | 974 | | |  |  | 45,262 |  |
|  | Total securities, at fair value | | $ | 36,073 |  | $ | 16,526 | | |  | $ | 5 |  |  | | $ | | 329 |  | $ | 514 | |  | $ |  | 974 | | |  | $ | 54,421 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Weighted average coupon as of December 31, 2021 | |  | 3.09 % |  |  | 2.98 % | | |  |  | 4.69 % |  |  |  |  |  | 3.33 % |  |  | 3.60 % | |  |  |  | 3.74 % | | |  |  | 3.08 % |  |
|  | Weighted average yield as of December 31, 2021 1 | |  | 2.38 % |  |  | 2.29 % | | |  |  | 2.54 % |  |  |  |  |  | 5.68 % |  |  | 4.28 % | |  |  |  | 4.47 % | | |  |  | 2.43 % |  |

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1. Incorporates a weighted average future constant prepayment rate assumption of 10.9% based on forward rates as of December 31, 2021.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | **December 31, 2020** | | | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Agency RMBS** | | |  |  |  |  | **Non-Agency** | | | |  |  |  |  |  |  |  |
| **Investment Securities** | |  | **Fannie** | |  | **Freddie Mac** | |  | **Ginnie** |  |  | **RMBS** | |  | **CMBS** | |  | **CRT** | |  | **Total** |  |
|  | **Mae** | |  |  | **Mae** |  |  |  |  |  |  |
| Available-for-sale securities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Par value | | $ | 9,325 |  | $ | 3,416 |  | $ | 2 | $ | | — | | $ | — | | $ | — | | $ | 12,743 |  |
| Unamortized discount | |  | (4) |  |  | (1) |  |  | — |  |  | — | |  | — | |  | — | |  | (5) |  |
| Unamortized premium | |  | 389 |  |  | 152 |  |  | — |  |  | — | |  | — | |  | — | |  | 541 |  |
| Amortized cost | |  | 9,710 |  |  | 3,567 |  |  | 2 |  |  | — |  |  | — |  |  | — |  |  | 13,279 |  |
| Gross unrealized gains | |  | 539 |  |  | 180 |  |  | — |  |  | — | |  | — | |  | — | |  | 719 |  |
| Gross unrealized losses | |  | — | |  | — | |  | — |  |  | — | |  | — | |  | — | |  | — |  |
| Total available-for-sale securities, at fair value | |  | 10,249 |  |  | 3,747 |  |  | 2 |  |  | — |  |  | — |  |  | — |  |  | 13,998 |  |
| Securities remeasured at fair value through earnings: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Par value | |  | 32,824 |  |  | 14,447 |  |  | 3 |  |  | 187 |  |  | 331 |  |  | 735 |  |  | 48,527 |  |
| Unamortized discount | |  | (18) |  |  | (1) |  |  | — |  |  | (12) |  |  | (3) |  |  | (12) |  |  | (46) |  |
| Unamortized premium | |  | 1,314 |  |  | 607 |  |  | — |  |  | 4 |  |  | 6 |  |  | 10 |  |  | 1,941 |  |
| Amortized cost | |  | 34,120 |  |  | 15,053 |  |  | 3 |  |  | 179 |  |  | 334 |  |  | 733 |  |  | 50,422 |  |
| Gross unrealized gains | |  | 1,280 |  |  | 683 |  |  | — |  |  | 11 |  |  | 28 |  |  | 12 |  |  | 2,014 |  |
| Gross unrealized losses | |  | (5) |  |  | (1) |  |  | — |  |  | (2) |  |  | (4) |  |  | (8) |  |  | (20) |  |
| Total securities remeasured at fair value through earnings | |  | 35,395 |  |  | 15,735 |  |  | 3 |  |  | 188 |  |  | 358 |  |  | 737 |  |  | 52,416 |  |
| Total securities, at fair value | | $ | 45,644 |  | $ | 19,482 |  | $ | 5 |  | $ | 188 |  | $ | 358 |  | $ | 737 |  | $ | 66,414 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average coupon as of December 31, 2020 | |  | 3.30 % |  |  | 3.56 % |  |  | 4.73 % |  |  | 4.28 % |  |  | 4.13 % |  |  | 3.43 % |  |  | 3.39 % |  |
| Weighted average yield as of December 31, 2020 1 | |  | 2.25 % |  |  | 2.39 % |  |  | 2.46 % |  |  | 4.33 % |  |  | 4.29 % |  |  | 3.71 % |  |  | 2.33 % |  |

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1. Incorporates a weighted average future constant prepayment rate assumption of 17.6% based on forward rates as of December 31, 2020.

As of December 31, 2021 and 2020, our investments in CRT and non-Agency securities had the following credit ratings (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **December 31, 2021** | | |  |  |  |  |  |  | **December 31, 2020** | | |  |  |
| **CRT and Non-Agency Security Credit Ratings 1** | |  | **CRT** | |  | **RMBS** | |  | **CMBS** |  |  | **CRT** | |  | **RMBS** | |  | **CMBS** |
| AAA |  | $ | — |  | $ | 164 |  | $ | 10 |  | $ | — |  | $ | — |  | $ | 35 |
| AA | |  | — | |  | 21 |  |  | 111 |  |  | — | |  | 20 |  |  | 190 |
| A | |  | 17 |  |  | 28 |  |  | 45 |  |  | — | |  | 32 |  |  | 28 |
| BBB | |  | 75 |  |  | 51 |  |  | 85 |  |  | 28 |  |  | 83 |  |  | 55 |
| BB | |  | 126 |  |  | 43 |  |  | 126 |  |  | 167 |  |  | 36 |  |  | 43 |
| B | |  | 327 |  |  | 7 |  |  | 117 |  |  | 304 |  |  | 6 |  |  | 7 |
| Not Rated | |  | 429 |  |  | 15 |  |  | 20 |  |  | 238 |  |  | 11 |  |  | — |
| Total | | $ | 974 |  | $ | 329 |  | $ | 514 |  | $ | 737 |  | $ | 188 |  | $ | 358 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Represents the lowest of Standard and Poor's ("S&P"), Moody's, Fitch, DBRS, Kroll Bond Rating Agency ("KBRA") and Morningstar credit ratings, stated in terms of the S&P equivalent rating as of each date.

Our CRT securities reference the performance of loans underlying Agency RMBS issued by Fannie Mae or Freddie Mac, which were subject to their underwriting standards.

The actual maturities of our investment securities are generally shorter than their stated contractual maturities. The actual maturities of our Agency and high credit quality non-Agency RMBS are primarily affected by principal prepayments and to a lesser degree the contractual lives of the underlying mortgages and periodic contractual principal repayments. The actual maturities of our credit-oriented investments are primarily impacted by their contractual lives and default and loss recovery rates. As of December 31, 2021 and 2020, the weighted average expected constant prepayment rate ("CPR") over the remaining life of our Agency and high credit quality non-Agency RMBS investment portfolio was 10.9% and 17.6%, respectively. Our estimates can differ materially for different securities and thus our individual holdings have a wide range of projected CPRs. The following table summarizes our investments as of December 31, 2021 and 2020 according to their estimated weighted average life classification (dollars in millions):

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **December 31, 2021** | | | |  |  |  |  |  |  | **December 31, 2020** | | | |  |  |
| **Estimated Weighted Average Life of** | |  |  |  |  | **Amortized** | | **Weighted** | | **Weighted** |  |  |  |  |  | **Amortized** | | **Weighted** | | **Weighted** |  |
|  | **Fair Value** | |  | **Average** | | **Average** | |  | **Fair Value** | |  | **Average** | | **Average** |  |
| **Investment Securities** | |  |  | **Cost** | | **Coupon** | | **Yield** | |  |  | **Cost** | | **Coupon** | | **Yield** |  |
| ≤ 3 years |  | $ | 1,677 |  | $ | 1,642 |  | 3.64% |  | 3.69% |  | $ | 3,642 |  | $ | 3,569 |  | 3.56% |  | 2.15% |  |
| > 3 years and ≤ 5 years | |  | 11,214 |  |  | 10,868 |  | 3.97% |  | 2.74% |  |  | 47,740 |  |  | 45,578 |  | 3.54% |  | 2.42% |  |
| > 5 years and ≤10 years | |  | 36,936 |  |  | 36,490 |  | 2.87% |  | 2.32% |  |  | 15,019 |  |  | 14,541 |  | 2.87% |  | 2.08% |  |
| > 10 years | |  | 4,594 |  |  | 4,628 |  | 2.48% |  | 2.09% |  |  | 13 |  |  | 13 |  | 5.56% |  | 3.59% |  |
| Total | | $ | 54,421 |  | $ | 53,628 |  | 3.08% |  | 2.43% |  | $ | 66,414 |  | $ | 63,701 |  | 3.39% |  | 2.33% |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***Gains and Losses on Sale of Investment Securities***

The following table is a summary of our net gain (loss) from the sale of investment securities for fiscal years 2021, 2020 and 2019 by investment classification of accounting (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Fiscal Year 2021** | | | |  |  |  |  |  | **Fiscal Year 2020** | | | |  |  |  |  |  | **Fiscal Year 2019** | | | |  |  |  |
|  |  |  | **Available-for-** |  |  | **Fair Value** | |  |  |  |  | **Available-for-** |  |  | **Fair Value** | |  |  |  |  | **Available-for-** |  |  | **Fair Value** | |  |  |  |
| **Investment Securities** | |  | **Sale** |  |  | **Option** | |  | **Total** | |  | **Sale** |  |  | **Option** | |  | **Total** | |  | **Sale** |  |  | **Option** | |  | **Total** |  |
|  | **Securities 2** |  |  | **Securities** | |  |  | **Securities 2** |  |  | **Securities** | |  |  | **Securities 2** |  |  | **Securities** | |  |  |
| Investment securities sold, at cost |  | $ | (4,972) |  | $ | (30,903) |  | $ | (35,875) |  | $ | (2,310) |  | $ | (74,964) |  | $ | (77,274) |  | $ | (732) |  | $ | (23,040) |  | $ | (23,772) |  |
| Proceeds from investment securities sold 1 | |  | 5,008 |  |  | 30,810 |  |  | 35,818 |  |  | 2,391 |  |  | 76,009 |  |  | 78,400 |  |  | 723 |  |  | 23,437 |  |  | 24,160 |  |
| Net gain (loss) on sale of investment securities | | $ | 36 |  | $ | (93) |  | $ | (57) |  | $ | 81 |  | $ | 1,045 |  | $ | 1,126 |  | $ | (9) |  | $ | 397 |  | $ | 388 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross gain on sale of investment securities | | $ | 36 | $ | | 176 |  | $ | 212 |  | $ | 81 | $ | | 1,149 |  | $ | 1,230 |  | $ | — | $ | | 401 |  | $ | 401 |  |
| Gross loss on sale of investment securities | |  | — |  |  | (269) |  |  | (269) |  |  | — |  |  | (104) |  |  | (104) |  |  | (9) |  |  | (4) |  |  | (13) |  |
| Net gain (loss) on sale of investment securities | | $ | 36 |  | $ | (93) |  | $ | (57) |  | $ | 81 |  | $ | 1,045 |  | $ | 1,126 |  | $ | (9) |  | $ | 397 |  | $ | 388 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Proceeds include cash received during the period, plus receivable for investment securities sold during the period as of period end.
2. See Note 9 for a summary of changes in accumulated OCI.

**Note 4. Repurchase Agreements and Reverse Repurchase Agreements**

***Repurchase Agreements***

We pledge our securities as collateral under our borrowings structured as repurchase agreements with financial institutions. Amounts available to be borrowed are dependent upon the fair value of the securities pledged as collateral, which fluctuates with changes in interest rates, type of security and liquidity conditions within the banking, mortgage finance and real estate industries. If the fair value of our pledged securities declines, lenders will typically require us to post additional collateral or pay down borrowings to re-establish agreed upon collateral requirements, referred to as "margin calls." Similarly, if the fair value of our pledged securities increases, lenders may release collateral back to us. As of December 31, 2021, we had met all margin call requirements. For additional information regarding our pledged assets, please refer to Note 6.

As of December 31, 2021 and 2020, we had $47.4 billion and $52.4 billion, respectively, of repurchase agreements outstanding used to fund our investment portfolio and temporary holdings of U.S. Treasury securities. The terms and conditions of our repurchase agreements are typically negotiated on a transaction-by-transaction basis. Our repurchase agreements with original maturities greater than one year may have floating interest rates based on an index plus or minus a fixed spread. The following table summarizes our borrowings under repurchase agreements by their remaining maturities as of December 31, 2021 and 2020 (dollars in millions):

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **December 31, 2021** | |  |  |  |  |  | **December 31, 2020** | |  |  |
|  |  |  |  |  | **Weighted** | | **Weighted** | |  |  |  | **Weighted** | | **Weighted** |  |
|  |  |  | **Repurchase** | | **Average** | |  | **Repurchase** | | **Average** | |  |
| **Remaining Maturity** |  |  | **Interest** | | **Average Days** | |  | **Interest** | | **Average Days** |  |
|  | **Agreements** |  | **Rate** |  | **to Maturity** |  |  | **Agreements** |  | **Rate** |  | **to Maturity** |  |
| Agency repo: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 1 month | | $ | 23,747 |  | 0.14 % |  | 13 |  | $ | 29,505 |  | 0.22 % |  | 12 |  |
| > 1 to ≤ 3 months | |  | 14,781 |  | 0.15 % |  | 61 |  |  | 13,434 |  | 0.27 % |  | 57 |  |
| > 3 to ≤ 6 months | |  | 4,576 |  | 0.19 % |  | 154 |  |  | 7,317 |  | 0.28 % |  | 142 |  |
| > 6 to ≤ 9 months | |  | 2,445 |  | 0.21 % |  | 264 |  |  | 660 |  | 0.24 % |  | 208 |  |
| > 9 to ≤ 12 months | |  | 1,362 |  | 0.23 % |  | 307 |  |  | 1,450 |  | 0.15 % |  | 354 |  |
| Total Agency repo | |  | 46,911 |  | 0.15 % |  | 63 |  |  | 52,366 |  | 0.24 % |  | 54 |  |
| U.S. Treasury repo: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| > 1 day to ≤ 1 month | |  | 470 |  | (0.05)% |  | 4 |  |  | — | | — % | | — |  |
| Total | | $ | 47,381 |  | 0.15 % |  | 63 |  | $ | 52,366 |  | 0.24 % |  | 54 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

As of December 31, 2021 and 2020, $0.8 billion and $11.2 billion, respectively, of our repurchase agreements had an overnight maturity of one business day and none of our repurchase agreements were due on demand. As of December 31, 2021, we had $9.8 billion of forward commitments to enter into repurchase agreements with a weighted average forward start date of 3 days and a weighted average interest rate of 0.08%. As of December 31, 2020, we had $2.9 billion of forward commitments to enter into repurchase agreements, with a weighted average forward start date of 4 days and a weighted average interest rate of 0.12%. As of December 31, 2021 and 2020, 43% and 47%, respectively, of our repurchase agreement funding was sourced through our wholly-owned captive broker-dealer subsidiary, Bethesda Securities, LLC ("BES"). Amounts sourced through BES include funding from the General Collateral Finance Repo service ("GCF Repo") offered by the Fixed Income Clearing Corporation ("FICC"), which totaled 42% and 46% of our repurchase agreement funding outstanding as of December 31, 2021 and 2020, respectively.

During fiscal year 2020, we terminated $3.7 billion of repurchase agreements with a weighted average interest rate of 2.11% and a weighted average remaining maturity of 2.2 years. The terminated agreements were replaced with shorter duration repurchase agreements at lower prevailing market rates. We recognized losses on debt extinguishment of $146 million in other gain (loss), net for fiscal year 2020 associated with the terminated repurchase agreements. We did not terminate any repurchase agreements during fiscal years 2021 and 2019.

***Reverse Repurchase Agreements***

As of December 31, 2021 and 2020, we had $10.5 billion and $11.7 billion, respectively, of reverse repurchase agreements outstanding used primarily to borrow securities to cover short sales of U.S. Treasury securities, for which we had associated obligations to return borrowed securities at fair value of $9.7 billion and $11.7 billion, respectively. As of December 31, 2021 and 2020, $3.0 billion and $3.6 billion, respectively, of our reverse repurchase agreements were with the FICC sourced through BES.

**Note 5. Derivative and Other Hedging Instruments**

We hedge a portion of our interest rate risk primarily utilizing interest rate swaps, interest rate swaptions, U.S. Treasury securities and U.S. Treasury futures contracts. We utilize TBA securities primarily as a means of investing in the Agency securities market. For additional information regarding our derivative instruments and our overall risk management strategy, please refer to the discussion of derivative and other hedging instruments in Note 2.

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***Derivative and Other Hedging Instrument Assets (Liabilities), at Fair Value***

The table below summarizes fair value information about our derivative and other hedging instrument assets/(liabilities) as of December 31, 2021 and 2020 (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **December 31,** | | |  |
| **Derivative and Other Hedging Instruments** |  | **Balance Sheet Location** |  |  | **2021** |  |  | **2020** |
| Interest rate swaps 1 |  | Derivative assets, at fair value | | $ | — | | $ | — |
| Swaptions | | Derivative assets, at fair value | |  | 290 |  |  | 116 |
| TBA and forward settling non-Agency securities | | Derivative assets, at fair value | |  | 27 |  |  | 275 |
| Total derivative assets, at fair value | |  |  | $ | 317 |  | $ | 391 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Interest rate swaps 1 | | Derivative liabilities, at fair value | | $ | — | | $ | — |
| TBA and forward settling non-Agency securities | | Derivative liabilities, at fair value | |  | (71) |  |  | — |
| U.S. Treasury futures - short | | Derivative liabilities, at fair value | |  | (15) |  |  | (2) |
| Total derivative liabilities, at fair value | |  |  | $ | (86) |  | $ | (2) |
|  |  |  |  |  |  |  |  |  |



U.S. Treasury securities - long

U.S. Treasury securities - short

Total U.S. Treasury securities, net at fair value

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| U.S. Treasury securities, at fair value | $ | 471 |  | $ | — |  |
| Obligation to return securities borrowed under reverse repurchase |  | (9,697) |  |  | (11,727) |  |
| agreements, at fair value |  |  |  |  |
|  | $ | (9,226) |  | $ | (11,727) |  |
|  |  |  |  |  |  |  |



1. As of December 31, 2021 and 2020, the net fair value of our interest rate swaps excluding the recognition of variation margin settlements as a direct reduction of carrying value (see Note 2) was a net asset (liability) of $1.6 billion and $0.4 billion respectively.

The following tables summarize certain characteristics of our derivative and other hedging instruments outstanding as of December 31, 2021 and 2020 (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **December 31, 2021** | | | |  |  |  |  |  | **December 31, 2020** | | | |  |  |
| **Pay Fixed / Receive Variable Interest** | |  | **Notional** | | **Average** | | **Average** | | **Average** |  |  | **Notional** | | **Average** | | **Average** | | **Average** |  |
|  | **Fixed Pay** | | **Receive** | | **Maturity** | |  | **Fixed Pay** | | **Receive** | | **Maturity** |  |
| **Rate Swaps** |  |  | **Amount** |  | **Rate** |  | **Rate** |  | **(Years)** |  |  | **Amount** |  | **Rate** |  | **Rate** |  | **(Years)** |  |
| ≤ 3 years | | $ | 22,500 |  | 0.10% |  | 0.05% |  | 2.0 |  | $ | 8,750 |  | 0.04% |  | 0.08% |  | 2.4 |  |
| > 3 to ≤ 5 years | |  | 16,800 |  | 0.22% |  | 0.06% |  | 4.0 |  |  | 17,000 |  | 0.10% |  | 0.08% |  | 4.1 |  |
| > 5 to ≤ 7 years | |  | 6,050 |  | 0.29% |  | 0.05% |  | 6.0 |  |  | 9,800 |  | 0.21% |  | 0.08% |  | 5.8 |  |
| > 7 to ≤ 10 years | |  | 4,400 |  | 0.46% |  | 0.05% |  | 8.5 |  |  | 6,200 |  | 0.28% |  | 0.07% |  | 8.5 |  |
| > 10 years | |  | 1,475 |  | 0.47% |  | 0.05% |  | 13.2 |  |  | 1,475 |  | 0.47% |  | 0.07% |  | 14.2 |  |
| Total | | $ | 51,225 |  | 0.20% |  | 0.05% |  | 4.0 |  | $ | 43,225 |  | 0.15% |  | 0.08% |  | 5.1 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Pay Fixed / Receive Variable Interest Rate Swaps by Receive** | | **December 31,** | | **December 31, 2020** |  |
| **Index (% of Notional Amount)** |  | **2021** |  |  |
| SOFR | | 75 % |  | 71 % |  |
| OIS | | 25 % |  | 29 % |  |
| Total | | 100 % |  | 100 % |  |
|  |  |  |  |  |  |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Swaptions** | |  |  |  |  | **Option** | |  |  |  |  | **Underlying Payer Swap** | | | | |  |  |
|  |  |  |  |  |  |  |  | **Average** |  |  |  |  |  | **Average Fixed** | | | **Average** |  |
|  |  |  |  |  |  |  |  | **Months to** | |  | **Notional** |  |  |  |
| **Current Option Expiration Date** |  |  | **Cost Basis** |  |  | **Fair Value** |  | **Current Option** | |  |  |  | **Pay** | | | **Term** |  |
|  |  | **Expiration Date 1** |  |  | **Amount** |  |  | **Rate 2** |  |  | **(Years)** |  |
| **December 31, 2021** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 1 year | | $ | 101 |  | $ | 64 |  | 6 |  | $ | 3,800 | 1.81% | | |  |  | 8.5 |  |
| > 1 year ≤ 2 years | |  | 128 |  |  | 147 |  | 20 |  |  | 5,150 | 1.69% | | |  |  | 10.0 |  |
| > 2 year ≤ 3 years | |  | 99 |  |  | 79 |  | 28 |  |  | 4,050 |  |  | 2.35% |  |  | 10.0 |  |
| Total | | $ | 328 |  | $ | 290 |  | 18 |  | $ | 13,000 | 1.93% | | |  |  | 9.6 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **December 31, 2020** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 1 year | | $ | 123 |  | $ | 15 |  | 5 |  | $ | 5,900 | 2.17% | | |  |  | 9.2 |  |
| > 1 year ≤ 2 years | |  | 41 |  |  | 33 |  | 20 |  |  | 2,000 | 1.38% | | |  |  | 10.0 |  |
| > 2 year ≤ 3 years | |  | 65 |  |  | 60 |  | 33 |  |  | 2,250 | 1.40% | | |  |  | 10.0 |  |
| > 3 year ≤ 4 years | |  | 8 |  |  | 8 |  | 40 |  |  | 250 |  |  | 1.43% |  |  | 10.0 |  |
| Total | | $ | 237 |  | $ | 116 |  | 15 |  | $ | 10,400 | 1.84% | | |  |  | 9.5 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. As of December 31, 2021 and 2020, ≤ 1 year notional amount includes $700 million of Bermudan swaptions where the options may be exercised on predetermined dates up to their final exercise date, which is six months prior to the underlying swaps' maturity date.
2. As of December 31, 2021, 95% and 5% of the underlying swap receive rates were tied to SOFR and 3-Month LIBOR, respectively. As of December 31, 2020, 67% and 33% of the underlying swap receive rates were tied to SOFR and 3-Month LIBOR, respectively.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **U.S. Treasury Securities** |  |  |  |  | **December 31, 2021** | | |  |  |  |  |  |  | **December 31, 2020** | | |  |  |  |
| **Maturity** |  |  | **Face Amount** | |  | **Cost Basis 1** |  |  | **Fair Value** |  |  | **Face Amount** | |  | **Cost Basis 1** |  |  | **Fair Value** |  |
|  | **Long/(Short)** |  |  |  |  | **Long/(Short)** |  |  |  |  |
| 5 years | | $ | (310) |  | $ | (306) |  | $ | (293) |  | $ | (425) |  | $ | (425) |  | $ | (425) |  |
| 7 years | |  | (1,218) |  |  | (1,218) |  |  | (1,206) |  |  | (1,083) |  |  | (1,081) |  |  | (1,089) |  |
| 10 years | |  | (7,590) |  |  | (7,593) |  |  | (7,727) |  |  | (9,780) |  |  | (9,862) |  |  | (10,213) |  |
| Total U.S. Treasury securities | | $ | (9,118) |  | $ | (9,117) |  | $ | (9,226) |  | $ | (11,288) |  | $ | (11,368) |  | $ | (11,727) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. As of December 31, 2021 and 2020, short U.S. Treasury securities totaling $(9.7) billion and $(11.7) billion, at fair value, respectively, had a weighted average yield of 1.56% and 1.20%, respectively, and, as of December 31, 2021, long U.S. Treasury securities totaling $0.5 billion, at fair value, had a weighted average yield of 1.18% as of December 31, 2021.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **U.S. Treasury Futures** |  |  |  |  |  | **December 31, 2021** | | | | |  |  |  |  |  |  |  | **December 31, 2020** | | | | |  |  |  |
|  |  |  | **Notional** | |  | **Cost** | |  | **Fair** | |  | **Net Carrying** | |  | **Notional** | |  | **Cost** | |  | **Fair** | |  | **Net Carrying** |  |
| **Maturity** |  |  | **Amount** | |  |  |  |  | **Amount** | |  |  |  |  |
|  | **Long (Short)** |  |  | **Basis** |  |  | **Value** |  |  | **Value 1** |  |  | **Long (Short)** |  |  | **Basis** |  |  | **Value** |  |  | **Value 1** |  |
| 10 years | | $ | (1,500) |  | $ | (1,942) |  | $ | (1,957) |  | $ | (15) |  | $ | (1,000) |  | $ | (1,379) |  | $ | (1,381) |  | $ | (2) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Net carrying value represents the difference between the fair market value and the cost basis (or the forward price to be paid/(received) for the underlying U.S. Treasury security) of the U.S. Treasury futures contract as of period-end and is reported in derivative assets/(liabilities), at fair value in our consolidated balance sheets.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **December 31, 2021** | | | | |  |  |  |  |  |  |  | **December 31, 2020** | | | | |  |  |  |
|  |  |  | **Notional** | |  | **Cost** | |  | **Fair** | |  | **Net Carrying** | |  | **Notional** | |  | **Cost** | |  | **Fair** | |  | **Net Carrying** |  |
| **TBA Securities by Coupon 2** | |  | **Amount** | |  |  |  |  | **Amount** | |  |  |  |  |
|  | **Long (Short)** | |  | **Basis** | |  | **Value** | |  | **Value 1** | |  | **Long (Short)** | |  | **Basis** | |  | **Value** | |  | **Value 1** |  |
| 15-Year TBA securities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 2.0% | | $ | 2,039 |  | $ | 2,056 |  | $ | 2,059 |  |  | 3 |  | $ | 6,540 |  | $ | 6,708 |  | $ | 6,771 |  | $ | 63 |  |
| 2.5% |  |  | — | |  | — | |  | — | |  | — | |  | 200 |  |  | 208 |  |  | 209 |  |  | 1 |  |
| Total 15-Year TBA securities | |  | 2,039 |  |  | 2,056 |  |  | 2,059 |  |  | 3 |  |  | 6,740 |  |  | 6,916 |  |  | 6,980 |  |  | 64 |  |
| 30-Year TBA securities: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ≤ 2.0% | |  | 2,892 |  |  | 2,872 |  |  | 2,874 |  |  | 2 |  |  | 19,805 |  |  | 20,314 |  |  | 20,480 |  |  | 166 |  |
| 2.5% |  |  | 17,602 |  |  | 17,953 |  |  | 17,914 |  |  | (39) |  |  | 3,167 |  |  | 3,291 |  |  | 3,335 |  |  | 44 |  |
| 3.0% |  |  | 3,559 |  |  | 3,692 |  |  | 3,682 |  |  | (10) |  |  | 528 |  |  | 552 |  |  | 553 |  |  | 1 |  |
| 3.5% |  |  | 581 |  |  | 611 |  |  | 611 |  |  | — | |  | 124 |  |  | 131 |  |  | 131 |  |  | — |  |
| Total 30-Year TBA securities, net | |  | 24,634 |  |  | 25,128 |  |  | 25,081 |  |  | (47) |  |  | 23,624 |  |  | 24,288 |  |  | 24,499 |  |  | 211 |  |
| Total TBA securities, net | | $ | 26,673 |  | $ | 27,184 |  | $ | 27,140 |  | $ | (44) |  | $ | 30,364 |  | $ | 31,204 |  | $ | 31,479 |  | $ | 275 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Net carrying value represents the difference between the fair market value and the cost basis (or the forward price to be paid/(received) for the underlying Agency security) of the TBA contract as of period-end and is reported in derivative assets/(liabilities), at fair value in our consolidated balance sheets.
2. Table excludes forward settling non-Agency securities totaling $0.4 billion market value and $0.2 million net carrying value as of December 31, 2021.

***Gain (Loss) From Derivative Instruments and Other Securities, Net***

The following table summarizes changes in our derivative and other hedge portfolio and their effect on our consolidated statements of comprehensive income for fiscal years 2021, 2020 and 2019 (in millions):

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Settlement,** |  |  |  |  | **Gain/(Loss)** |  |
|  |  | **Beginning** |  | **Termination,** |  | **Ending** | |  | **on Derivative** |  |
| **Derivative and Other Hedging Instruments** |  | **Additions** | **Expiration or** |  |  | **Instruments and** |  |
|  | **Notional Amount** | **Exercise** |  | **Notional Amount** | | **Other Securities, Net 1** | |  |
| **Fiscal Year 2021:** |  |  |  |  |  |  |  |  |  |  |
| TBA securities, net | $ | 30,364 | 352,658 | (356,349) | $ | 26,673 |  | $ | (552) |  |
| Forward settling non-Agency securities | $ | — | 1,800 | (1,350) | $ | 450 |  |  | 5 |  |
| Interest rate swaps - payer | $ | 43,225 | 9,000 | (1,000) | $ | 51,225 |  |  | 1,117 |  |
| Payer swaptions | $ | 10,400 | 8,050 | (5,450) | $ | 13,000 |  |  | 23 |  |
| U.S. Treasury securities - short position | $ | (11,287) | (12,691) | 14,388 | $ | (9,590) |  |  | 444 |  |
| U.S. Treasury securities - long position | $ | — | 7,618 | (7,146) | $ | 472 |  |  | (25) |  |
| U.S. Treasury futures contracts - short position | $ | (1,000) | (6,000) | 5,500 | $ | (1,500) |  |  | 42 |  |
|  |  |  |  |  |  |  |  | $ | 1,054 |  |
| **Fiscal Year 2020:** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| TBA securities, net | $ | 7,322 | 286,586 | (263,544) | $ | 30,364 |  | $ | 1,497 |  |
| Interest rate swaps - payer | $ | 79,075 | 101,950 | (137,800) | $ | 43,225 |  |  | (2,766) |  |
| Payer swaptions | $ | 8,850 | 7,000 | (5,450) | $ | 10,400 |  |  | (156) |  |
| U.S. Treasury securities - short position | $ | (9,224) | (18,912) | 16,849 | $ | (11,287) |  |  | (905) |  |
| U.S. Treasury securities - long position | $ | 95 | 7,011 | (7,106) | $ | — |  |  | 102 |  |
| U.S. Treasury futures contracts - short position | $ | (1,000) | (4,000) | 4,000 | $ | (1,000) |  |  | (106) |  |
|  |  |  |  |  |  |  |  | $ | (2,334) |  |
|  |  |  |  |  |  |  |  |  |  |  |

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|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Fiscal Year 2019:** |  |  |  |  |  |  |  |  |  |
| TBA securities, net | $ | 7,152 | 95,169 | (94,999) | $ | 7,322 |  | $ | 411 |
| Interest rate swaps - payer | $ | 51,625 | 166,975 | (139,525) | $ | 79,075 |  |  | (1,645) |
| Interest rate swaps - receiver | $ | — | (175) | 175 | $ | — |  |  | — |
| Payer swaptions | $ | 3,500 | 7,650 | (2,300) | $ | 8,850 |  |  | (26) |
| U.S. Treasury securities - short position | $ | (21,345) | (12,601) | 24,722 | $ | (9,224) |  |  | (967) |
| U.S. Treasury securities - long position | $ | 45 | 1,776 | (1,726) | $ | 95 |  |  | 11 |
| U.S. Treasury futures contracts - short position | $ | (1,650) | (5,300) | 5,950 | $ | (1,000) |  |  | (109) |
|  |  |  |  |  |  |  |  | $ | (2,325) |
|  |  |  |  |  |  |  |  |  |  |

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1. Amounts exclude other miscellaneous gains and losses recognized in gain (loss) on derivative instruments and other securities, net in our consolidated statements of comprehensive income. Amounts for fiscal year 2020 exclude $146 million of losses on debt extinguishment (see Note 4).

**Note 6. Pledged Assets**

Our funding agreements require us to fully collateralize our obligations under the agreements based upon our counterparties' collateral requirements and their determination of the fair value of the securities pledged as collateral, which fluctuates with changes in interest rates, credit quality and liquidity conditions within the investment banking, mortgage finance and real estate industries. Our derivative contracts similarly require us to fully collateralize our obligations under such agreements, which will vary over time based on similar factors as well as our counterparties' determination of the value of the derivative contract. We are typically required to post initial margin upon execution of derivative transactions, such as under our interest rate swap agreements and TBA contracts, and subsequently post or receive variation margin based on daily fluctuations in fair value. Our brokerage and custody agreements and the clearing organizations utilized by our wholly-owned captive broker-dealer subsidiary, Bethesda Securities, LLC, also require that we post minimum daily clearing deposits. If we breach our collateral requirements, we will be required to fully settle our obligations under the agreements, which could include a forced liquidation of our pledged collateral.

Our counterparties also apply a "haircut" to our pledged collateral, which means our collateral is valued at slightly less than market value and limits the amount we can borrow against our securities. This haircut reflects the underlying risk of the specific collateral and protects our counterparty against a change in its value. Our agreements do not specify the haircut; rather, haircuts are determined on an individual transaction basis. Consequently, our funding agreements and derivative contracts expose us to credit risk relating to potential losses that could be recognized if our counterparties fail to perform their obligations under such agreements. We minimize this risk by limiting our counterparties to major financial institutions with acceptable credit ratings or to registered clearinghouses and U.S. government agencies, and we monitor our positions with individual counterparties. In the event of a default by a counterparty, we may have difficulty obtaining our assets pledged as collateral to such counterparty and may not receive payments as and when due to us under the terms of our derivative agreements. In the case of centrally cleared instruments, we could be exposed to credit risk if the central clearing agency or a clearing member defaults on its respective obligation to perform under the contract. However, we believe that the risk is minimal due to the clearing exchanges' initial and daily mark-to-market margin requirements, clearinghouse guarantee funds and other resources that are available in the event of a clearing member default.

As of December 31, 2021, our maximum amount at risk with any counterparty related to our repurchase agreements, excluding the Fixed Income Clearing Corporation, was less than 2% of our tangible stockholders' equity (or the excess/shortfall of the value of collateral pledged/received over our repurchase agreement liabilities/reverse repurchase agreement receivables). As of December 31, 2021, approximately 7% of our tangible stockholder's equity was at risk with the Fixed Income Clearing Corporation.

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***Assets Pledged to Counterparties***

The following tables summarize our assets pledged as collateral under our funding, derivative and brokerage and clearing agreements by type, including securities pledged related to securities sold but not yet settled, as of December 31, 2021 and 2020 (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **December 31, 2021** | | | |  |  |  |  |  |
|  |  |  |  |  | **Debt of** |  |  | **Derivative Agreements and** | | |  |  |  |
| **Assets Pledged to Counterparties 1** | | **Repurchase Agreements 2** | | | **Consolidated** |  |  |  | **Total** |  |
| **VIEs** |  |  |  | **Other 3** | |  |  |
| Agency RMBS - fair value |  | $ | 46,943 |  | $ | 208 |  | $ | 739 |  | $ | 47,890 |  |
| CRT - fair value | |  | 510 |  |  | — | |  | — | |  | 510 |  |
| Non-Agency - fair value | |  | 571 |  |  | — | |  | — | |  | 571 |  |
| U.S. Treasury securities - fair value | |  | 1,084 |  |  | — | |  | 208 |  |  | 1,292 |  |
| Accrued interest on pledged securities | |  | 117 |  |  | 1 |  |  | 2 |  |  | 120 |  |
| Restricted cash | |  | 15 |  |  | — | |  | 512 |  |  | 527 |  |
| Total | | $ | 49,240 |  | $ | 209 |  | $ | 1,461 |  | $ | 50,910 |  |
|  |  |  |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  | **December 31, 2020** | | | |  |  |  |  |  |
|  |  |  |  |  | **Debt of** |  |  | **Derivative Agreements and** | | |  |  |  |
| **Assets Pledged to Counterparties 1** | | **Repurchase Agreements 2** | | | **Consolidated** |  |  |  | **Total** |  |
| **VIEs** |  |  |  | **Other 3** | |  |  |
| Agency RMBS - fair value |  | $ | 53,401 |  | $ | 295 |  | $ | 623 |  | $ | 54,319 |  |
| CRT - fair value | |  | 455 |  |  | — | |  | — | |  | 455 |  |
| Non-Agency - fair value | |  | 458 |  |  | — | |  | — | |  | 458 |  |
| Accrued interest on pledged securities | |  | 147 |  |  | 1 |  |  | 2 |  |  | 150 |  |
| Restricted cash | |  | 417 |  |  | — | |  | 890 |  |  | 1,307 |  |
| Total | | $ | 54,878 |  | $ | 296 |  | $ | 1,515 |  | $ | 56,689 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Includes repledged assets received as collateral from counterparties and securities sold but not yet settled.
2. Includes $81 million and $119 million of retained interests in our consolidated VIEs pledged as collateral under repurchase agreements as of December 31, 2021 and 2020, respectively.
3. Includes deposits under brokerage and clearing agreements.

The following table summarizes our securities pledged as collateral under our repurchase agreements by the remaining maturity of our borrowings, including securities pledged related to sold but not yet settled securities, as of December 31, 2021 and 2020 (in millions). For the corresponding borrowings associated with the following amounts and the interest rates thereon, refer to Note 4*.*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **December 31, 2021** | | | |  |  |  |  |  | **December 31, 2020** | | | |  |  |  |
|  |  |  |  |  |  | **Amortized** | |  | **Accrued** |  |  |  |  |  | **Amortized** | |  | **Accrued** |  |
| **Securities Pledged by Remaining Maturity of Repurchase** | |  | **Fair Value of** |  |  |  | **Interest on** | |  | **Fair Value of** |  |  |  | **Interest on** |  |
|  |  |  | **Cost of** | |  | **Pledged** | |  |  |  | **Cost of** | |  | **Pledged** |  |
| **Agreements 1,2** | | **Pledged Securities** | |  | **Pledged Securities** | | |  | **Securities** | |  | **Pledged Securities** |  | **Pledged Securities** | | |  | **Securities** |  |
| ≤ 30 days |  | $ | 24,548 |  | $ | 24,075 |  | $ | 61 |  | $ | 29,674 |  | $ | 28,208 |  | $ | 82 |  |
| > 30 and ≤ 60 days | |  | 7,869 |  |  | 7,735 |  |  | 19 |  |  | 8,438 |  |  | 8,013 |  |  | 23 |  |
| > 60 and ≤ 90 days | |  | 7,006 |  |  | 6,906 |  |  | 16 |  |  | 5,782 |  |  | 5,495 |  |  | 16 |  |
| > 90 days | |  | 9,073 |  |  | 9,036 |  |  | 21 |  |  | 10,420 |  |  | 10,068 |  |  | 26 |  |
| Total | | $ | 48,496 |  | $ | 47,752 |  | $ | 117 |  | $ | 54,314 |  | $ | 51,784 |  | $ | 147 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Includes $81 million and $119 million of retained interests in our consolidated VIEs pledged as collateral under repurchase agreements as of December 31, 2021 and 2020, respectively.
2. Excludes $0.6 billion of repledged U.S. Treasury securities received as collateral from counterparties as of December 31, 2021.

***Assets Pledged from Counterparties***

As of December 31, 2021 and 2020, we had assets pledged to us from counterparties as collateral under our reverse repurchase and derivative agreements summarized in the tables below (in millions).

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **December 31, 2021** | | | |  |  |  |  |  |  |  | **December 31, 2020** | | | |  |  |  |
|  |  |  | **Reverse** | |  | **Derivative** | |  | **Repurchase** |  |  |  |  | **Reverse** | |  | **Derivative** | |  | **Repurchase** |  |  |  |
| **Assets Pledged to AGNC** | |  | **Repurchase** | |  |  |  | **Total** | |  | **Repurchase** | |  |  |  | **Total** |  |
|  | **Agreements** | |  | **Agreements** | |  | **Agreements** |  |  | **Agreements** | |  | **Agreements** | |  | **Agreements** |  |  |
| U.S. Treasury securities - fair value **1** |  | $ | 10,420 |  | $ | — |  | $ | 11 | $ | 10,431 |  | $ | 11,727 |  | $ | — | | $ | 13 | $ | 11,740 |  |
| Cash | |  | — | |  | 303 |  |  | 7 |  | 310 |  |  | — | |  | 107 |  |  | 3 |  | 110 |  |
| Total | | $ | 10,420 |  | $ | 303 |  | $ | 18 | $ | 10,741 |  | $ | 11,727 |  | $ | 107 |  | $ | 16 | $ | 11,850 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. As of December 31, 2021 and 2020, amounts include $9.7 billion and $11.7 billion, respectively, of U.S. Treasury securities received from counterparties that were used to cover short sales of U.S. Treasury securities.

***Offsetting Assets and Liabilities***

Certain of our repurchase agreements and derivative transactions are governed by underlying agreements that generally provide for a right of setoff under master netting arrangements (or similar agreements), including in the event of default or in the event of bankruptcy of either party to the transactions. We present our assets and liabilities subject to such arrangements on a gross basis in our consolidated balance sheets. The following tables present information about our assets and liabilities that are subject to master netting arrangements and can potentially be offset on our consolidated balance sheets as of December 31, 2021 and 2020 (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Offsetting of Financial and Derivative Assets** | | | | | | | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | **Gross Amounts Not Offset** | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | **in the** | | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **Net Amounts of** | |  | **Consolidated Balance Sheets** | | | | |  |  |  |
|  |  | **Gross Amounts** | | |  | **Gross Amounts** |  |  | **Assets Presented** | |  |  |  |  |  |  |  |  |  |
|  |  |  | **Offset in the** |  |  | **in the** | |  | **Financial** | |  | **Collateral** | |  |  |  |
|  |  |  | **of Recognized** | |  | **Consolidated** |  |  | **Consolidated** | |  |  |  | **Net Amount** |  |
|  |  |  | **Assets** | |  | **Balance Sheets** |  |  | **Balance Sheets** | |  | **Instruments** | |  | **Received 2** | |  |  |
| **December 31, 2021** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest rate swap and swaption agreements, at fair value 1 | | $ | 290 |  | $ | — | $ | | 290 |  | $ | — | | $ | (290) |  | $ | — |  |
| TBA and forward settling non-Agency securities, at fair value | |  | 27 |  |  | — |  |  | 27 |  |  | (27) |  |  | — | |  | — |  |
| Receivable under reverse repurchase agreements | |  | 10,475 |  |  | — |  |  | 10,475 |  |  | (6,087) |  |  | (4,381) |  |  | 7 |  |
| Total | | $ | 10,792 |  | $ | — |  | $ | 10,792 |  | $ | (6,114) |  | $ | (4,671) |  | $ | 7 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **December 31, 2020** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest rate swap and swaption agreements, at fair value 1 | | $ | 116 |  | $ | — | $ | | 116 |  | $ | — | | $ | (105) |  | $ | 11 |  |
| TBA securities, at fair value | |  | 275 |  |  | — |  |  | 275 |  |  | — | |  | — | |  | 275 |  |
| Receivable under reverse repurchase agreements | |  | 11,748 |  |  | — |  |  | 11,748 |  |  | (6,522) |  |  | (5,223) |  |  | 3 |  |
| Total | | $ | 12,139 |  | $ | — |  | $ | 12,139 |  | $ | (6,522) |  | $ | (5,328) |  | $ | 289 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Offsetting of Financial and Derivative Liabilities**



**December 31, 2021**

TBA and forward settling non-Agency securities, at fair value Repurchase agreements

Total

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | **Gross Amounts Not Offset** | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **in the** | | |  |  |  |  |  |
|  |  |  |  |  |  |  | **Net Amounts of** | |  | **Consolidated Balance Sheets** | | | | |  |  |  |
| **Gross Amounts** | | |  | **Gross Amounts** | |  | **Liabilities** | |  |  |  |  |  |  |  |  |  |
|  | **Offset in the** | |  | **Presented in the** | |  |  |  |  |  |  |  |  |  |
|  | **of Recognized** | |  | **Consolidated** | |  | **Consolidated** | |  | **Financial** | | **Collateral Pledged** | | |  | **Net Amount** |  |
|  | **Liabilities** |  |  | **Balance Sheets** |  |  | **Balance Sheets** |  |  | **Instruments** |  |  | **2** |  |  |  |
| $ | 71 |  | $ | — | | $ | 71 |  | $ | (27) |  | $ | (44) |  | $ | — |  |
|  | 47,381 |  |  | — | |  | 47,381 |  |  | (6,087) |  |  | (41,294) |  |  | — |  |
| $ | 47,452 |  | $ | — |  | $ | 47,452 |  | $ | (6,114) |  | $ | (41,338) |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **December 31, 2020** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Repurchase agreements | $ | 52,366 |  | $ | — | | $ | 52,366 |  | $ | (6,522) |  | $ | (45,844) |  | $ | — |
| Total | $ | 52,366 |  | $ | — |  | $ | 52,366 |  | $ | (6,522) |  | $ | (45,844) |  | $ | — |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Reported under derivative assets / liabilities, at fair value in the accompanying consolidated balance sheets. Refer to Note 5 for a reconciliation of derivative assets / liabilities, at fair value to their sub-components.
2. Includes cash and securities pledged / received as collateral, at fair value. Amounts include repledged collateral. Amounts presented are limited to collateral pledged sufficient to reduce the net amount to zero for individual counterparties, as applicable.

**Note 7. Fair Value Measurements**

The following table provides a summary of our assets and liabilities that are measured at fair value on a recurring basis, as of December 31, 2021 and 2020, based on their categorization within the valuation hierarchy (in millions). There were no transfers between valuation hierarchy levels during the periods presented in our accompanying consolidated statements of comprehensive income.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **December 31, 2021** | | | |  |  |  |  |  | **December 31, 2020** | | | |  |  |  |
|  |  | **Level 1** |  |  | **Level 2** | |  | **Level 3** |  |  | **Level 1** |  |  | **Level 2** | |  | **Level 3** |  |
| Assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Agency securities | $ | — | $ | | 52,396 |  | $ | — | | $ | — | $ | | 64,836 |  | $ | — |  |
| Agency securities transferred to consolidated VIEs |  | — |  |  | 208 |  |  | — | |  | — |  |  | 295 |  |  | — |  |
| Credit risk transfer securities |  | — |  |  | 974 |  |  | — | |  | — |  |  | 737 |  |  | — |  |
| Non-Agency securities |  | — |  |  | 843 |  |  | — | |  | — |  |  | 546 |  |  | — |  |
| U.S. Treasury securities |  | 471 |  |  | — | |  | — | |  | — |  |  | — | |  | — |  |
| Interest rate swaps 1 |  | — |  |  | — | |  | — | |  | — |  |  | — | |  | — |  |
| Swaptions |  | — |  |  | 290 |  |  | — | |  | — |  |  | 116 |  |  | — |  |
| TBA and forward settling securities |  | — |  |  | 27 |  |  | — | |  | — |  |  | 275 |  |  | — |  |
| Total | $ | 471 |  | $ | 54,738 |  | $ | — |  | $ | — |  | $ | 66,805 |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Liabilities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Debt of consolidated VIEs | $ | — | $ | | 126 |  | $ | — | | $ | — | $ | | 177 |  | $ | — |  |
| Obligation to return U.S. Treasury securities borrowed under reverse repurchase |  | 9,697 |  |  | — | |  | — | |  | 11,727 |  |  | — | |  | — |  |
| agreements |  |  |  |  |  |  |  |  |  |
| Interest rate swaps 1 |  | — |  |  | — | |  | — | |  | — |  |  | — | |  | — |  |
| TBA and forward settling securities |  | — |  |  | 71 |  |  | — | |  | — |  |  | — | |  | — |  |
| U.S. Treasury futures |  | 15 |  |  | — | |  | — | |  | 2 |  |  | — | |  | — |  |
| Total | $ | 9,712 |  | $ | 197 |  | $ | — |  | $ | 11,729 |  | $ | 177 |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. As of December 31, 2021 and 2020, the net fair value of our interest rate swaps excluding the recognition of variation margin settlements as a direct reduction of carrying value was a net asset (liability) of $1.6 billion and $0.4 billion, respectively, based on "Level 2" inputs. See Note 2 for additional details.

Excluded from the table above are financial instruments presented in our consolidated financial statements at cost. The fair value of our repurchase agreements approximated cost as of December 31, 2021 and 2020, as the rates on our outstanding repurchase agreements largely corresponded to prevailing rates observed in the repo market. The fair value of cash and cash equivalents, restricted cash, receivables and other payables were determined to approximate cost as of such dates due to their short duration. We estimate the fair value of these instruments carried at cost using "Level 1" or "Level 2" inputs.

**Note 8. Net Income (Loss) Per Common Share**

Basic net income (loss) per common share is computed by dividing (i) net income (loss) available (attributable) to common stockholders by (ii) the sum of our weighted-average number of common shares outstanding and the weighted-average number of vested but not yet issued time and performance-based restricted stock units ("RSUs") outstanding for the period granted under our long-term incentive program to employees and non-employee Board of Directors. Diluted net income (loss) per common share assumes the issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per common share. Our potential common stock equivalents consist of unvested time and performance-based RSUs. The following table presents the computations of basic and diluted net income (loss) per common share for the periods indicated (shares and dollars in millions):

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|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Fiscal Year** | |  |  |
|  |  | **2021** |  |  | **2020** |  |  | **2019** |
| Weighted average number of common shares issued and outstanding |  | 526.5 |  |  | 550.6 |  |  | 540.2 |
| Weighted average number of fully vested restricted stock units outstanding |  | 1.6 |  |  | 1.0 |  |  | 0.4 |
| Weighted average number of common shares outstanding - basic |  | 528.1 |  |  | 551.6 |  |  | 540.6 |
| Weighted average number of dilutive unvested restricted stock units outstanding |  | 1.9 |  |  | — | |  | 0.8 |
| Weighted average number of common shares outstanding - diluted |  | 530.0 |  |  | 551.6 |  |  | 541.4 |
|  |  |  |  |  |  |  |  |  |
| Net income (loss) available (attributable) to common stockholders | $ | 649 |  | $ | (362) |  | $ | 628 |
|  |  |  |  |  |  |  |  |  |
| Net income (loss) per common share - basic | $ | 1.23 |  | $ | (0.66) |  | $ | 1.16 |
|  |  |  |  |  |  |  |  |  |
| Net income (loss) per common share - diluted | $ | 1.22 |  | $ | (0.66) |  | $ | 1.16 |
|  |  |  |  |  |  |  |  |  |

For fiscal year 2020 1.1 million of potentially dilutive unvested time and performance based RSUs outstanding were excluded from the computation of diluted net income (loss) per common share because to do so would have been anti-dilutive for the period.

**Note 9. Stockholders' Equity**

***Preferred Stock***

We are authorized to designate and issue up to 10.0 million shares of preferred stock in one or more classes or series. As of December 31, 2021 and 2020, 13,800, 10,350, 16,100 and 23,000 shares of preferred stock were designated as 7.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock and 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, respectively, (referred to as "Series C, D, E and F Preferred Stock", respectively). As of December 31, 2021 and 2020, 13,000, 9,400, 16,100 and 23,000 shares of Series C, D, E and F Preferred Stock, respectively, were issued and outstanding. Each share of preferred stock is represented by 1,000 depositary shares. Each share of preferred stock has a liquidation preference of $25,000 per share ($25 per depositary share).

Our preferred stock ranks senior to our common stock with respect to the payment of dividends and the distribution of assets upon a voluntary or involuntary liquidation, dissolution or winding up of the Company. Our preferred stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and each series of preferred stock ranks on parity with one another. Under certain circumstances upon a change of control, our preferred stock is convertible to shares of our common stock. Holders of our preferred stock and depositary shares underlying our preferred stock have no voting rights, except under limited conditions. Beginning on each series' optional redemption date, we may redeem shares at $25.00 per depositary share, plus accumulated and unpaid dividends (whether or not declared), exclusively at our option.

The following table includes a summary of preferred stock depositary shares issued and outstanding as of December 31, 2021 (dollars and shares in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Depositary** | |  |  |  |  |  |  |  |  |  | **Fixed-to-Floating** | |  |  |
| **Fixed-to-Floating Rate** | |  |  | **Shares** | |  |  |  |  | **Aggregate** |  |  | **Optional** | |  |  |
| **Issuance** | | **Issued** | |  | **Carrying** | |  | **Fixed** | | **Rate** | | **Floating** |  |
| **Cumulative Redeemable** | | **and** | |  |  | **Liquidation** | **Redemption** | | **Conversion** | |  |
| **Preferred Stock 1** | | **Date** | | **Outstanding** | |  | **Value** | |  | **Preference** | **Rate** | | **Date 2** | | **Date** | | **Annual Rate** |  |
| Series C |  | August 22, 2017 |  | 13.0 |  |  | 315 |  |  | 325 | 7.000% |  | October 15, 2022 |  | October 15, 2022 |  | 3M LIBOR + 5.111% |  |
| Series D | | March 6, 2019 | | 9.4 |  |  | 227 |  |  | 235 | 6.875% |  | April 15, 2024 | | April 15, 2024 | | 3M LIBOR + 4.332% |  |
| Series E | | October 3, 2019 | | 16.1 |  |  | 390 |  |  | 403 | 6.500% |  | October 15, 2024 | | October 15, 2024 | | 3M LIBOR + 4.993% |  |
| Series F | | February 11, 2020 | | 23.0 |  |  | 557 |  |  | 575 | 6.125% |  | April 15, 2025 | | April 15, 2025 | | 3M LIBOR + 4.697% |  |
| Total | |  |  | 61.5 |  | $ | 1,489 |  | $ | 1,538 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Fixed-to-floating rate redeemable preferred stock accrue dividends at an annual fixed rate of the $25.00 liquidation preference per depositary share from the issuance date up to, but not including, the fixed-to-floating rate conversion date; thereafter, dividends will accrue on a floating rate basis equal to 3-month LIBOR plus a fixed spread.
2. Shares may be redeemed prior to our optional redemption date under certain circumstances intended to preserve our qualification as a REIT for U.S federal income tax purposes.

***At-the-Market Offering Program***

We are authorized by our Board of Directors to enter into agreements with sales agents to publicly offer and sell shares of

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our common stock in privately negotiated and/or at-the-market transactions from time-to-time up to a maximum aggregate offering price of our common stock. The following table includes a summary of shares of our common stock sold under such sales agreements during fiscal years 2020 and 2019 (in millions, except for per share data). During fiscal year 2021, we did not issue shares under this program. As of December 31, 2021, shares of our common stock with an aggregate offering price of $1.25 billion remained authorized for issuance under this program through June 11, 2024.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ATM Offerings** | | **Average Price** | | **Shares** | |  | **Net Proceeds** |  |
| **Received Per Share, Net** | |  |  |
| Fiscal Year 2020 |  | $16.46 |  | 26.7 |  | $ | 439 |  |
| Fiscal Year 2019 | | $16.67 |  | 11.4 |  | $ | 190 |  |

***Common Stock Repurchase Program***

We are authorized by our Board of Directors to repurchase shares of our common stock in open market or through privately negotiated transactions or pursuant to a trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The following table includes a summary of shares of our common stock repurchased during fiscal years 2021, 2020 and 2019 (in millions, except for per share data). As of December 31, 2021, shares of our common stock with an aggregate repurchase price of $958 million remained authorized for repurchase through December 31, 2022.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Common Stock Repurchases** | | **Average Price** | | **Shares** | |  | **Net Cost** |  |
| **Paid Per Share 1** | |  |  |
| Fiscal Year 2021 2 |  | $15.96 |  | 17.7 |  | $ | 281 |  |
| Fiscal Year 2020 | | $13.33 |  | 28.2 |  | $ | 378 |  |
| Fiscal Year 2019 | | $14.90 |  | 6.9 |  | $ | 103 |  |

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1. Average price paid per share includes transaction costs.
2. Includes December 2020 share repurchases that settled in January 2021 totaling $24 million, or 1.6 million shares.

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***Distributions to Stockholders***

The following table summarizes dividends declared during fiscal years 2021, 2020 and 2019 (in millions, except per share amounts):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Dividends Declared** | **Dividends Declared Per** | |  |
|  |  |  | **Share 1** |  |
| **Series B Preferred Stock** |  |  |  |  |  |
| Fiscal year 2019 | $ | 12 | $ | 1.673785 |  |
| **Series C Preferred Stock** |  |  |  |  |  |
| Fiscal year 2021 | $ | 23 | $ | 1.750000 |  |
| Fiscal year 2020 | $ | 23 | $ | 1.750000 |  |
| Fiscal year 2019 | $ | 23 | $ | 1.750000 |  |
| **Series D Preferred Stock** |  |  |  |  |  |
| Fiscal year 2021 | $ | 16 | $ | 1.718750 |  |
| Fiscal year 2020 | $ | 16 | $ | 1.718750 |  |
| Fiscal year 2019 | $ | 14 | $ | 1.475263 |  |
| **Series E Preferred Stock** |  |  |  |  |  |
| Fiscal year 2021 | $ | 26 | $ | 1.625000 |  |
| Fiscal year 2020 | $ | 26 | $ | 1.625000 |  |
| Fiscal year 2019 | $ | 7 | $ | 0.460420 |  |
| **Series F Preferred Stock** |  |  |  |  |  |
| Fiscal year 2021 | $ | 35 | $ | 1.531250 |  |
| Fiscal year 2020 | $ | 33 | $ | 1.420658 |  |
| **Common Stock** |  |  |  |  |  |
| Fiscal year 2021 | $ | 757 | $ | 1.440000 |  |
| Fiscal year 2020 | $ | 858 | $ | 1.560000 |  |
| Fiscal year 2019 | $ | 1,081 | $ | 2.000000 |  |

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1. Preferred stock per share amounts are per depositary share.

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The following table summarizes our tax characterization of distributions to stockholders for fiscal years 2021, 2020 and 2019. Distributions included in the table below are based on the fiscal tax year for which the distribution is attributed to for stockholders in accordance with rules promulgated under the Internal Revenue Code:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Tax Characterization 1** |  |  |  |  |  |
| **Fiscal Tax** | **Distribution Rate 1** | | **Ordinary Dividend** | |  | **Qualified** |  | **Capital Gain** |  | **Non-Dividend** |  | **Section 19** |  |
| **Year** | **Per Share** | | **Dividends** | | **Dividend Per Share** | | **Distributions** | |  | **Dividend** |  |
| **Series B** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Preferred Stock** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal year 2019 | $ | 2.158160 | $ | 2.158160 | $ | — | $ | — | $ | — | $ | 2.15 |  |
| **Series C** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Preferred Stock** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal year 2021 | $ | 1.750000 | $ | 0.341718 | $ | — | $ | 0.095782 | $ | 1.312500 | $ | 0.34 |  |
| Fiscal year 2020 | $ | 1.750000 | $ | 0.570268 | $ | — | $ | 1.179732 | $ | — | $ | 0.57 |  |
| Fiscal year 2019 | $ | 1.750000 | $ | 1.750000 | $ | — | $ | — | $ | — | $ | 1.75 |  |
| **Series D** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Preferred Stock** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal year 2021 | $ | 1.718750 | $ | 0.335616 | $ | — | $ | 0.094072 | $ | 1.289063 | $ | 0.33 |  |
| Fiscal year 2020 | $ | 1.718750 | $ | 0.560086 | $ | — | $ | 1.158664 | $ | — | $ | 0.56 |  |
| Fiscal year 2019 | $ | 1.045575 | $ | 1.045575 | $ | — | $ | — | $ | — | $ | 1.04 |  |
| **Series E** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Preferred Stock** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal year 2021 | $ | 1.625000 | $ | 0.317310 | $ | — | $ | 0.088940 | $ | 1.218750 | $ | 0.31 |  |
| Fiscal year 2020 | $ | 1.679170 | $ | 0.547188 | $ | — | $ | 1.131982 | $ | — | $ | 0.54 |  |
| **Series F** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Preferred Stock** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal year 2021 | $ | 1.531250 | $ | 0.299004 | $ | — | $ | 0.083809 | $ | 1.148438 | $ | 0.29 |  |
| Fiscal year 2020 | $ | 1.037845 | $ | 0.338201 | $ | — | $ | 0.699644 | $ | — | $ | 0.33 |  |
| **Common** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Stock** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fiscal year 2021 | $ | 1.320000 | $ | 0.095930 | $ | — | $ | 0.026889 | $ | 1.197181 | $ | 0.09 |  |
| Fiscal year 2020 | $ | 1.720000 | $ | 0.560492 | $ | — | $ | 1.159508 | $ | — | $ | 0.56 |  |
| Fiscal year 2019 | $ | 2.020000 | $ | 1.159504 | $ | — | $ | — | $ | 0.860496 | $ | 1.15 |  |

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1. Preferred stock per share amounts are per depositary share.

***Accumulated Other Comprehensive Income (Loss)***

The following table summarizes changes to accumulated OCI for fiscal years 2021, 2020 and 2019 (in millions):

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Fiscal Year** | |  |  |  |
| **Accumulated Other Comprehensive Income (Loss)** | |  | **2021** |  |  | **2020** |  |  | **2019** |  |
| **Beginning Balance** |  | $ | 719 |  | $ | 97 |  | $ | (943) |  |
| OCI before reclassifications | |  | (382) |  |  | 703 |  |  | 1,031 |  |
| Net loss amounts for available-for-sale securities reclassified from accumulated OCI to realized gain (loss) on sale of investment | |  | (36) |  |  | (81) |  |  | 9 |  |
| securities, net | |  |  |  |  |  |  |
| **Ending Balance** | | $ | 301 |  | $ | 719 |  | $ | 97 |  |
|  |  |  |  |  |  |  |  |  |  |  |

**Note 10. Stock-Based Compensation**

During fiscal years 2021, 2020 and 2019, we granted RSU awards to employees with a grant date fair value of $8 million, $7 million and $7 million, respectively, which generally vest annually over a three-year period, and we granted RSU awards to independent directors of $0.9 million, $0.8 million and $0.5 million, respectively, which vest at the end of a one-year period from grant date. We also granted PSU awards to employees which generally vest at the end of a three-year period provided that specified performance criteria are met. The performance criteria are based on a formula tied to our achievement of long-term economic returns consisting of the change in tangible net book value and dividends paid per common share on an absolute basis

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and relative to a select group of our peers. The fair value of the PSU awards granted during fiscal years 2021, 2020 and 2019 as of the grant date was $10 million, $10 million and $9 million, respectively, assuming the target levels of performance are achieved. The actual value of the awards will vary within a range of 0% to 200% of the target based on the actual performance achieved relative to the targets.

Our 2016 Equity Plan, as amended, authorizes a total of 40 million shares of our common stock that may be used to satisfy awards granted under the Plan, subject to the share counting rules set forth within the Plan. As of December 31, 2021, 33.1 million shares remained available for awards under the 2016 Equity Plan. For purposes of determining the total number of shares available for awards under the 2016 Equity Plan, available shares are reduced by (i) shares issued for vested awards, net of units withheld to cover minimum statutory tax withholding requirements paid by us in cash on behalf of the employee, (ii) outstanding unvested awards, (iii) outstanding previously vested awards, if distribution of such awards has been deferred beyond the vesting date ("deferred awards"), and (iv) accrued dividend equivalent units on outstanding awards through December 31, 2021. Unvested PSU awards assume the maximum potential payout under the terms of the award. As of December 31, 2021, 1.6 million of deferred awards, including accrued dividend equivalents, were outstanding.

During fiscal years 2021, 2020 and 2019, we recognized compensation expense of $21.4 million, $20.6 million and $13.7 million, respectively, for stock-based awards to employees and we recognized other operating expense of $0.8 million, $0.7 million and $0.5 million, respectively, for stock-based awards to independent directors. As of December 31, 2021, we had unrecognized expense related to stock-based awards of approximately $13 million, which is expected to be recognized over a weighted average period of 1.8 years.

The following tables summarizes awards under our 2016 Equity Plan for fiscal years 2021, 2020 and 2019:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Weighted Average** | | | **Weighted Average** | |  |
| **RSU Awards** | **RSU Awards** | |  | **Grant Date Fair** | |  | **Vest Date Fair** |  |
|  | **Value 1** | |  | **Value** |  |
| **Unvested balance as of December 31, 2018** | 501,913 |  | $ | 16.08 |  | $ | — |  |
| Granted | 432,149 |  | $ | 17.59 |  | $ | — |  |
| Accrued RSU dividend equivalents | 83,355 |  | $ | — | | $ | — |  |
| Vested | (252,375) |  | $ | 15.30 |  | $ | 17.91 |  |
| Forfeitures | (6,812) |  | $ | 16.00 |  | $ | — |  |
| **Unvested balance as of December 31, 2019** | 758,230 |  | $ | 15.44 |  | $ | — |  |
| Granted | 433,414 |  | $ | 18.60 |  | $ | — |  |
| Accrued RSU dividend equivalents | 95,809 |  | $ | — | | $ | — |  |
| Vested | (377,244) |  | $ | 14.82 |  | $ | 11.82 |  |
| Forfeitures | (1,225) |  | $ | 17.87 |  | $ | — |  |
| **Unvested balance as of December 31, 2020** | 908,984 |  | $ | 15.57 |  | $ | — |  |
| Granted | 567,426 |  | $ | 16.10 |  | $ | — |  |
| Accrued RSU dividend equivalents | 84,976 |  | $ | — | | $ | — |  |
| Vested | (483,601) |  | $ | 14.31 |  | $ | 16.64 |  |
| Forfeitures | (27,758) |  | $ | 15.98 |  | $ | — |  |
| **Unvested balance as of December 31, 2021** | 1,050,027 |  | $ | 15.15 |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |

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1. Accrued RSU award dividend equivalents have a weighted average grant date fair value of $0.

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|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **PSUs** | | **Weighted Average** | | | **Weighted Average** | |  |
| **PSU Awards** | **at Target** | |  | **Grant Date Fair** | |  | **Vest Date Fair** |  |
| **Performance Level** | |  | **Value 1** | |  | **Value 1** |  |
| **Unvested balance as of December 31, 2018** | 606,775 |  | $ | 16.08 |  | $ | — |  |
| Granted | 494,016 |  | $ | 17.56 |  | $ | — |  |
| Accrued PSU dividend equivalents | 123,594 |  | $ | — | | $ | — |  |
| Performance adjustment - Granted | 95,427 |  | $ | 19.39 |  | $ | — |  |
| Performance adjustment - Accrued PSU dividend equivalents | 35,825 |  | $ | — | | $ | — |  |
| Vested | — | | $ | — | | $ | — |  |
| Forfeitures | (4,224) |  | $ | 15.84 |  | $ | — |  |
| **Unvested balance as of December 31, 2019** | 1,351,413 |  | $ | 14.96 |  | $ | — |  |
| Granted | 508,757 |  | $ | 19.62 |  | $ | — |  |
| Accrued PSU dividend equivalents | 160,442 |  | $ | — | | $ | — |  |
| Performance adjustment - Granted | 62,796 |  | $ | 17.98 |  | $ | — |  |
| Performance adjustment - Accrued PSU dividend equivalents | 26,183 |  | $ | — | | $ | — |  |
| Vested | (482,806) |  | $ | 13.84 |  | $ | 11.81 |  |
| Forfeitures | — | | $ | — | | $ | — |  |
| **Unvested balance as of December 31, 2020** | 1,626,785 |  | $ | 15.15 |  | $ | — |  |
| Granted | 630,886 |  | $ | 15.96 |  | $ | — |  |
| Accrued PSU dividend equivalents | 157,539 |  | $ | — | | $ | — |  |
| Performance adjustment - Granted | 206,547 |  | $ | 17.56 |  | $ | — |  |
| Performance adjustment - Accrued PSU dividend equivalents | 70,953 |  | $ | — | | $ | — |  |
| Vested | (466,224) |  | $ | 12.86 |  | $ | 16.52 |  |
| Forfeitures | (13,826) |  | $ | 15.54 |  | $ | — |  |
| **Unvested balance as of December 31, 2021** | 2,212,660 |  | $ | 14.52 |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |

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1. Accrued PSU award dividend equivalents have a weighted average grant date fair value of $0.

**Note 11. Income Taxes**

We did not incur a tax liability for fiscal years ended 2020 and 2019 and we do not expect to incur an income tax liability for fiscal year 2021.

Based on our analysis of any potential uncertain income tax positions, we concluded that we do not have any uncertain tax positions that meet the recognition or measurement criteria of ASC 740 as of December 31, 2021 or prior periods. Our tax returns for tax years 2018 and forward are open to examination by the IRS. If we incur income tax related interest and penalties, our policy is to classify them as a component of provision for income taxes.

**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A. *Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" as promulgated under the Exchange Act and the rules and regulations thereunder. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2021. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

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***Management's Report on Internal Control over Financial Reporting***

Management Report on Internal Control over Financial Reporting is included in "Item 8. Financial Statements and Supplementary Data."

***Attestation Report of Registered Public Accounting Firm***

The attestation report of our registered public accounting firm is included in "Item 8. Financial Statements and Supplementary Data."

***Changes in Internal Control over Financial Reporting***

There have been no changes in our "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. *Other Information***

None.

**PART III.**

**Item 10. *Directors, Executive Officers and Corporate Governance***

Information in response to this Item is incorporated herein by reference to the information provided in our Proxy Statement for our 2022 Annual Meeting of Stockholders (the "2022 Proxy Statement") under the headings "PROPOSAL 1: ELECTION OF DIRECTORS", "EXECUTIVE OFFICERS OF REGISTRANT", and "BOARD AND GOVERNANCE MATTERS."

**Item 11. *Executive Compensation***

Information in response to this Item is incorporated herein by reference to the information provided in the 2022 Proxy Statement under the headings "PROPOSAL

1. ELECTION OF DIRECTORS", "EXECUTIVE COMPENSATION", "COMPENSATION DISCUSSION AND ANALYSIS", "REPORT OF THE COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE", and "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION."

**Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information in response to this Item is incorporated herein by reference to the information provided in the 2022 Proxy Statement under the heading "SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS."

**Item 13. *Certain Relationships and Related Transactions, and Director Independence***

Information in response to this Item is incorporated herein by reference to the information provided in the 2022 Proxy Statement under the headings "CERTAIN TRANSACTIONS WITH RELATED PERSONS" and "PROPOSAL 1: ELECTION OF DIRECTORS."

**Item 14. *Principal Accounting Fees and Services***

Information in response to this Item is incorporated herein by reference to the information provided in the 2022 Proxy Statement under the heading "PROPOSAL

1. RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANT."

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**PART IV.**

**Item 15.** ***Exhibits and Financial Statement Schedules***

1. List of documents filed as part of this report:
   1. The following financial statements are filed herewith:

Consolidated Balance Sheets as of December 31, 2021 and 2020

Consolidated Statements of Comprehensive Income for fiscal years 2021, 2020 and 2019

Consolidated Statements of Stockholders' Equity for fiscal years 2021, 2020 and 2019

Consolidated Statements of Cash Flows for fiscal years 2021, 2020 and 2019

(2) The following exhibits are filed herewith or incorporated herein by reference

**Exhibit No.** **Description**

[3.1](#page85) [AGNC Investment Corp. Amended and Restated Certificate of Incorporation, as amended, filed herewith.](#page85)

[\*3.2](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000017/arbylaws-march2021vrevised.htm) [AGNC Investment Corp. Fourth Amended and Restated Bylaws, as amended, incorporated herein by reference to Exhibit 3.1 of Form 8-K (File No. 001-34057),](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000017/arbylaws-march2021vrevised.htm) [filed March 11, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000017/arbylaws-march2021vrevised.htm)

[\*3.3](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000044/ex35certificateofdesignati.htm) [Certificate of Designations of 7.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, incorporated herein by reference to Exhibit 3.5](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000044/ex35certificateofdesignati.htm) [of Form 8-A (File No. 001-34057), filed August 18, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000044/ex35certificateofdesignati.htm)

[\*3.4](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000065/certificateofelimination.htm) [Certificate of Elimination of 8.000% Series A Cumulative Redeemable Preferred Stock, incorporated herein by reference to Exhibit 3.1 of Form 8-K (File No](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000065/certificateofelimination.htm)

[001-34057), filed October 26, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000065/certificateofelimination.htm)

[\*3.5](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000019/certificateofdesignations.htm) [Certificate of Designations of 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, incorporated herein by reference to Exhibit 3.5](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000019/certificateofdesignations.htm) [of Form 8-A (File No 001-34057), filed March 6, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000019/certificateofdesignations.htm)

[\*3.6](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000064/certofdesignations.htm) [Certificate of Designations of 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, incorporated herein by reference to Exhibit 3.6](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000064/certofdesignations.htm) [of Form 8-A (File No 001-34057), filed October 3, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000064/certofdesignations.htm)

[\*3.7](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000078/certificateofeliminati.htm) [Certificate of Elimination of 7.750% Series B Cumulative Redeemable Preferred Stock, incorporated herein by reference to Exhibit 3.1 of Form 8-K (File No](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000078/certificateofeliminati.htm)

[001-34057), filed December 13, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000078/certificateofeliminati.htm)

[\*3.8](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000012/certificateofdesignations-.htm) [Certificate of Designations of 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, incorporated herein by reference to Exhibit 3.6](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000012/certificateofdesignations-.htm) [of Form 8-A (File No 001-34057), filed February 11, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000012/certificateofdesignations-.htm)

[4.1](#page85) [Instruments defining the rights of holders of securities: See Article IV of our Amended and Restated Certificate of Incorporation, as amended (included in Exhibit](#page85)

[3.1).](#page85)

[4.2](#page85) [Instruments defining the rights of holders of securities: See Article VI of our Fourth Amended and Restated Bylaws, as amended (included in Exhibit 3.1).](#page85)

[\*4.3](http://www.sec.gov/Archives/edgar/data/1423689/000142368916000104/agncexhibit43.htm) [Form of Certificate for Common Stock, incorporated herein by reference to Exhibit 4.3 of Form 10-Q for the quarter ended September 30, 2016 (File No. 001-](http://www.sec.gov/Archives/edgar/data/1423689/000142368916000104/agncexhibit43.htm)

[34057), filed November 7, 2016.](http://www.sec.gov/Archives/edgar/data/1423689/000142368916000104/agncexhibit43.htm)

[\*4.4](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000044/exhibit41.htm) [Specimen 7.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate, incorporated herein by reference to Exhibit 4.1 of Form](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000044/exhibit41.htm)

[8-A (File No. 001-34057), filed August 18, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000044/exhibit41.htm)

[\*4.5](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000019/stockcertificateb98.htm) [Specimen 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate, incorporated herein by reference to Exhibit 4.1 of Form](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000019/stockcertificateb98.htm)

[8-A (File No. 001-34057), filed March 6, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000019/stockcertificateb98.htm)

[\*4.6](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000064/stockcertificate.htm) [Specimen 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate, incorporated herein by reference to Exhibit 4.1 of Form](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000064/stockcertificate.htm)

[8-A (File No. 001-34057), filed October 3, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000064/stockcertificate.htm)

[\*4.7](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000012/stockcertificate.htm) [Specimen 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate, incorporated herein by reference to Exhibit 4.1 of Form](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000012/stockcertificate.htm)

[8-A (File No 001-34057), filed February 11, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000012/stockcertificate.htm)

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[\*4.8](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm) [Deposit Agreement relating to 7.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, dated August 22, 2017, among AGNC](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm) [Investment Corp., Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, incorporated herein by reference to Exhibit 4.2](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm) [of Form 8-K (File No. 001-34057) filed August 22, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm)

[\*4.9](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm) [Form of Depositary Receipt representing 1/1,000th of a share of 7.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (included as](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm) [part of Exhibit 4.8), incorporated herein by reference to Exhibit A of Exhibit 4.2 of Form 8-K (File No. 001-34057) filed August 22, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000049/depositagreement.htm)

[\*4.10](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm) [Deposit Agreement relating to 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, dated March 6, 2019, among AGNC](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm) [Investment Corp., Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, incorporated herein by reference to Exhibit 4.2](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm) [of Form 8-K (File No. 001-34057) filed March 6, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm)

[\*4.11](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm) [Form of Depositary Receipt representing 1/1,000th of a share of 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (included as](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm) [part of Exhibit 4.10), incorporated herein by reference to Exhibit A of Exhibit 4.2 of Form 8-K (File No. 001-34057) filed March 6, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000021/prefddepositagmt.htm)

[\*4.12](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm) [Deposit Agreement relating to 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, dated October 3, 2019, among AGNC](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm) [Investment Corp., Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, incorporated herein by reference to Exhibit 4.2](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm) [of Form 8-K (File No. 001-34057) filed October 3, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm)

[\*4.13](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm) [Form of Depositary Receipt representing 1/1,000th of a share of 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (included as](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm) [part of Exhibit 4.12), incorporated herein by reference to Exhibit A of Exhibit 4.2 of Form 8-K (File No. 001-34057) filed October 3, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000068/depositagmt-prefe.htm)

[\*4.14](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm) [Deposit Agreement relating to 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, dated February 11, 2020, among AGNC](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm) [Investment Corp., Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, incorporated herein by reference to Exhibit 4.1](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm) [of Form 8-K (File No. 001-34057) filed February 11, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm)

[\*4.15](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm) [Form of Depositary Receipt representing 1/1,000th of a share of 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (included as](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm) [part of Exhibit 4.14), incorporated herein by reference to Exhibit A of Exhibit 4.1 of Form 8-K (File No. 001-34057) filed February 11, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000014/depositaryagmt-seriesf.htm)

[4.16](#page97) [Description of the Registrant’s Securities, filed herewith.](#page97)

[†\* 10.1](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000059/a101indem.htm) [Form of Indemnification Agreement, incorporated herein by reference to Exhibit 10.1 of Form 8-K (File No. 001-34057) filed October 25, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000066/a101indem.htm)

[†\* 10.2](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex101.htm) [Fifth Amended and Restated Employment Agreement, dated December 10, 2020, by and between AGNC Mortgage Management, LLC and Gary Kain,](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex101.htm) [incorporated herein by reference to Exhibit 10.1 of Form 8-K (File No. 001-34057), filed December 10, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex101.htm)

[†\* 10.3](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex102.htm) [Second Amended and Restated Employment Agreement, dated December 10, 2020, by and between AGNC Mortgage Management, LLC and Peter Federico,](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex102.htm) [incorporated herein by reference to Exhibit 10.2 of Form 8-K (File No. 001-34057), filed December 10, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex102.htm)

[†\* 10.4](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex103.htm) [Second Amended and Restated Employment Agreement, dated December 10, 2020, by and between AGNC Mortgage Management, LLC and Christopher](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex103.htm) [Kuehl, incorporated herein by reference to Exhibit 10.3 of Form 8-K (File No. 001-34057), filed December 10, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000119312520314929/d95688dex103.htm)

[†\* 10.5](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000005/bell12221.htm) [Amended and Restated Employment Agreement, dated January 22, 2021, by and between AGNC Mortgage Management, LLC and Bernice Bell,](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000005/bell12221.htm) [incorporated herein by reference to Exhibit 10.1 of Form 8-K (File No. 001-34057), filed January 22, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000005/bell12221.htm)

[†\* 10.6](http://www.sec.gov/Archives/edgar/data/1423689/000142368922000004/bbell.htm) [First Amendment to Amended and Restated Employment Agreement dated January 21, 2022 between AGNC Mortgage Management, LLC and Bernice Bell,](http://www.sec.gov/Archives/edgar/data/1423689/000142368922000004/bbell.htm) [incorporated herein by reference to Exhibit 10.1 of Form 8-K (File No. 001-34057), filed January 21, 2022.](http://www.sec.gov/Archives/edgar/data/1423689/000142368922000004/bbell.htm)

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[†\* 10.7](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000005/pas12221.htm) [Amended and Restated Employment Agreement, dated January 22, 2021, by and between AGNC Mortgage Management, LLC and Aaron Pas, incorporated](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000005/pas12221.htm) [herein by reference to Exhibit 10.2 of Form 8-K (File No. 001-34057), filed January 22, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000005/pas12221.htm)

* [10.8 First Amendment to Amended and Restated Employment Agreement dated January 21, 2022 between AGNC Mortgage Management, LLC and Aaron Pas,](#page108) [filed herewith.](#page108)

[†\* 10.9](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit101512312010-k.htm) [Amended and Restated Employment Agreement, dated January 22, 2021, by and between AGNC Mortgage Management, LLC and Kenneth Pollack,](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit101512312010-k.htm) [incorporated herein by reference to Exhibit 10.15 of Form 10-K (File No. 001-34057), filed February 26, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit101512312010-k.htm)

[†\* 10.10](http://www.sec.gov/Archives/edgar/data/1423689/000142368922000004/pollack.htm) [First Amendment to Amended and Restated Employment Agreement dated January 21, 2022 between AGNC Mortgage Management, LLC and Kenneth](http://www.sec.gov/Archives/edgar/data/1423689/000142368922000004/pollack.htm) [Pollack, incorporated herein by reference to Exhibit 10.2 of Form 8-K (File No. 001-34057), filed January 21, 2022.](http://www.sec.gov/Archives/edgar/data/1423689/000142368922000004/pollack.htm)

[† 10.11](#page112) [Amended and Restated AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan, filed herewith.](#page112)

[†\* 10.12](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit10812311610-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Restricted Stock Unit Agreement for Section 16 Officers with](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit10812311610-k.htm) [Employment Contracts, incorporated herein by reference to Exhibit 10.8 of Form 10-K (File No. 001-34057), filed February 27, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit10812311610-k.htm)

[†\* 10.13](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit10912311610-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Performance-Based Restricted Stock Unit Agreement for Section 16](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit10912311610-k.htm) [Officers with Employment Contracts, incorporated herein by reference to Exhibit 10.9 of Form 10-K (File No. 001-34057), filed February 27, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit10912311610-k.htm)

[†\* 10.14](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101012311610-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Restricted Stock Unit Agreement for Section 16 Officers without](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101012311610-k.htm) [Employment Contracts, incorporated herein by reference to Exhibit 10.10 of Form 10-K (File No. 001-34057), filed February 27, 2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101012311610-k.htm)

[†\* 10.15](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101112311610-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Performance-Based Restricted Stock Unit Agreement for Section 16](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101112311610-k.htm) [Officers without Employment Contracts, incorporated herein by reference to Exhibit 10.11 of Form 10-K (File No. 001-34057), filed February 27,](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101112311610-k.htm) [2017.](http://www.sec.gov/Archives/edgar/data/1423689/000142368917000011/exhibit101112311610-k.htm)

[†\* 10.16](http://www.sec.gov/Archives/edgar/data/1423689/000142368918000007/agncexhibit101412311710-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Restricted Stock Unit Agreement for Non-Employee Directors,](http://www.sec.gov/Archives/edgar/data/1423689/000142368918000007/agncexhibit101412311710-k.htm) [incorporated herein by reference to Exhibit 10.14 of Form 10-K (File No. 001-34057), filed February 26, 2018.](http://www.sec.gov/Archives/edgar/data/1423689/000142368918000007/agncexhibit101412311710-k.htm)

[†\* 10.17](http://www.sec.gov/Archives/edgar/data/1423689/000142368918000047/agncexhibit109301810-q.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Deferred Stock Unit Agreement incorporated herein by reference to](http://www.sec.gov/Archives/edgar/data/1423689/000142368918000047/agncexhibit109301810-q.htm) [Exhibit 10 of Form 10-Q for the quarter ended September 30, 2018 (File No. 001-34057), filed November 5, 2018.](http://www.sec.gov/Archives/edgar/data/1423689/000142368918000047/agncexhibit109301810-q.htm)

[†\* 10.18](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101512311810-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Restricted Stock Unit Agreement for Section 16 Officers with Retirement](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101512311810-k.htm) [Provisions, incorporated herein by reference to Exhibit 10.15 of Form 10-K (File No. 001-34057), filed February 22, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101512311810-k.htm)

[†\* 10.19](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101612311810-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Performance-Based Restricted Stock Unit Agreement for Section 16](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101612311810-k.htm) [Officers with Retirement Provisions, incorporated herein by reference to Exhibit 10.16 of Form 10-K (File No. 001-34057), filed February 22, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101612311810-k.htm)

[†\* 10.20](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101712311810-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Performance-Based Restricted Stock Unit Agreement for Section 16](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101712311810-k.htm) [Officers with Employment Contracts, incorporated herein by reference to Exhibit 10.17 of Form 10-K (File No. 001-34057), filed February 22, 2019.](http://www.sec.gov/Archives/edgar/data/1423689/000142368919000007/agncexhibit101712311810-k.htm)

[†\* 10.21](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102612312010-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Restricted Stock Unit Agreement for Section 16 Officers with Retirement](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102612312010-k.htm) [Provisions, incorporated herein by reference to Exhibit 10.26 of Form 10-K (File No. 001-34057), filed February 26, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102612312010-k.htm)

[†\* 10.22](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102712312010-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Performance-Based Restricted Stock Unit Agreement for Section 16](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102712312010-k.htm) [Officers with Retirement Provisions, incorporated herein by reference to Exhibit 10.27 of Form 10-K (File No. 001-34057), filed February 26, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102712312010-k.htm)

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[†\* 10.23](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102812312010-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Restricted Stock Unit Agreement for Section 16 Officers with](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102812312010-k.htm) [Employment Contracts, incorporated herein by reference to Exhibit 10.28 of Form 10-K (File No. 001-34057), filed February 26, 2021.](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102812312010-k.htm)

[†\* 10.24](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102912312010-k.htm) [Form of AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan Performance-Based Restricted Stock Unit Agreement for Section 16](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102912312010-k.htm) [Officers with Employment Contracts, incorporated herein by reference to Exhibit 10.29 of Form 10-K (File No. 001-34057), filed February 26, 2021](http://www.sec.gov/Archives/edgar/data/1423689/000142368921000011/agncexhibit102912312010-k.htm)

\*14 [AGNC Investment Corp. Code of Ethics and Conduct, adopted January 23, 2020, incorporated herein by reference to Exhibit 14 of Form 10-K (File No. 001-](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000019/0001423689-20-000019-index.htm)

[34057), filed February 25, 2020.](http://www.sec.gov/Archives/edgar/data/1423689/000142368920000019/0001423689-20-000019-index.htm)

1. Subsidiaries of the Company and jurisdiction of incorporation:
   1. AGNC TRS, LLC, a Delaware limited liability company
   2. Old Georgetown Insurance Co. LLC, a Missouri limited liability company
   3. Bethesda Securities, LLC, a Delaware limited liability company
   4. AGNC Mortgage Management, LLC, a Delaware limited liability company
2. [Consent of Ernst & Young LLP, filed herewith.](#page130)
3. [Powers of Attorney of directors, filed herewith.](#page131)

[31.1 Certification of CEO Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.](#page133)

[31.2 Certification of CFO Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.](#page134)

1. [Certification of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#page135)

101.INS\*\*

The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document

101.SCH\*\*

XBRL Taxonomy Extension Schema Document

101.CAL\*\*

XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB\*\*

XBRL Taxonomy Extension Labels Linkbase Document

101.PRE\*\*

XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF\*\*

XBRL Taxonomy Extension Definition Linkbase Document

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* Previously filed
* This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K

† Management contract or compensatory plan or arrangement

(b) Exhibits

See the exhibits filed herewith.

1. Additional financial statement schedules None.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGNC INVESTMENT CORP.

By: /s/ PETER J. FEDERICO



**Peter J. Federico**

**President and**

**Chief Executive Officer (Principal Executive Officer)**

Date: February 23, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Name** | |  | **Title** | |  | **Date** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | /s/ | PETER J. FEDERICO | | | Director, President and Chief Executive | | | February 23, 2022 | | |  |
|  | Officer (Principal Executive Officer) | | |  |
|  |  | **Peter J. Federico** | | |  |  |  |  |  |  |  |
|  |  |  |  |  | Executive Vice President and Chief Financial | | |  |  |  |  |
|  | /s/ BERNICE E. BELL | | | | Officer (Principal Financial Officer and | | | February 23, 2022 | | |  |
|  | Principal Accounting Officer) | | |  |
|  |  | **Bernice E. Bell** | | |  |  |  |  |  |  |  |
|  | /s/ GARY D. KAIN | | | | Director, Executive Chair | | | February 23, 2022 | | |  |
|  |  | **Gary D. Kain** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **Donna J. Blank** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **Morris A. Davis** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **John D. Fisk** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **Andrew A. Johnson, Jr.** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **Prue B. Larocca** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **Paul E. Mullings** | | |  |  |  |  |  |  |  |
|  |  | \* | |  | Director | | | February 23, 2022 | | |  |
|  |  | **Frances R. Spark** | | |  |  |  |  |  |  |  |
| \*By: | /s/ | KENNETH L. POLLACK | | |  |  |  |  |  |  |  |
|  |  | **Kenneth L. Pollack** | | |  |  |  |  |  |  |  |
|  |  | ***Attorney-in-fact*** | | |  |  |  |  |  |  |  |
|  |  |  |  |  | 83 |  |  |  |  |  |  |

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

AGNC INVESTMENT CORP.

As amended and in effect through April 23, 2020

ARTICLE I

NAME

The name of the Corporation is AGNC Investment Corp.

ARTICLE II

ADDRESS OF REGISTERED OFFICE; NAME OF REGISTERED AGENT

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

ARTICLE III

PURPOSE AND POWER

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law.

ARTICLE IV

CAPITAL STOCK

Section 4.1. Total Number of Shares of Capital Stock. The total number of shares of capital stock of all classes that the Corporation

shall have authority to issue is 1,510,000,000 shares. The authorized stock is divided into 10,000,000 shares of preferred stock, with the par value of

$0.01 each (the “Preferred Stock”), and 1,500,000,000 shares of common stock, with the par value of $0.01 each (the “Common Stock”). The Board of

Directors of the Corporation (the “Board of Directors”) may classify any unissued shares of stock and reclassify any previously classified but unissued

shares of stock from time to time, in one or more classes or series of stock.

Section 4.2 Preferred Stock. Authority is hereby expressly granted to the Board of Directors of the Corporation (the "Board of Directors"), subject to the provisions of this Article IV and to the limitations prescribed by the General Corporation Law, to authorize the issue of one or more classes of Preferred Stock and, with respect to each such class, to fix by resolution or resolutions providing for the issue of such class the voting powers, full or limited, if any, of the shares of such class, the designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each class thereof shall include, but not be limited to, the determination or fixing of the following:

1. the designation of such class;
2. the number of shares to compose such class, which number the Board of Directors may thereafter (except where otherwise provided in a resolution designating a particular class) increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares thereof then outstanding);
3. the dividend rate of such class, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes of capital stock of the Corporation and whether such dividends shall be cumulative or noncumulative;
4. whether the shares of such class shall be subject to redemption by the Corporation and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;
5. the terms and amount of any sinking fund provided for the purchase or redemption of the shares of such class;

1. whether the shares of such class shall be convertible into or exchangeable for shares of any other class or classes of any capital stock or any other securities of the Corporation, and, if provision is made for conversion or exchange, the times, prices, rates, adjustments and other terms and conditions of such conversion or exchange;
2. the extent, if any, to which the holders of shares of such class shall be entitled to vote with respect to the election of directors or

otherwise;

1. the restrictions, if any, on the issue or reissue of any additional Preferred Stock;
2. the rights of the holders of the shares of such class upon the dissolution of, voluntary or involuntary liquidation, winding up or upon the distribution of assets of the Corporation; and
3. the manner in which any facts ascertainable outside the resolution or resolutions providing for the issue of such class shall operate upon the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of such class.

Section 4.3 Common Stock. (a) Subject to all of the rights of the holders of Preferred Stock provided for by resolution or resolutions of the Board of Directors pursuant to this Article IV or by the General Corporation Law, each holder of Common Stock shall have one vote per share of Common Stock held by such holder on all matters on which holders of Common Stock are entitled to vote and shall have the right to receive notice of and to vote at all meetings of the stockholders of the Corporation.

1. The holders of Common Stock shall have the right to receive dividends as and when declared by the Board of Directors in its sole discretion, subject to any limitations on the declaring of dividends imposed by the General Corporation Law or the rights of holders of Preferred Stock provided for by resolution or resolutions of the Board of Directors pursuant to this Article IV.
2. Stockholders shall not have preemptive rights to acquire additional shares of stock of any class which the Corporation may elect to

issue or sell.

Section 4.4 Issuance of Rights to Purchase Securities and Other Property. Subject to all of the rights of the holders of Preferred Stock provided for by resolution or resolutions of the Board of Directors pursuant to this Article IV or by the General Corporation Law, the Board of Directors is hereby authorized to create and to authorize and direct the issuance (on either a pro rata or a non-pro rata basis) by the Corporation of rights, options and warrants for the purchase of shares of capital stock of the Corporation, other securities of the Corporation or shares or other securities of any successor in interest of the Corporation (a "Successor"), at such times, in such amounts, to such persons, for such consideration, with such form and content (including without limitation the consideration for which any shares of capital stock of the Corporation, other securities of the Corporation or shares or other securities of any Successor are to be issued) and upon such terms and conditions as it may from time to time determine, subject only to the restrictions, limitations, conditions and requirements imposed by the General Corporation Law, other applicable laws and this Certificate of Incorporation.

Section 4.5 Certificate of Incorporation and By-laws. All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of the Certificate of Incorporation and the By-laws of the Corporation (the "By-laws").

ARTICLE V

BOARD OF DIRECTORS

Section 5.1 Power of the Board of Directors. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. In furtherance, and not in limitation, of the powers conferred by the General Corporation Law, the Board of Directors is expressly authorized to:

1. adopt, amend, alter, change or repeal the By-laws; provided, however, that no By-laws hereafter adopted shall invalidate any prior act of the directors that was valid at the time such action was taken;
2. determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the business and affairs of the Corporation, including the power to designate and empower committees of the Board of Directors to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for, Board meetings, as well as quorum and voting requirements for, and the manner of taking, Board action; and

1. exercise all such powers and do all such acts as may be exercised or done by the Corporation, subject to the provisions of the General Corporation Law, this Certificate of Incorporation and the By-laws.

Section 5.2 Number of Directors. The number of directors constituting the Board of Directors shall be as specified in the By-laws of the

Corporation.

Section 5.3 Classes, Election and Term. The directors shall be elected by the stockholders at each annual meeting of the stockholders for a one-year term. The term of all current directors will end at the 2009 annual meeting of stockholders. Commencing with the 2009 annual meeting of stockholders, each director shall hold office for a one-year term and until such director's successor shall have been duly elected and qualified.

Section 5.4 Vacancies. Any vacancies in the Board of Directors for any reason and any newly created directorships resulting by reason of any increase in the number of directors may be filled only by the Board of Directors, acting by a majority of the remaining directors then in office, although less than a quorum, or by a sole remaining director, and any directors so appointed shall hold office until the next annual election of directors and until their successors are duly elected and qualified.

Section 5.5 Removal of Directors. Except as may be provided in a resolution or resolutions providing for any class of Preferred Stock pursuant to Article IV hereof, with respect to any directors elected by the holders of such class, any director, or the entire Board of Directors, may be removed from office at any time with or without cause by the affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of all of the shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class.

Section 5.6 REIT Qualification. If the Corporation elects to qualify for federal income tax treatment as a REIT (as defined in Article VIII hereof), the Board of Directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the qualification of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code (as defined in Article VIII hereof). The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VIII hereof is no longer required for REIT qualification.

ARTICLE VI

STOCKHOLDER ACTION

Except as may be provided in a resolution or resolutions providing for any class of Preferred Stock pursuant to Article IV hereof, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Meetings of stockholders may be held within or without the State of Delaware, as the By-laws may provide. Elections of directors need not be by written ballot, unless otherwise provided in the By-laws of the Corporation.

ARTICLE VII

INDEMNIFICATION

Section 7.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact:

1. that he or she is or was a director or officer of the Corporation, or
2. that he or she, being at the time a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise (collectively, "another enterprise" or "other enterprise"),

whether either in case (a) or in case (b) the basis of such proceeding is alleged action or inaction (x) in an official capacity as a director or officer of the Corporation, or as a director, trustee, officer, employee or agent of such other enterprise, or (y) in any other capacity related to the Corporation or such other enterprise while so serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent not prohibited by Section 145 of the General Corporation Law, (or any successor provision or provisions, respectively) as the same exists or may hereafter be amended, respectively (but, in the case of any amendment to

Section 145 of the General Corporation Law, with respect to actions taken prior to such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith if such person satisfied the applicable level of care to permit such indemnification under the General Corporation Law; provided however, that nothing in this Article VII shall indemnify any person to the extent that such person has committed willful misfeasance, bad faith, gross negligence or reckless disregard involved in the conduct of such person's duties to or for the Corporation. The persons indemnified by this Article VII are hereinafter referred to as "indemnities." Such indemnification as to such alleged action or inaction shall continue as to an indemnitee who has after such alleged action or inaction ceased to be a director or officer of the Corporation, or director, officer, employee or agent of another enterprise; and shall inure to the benefit of the indemnitee's heirs, executors and administrators. The right to indemnification conferred in this Article VII: (i) shall be a contract right; (ii) shall not be affected adversely as to any indemnitee by any amendment of this Certificate with respect to any action or inaction occurring prior to such amendment; and (iii) shall, subject to any requirements imposed by law and the By-laws, include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition.

Section 7.2. Relationship to Other Rights and Provisions Concerning Indemnification. The rights to indemnification and to the advancement of expenses conferred in this Article VII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Certificate, By-laws, agreement, vote of stockholders or disinterested directors or otherwise. The By-laws may contain such other provisions concerning indemnification, including provisions specifying reasonable procedures relating to and conditions to the receipt by indemnitees of indemnification, provided that such provisions are not inconsistent with the provisions of this Article VII.

Section 7.3 Agents and Employees. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of expenses, to any agent of the Corporation (or any person serving at the Corporation's request as a director, trustee, officer, employee or agent of another enterprise) or to persons who are or were a director, officer, employee or agent of any of the Corporation's affiliates, predecessor or subsidiary corporations or of a constituent corporation absorbed by the Corporation in a consolidation or merger or who is or was serving at the request of such affiliate, predecessor or subsidiary corporation or of such constituent corporation as a director, officer, employee or agent of another enterprise, in each case as determined by the Board of Directors to the fullest extent of the provisions of this Article VII in cases of the indemnification and advancement of expenses of directors and officers of the Corporation, or to any lesser extent (or greater extent, if permitted by law) determined by the Board of Directors.

ARTICLE VIII

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 8.1 Definitions. For the purpose of this Article VIII, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term “Aggregate Stock Ownership Limit” shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Capital Stock, subject to the Board of Directors' power under Section 8.2.8 hereof to increase or decrease such percentage. The value and number of the outstanding shares of Capital Stock shall be determined by the Board of Directors of the Corporation in good faith, which determination shall be conclusive for all purposes hereof. For the purposes of determining the percentage ownership of Capital Stock by any Person, shares of Capital Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation directly or constructively held by such Person, but not Capital Stock issuable with respect to the conversion exchange or exercise of securities for the Corporation held by other Persons shall be deemed to be outstanding prior to conversion, exchange or exercise.

Beneficial Ownership. The term “Beneficial Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

Business Day. The term “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term “Capital Stock” shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Trust as determined pursuant to Section 8.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Certificate of Incorporation. The term “Certificate of Incorporation” shall mean the Certificate of Incorporation of the Corporation.

Code. The term “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

Common Stock Ownership Limit. The term “Common Stock Ownership Limit” shall mean not more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock, subject to the Board of Directors' power under Section 8.2.8 hereof to increase or decrease such percentage. The number and value of the outstanding shares of Common Stock of the Corporation shall be determined by the Board of Directors of the Corporation in good faith, which determination shall be conclusive for all purposes hereof. For purposes of determining the percentage ownership of Common Stock by any Person, shares of Common Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation directly or constructively held by such Person, but not Common Stock issuable with respect to the conversion, exchange or exercise of securities for the Corporation held by other Persons, shall be deemed to be outstanding prior to conversion, exchange or exercise.

Constructive Ownership. The term “Constructive Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned actually or constructively through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

Excepted Holder. The term “Excepted Holder” shall mean a Person for whom an Excepted Holder Limit is created by the Certificate of Incorporation or by the Board of Directors pursuant to Section 8.2.7.

Excepted Holder Limit. The term “Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Certificate of Incorporation or by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 8.2.8, the percentage limit established for an Excepted Holder by the Board of Directors pursuant to Section 8.2.7.

Initial Date. The term “Initial Date” shall mean the date upon which the Amended and Restated Certificate of Incorporation containing this Article VIII are filed with the Delaware Secretary of State.

Market Price. The term “Market Price” on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on Nasdaq or, if such Capital Stock is not listed or admitted to trading on Nasdaq, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors of the Corporation or, in the event that no trading price is

available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors of the Corporation.

General Corporation Law. The term “General Corporation Law” shall mean the Delaware General Corporation Law, as amended from

time to time.

Nasdaq. The term “Nasdaq” shall mean The NASDAQ Stock Market, Inc.

Person. The term “Person” shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner. The term “Prohibited Owner” shall mean, with respect to any purported Transfer (or other event), any Person who, but for the provisions of Section 8.2.1, would Beneficially Own or Constructively Own shares of Capital Stock in violation of the provisions of 8.2.1(a) and, if appropriate in the context, shall also mean any Person who would have been the record owner of the shares of Capital Stock that the Prohibited Owner would have so owned.

REIT. The term “REIT” shall mean a real estate investment trust within the meaning of Section 856 of the Code.

Restriction Termination Date. The term “Restriction Termination Date” shall mean the first day after the Initial Date on which the Corporation determines pursuant to Section 5.6 of the Certificate of Incorporation that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. The term “Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Trust. The term “Trust” shall mean any trust provided for in Section 8.3.1.

Trustee. The term “Trustee” shall mean the Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Trust.

Section 8.2 Capital Stock.

Section 8.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date:

1. Basic Restrictions.
2. (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own either shares of Capital Stock in excess of the Aggregate Stock Ownership Limit or shares of Common Stock in excess of the Common Stock Ownership Limit and (2) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.
3. No Person shall Beneficially or Constructively Own shares of Capital Stock to the extent that such Beneficial or Constructive Ownership of Capital Stock would result in the Corporation being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, but not limited to, Beneficial or Constructive Ownership to the extent that such Beneficial or Constructive Ownership would result in the Corporation owning (actually or Constructively) a 9.9% interest in a tenant that is described in Section

856(d)(2)(B) of the Code (for this purpose, a tenant from whom the Corporation (or an entity owned or controlled by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of the Board of Directors of the Corporation, rent from such tenant would not adversely affect the Corporation’s ability to qualify as a REIT, shall not be treated as a tenant of the Corporation)).

1. Notwithstanding any other provisions contained herein, no Person shall Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of Nasdaq or any other national securities exchange or automated inter-dealer quotation system) that, if effective, would result in the Capital Stock being Beneficially Owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code).
2. Transfer in Trust. If any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of Nasdaq or any other national securities exchange or automated inter-dealer quotation system) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 8.2.1(a),
3. then that number of shares of Capital Stock the Beneficial or Constructive Ownership of which otherwise would cause such Person to violate Section 8.2.1(a) (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 8.3, effective as of the close of business on the Business Day prior to the date of such Transfer (or other event), and such Person shall acquire no rights in such shares of Capital Stock; or
4. if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 8.2.1(a), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 8.2.1(a) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.
5. In determining which shares of Capital Stock are to be transferred to a Trust in accordance with this Section 8.2.1(b) and Section 8.3 hereof, shares shall be so transferred to a Trust in such manner that minimizes the aggregate value of the shares that are transferred to the Trust (except to the extent that the Board of Directors determines that the shares transferred to the Trust shall be those directly or indirectly held or Beneficially Owned or Constructively Owned by a Person or Persons that caused or contributed to the application of this Section 8.2.1(b)), and to the extent not inconsistent therewith, on a pro rata basis.
6. To the extent that, upon a transfer of shares of Capital Stock pursuant to this Section 8.2.1(b), a violation of Section 8.2.1(a) would nonetheless be continuing, (for example where the ownership of shares of Capital Stock by a single Trust would result in the Capital Stock being beneficially owned (determined under the principles of Section 856(a)(5) of the Code) by less than 100 persons), the shares of Capital Stock shall be transferred to that number of Trusts, each having a distinct Trustee and a Charitable Beneficiary or Beneficiaries that are distinct from those of each other Trust, such that there is no violation of Section 8.2.1(a).

Section 8.2.2 Remedies for Breach. If the Board of Directors of the Corporation or any duly authorized committee thereof (or other designees if permitted by the General Corporation Law) shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 8.2.1(a) or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 8.2.1(a) (whether or not such violation is intended), the Board of Directors or a committee thereof (or other designees if permitted by the General Corporation Law) shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfer or attempted Transfer or other event in violation of Section 8.2.1(a) shall automatically result in the transfer to the Trust described above and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 8.2.3 Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 8.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 8.2.1(b) shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and

shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation’s qualification as a REIT.

Section 8.2.4 Owners Required to Provide Information. From the Initial Date and prior to the Restriction Termination Date:

1. every owner of more than five percent (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) in number or value of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of Capital Stock and other shares of the Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation’s qualification as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit; and
2. each Person who is a Beneficial or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation’s qualification as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit.

Section 8.2.5 Remedies Not Limited. Subject to Section 5.6 of the Certificate of Incorporation, nothing contained in this Section 8.2 shall limit the authority of the Board of Directors of the Corporation to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation’s qualification as a REIT.

Section 8.2.6 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 8.2, Section 8.3 or any definition contained in Section 8.1, the Board of Directors of the Corporation shall have the power to determine the application of the provisions of this Section 8.2 or Section 8.3 or any such definition with respect to any situation based on the facts known to it. In the event Section 8.2 or Section 8.3 requires an action by the Board of Directors and the Certificate of Incorporation fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 8.1, 8.2 or 8.3. Absent a decision to the contrary by the Board of Directors (which the Board of Directors may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in Section 8.2.1) acquired Beneficial Ownership or Constructive Ownership of Capital Stock in violation of Section 8.2.1, such remedies (as applicable) shall apply first to the shares of Capital Stock that, but for such remedies, would have been actually owned by such Person, and second to shares of Capital Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Capital Stock based upon the relative number of the shares of Capital Stock held by each such Person.

Section 8.2.7 Exceptions.

1. Subject to Section 8.2.1, the Board of Directors of the Corporation, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit, or both such limits and may establish or increase an Excepted Holder Limit for such Person if:
2. the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual’s Beneficial or Constructive Ownership of such shares of Capital Stock will violate Section 8.2.1(a)(ii);
3. such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned or controlled by the Corporation) that would cause the Corporation to own, actually or Constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant and the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact; and
4. such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Sections 8.2.1

through 8.2.6) will result in such shares of Capital Stock being automatically transferred to a Trust in accordance with Sections 8.2.1(b) and 8.3.

1. Prior to granting any exception pursuant to Section 8.2.7(a), the Board of Directors of the Corporation may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation’s qualification as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.
2. Subject to Section 8.2.1(a)(ii), an underwriter or placement agent that participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering or private placement.
3. The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (i) with the written consent of such Excepted Holder at any time, or (ii) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Aggregate Stock Ownership Limit or the Common Stock Ownership Limit, as the case may be.

Section 8.2.8 Change in Aggregate Stock Ownership Limit and Common Stock Ownership Limit. The Board of Directors may from time to time increase or decrease the Aggregate Stock Ownership Limit and Common Stock Ownership Limit; provided, however, that a decreased Aggregate Stock Ownership Limit or Common Stock Ownership Limit will not be effective for any Person whose percentage ownership of Capital Stock or Common Stock, as the case may be, is in excess of such decreased Aggregate Stock Ownership Limit or Common Stock Ownership Limit until such time as such Person's percentage of Capital Stock or Common Stock, as the case may be, equals or falls below the decreased Aggregate Stock Ownership Limit or Common Stock Ownership, but until such time as such Person's percentage of Capital Stock or Common Stock, as the case may be, falls below such decreased Aggregate Stock Ownership Limit or Common Stock Ownership Limit, any further acquisition of Capital Stock or Common Stock will be in violation of the Aggregate Stock Ownership Limit or Common Stock Ownership Limit and, provided further, that the new Aggregate Stock Ownership Limit or Common Stock Ownership Limit would not allow five or fewer individuals (as defined in Section 542(a)(2) of the Code and taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Capital Stock. If the Board of Directors changes the Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, it will (i) notify each stockholder of record of any such change, and (ii) publicly announce any such change, in each case at least 30 days prior to the effective date of such change.



Section 8.2.9 Legend. Each certificate for shares of Capital Stock shall bear substantially the following legend:

“The shares of any class or series of the Corporation’s stock (the “Capital Stock”) represented by this certificate are subject to restrictions on Beneficial Ownership, Constructive Ownership and Transfer (as each such capitalized term is defined in the Corporation’s Certificate of Incorporation, as the same may be amended from time to time (the "Certificate of Incorporation")) for the purpose of the Corporation's maintenance of its status as a real estate investment trust (a “REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”). Subject to certain further restrictions and except as expressly provided in the Certificate of Incorporation, (i) no Person (as defined in the Certificate of Incorporation) may Beneficially Own or Constructively Own shares of the Corporation’s common stock, par value $0.01 per share (the “Common Stock”) in excess of 9.8% (in value or number of shares, whichever is more restrictive) of the total outstanding shares of Common Stock unless such Person is an Excepted Holder (as defined in the Certificate of Incorporation), in which case the Excepted Holder Limit (as defined in the Certificate of Incorporation) shall be applicable; (ii) no Person may Beneficially Own or Constructively Own shares of Capital Stock in excess of 9.8% (in value or number of shares, whichever is more restrictive) of the total outstanding shares of Capital Stock, unless such Person is an Excepted Holder, in which case the Excepted Holder Limit shall be applicable; (iii) no Person may Beneficially Own or Constructively Own shares of Capital Stock that would result in the Corporation being “closely held” under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially Owns or Constructively Owns, or attempts to Beneficially Own or Constructively

Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the above restrictions on Beneficial Ownership, Constructive Ownership or Transfer are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trust (as defined in the Certificate of Incorporation) for the benefit of one or more Charitable Beneficiaries (as defined in the Certificate of Incorporation). In addition, the Board of Directors shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock; provided, however, that any Transfer or attempted Transfer or other event in violation of the above restrictions on Beneficial Ownership, Constructive Ownership and Transfer shall automatically result in the above transfer to the Trust and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors. The Board of Directors may, pursuant to Section 8.2.8 of the Certificate of Incorporation, increase or decrease the percentage of Common Stock or Capital Stock that a person may Beneficially Own or Constructively Own.

A copy of the Certificate of Incorporation, including the above restrictions on Beneficial Ownership, Constructive Ownership and Transfer, will be furnished to each holder of Capital Stock on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.”

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 8.3 Transfer of Capital Stock in Trust.

Section 8.3.1 Ownership in Trust. Upon any purported Transfer or other event described in Section 8.2.1(a) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 8.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 8.3.6.

Section 8.3.2 Status of Shares Held by the Trustee. Shares of Capital Stock held by the Trustee shall continue to be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the shares of Capital Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

Section 8.3.3 Dividend and Voting Rights. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid with respect to such shares of Capital Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividend or distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust and, subject to the General Corporation Law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee’s sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VIII, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 8.3.4 Sale of Shares by Trustee. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 8.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the

shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 8.3.4. The Prohibited Owner shall receive the lesser of (i) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust (e.g., in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (ii) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owned by the Prohibited Owner to the Trustee pursuant to Section 8.3.3 of this Article VIII. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (a) such shares shall be deemed to have been sold on behalf of the Trust and (b) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 8.3.4, such excess shall be paid to the Trustee upon demand.

Section 8.3.5 Purchase Right in Stock Transferred to the Trustee. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 8.3.3 of this Article VIII. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 8.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

Section 8.3.6 Designation of Charitable Beneficiaries. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (i) the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 8.2.1(a) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Section 8.4 Nasdaq Transactions. Nothing in this Article VIII shall preclude the settlement of any transaction entered into through the facilities of Nasdaq or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VIII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VIII.

Section 8.5 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VIII.

Section 8.6 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 8.7 Severability. If any provision of this Article VIII or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE IX

LIMITATION ON LIABILITY OF DIRECTORS

A director of the Corporation shall, to the maximum extent now or hereafter permitted by Section 102(b)(7) of the General Corporation Law (or any successor provision or provisions), have no personal liability to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such director has committed willful misfeasance, bad faith, gross negligence or reckless disregard of such director's duties involved in the conduct of the office of director.

ARTICLE X

COMPROMISE

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of the General Corporation Law, trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of the General Corporation Law, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ARTICLE XI

AMENDMENT OF BY-LAWS

The Board of Directors shall have power to adopt, amend, alter, change and repeal any By-laws by a vote of the majority of the Board of Directors then in office. In addition to any requirements of the General Corporation Law (and notwithstanding the fact that a lesser percentage may be specified by the General Corporation Law), any adoption, amendment, alteration, change or repeal of any By-laws by the stockholders of the Corporation shall require the affirmative vote of the holders of at least sixty-six percent (66%) of the combined voting power of all of the shares of all classes of capital stock of the Corporation then entitled to vote generally in the election of directors.

ARTICLE XII

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation hereby reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation. Except as may be provided in a resolution or resolutions providing for any class of Preferred Stock pursuant to Article IV hereof and which relate to such class of Preferred Stock and except as provided in Article IV hereof, any such amendment, alteration, change or repeal shall require the affirmative vote of both (a) a majority of the members of the Board of Directors then in office and (b) a majority of the combined voting power of all of the shares of all classes of capital stock of the Corporation then entitled to vote generally in the election of directors.

By a vote of the majority of the Board of Directors then in office, the Board of Directors may adopt a resolution providing that at any time prior to the filing of the amendment with the Secretary of State, notwithstanding authorization of the proposed amendment by the stockholders, the Board of Directors may abandon such proposed amendment without further action by the stockholders.

Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least sixty-six percent (66%) of the combined voting power of all of the shares of all classes of capital stock of the Corporation then entitled to vote shall be required to amend, repeal or adopt any provision inconsistent with Article V herein.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Books and Records. The books of the Corporation may be kept (subject to any provision contained in the General Corporation Law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-laws of the Corporation.

Section 13.2 Section 203. The Corporation expressly elects not to be governed by Section 203 of the General Corporation Law.

Exhibit 4.16

**DESCRIPTION OF THE REGISTRANT’S SECURITIES**

**REGISTERED PURSUANT TO SECTION 12 OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

The following description sets forth certain material terms and provisions of AGNC Investment Corp.’s securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

The description below does not purport to be complete and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of Delaware on April 23, 2020 (the “Charter”), our Amended and Restated Bylaws (the “Bylaws”), as in effect since September 30, 2016 and each prospectus, prospectus supplement and certificate of designations which was filed with the U.S. Securities and Exchange Commission (“SEC”), as applicable, at or prior to the time of sale of the related security. If so indicated in the applicable prospectus supplement, the terms of any such security may differ from the terms set forth below. If there are differences between the prospectus supplement relating to a particular security and the applicable prospectus, the prospectus supplement controls. When used in this exhibit, the terms “AGNC,” “we,” “our” and “us” refer solely to AGNC Investment Corp. and not to its subsidiaries. We urge you to read our Charter, as amended, our Bylaws and each prospectus, prospectus supplement and certificate of designations applicable to the related security in their entirety.

As of December 31, 2021, we had five classes of registered securities listed on The Nasdaq Global Select Market, our common stock and 7.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, 6.875% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock,

6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, and 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock.

**DESCRIPTION OF EQUITY SECURITIES**

**General**

Our Charter provides that we may issue up to 1,500,000,000 shares of common stock and 10,000,000 shares of preferred stock, both having a par value of $0.01 per share. Of these shares of preferred stock, 13,800 shares have been designated as our 7.00% Series C Fixed-to-Floating Cumulative Redeemable Preferred Stock (“Series C Preferred Stock”), 10,350 shares have been designated as our 6.875% Series D Fixed-to-Floating Cumulative Redeemable Preferred Stock (“Series D Preferred Stock”), 16,100 shares have been designated as our 6.50% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (“Series E Preferred Stock”) and 23,000 shares have been designated as our 6.125% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (“Series F Preferred Stock”). As of December 31, 2021, 522,223,792 shares of our common stock, 13,000 shares of our Series C Preferred Stock, 9,400 shares of our Series D Preferred Stock, 16,100 shares of our Series E Preferred Stock and 23,000 shares of our Series F Preferred Stock were issued and outstanding.

**Common Stock**

***Voting Rights***

Subject to the restrictions contained in our Charter regarding the transfer and ownership of our capital stock and except as may otherwise be specified in the terms of any class or series of common stock, our common stockholders are entitled to one vote per share. Our common stockholders are not entitled to cumulate their votes in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by all holders of our common stock present in person or represented by proxy, voting together as a single class; provided, that if the number of nominees for director exceeds the number of directors to be elected at our annual meeting, each director shall be elected by a plurality of the votes cast. Except as otherwise provided by law, amendments to our Charter must be approved by a majority or, with respect to provisions relating to the powers, numbers, classes, elections, terms and removal of our directors, the ability to fill vacancies on our Board of

Directors and our election to qualify as a REIT, 66% of the combined voting power of all shares of all classes of capital stock entitled to vote generally in the election of directors, voting together as a single class.

***Dividend Rights***

Subject to the restrictions contained in our Charter regarding the transfer and ownership of our capital stock, our common stockholders will share ratably (based on the number of common shares held) if and when any dividend is declared by our Board of Directors.

***Liquidation Rights***

On our liquidation, dissolution or winding up, each of our common stockholders will be entitled to a pro rata dividend of any assets available for distribution to common stockholders.

***Other Matters***

In the event of our merger or consolidation with or into another company in connection with which shares of common stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all of our common stockholders will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash).

**Preferred Stock**

***Description of Series C Preferred Stock Underlying Our Depositary Shares***

On August 17, 2017, we filed a certificate of designations (the “Series C Certificate of Designations”) with the Secretary of State of the State of Delaware to designate 13,800 shares of our Series C Preferred Stock with the powers, designations, preferences and other rights set forth in the Series C Certificate of Designations. The Series C Certificate of Designations became effective upon filing on August 17, 2017. On August 22, 2017, we issued 13,000 shares of the Series C Preferred Stock, which shares were deposited with Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, against which depositary receipts evidencing 13,000,000 depositary shares were issued, all of which remain outstanding as of December 31, 2021. Each depositary share represents 1/1,000th of a share of Series C Preferred Stock. The depositary shares underlying the Series C Preferred Stock are listed on the Nasdaq Global Select Market under the symbol “AGNCN.”

*Ranking*. The Series C Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation,dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series C Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series C Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible to our common stock or preferred stock) and to the indebtedness of our existing subsidiary and any future subsidiaries.

*Distributions*. Holders of shares of the Series C Preferred Stock are entitled to receive, when, as and if declared by our Board of Directors, out of fundslegally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series C Preferred Stock from and including the date of original issuance to, but not including, October 15, 2022 (the “Fixed Rate Period”) is at the rate of 7.00% of the $25,000 liquidation preference per share of Series C Preferred Stock per annum (equivalent to $1,750 per annum per share of Series C Preferred Stock or $1.75 per annum per depositary share). On and after October 15, 2022 (the “Floating Rate Period”), dividends on the Series C Preferred Stock will accumulate at a percentage of the $25,000 liquidation preference per share of Series C Preferred Stock equal to an annual floating rate of the Three-Month LIBOR Rate plus a spread of 5.111%. Dividends on the Series C Preferred Stock accumulate daily and are cumulative from, and including, the date of original issue (August 22, 2017) and are payable quarterly in arrears on the 15th day of each January, April, July and October; provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends accumulate and are cumulative from, and including, the date of original issuance. Dividends payable for

any dividend period during the Fixed Rate Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and dividends payable for any dividend period during the Floating Rate Period will be calculated on the basis of a 360-day year and the number of days actually elapsed. Dividends will be payable to holders of record as they appear in our stock records for the Series C Preferred Stock at the close of business on the applicable record date, which shall be the first day of the calendar month, in which the applicable dividend payment date falls.

*Liquidation Preference*. In the event of our voluntary or involuntary liquidation, dissolution or winding up, holders of the Series C Preferred Stock willbe entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of our capital stock we may issue ranking senior to the Series C Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of $25,000 per share ($25.00 per depositary share), plus an amount equal to any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to holders of our common stock or any other class or series of our stock that we may issue that ranks junior to the Series C Preferred Stock as to liquidation rights.

*Redemption*. The Series C Preferred Stock will not be redeemable by us prior to October 15, 2022, except under circumstances intended to preserve ourqualification as a REIT for federal income tax purposes and except upon the occurrence of a Change of Control (as defined in the Series C Certificate of Designations). On or after October 15, 2022, we may, at our option, redeem any or all of the shares of the Series C Preferred Stock at $25,000 per share ($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the shares of Series C Preferred Stock within 120 days after the first date on which such Change of Control occurred at $25,000 per share ($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date.

*Maturity*. The Series C Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstandingindefinitely unless repurchased or redeemed by us or converted into our common stock in connection with a Change of Control by the holders of Series C Preferred Stock.

*Voting Rights*. Holders of Series C Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series C PreferredStock for six or more quarterly dividend periods (whether or not consecutive), the holders of the Series C Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our Board of Directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series C Preferred Stock, subject to certain limitations. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock is required for us to authorize or issue any class or series of stock ranking senior to the Series C Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our Charter so as to materially and adversely affect any rights of the Series C Preferred Stock or to take certain other actions.

*Conversion*. Upon the occurrence of a Change of Control, each holder of Series C Preferred Stock will have the right (subject to our election to redeemthe Series C Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined in the Series C Certificate of Designations)) to convert some or all of the Series C Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series C Preferred Stock determined by a formula, in each case, on the terms and subject to the conditions described in the Series C Certificate of Designations, including provisions for the receipt, under specified circumstances, of alternative consideration.

***Description of Series D Preferred Stock Underlying Our Depositary Shares***

On March 5, 2019, we filed a certificate of designations (the “Series D Certificate of Designations”) with the Secretary of State of the State of Delaware to designate 10,350 shares of our Series D Preferred Stock with the powers, designations, preferences and other rights set forth in the Series D Certificate of Designations. The Series D

Certificate of Designations became effective upon filing on March 5, 2019. On March 6, 2019, we issued 9,000 shares of the Series D Preferred Stock, which shares were deposited with Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, against which depositary receipts evidencing 9,000,000 depositary shares were issued, and on March 20, 2019, we subsequently issued an additional 400 shares of the Series D Preferred Stock, which shares were deposited with Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, against which depositary receipts evidencing 400,000 depositary shares were issued, all of which remain outstanding as of December 31, 2021. Each depositary share represents 1/1,000th of a share of Series D Preferred Stock. The depositary shares underlying the Series D Preferred Stock are listed on the Nasdaq Global Select Market under the symbol “AGNCM.”

*Ranking*. The Series D Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation,dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, including the Series D Preferred Stock; (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible to our common stock or preferred stock) and to the indebtedness of our existing subsidiary and any future subsidiaries.

*Distributions*. Holders of shares of the Series D Preferred Stock are entitled to receive, when, as and if declared by our Board of Directors, out of fundslegally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series D Preferred Stock from and including the date of original issuance to, but not including, April 15, 2024 (the “Fixed Rate Period”) is at the rate of 6.875% of the $25,000 liquidation preference per share of Series D Preferred Stock per annum (equivalent to $1,718.75 per annum per share of Series D Preferred Stock or $ 1.71875 per annum per depositary share). On and after April 15, 2024 (the “Floating Rate Period”), dividends on the Series D Preferred Stock will accumulate at a percentage of the $25,000 liquidation preference per share of Series D Preferred Stock equal to an annual floating rate of the Three-Month LIBOR Rate plus a spread of 4.332%. Dividends on the Series D Preferred Stock accumulate daily and are cumulative from, and including, the date of original issue (March 6, 2019) and are payable quarterly in arrears on the 15th day of each January, April, July and October; provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends accumulate and are cumulative from, and including, the date of original issuance. Dividends payable for any dividend period during the Fixed Rate Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and dividends payable for any dividend period during the Floating Rate Period will be calculated on the basis of a 360-day year and the number of days actually elapsed. Dividends will be payable to holders of record as they appear in our stock records for the Series D Preferred Stock at the close of business on the applicable record date, which shall be the first day of the calendar month, in which the applicable dividend payment date falls.

*Liquidation Preference*. In the event of our voluntary or involuntary liquidation, dissolution or winding up, holders of the Series D Preferred Stock willbe entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of our capital stock we may issue ranking senior to the Series D Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of $25,000 per share ($25.00 per depositary share), plus an amount equal to any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to holders of our common stock or any other class or series of our stock that we may issue that ranks junior to the Series D Preferred Stock as to liquidation rights.

*Redemption*. The Series D Preferred Stock will not be redeemable by us prior to April 15, 2024, except under circumstances intended to preserve ourqualification as a REIT for federal income tax purposes and except upon the occurrence of a Change of Control (as defined in the Series D Certificate of Designations). On or after April 15, 2024, we may, at our option, redeem any or all of the shares of the Series D Preferred Stock at $25,000 per share

($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the shares of Series D Preferred Stock within 120 days after the first date on which such Change of Control occurred at $25,000 per share ($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date.

*Maturity*. The Series D Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstandingindefinitely unless repurchased or redeemed by us or converted into our common stock in connection with a Change of Control by the holders of Series D Preferred Stock.

*Voting Rights*. Holders of Series D Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series D PreferredStock for six or more quarterly dividend periods (whether or not consecutive), the holders of the Series D Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series D Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our Board of Directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series D Preferred Stock, subject to certain limitations. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock is required for us to authorize or issue any class or series of stock ranking senior to the Series D Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our Charter so as to materially and adversely affect any rights of the Series D Preferred Stock or to take certain other actions.

*Conversion*. Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock will have the right (subject to our election to redeemthe Series D Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined in the Series D Certificate of Designations)) to convert some or all of the Series D Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series D Preferred Stock determined by a formula, in each case, on the terms and subject to the conditions described in the Series D Certificate of Designations, including provisions for the receipt, under specified circumstances, of alternative consideration.

***Description of Series E Preferred Stock Underlying Our Depositary Shares***

On October 2, 2019, we filed a certificate of designations (the “Series E Certificate of Designations”) with the Secretary of State of the State of Delaware to designate 16,100 shares of our Series E Preferred Stock with the powers, designations, preferences and other rights set forth in the Series E Certificate of Designations. The Series E Certificate of Designations became effective upon filing on October 2, 2019. On October 3, 2019, we issued 16,100 shares of the Series E Preferred Stock, which shares were deposited with Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, against which depositary receipts evidencing 16,100,000 depositary shares were issued, all of which remain outstanding as of December 31, 2021. Each depositary share represents 1/1,000th of a share of Series E Preferred Stock. The depositary shares underlying the Series E Preferred Stock are listed on the Nasdaq Global Select Market under the symbol “AGNCO.”

*Ranking*. The Series E Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation,dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series E Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, including the Series E Preferred Stock; (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series E Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible to our common stock or preferred stock) and to the indebtedness of our existing subsidiary and any future subsidiaries.

*Distributions*. Holders of shares of the Series E Preferred Stock are entitled to receive, when, as and if declared by our Board of Directors, out of fundslegally available for the payment of dividends, cumulative cash dividends. The

initial dividend rate for the Series E Preferred Stock from and including the date of original issuance to, but not including, October 15, 2024 (the “Fixed Rate Period”) is at the rate of 6.50% of the $25,000 liquidation preference per share of Series E Preferred Stock per annum (equivalent to $1,625 per annum per share of Series E Preferred Stock or $1.625 per annum per depositary share). On and after October 15, 2024 (the “Floating Rate Period”), dividends on the Series E Preferred Stock will accumulate at a percentage of the $25,000 liquidation preference per share of Series E Preferred Stock equal to an annual floating rate of the Three-Month LIBOR Rate plus a spread of 4.993%. Dividends on the Series E Preferred Stock accumulate daily and are cumulative from, and including, the date of original issue (October 3, 2019) and are payable quarterly in arrears on the 15th day of each January, April, July and October; provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends accumulate and are cumulative from, and including, the date of original issuance. Dividends payable for any dividend period during the Fixed Rate Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and dividends payable for any dividend period during the Floating Rate Period will be calculated on the basis of a 360-day year and the number of days actually elapsed. Dividends will be payable to holders of record as they appear in our stock records for the Series E Preferred Stock at the close of business on the applicable record date, which shall be the first day of the calendar month, in which the applicable dividend payment date falls.

*Liquidation Preference*. In the event of our voluntary or involuntary liquidation, dissolution or winding up, holders of the Series E Preferred Stock willbe entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of our capital stock we may issue ranking senior to the Series E Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of $25,000 per share ($25.00 per depositary share), plus an amount equal to any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to holders of our common stock or any other class or series of our stock that we may issue that ranks junior to the Series E Preferred Stock as to liquidation rights.

*Redemption*. The Series E Preferred Stock will not be redeemable by us prior to October 15, 2024, except under circumstances intended to preserve ourqualification as a REIT for federal income tax purposes and except upon the occurrence of a Change of Control (as defined in the Series E Certificate of Designations). On or after October 15, 2024, we may, at our option, redeem any or all of the shares of the Series E Preferred Stock at $25,000 per share ($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the shares of Series E Preferred Stock within 120 days after the first date on which such Change of Control occurred at $25,000 per share ($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date.

*Maturity*. The Series E Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstandingindefinitely unless repurchased or redeemed by us or converted into our common stock in connection with a Change of Control by the holders of Series E Preferred Stock.

*Voting Rights*. Holders of Series E Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series E PreferredStock for six or more quarterly dividend periods (whether or not consecutive), the holders of the Series E Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series E Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our Board of Directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series E Preferred Stock, subject to certain limitations. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series E Preferred Stock is required for us to authorize or issue any class or series of stock ranking senior to the Series E Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our Charter so as to materially and adversely affect any rights of the Series E Preferred Stock or to take certain other actions.

*Conversion*. Upon the occurrence of a Change of Control, each holder of Series E Preferred Stock will have the right (subject to our election to redeemthe Series E Preferred Stock in whole or in part, as described above, prior to

the Change of Control Conversion Date (as defined in the Series E Certificate of Designations)) to convert some or all of the Series E Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series E Preferred Stock determined by a formula, in each case, on the terms and subject to the conditions described in the Series E Certificate of Designations, including provisions for the receipt, under specified circumstances, of alternative consideration.

***Description of Series F Preferred Stock Underlying Our Depositary Shares***

On February 10, 2020, we filed a certificate of designations (the “Series F Certificate of Designations”) with the Secretary of State of the State of Delaware to designate 23,000 shares of our Series F Preferred Stock with the powers, designations, preferences and other rights set forth in the Series F Certificate of Designations. The Series F Certificate of Designations became effective upon filing on February 10, 2020. On February 11, 2020, we issued 23,000 shares of the Series F Preferred Stock, which shares were deposited with Computershare Inc. and Computershare Trust Company, N.A., jointly as depositary, against which depositary receipts evidencing 23,000,000 depositary shares were issued, all of which remain outstanding as of December 31, 2021. Each depositary share represents 1/1,000th of a share of Series F Preferred Stock. The depositary shares underlying the Series F Preferred Stock are listed on the Nasdaq Global Select Market under the symbol “AGNCP.”

*Ranking*. The Series F Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation,dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series F Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, including the Series F Preferred Stock; (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series F Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible to our common stock or preferred stock) and to the indebtedness of our existing subsidiary and any future subsidiaries.

*Distributions*. Holders of shares of the Series F Preferred Stock are entitled to receive, when, as and if declared by our Board of Directors, out of fundslegally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series F Preferred Stock from and including the date of original issuance to, but not including, April 15, 2025 (the “Fixed Rate Period”) is at the rate of 6.125% of the $25,000 liquidation preference per share of Series F Preferred Stock per annum (equivalent to $1,531.25 per annum per share of Series F Preferred Stock or $ 1.53125 per annum per depositary share). On and after April 15, 2025 (the “Floating Rate Period”), dividends on the Series F Preferred Stock will accumulate at a percentage of the $25,000 liquidation preference per share of Series F Preferred Stock equal to an annual floating rate of the Three-Month LIBOR Rate plus a spread of 4.697%. Dividends on the Series F Preferred Stock accumulate daily and are cumulative from, and including, the date of original issue (February 11, 2020) and are payable quarterly in arrears on the 15th day of each January, April, July and October; provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends accumulate and are cumulative from, and including, the date of original issuance. Dividends payable for any dividend period during the Fixed Rate Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and dividends payable for any dividend period during the Floating Rate Period will be calculated on the basis of a 360-day year and the number of days actually elapsed. Dividends will be payable to holders of record as they appear in our stock records for the Series F Preferred Stock at the close of business on the applicable record date, which shall be the first day of the calendar month, in which the applicable dividend payment date falls.

*Liquidation Preference*. In the event of our voluntary or involuntary liquidation, dissolution or winding up, holders of the Series F Preferred Stock willbe entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of our capital stock we may issue ranking senior to the Series F Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of $25,000 per share ($25.00 per depositary share), plus an amount equal to any accumulated and unpaid dividends to, but not including, the date of payment, before any

distribution of assets is made to holders of our common stock or any other class or series of our stock that we may issue that ranks junior to the Series F Preferred Stock as to liquidation rights.

*Redemption*. The Series F Preferred Stock will not be redeemable by us prior to April 15, 2025, except under circumstances intended to preserve our

qualification as a REIT for federal income tax purposes and except upon the occurrence of a Change of Control (as defined in the Series F Certificate of

Designations). On or after April 15, 2025, we may, at our option, redeem any or all of the shares of the Series F Preferred Stock at $25,000 per share

($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the redemption date. In addition, upon the occurrence of

a Change of Control, we may, at our option, redeem any or all of the shares of Series F Preferred Stock within 120 days after the first date on which such

Change of Control occurred at $25,000 per share ($25.00 per depositary share) plus any accumulated and unpaid dividends to, but not including, the

redemption date.

*Maturity*. The Series F Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstandingindefinitely unless repurchased or redeemed by us or converted into our common stock in connection with a Change of Control by the holders of Series F Preferred Stock.

*Voting Rights*. Holders of Series F Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series F PreferredStock for six or more quarterly dividend periods (whether or not consecutive), the holders of the Series F Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series F Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our Board of Directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series F Preferred Stock, subject to certain limitations. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series F Preferred Stock is required for us to authorize or issue any class or series of stock ranking senior to the Series F Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our Charter so as to materially and adversely affect any rights of the Series F Preferred Stock or to take certain other actions.

*Conversion*. Upon the occurrence of a Change of Control, each holder of Series F Preferred Stock will have the right (subject to our election to redeemthe Series F Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined in the Series F Certificate of Designations)) to convert some or all of the Series F Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series F Preferred Stock determined by a formula, in each case, on the terms and subject to the conditions described in the Series F Certificate of Designations, including provisions for the receipt, under specified circumstances, of alternative consideration.

**Restrictions on Ownership and Transfer of Our Capital Stock**

In order to qualify as a REIT under the Internal Revenue Code, our shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, no more than 50% of the value of our outstanding shares of capital stock may be owned, directly or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the second half of any calendar year.

Our Charter, subject to certain exceptions, contains restrictions on the number of shares of our common stock and our capital stock that a person may own and may prohibit certain entities from owning our shares. Our Charter provides that (subject to certain exceptions described below) no person may beneficially or constructively own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of either our common stock or our capital stock. Pursuant to our Charter, our Board of Directors has the power to increase or decrease the percentage of our common stock and our capital stock that a person may beneficially or constructively own. However, any decreased stock ownership limit will not apply to any person whose percentage ownership of our common stock or our capital stock, as the case may be, is in excess of such decreased stock ownership limit until that person’s percentage ownership of our common stock or our capital stock, as the case may be, equals or falls below the decreased stock ownership limit. Until such

a person’s percentage ownership of our common stock or our capital stock, as the case may be, falls below such decreased stock ownership limit, any further acquisition of common stock will be in violation of the decreased stock ownership limit. If our Board of Directors changes the stock ownership limit, it will (i) notify each stockholder of record of any such change, and (ii) publicly announce any such change, in each case at least 30 days prior to the effective date of such change.

Our Charter also prohibits any person from beneficially or constructively owning shares of our capital stock that would result in our being “closely held” under Section 856(h) of the Internal Revenue Code or otherwise cause us to fail to qualify as a REIT and from transferring shares of our capital stock if the transfer would result in our capital stock being beneficially owned by fewer than 100 persons. In addition, no such person may own an interest in any tenant that would cause us to own, actually or constructively, more than a 9.9% interest in such tenant. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our capital stock that will or may violate any of the foregoing restrictions on transferability and ownership, or who is the intended transferee of shares of our capital stock that are transferred to the trust (as described below), is required to give written notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on transferability and ownership will not apply if our Board of Directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Our Board of Directors, in its sole discretion, may exempt a person from the foregoing restrictions. The person seeking an exemption must provide to our Board of Directors such conditions, representations and undertakings as our Board of Directors may deem reasonably necessary to conclude that granting the exemption will not cause us to lose our qualification as a REIT. Our Board of Directors may also require a ruling from the Internal Revenue Service (the “IRS”) or an opinion of counsel in order to determine or ensure our qualification as a REIT in the context of granting such exemptions.

Any attempted transfer of our capital stock which, if effective, would result in a violation of the foregoing restrictions will cause the number of shares causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in such shares. The automatic transfer will be deemed to be effective as of the close of business on the business day (as defined in our Charter) prior to the date of the transfer. If, for any reason, the transfer to the trust does not occur or would not prevent a violation of the restrictions on ownership contained in our Charter, our Charter provides that the purported transfer will be void ab initio. Shares of our capital stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares of our capital stock held in the trust, will have no rights to dividends and no rights to vote or other rights attributable to the shares of capital stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of capital stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Delaware law, the trustee will have the authority to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of our capital stock have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon such sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows: the proposed transferee will receive the lesser of (1) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our Charter) of the shares on the day of the event causing the shares to be held in the trust and (2) the price received by the trustee from the sale or other disposition of the shares. Any net sale proceeds in excess of the amount payable to

the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that shares of our capital stock have been transferred to the trust, the shares are sold by the proposed transferee, then (1) the shares shall be deemed to have been sold on behalf of the trust and (2) to the extent that the proposed transferee received an amount for the shares that exceeds the amount the proposed transferee was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of our capital stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and the market price on the date we, or our designee, accept the offer. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee.

Every owner of more than 5% (or such lower percentage as required by the Internal Revenue Code or the regulations promulgated thereunder) in number or in value of all classes or series of our capital stock, including shares of our common stock, within 30 days after the end of each taxable year, will be required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of shares of our capital stock that the owner beneficially owns and a description of the manner in which the shares are held. Each owner shall provide to us such additional information as we may request to determine the effect, if any, of the beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limitations. In addition, each such owner shall, upon demand, be required to provide to us such information as we may request, in good faith, to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the 9.8% ownership limitations in our Charter.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or might otherwise be in the best interests of our stockholders.

**Anti-Takeover Effects of Delaware Law and Our Charter and Bylaws**

Our Charter and Bylaws contain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of our Company unless the takeover or change in control is approved by our Board of Directors. In addition to the above-described restrictions regarding the transfer and ownership of our capital stock, these provisions include the following:

***Stockholder Action by Written Consent***

Our Charter provides that stockholder action may not be taken by written consent in lieu of a meeting and that stockholder action may be taken only at an annual or special meeting of stockholders.

***Elimination of the Ability to Call Special Meetings***

Our Bylaws provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our chief executive officer, pursuant to a resolution adopted by a majority of our Board of Directors or a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority include the power to call such meetings, or by the chair of our Board of Directors. Stockholders are not permitted to call a special meeting or to require our Board of Directors to call a special meeting.

***Removal of Directors; Board of Directors Vacancies***

Our Charter provides that members of our Board of Directors may only be removed for cause, and only with the affirmative vote of the holders of at least 66% of the combined voting power of all the shares of all classes of our capital stock entitled to vote generally in the election of directors. Our Bylaws provide that only our Board of Directors may fill vacant directorships. These provisions would prevent a stockholder from gaining control of our Board of Directors by removing incumbent directors and filling the resulting vacancies with such stockholder’s own nominees.

***Amendment of Certificate of Incorporation and By-laws***

The General Corporation Law of the State of Delaware, or DGCL, provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote is required to amend or repeal a corporation’s certificate of incorporation or by-laws, unless the certificate of incorporation requires a greater percentage. Our Charter generally requires the approval of both a majority of the combined voting power of all the classes of shares of our capital stock entitled to vote generally in the election of directors and a majority of the members of our Board of Directors to amend any provisions of our Charter except that provisions of our Charter relating to the powers, numbers, classes, elections, terms and removal of our directors, the ability to fill vacancies on our Board of Directors and our election to qualify as a REIT requires the affirmative vote of at least 66% of the combined voting power of all the shares of all classes of our capital stock entitled to vote generally in the election of directors. In addition, our Charter (i) grants our Board of Directors the authority to amend and repeal our Bylaws without a stockholder vote in any manner not inconsistent with the DGCL and (ii) requires that stockholders may only amend our Bylaws with the affirmative vote of 66% of the combined voting power of all the shares of all classes of our capital stock entitled to vote generally in the election of directors.

The foregoing provisions of our Charter and Bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors and in the policies formulated by our Board of Directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority stockholders.

**Section 203 of the DGCL**

We will not be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly- held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the “business combination” or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status, did own) 15% or more of a corporation’s voting stock. In our original certificate of incorporation, we elected not to be bound by Section 203.

Exhibit 10.8

**FIRST AMENDMENT TO EMPLOYMENT AGREEMENT**

This First Amendment (“Amendment”) to the Amended and Restated Employment Agreement dated January 22, 2021 (the “Agreement”) between Aaron J. Pas (the “Executive”) and AGNC Mortgage Management, LLC, a Delaware limited liability company (the “Company”), is entered into as of January 21, 2022 (“Effective Date”).

**W I T N E S S E T H:**

WHEREAS, the Company and the Executive are parties to the Agreement and wish to enter into this Amendment to revise certain terms and conditions of the Agreement on and after the Effective Date;

WHEREAS, it is in the interests of the Company that the Executive’s services continue to be available to the Company; and

WHEREAS, it is a condition to the Executive’s continued employment by the Company that the Executive execute and deliver this Amendment, and in order to induce the Executive to continue the Executive’s employment, the Company has agreed to provide the Executive with the rights and benefits described more fully herein.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Paragraph 4(b) of the Agreement is amended and restated in its entirety to read as follows:
   1. Annual Cash Bonus. With respect to each calendar year during the Employment Period, the Executive shall be eligible to earn an annual cash bonus. The actual annual bonus will be the product of the target value (the “Target Annual Bonus Amount”) and a factor based on the level of achievement of specified performance measures and goals set by the Compensation Committee (with, subject to the Compensation Committee Charter, input from the Chief Executive Officer) for such calendar year (the “Annual Performance Goals”). The factor is expected to be above 1.0 for above plan performance and below 1.0 if performance is below expectations or corporate goals are not fully met. Performance below a defined threshold level may result in no bonus payment for such measure. For the calendar year 2022 bonus to be paid in 2023, and for each calendar year thereafter, the Target Annual Bonus Amount shall be no less than 200% of the Executive’s Base Salary. The Compensation Committee (with, subject to the Compensation Committee Charter, input from the Chief Executive Officer), in its reasonable judgment and no later than ninety (90) days after the beginning of each calendar year, shall determine the weightings of each performance measure and the threshold, target and maximum for each

performance goal, which in aggregate will comprise the “Corporate Scorecard” for that calendar year. Executive’s Annual Performance Goals may be a combination of the “corporate scorecard” and individual contributions of the Executive, and, the weighting thereof, as well as performance versus this criteria, shall be determined by the Compensation Committee (with, subject to the Compensation Committee Charter, input from the Chief Executive Officer), in its reasonable judgment. To the extent that specified performance measures and goals apply to other executives of the Company, the threshold, target and maximum levels associated with such specified performance measures and goals will apply to the Executive in the same manner as they apply to such other executives. Subject to the provisions of paragraph 6, the Executive must be employed on the date on which the annual cash bonus is paid in order to receive payment of any such annual cash bonus pursuant to this subparagraph 4(b). Any annual cash bonus earned pursuant to this subparagraph 4(b) shall be paid to the Executive by March 15 of the calendar year following the calendar year to which such annual cash bonus relates.

1. Paragraph 4(c) of the Agreement is amended and restated in its entirety to read as follows:
   1. Long-Term Incentive Awards. Beginning in the first quarter of calendar year 2022, and during the first quarter of each calendar year of the Employment Period thereafter, Executive shall be eligible to receive long-term incentive award(s), subject to approval by the Board, as part of the Company’s long-term incentive program applicable to other executives (the “Target Annual LTIA”). Beginning in the calendar year 2022 and beyond, such grants shall have an aggregate target fair value equal to no less than 200% of Executive’s Base Salary for the corresponding calendar year (initially set at $900,000). Annual grants will be comprised of a combination of 50% “Performance-Based Awards” that shall vest based upon the achievement of certain specified performance metrics (as determined by the Compensation Committee in its reasonable judgment) (the “Performance-Based Metrics”) measured over a multi-year performance period with the amount of shares and the associated performance targets specified at or before the grant date of the award, and 50% time-based awards that shall vest based on continued service over a multi-year period. If the Performance-Based Metrics are exceeded (as determined by the Compensation Committee in its reasonable judgment), the Executive may earn up to 200% of the target number of shares underlying the Performance-Based Award. Notwithstanding the foregoing, each Target Annual LTIA shall be subject to approval by the Board and to the terms and conditions of the Equity Plan and the applicable award agreement(s) to be entered into between AGNC and the Executive, which shall be consistent with the terms hereof.
2. Effect on Agreement. Other than as specifically amended herein, the Agreement shall remain in full force and effect.
3. Complete Agreement. This Amendment together with the Agreement embodies the complete agreement and understanding between the parties with respect to the subject matter hereof.

1. Counterparts. This Amendment may be executed in one or more counterparts (including electronically transmitted counterparts), each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.
2. Choice of Law. This Amendment shall be governed by, and construed in accordance with, the internal, substantive laws of the State of Maryland. The Company and the Executive agree that the state and federal courts located in the State of Maryland shall have jurisdiction in any action, suit or proceeding based on or arising out of this Amendment and the Company and the Executive hereby:
   1. submit to the personal jurisdiction of such courts, (b) consent to service of process in connection with any action, suit or proceeding and (c) waive any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

**AGNC MORTGAGE MANAGEMENT, LLC**

* Peter Federico : Peter Federico

President and Chief Executive Officer

**UTIVE**

/s/ Aaron Pas

Aaron J. Pas

Exhibit 10.11

**AMENDED AND RESTATED AGNC INVESTMENT CORP.**

**2016 EQUITY AND INCENTIVE COMPENSATION PLAN**

1. **Purpose**. The purpose of this Plan is to attract and retain non-employee Directors and officers and other employees of theCompany and the Subsidiaries and to provide to such persons incentives and rewards for service or performance.
2. **Definitions**. As used in this Plan:
   1. “Affiliate” means any Person that directly or indirectly Controls, is Controlled by or is under common Control with the

Company.

* 1. “Appreciation Right” means a right granted pursuant to Section 5 of this Plan.
  2. “Base Price” means the price to be used as the basis for determining the Spread upon the exercise of an Appreciation Right.
  3. “Board” means the Board of Directors of the Company.
  4. “Cash Incentive Award” means a cash award granted pursuant to Section 8 of this Plan.
  5. “Change of Control” has the meaning set forth in Section 12 of this Plan.
  6. “Code” means the Internal Revenue Code of 1986, as amended from time to time.
  7. “Committee” means the Compensation and Corporate Governance Committee of the Board (or its successor(s)) or any other committee of the Board designated by the Board to administer this Plan pursuant to Section 10 of this Plan, and to the extent of any delegation by the Committee to a subcommittee pursuant to Section 10 of this Plan, such subcommittee.
  8. “Common stock” means the common stock, par value $0.01 per share, of the Company or any security into which such common stock may be changed by reason of any transaction or event of the type referred to in Section 11 of this Plan.
  9. “Company” means AGNC Investment Corp., a Delaware corporation, and its successors.
  10. “Control,” “Controlled by” and “under common Control with” means, as applied to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.
  11. “Date of Grant” means the date specified by the Committee on which a grant of an Option Right, an Appreciation Right, Performance Shares, Performance Units, a Cash Incentive Award or other award contemplated by Section 9 of this Plan, or a grant or sale of Restricted Shares, Restricted Stock Units or other awards contemplated by Section 9 of this Plan, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).
  12. “Director” means a member of the Board.
  13. “Effective Date” means January 21, 2021, the date on which this amended and restated Plan was adopted by the Board, subject to obtaining the approval of the Stockholders.

1. “Evidence of Award” means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under this Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.
2. “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.
3. “Incentive Stock Option” means an Option Right that is intended to qualify as an “incentive stock option” under Section 422 of the Code or any successor provision.
4. “Incumbent Directors” means the individuals who, as of the Effective Date, are Directors and any individual becoming a Director subsequent to the Effective Date whose election, nomination for election by the Stockholders or appointment was approved by a vote of at least a majority of the then-Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such Person is named as a nominee for Director without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual’s election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
5. “Management Objectives” means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares, Performance Units or Cash Incentive Awards or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Shares, Restricted Stock Units, dividend equivalents or other awards pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of one or more of the Subsidiaries, divisions, departments, regions, functions or other organizational units within the Company or the Subsidiaries. The Management Objectives may be made relative to the performance of other companies or subsidiaries, divisions, departments, regions, functions or other organizational units within such other companies and may be made relative to an index or one or more of the performance objectives themselves. The Management Objectives may be based on one or more, or a combination, of metrics as determined by the Committee (including relative or growth achievement regarding such metrics), which may be determined on an absolute, aggregate, per share, cash or other basis. Such metrics may include (but will not be limited to) the following: (i) cash flow measures; (ii) cash available for distribution; (iii) earnings; (iv) net income, net operating income or other earnings or income measures (including earnings adjusted to exclude interest, taxes, depreciation, amortization and/or rent); (v) share price performance; (vi) book value; (vii) dividends; (viii) return measures (including total economic return (including by taking into account changes in net asset value and dividends declared or paid), total stock return or total shareholder return (including by taking into account changes in share prices plus dividends declared or paid) or return on assets, capital, invested capital, equity or revenue); (ix) valuation metrics (including price-to-book ratio); (x) revenue; (xi) profit margin; (xii) expense levels or ratios and reduction of expenses and costs; (xiii) cost control measures; (xiv) balance sheet metrics or objectives; (xv) debt levels or reduction of debt ratios; (xvi) operating efficiency and productivity; (xvii) funds from operations; (xviii) completion of, or achievement of milestones or objectives related to, financing or capital raising transactions, strategic acquisitions or divestitures, joint ventures, partnerships, collaborations or other transactions or improvements in capital structure; (xix) strategic objectives consisting of capital allocation and investment strategy, maintenance or achievement of credit ratings, execution of business extensions or expansion plans, execution or implementation of transition or development plans or transactions, branding

or rebranding, management effectiveness, staffing development, team building and management, management of legal and regulatory matters, regulatory and legal compliance, satisfactory internal or external audits, budget and expense management and management of co-investment relationships, risk management and mitigation; or (xx) corporate values measures, including, but not limited to, sustainability, human capital, and governance-related measures.

Unless otherwise determined by the Committee, each Management Objective will exclude the effects of certain designated items identified at the time of grant. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, the manner in which it conducts its business or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable.

1. “Market Value per Share” means, as of any particular date, the closing price of a share of common stock as reported for that date on the Nasdaq Stock Market or, if the shares of common stock are not then listed on the Nasdaq Stock Market, on any other national securities exchange on which the shares of common stock are listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred. If there is no regular public trading market for the shares of common stock, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the applicable Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.
2. “Optionee” means the optionee named in an Evidence of Award evidencing an outstanding Option Right.
3. “Option Price” means the purchase price payable on exercise of an Option Right.
4. “Option Right” means the right to purchase shares of common stock upon exercise of an award granted pursuant to Section 4

of this Plan.

1. “Participant” means a person who is selected by the Committee to receive an award under this Plan and who is at the time (i) an officer or other employee of the Company or any Subsidiary, including a person who has agreed to commence serving in such capacity within 90 days after the Date of Grant, (ii) a Person who provides services to the Company or any Subsidiary that are equivalent to those typically provided by an officer or other employee (provided that such Person satisfies the Form S-8 definition of an “employee”) or (iii) a non-employee Director.
2. “Performance Period” means, in respect of a Cash Incentive Award, Performance Shares or Performance Units, a period of time established pursuant to Section 8 of this Plan within which the Management Objectives relating to such Cash Incentive Award, Performance Shares or Performance Units are to be achieved.
3. “Performance Share” means a bookkeeping entry that records the equivalent of one share of common stock awarded pursuant to Section 8 of this Plan.
4. “Performance Unit” means a bookkeeping entry awarded pursuant to Section 8 of this Plan that records a unit valued by reference to a designated amount of cash or property other than shares of common stock, as is determined by the Committee.
5. “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

1. “Plan” means this AGNC Investment Corp. Amended and Restated 2016 Equity and Incentive Compensation Plan, as amended from time to time.
2. “Restricted Shares” means shares of common stock granted or sold pursuant to Section 6 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.
3. “Restricted Stock Units” means an award made pursuant to Section 7 of this Plan of the right to receive shares of common stock, cash or a combination thereof at the end of the Restriction Period.
4. “Restriction Period” means the period of time during which Restricted Stock Units are subject to restrictions, as provided in Section 7 of this Plan.
5. “Spread” means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Base Price provided for with respect to the Appreciation Right.
6. “Stockholder” means an individual or entity that owns one or more shares of common stock.
7. “Subsidiary” means a corporation, company or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, unincorporated association or other similar entity), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity is, in either such case, owned or Controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any Person may be a Participant for purposes of any grant of Incentive Stock Options, “Subsidiary” means any corporation in which the Company at the time owns or Controls, directly or indirectly, more than 50% of the total combined Voting Power represented by all classes of stock issued by such corporation.
8. “Voting Power” means, at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company or members of the board of directors or similar body in the case of another entity.
9. **Shares Available Under this Plan**.
   1. Maximum Shares Available Under this Plan.
   2. Subject to adjustment as provided in **Section 11** of this Plan and the share counting rules set forth in **Section 3(b)** below, the number of shares of common stock available under this Plan for awards of (A) Option Rights or Appreciation Rights, (B) Restricted Shares,
10. Restricted Stock Units, (D) Performance Shares or Performance Units, (E) awards contemplated by **Section 9** of this Plan or (F) dividend equivalents paid with respect to awards made under this Plan will not exceed in the aggregate 40,000,000 shares of common stock. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.
    1. The aggregate number of shares of common stock available under **Section 3(a)(i)** above will be reduced by one share of common stock for every one share of common stock subject to an award granted under this Plan.
       1. Share Counting Rules.
11. Except as provided in **Section 22** of this Plan, if any award granted under this Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part), the shares of common stock

subject to such award will, to the extent of such cancellation, forfeiture, expiration or cash settlement, again be available under **Section 3(a)**

1. above.
   1. Notwithstanding anything to the contrary contained in this Plan, (A) shares of common stock withheld by the Company, tendered or otherwise used in payment of the Option Price of an Option Right will not be added (or added back, as applicable) to the aggregate number of shares of common stock available under **Section 3(a)(i)** above; (B) shares of common stock withheld by the Company, tendered or otherwise used to satisfy a tax withholding obligation with respect to an Option Right or an Appreciation Right will not be added (or added back, as applicable) to the aggregate number of shares of common stock available under **Section 3(a)(i)** above; (C) shares of common stock withheld by the Company, tendered or otherwise used to satisfy (up to but not exceeding) the minimum tax withholding obligation with respect to Restricted Shares, Restricted Stock Units, Performance Shares, Performance Units, awards contemplated by **Section 9** of this Plan or dividend equivalents paid with respect to awards made under this Plan will be added (or added back, as applicable)to the aggregate number of shares of common stock available under **Section 3(a)(i)** above; and (D) shares of common stock subject to an Appreciation Right that are not actually issued in connection with the settlement in shares of common stock of such Appreciation Right on the exercise thereof will not be added (or added back) to the aggregate number of shares of common stock available under **Section 3(a)(i)** above.
   2. Notwithstanding anything to the contrary contained in this Plan, shares of common stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Option Rights will not be added to the aggregate number of shares of common stock available under **Section 3(a)(i)** above.
   3. If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for shares of common stock based on fair market value, such shares of common stock will not count against the aggregate limit under **Section 3(a)(i)** above.
      1. Limit on Incentive Stock Options. Notwithstanding anything to the contrary contained in this Section 3 or elsewhere in this Plan, and subject to adjustment as provided in Section 11 of this Plan, the aggregate number of shares of common stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 10,000,000 shares of common stock.
   4. Individual Participant Limits. Notwithstanding anything to the contrary contained in this Section 3 or elsewhere in this Plan, and subject to adjustment as provided in Section 11 of this Plan:
2. In no event will any Participant in any calendar year be granted Option Rights and/or Appreciation Rights, in the aggregate, for more than 1,000,000 shares of common stock; provided, however, that with respect to a Participant’s first year of service with the Company, the amount set forth in this **Section 3(d)(i)** is multiplied by two.
3. In no event will any non-employee Director in any calendar year be granted awards under this Plan having an aggregate maximum value at the Date of Grant (calculating the value of any such awards based on the grant date fair value for financial reporting purposes), taken together with any cash fees payable to such non-employee Director for such calendar year, in excess of $750,000 for service as a non-employee Director; provided, however, that with respect to the non-executive Chair of the Board, the amount set forth in this **Section 3(d)(ii)** for such service is $1,000,000.
4. **Option Rights**. The Committee may, from time to time and upon such terms and conditions as it may determine, authorizethe granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations and will be subject to all of the requirements contained in the following provisions:

* + 1. Each grant will specify the number of shares of common stock to which it pertains, subject to the limitations set forth in Section 3 of this Plan.
    2. Each grant will specify an Option Price per share of common stock, which (except with respect to awards under Section 22 of this Plan) may not be less than the Market Value per Share on the Date of Grant.
    3. Each grant will specify whether the Option Price will be payable (i) in cash, by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of shares of common stock owned by the Optionee having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, by the Company’s withholding of shares of common stock otherwise issuable upon exercise of an Option Right pursuant to a “net exercise” arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the shares of common stock so withheld will not be treated as issued and acquired by the Company upon such exercise), (iv) by a combination of such methods of payment or (v) by such other methods as may be approved by the Committee.
  1. To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares of common stock to which such exercise relates.
  2. Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised. No grant may provide for the automatic grant of reload Option Rights to a Participant upon the exercise of an Option Right.
     1. Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Right or installments thereof will become exercisable. A grant of an Option Right may provide for the earlier exercise of such Option Right, including (i) in the event of the retirement, death or disability of a Participant or (ii) in the event of a Change of Control where either (A) within a specified period the Participant experiences a qualifying termination of employment or service, as applicable, in a manner described in the applicable Evidence of Award or (B) such Option Right is not continued, assumed or converted into a replacement award in a manner described in the applicable Evidence of Award.
     2. Any grant of an Option Right may specify Management Objectives that must be achieved as a condition to the exercise of

such right.

* + 1. Option Rights granted under this Plan may be (i) options, including Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended to so qualify or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of “employees” under Section 3401(c) of the Code.
    2. No Option Right will be exercisable more than 10 years from the Date of Grant.
    3. Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.
    4. Each grant of an Option Right will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

1. **Appreciation Rights**.

* + 1. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to any Participant of an Appreciation Right. An Appreciation Right will be a right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100%) at the time of exercise.
    2. Each grant of an Appreciation Right may utilize any or all of the authorizations and will be subject to all of the requirements contained in the following provisions:

1. Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, shares of common stock or any combination thereof.
2. Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee on the Date of Grant.
3. Any grant may specify waiting periods before exercise and permissible exercise dates or periods.
4. Each grant will specify the period or periods of continuous service by the Participant with the Company or any Subsidiary that is necessary before the Appreciation Right or any installment thereof will become exercisable. A grant of an Appreciation Right may provide for the earlier exercise of such Appreciation Right, including (A) in the event of the retirement, death or disability of a Participant or (B) in the event of a Change of Control where either (I) within a specified period the Participant experiences a qualifying termination of employment or service, as applicable, in a manner described in the applicable Evidence of Award or (II) such Appreciation Right is not continued, assumed or converted into a replacement award in a manner described in the applicable Evidence of Award.
5. Any grant of an Appreciation Right may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Right.
6. Each grant of an Appreciation Right will be evidenced by an Evidence of Award, which Evidence of Award will describe such Appreciation Right and contain such other terms and provisions, consistent with this Plan, as the Committee may approve.
   * 1. Successive grants of Appreciation Rights may be made to the same Participant regardless of whether any Appreciation Right previously granted to the Participant remains unexercised. No grant may provide for the automatic grant of reload Appreciation Rights to a Participant upon the exercise of an Appreciation Right.
   1. Also, regarding Appreciation Rights:
7. Each grant will specify in respect of each Appreciation Right a Base Price, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant; and
8. No Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.
9. **Restricted Shares**. The Committee may, from time to time and upon such terms and conditions as it may determine,authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations and will be subject to all of the requirements contained in the following provisions:
   1. Each such grant or sale will constitute an immediate transfer of the ownership of shares of common stock to the Participant in consideration of the performance of services, entitling such Participant

to voting, dividend and other ownership rights but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter described.

* + - 1. Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.
      2. Each such grant or sale will provide that the Restricted Shares covered by such grant or sale will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant or until achievement of Management Objectives referred to in Section 6(e) below.
    1. Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares will be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant (which restrictions may include rights of repurchase or first refusal of the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture while held by any transferee).
    2. Any grant of Restricted Shares may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Shares.
       1. Notwithstanding anything to the contrary contained in this Plan, any grant or sale of Restricted Shares may provide for the earlier termination of restrictions on such Restricted Shares, including (i) in the event of the retirement, death or disability of a Participant or (ii) in the event of a Change of Control where either (A) within a specified period the Participant experiences a qualifying termination of employment or service, as applicable, in a manner described in the applicable Evidence of Award or (B) such Restricted Shares are not continued, assumed or converted into replacement awards in a manner described in the applicable Evidence of Award.
       2. Any such grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and/or reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying award; provided, however, that dividends or other distributions on Restricted Shares with restrictions that lapse as a result of the achievement of Management Objectives will be deferred until, and paid contingent upon, the achievement of the applicable Management Objectives.
       3. Each grant or sale of Restricted Shares will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Shares will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares, or

1. all Restricted Shares will be held at the Company’s transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Shares.
   1. **Restricted Stock Units**. The Committee may, from time to time and upon such terms and conditions as it may determine,authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations and will be subject to all of the requirements contained in the following provisions:
      * 1. Each such grant or sale will constitute the agreement by the Company to deliver shares of common stock or cash, or a combination thereof, to the Participant in the future in consideration of the performance of services but subject to the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Committee may specify.

* + - 1. Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.
      2. Notwithstanding anything to the contrary contained in this Plan, any grant or sale of Restricted Stock Units may provide for the earlier lapse or other modification of the Restriction Period, including (i) in the event of the retirement, death or disability of a Participant or (ii) in the event of a Change of Control where either (A) within a specified period the Participant experiences a qualifying termination of employment or service, as applicable, in a manner described in the applicable Evidence of Award or (B) such Restricted Stock Units are not continued, assumed or converted into replacement awards in a manner described in the applicable Evidence of Award.
    1. During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the shares of common stock deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at or after the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current, deferred or contingent basis, either in cash or in additional shares of common stock; provided, however, that dividend equivalents or other distributions on shares of common stock underlying Restricted Stock Units with restrictions that lapse as a result of the achievement of Management Objectives will be deferred until, and paid contingent upon, the achievement of the applicable Management Objectives.
    2. Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in shares of common stock or cash, or a combination thereof.
       1. Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.
  1. **Cash Incentive Awards, Performance Shares and Performance Units**. The Committee may, from time to time and uponsuch terms and conditions as it may determine, authorize the granting of Cash Incentive Awards, Performance Shares and Performance Units. Each such grant may utilize any or all of the authorizations and will be subject to all of the requirements, contained in the following provisions:
     + 1. Each grant will specify the number or amount of Performance Shares or Performance Units, or amount payable with respect to a Cash Incentive Award, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.
       2. The Performance Period with respect to each Cash Incentive Award or grant of Performance Shares or Performance Units will be such period of time as will be determined by the Committee, which may be subject to earlier lapse or other modification, including

1. in the event of the retirement, death or disability of a Participant or (ii) in the event of a Change of Control where either (A) within a specified period the Participant experiences a qualifying termination of employment or service, as applicable, in a manner described in the applicable Evidence of Award or (B) such Cash Incentive Awards, Performance Shares and Performance Units are not continued, assumed or converted into replacement awards in a manner described in the applicable Evidence of Award. In such event, the Evidence of Award will specify the time and terms of delivery.
   * + 1. Each grant of a Cash Incentive Award, Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable

level or levels of achievement and may set forth a formula for determining the number of Performance Shares or Performance Units, or amount payable with respect to a Cash Incentive Award, that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives.

1. Each grant will specify the time and manner of payment of a Cash Incentive Award, Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in shares of common stock, in Restricted Shares or Restricted Stock Units or in any combination thereof.
2. Any grant of a Cash Incentive Award, Performance Shares or Performance Units may specify that the amount payable or the number of shares of common stock, Restricted Shares or Restricted Stock Units payable with respect thereto may not exceed a maximum specified by the Committee on the Date of Grant.
   1. The Committee may, on the Date of Grant of Performance Shares, provide for the payment of dividend equivalents to the holder thereof either in cash or in additional shares of common stock, subject in all cases to deferral and payment on a contingent basis based on the Participant’s earning of the Performance Shares with respect to which such dividend equivalents are paid.
   2. Each grant of a Cash Incentive Award, Performance Shares or Performance Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

f.**Other Awards**.

* 1. Subject to applicable law and the applicable limits set forth in Section 3 of this Plan, the Committee may grant to any Participant shares of common stock or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of common stock or factors that may influence the value of such shares, including convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of common stock, purchase rights for shares of common stock, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, Affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of the shares of common stock or the value of securities of, or the performance of, specified Subsidiaries or Affiliates or other business units of, the Company. The Committee will determine the terms and conditions of such awards. Shares of common stock delivered pursuant to an award in the nature of a purchase right granted under this Section 9 will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including shares of common stock, other awards, notes or other property, as the Committee determines.
  2. Cash awards, or awards of other property, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this Section 9.
  3. The Committee may grant shares of common stock as a bonus or may grant other awards (including of other property) in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property, under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

1. Notwithstanding anything to the contrary contained in this Plan, any grant of an award under this Section 9 may provide for the earning or vesting of, or earlier elimination of restrictions applicable to, such award, including (i) in the event of the retirement, death or disability of the Participant

or (ii) in the event of a Change of Control where either (A) within a specified period the Participant experiences a qualifying termination of employment or service, as applicable, in a manner described in the applicable Evidence of Award or (B) such awards are not continued, assumed or converted into replacement awards in a manner described in the applicable Evidence of Award. In such event, the Evidence of Award will specify the time and terms of delivery.

1. **Administration of this Plan**.
   1. This Plan will be administered by the Committee. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.
   2. The interpretation and construction by the Committee of any provision of this Plan or of any Evidence of Award (or related documents) and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.
   3. To the extent permitted by law, the Committee may delegate to one or more of its members, to one or more officers of the Company or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee or any Person to whom duties or powers have been delegated as aforesaid may employ one or more Persons to render advice with respect to any responsibility the Committee, the subcommittee or such Person may have under this Plan. The Committee may, by resolution and to the extent permitted by law, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan and (ii) determine the size of any such awards; provided, however, that (A) the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer, Director or more than 10% “beneficial owner” (as such term is defined in Rule 13-d promulgated under the Exchange Act) of any class of the Company’s equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization shall set forth the total number of shares of common stock such officer(s) may grant and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.
2. **Adjustments**. The Committee shall make or provide for such adjustments (a) in the number of, and kind of, shares ofcommon stock covered by outstanding Option Rights, Appreciation Rights, Restricted Shares, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of, and kind of, shares of common stock covered by other awards granted pursuant to **Section 9** of this Plan, (b) in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, respectively and (c) in any other terms of awards granted under this Plan, in any such case, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (i) any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (ii) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities or (iii) any other corporate

transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change of Control, the Committee may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change of Control, the Committee may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the Person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the numbers of shares of common stock specified in **Section 3** of this Plan as the Committee in its sole discretion, exercised in good faith, determines is appropriate to reflect any transaction or event described in this **Section 11**; provided, however, that any such adjustment to the number specified in **Section 3(c)** of this Plan will be made only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail to so qualify.

* 1. Change of Control. For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan, a “Change of Control” will be deemed to have occurred upon the occurrence of any of the following events:

1. any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (i) the then-outstanding common stock of the Company (the “Outstanding Company common stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of Directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 12(a), the following acquisitions shall not constitute a Change of Control: (A) any acquisition of Outstanding Company common stock or Outstanding Company Voting Securities by the Company or any Affiliate, (B) any acquisition of Outstanding Company common stock or Outstanding Company Voting Securities by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or (C) any acquisition pursuant to a transaction that complies with each of Section 12(c)(i), (ii) and (iii) below;
2. a majority of the Directors are not Incumbent Directors;
3. consummation of a reorganization, merger, statutory share exchange or consolidation, share sale or similar transaction involving the Company or any of the Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or securities of another entity by the Company or any of the Subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company common stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company common stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of,

respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were Incumbent Directors at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

* 1. approval by the Stockholders of a complete liquidation or dissolution of the Company.

1. **Detrimental Activity and Recapture Provisions**. Awards granted under this Plan will be subject to, as applicable, the clawbackpolicy of the Company as in effect on the Effective Date, or as otherwise may be amended or adopted in good faith by the Board for the Company’s employees. In addition, any Evidence of Award may provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either (a) during employment or other service with the Company or a Subsidiary or (b) within a specified period after termination of such employment or service, engages in any detrimental activity (as further described in the applicable Evidence of Award). Any such detrimental activity could include malfeasance in the performance of the Participant’s duties that is discovered by the Company or any Subsidiary after termination of employment or service or the Participant’s violation of his or her obligations under a restrictive covenant agreement with the Company or any Subsidiary. In addition, notwithstanding anything to the contrary contained in this Plan, any Evidence of Award may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any shares of common stock issued under, and/or any other benefit related to, an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of common stock may be traded.
2. **Non-U.S. Participants**. In order to facilitate the making of any grant or combination of grants under this Plan, theCommittee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company or any Subsidiary under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan (including sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the Stockholders.
3. **Transferability**.
   * 1. Except as otherwise determined by the Committee, no Option Right, Appreciation Right, Restricted Shares, Restricted Stock Unit, Performance Share, Performance Unit, Cash Incentive Award, award contemplated by Section 9 of this Plan or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except by will or the laws of descent and distribution. In no event will any such award granted under this Plan be transferred for value. Except as

otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant’s lifetime only by him or her or, in the event of the Participant’s legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

* 1. The Committee may specify on the Date of Grant that part or all of the shares of common stock that are (i) to be issued or transferred by the Company upon the exercise of an Option Right or Appreciation Right, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, will be subject to further restrictions on transfer.

1. **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes or otheramounts in connection with any payment made or benefit realized by a Participant or other Person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other Person make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If a Participant’s benefit is to be received in the form of shares of common stock, the Company shall withhold shares of common stock having a value equal to the amount required to be withheld, unless otherwise determined by the Committee. The shares of common stock used for tax or other withholding will be valued at an amount equal to the fair market value of such shares of common stock on the date the benefit is to be included in Participant’s income. In no event will the fair market value of the common stock to be withheld and delivered pursuant to this **Section 16** exceed the minimum amount required to be withheld, unless (i) an additional amount can be withheld and not result in adverse accounting consequences and (ii) such additional withholding amount is authorized by the Committee. Participants will also make such arrangements as the Company may require for the payment of any withholding tax or other obligation that may arise in connection with the disposition of shares of common stock acquired upon the exercise of Option Rights.
2. **Compliance with Section 409A of the Code**.
   1. To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.
3. Neither a Participant nor any of a Participant’s creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant’s benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owed by a Participant to the Company or any of the Subsidiaries.
4. If, at the time of a Participant’s separation from service (within the meaning of Section 409A of the Code), (i) the Participant is a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the

Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

* + 1. Solely with respect to any award that constitutes nonqualified deferred compensation subject to Section 409A of the Code and that is payable on account of a Change of Control (including any installments or stream of payments that are accelerated on account of a Change of Control), a Change of Control shall occur only if such event also constitutes a “change in the ownership,” “change in effective control,” and/or a “change in the ownership of a substantial portion of assets” of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time and form of payment that complies with Section 409A of the Code, without altering the definition of Change of Control for any purpose in respect of such award.
    2. Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as and to the extent that the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant’s account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its Affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.
  1. **Amendments**.
     + 1. The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan (i) would materially increase the benefits accruing to Participants under this Plan, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan or

1. must otherwise be approved by the Stockholders in order to comply with applicable law or the rules of the Nasdaq Stock Market or, if the shares of common stock are not traded on the Nasdaq Stock Market, the principal national securities exchange upon which the shares of common stock are traded or quoted, then, such amendment will be subject to Stockholder approval and will not be effective unless and until such approval has been obtained.
   * + 1. Except in connection with a corporate transaction or event described in Section 11 of this Plan or in connection with a Change of Control, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding “underwater” Option Rights or Appreciation Rights in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without Stockholder approval. This Section 18(b) is intended to prohibit the repricing of “underwater” Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in Section 11 of this Plan. Notwithstanding any provision of this Plan to the contrary, this Section 18(b) may not be amended without approval by the Stockholders.
       2. If permitted by Section 409A of the Code, but subject to the paragraph that follows, including in the case of termination of employment or service by reason of death, disability or retirement,

or in the case of unforeseeable emergency or other circumstances or in the event of a Change of Control, to the extent a Participant holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Cash Incentive Awards, Performance Shares or Performance Units which have not been fully earned, or any other awards made pursuant to Section 9 of this Plan subject to any vesting schedule or transfer restriction, or who holds shares of common stock subject to any transfer restriction imposed pursuant to Section 15(b) of this Plan, the Committee may, in its sole discretion, accelerate the time at which such Option Right, Appreciation Right or other award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Cash Incentive Awards, Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

* 1. Subject to Section 18(b) of this Plan, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Except for adjustments made pursuant to Section 11 of this Plan and amendments deemed necessary to avoid adverse consequences of Section 409A of the Code as specified in Section 17(e) of this Plan, no such amendment will impair or adversely impact the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

1. **Governing Law**. This Plan and all grants and awards and actions taken hereunder will be governed by, and construed inaccordance with, the internal substantive laws of the State of Delaware.
2. **Effective Date/Termination**. The AGNC Investment Corp. 2016 Equity and Incentive Compensation Plan was originallyeffective as of October 18, 2016. This Plan will be effective as of the Effective Date. No grant will be made under this Plan on or after the tenth anniversary of the Effective Date, but all grants made on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.
3. **Miscellaneous Provisions**.
   * 1. The Company will not be required to issue any fractional shares of common stock pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.
     2. This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant’s employment or other service at any time.
     3. Except with respect to Section 21(e) of this Plan, to the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.
   1. No award under this Plan may be exercised by the holder thereof if such exercise and the receipt of cash or stock thereunder would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

1. Absence on leave approved by a duly constituted officer of the Company or any of the Subsidiaries or otherwise permitted in accordance with applicable Company policies will not be considered interruption or termination of employment or service of any Participant for any purposes of this Plan or awards granted hereunder.
   1. No Participant will have any rights as a Stockholder with respect to any shares of common stock subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares of common stock upon the stock records of the Company.
   2. The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.
   3. Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of shares of common stock under this Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.
   4. If any provision of this Plan is or becomes invalid or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect. Notwithstanding anything in this Plan or an Evidence of Award to the contrary, nothing in this Plan or in an Evidence of Award prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purposes of clarity a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.
   5. Unless otherwise indicated to the contrary herein by the context or use thereof, for purposes of this Plan and any Evidence of Award, (i) any reference to any federal, state, local or foreign statute or law will be deemed also to refer to all rules and regulations promulgated thereunder, (ii) the meanings given to terms defined herein will be equally applicable to both the singular and plural forms of such terms and (iii) the words “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation”.
2. **Stock-Based Awards in Substitution for Option Rights or Awards Granted by Another Company**. Notwithstandinganything to the contrary contained in this Plan:
   1. Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted shares, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan and may account for shares of common stock substituted for the securities covered by the original awards and the number of shares of common stock subject to the

original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

* 1. In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by stockholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under this Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.
  2. Any shares of common stock that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under Section 22(a) or 22(b) of this Plan will not reduce the shares of common stock available for issuance or transfer under this Plan or otherwise count against the limits contained in Section 3 of this Plan. In addition, no shares of common stock subject to an award that is granted by, or becomes an obligation of, the Company under Section 22(a) or 22(b) of this Plan will be added to the aggregate limit contained in Section 3(a)(i) of this Plan in the following circumstances: (i) if such award is cancelled or forfeited, expires or is settled for cash (in whole or in part), (ii) if such shares of common stock are withheld by the Company, tendered or otherwise used in payment of the Option Price of an Option Right or to satisfy a tax withholding obligation with respect to any award or

1. if such shares of common stock are not actually issued in connection with the settlement of an Appreciation Right on the exercise thereof.

**Exhibit 23**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

1. Form S-8 (No. 333-151027),
2. Form S-8 (No. 333-216282),
3. Form S-8 (No. 333-255904), and
4. Form S-3 (No. 333-257014);

of our reports dated February 23, 2022, with respect to the consolidated financial statements of AGNC Investment Corp., and the effectiveness of internal control over financial reporting of AGNC Investment Corp., included in this Annual Report (Form 10-K) of AGNC Investment Corp. for the year ended December 31, 2021.

Tysons, Virginia February 23, 2022

/s/ Ernst & Young

Exhibit 24

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned directors and officers of AGNC Investment Corp., a corporation organized under the laws of the state of Delaware (the “Corporation”), hereby constitute and appoint Bernice Bell, Kenneth Pollack and Kasey Reisman and each of them (with full power to each of them to act alone), his/her true and lawful attorneys‑in‑fact and agents for him/her and on his/her behalf and in his/her name, place and stead, in all cases with full power of substitution and resubstitution, in any hand and all capacities, to sign, execute and affix his/her seal to and file with the Securities and Exchange Commission (or any other governmental or regulatory authority) the Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, and all amendments or supplements thereto with all exhibits and any and all documents required to be filed with respect thereto, and grants to each of them full power and authority to do and to perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully and to all intents and purposes as he/she might or could do if personally present, hereby ratifying and confirming all that said attorneys‑in‑fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned directors and/or officers has hereunto set his/her hand and seal, as of the date specified.

**AGNC INVESTMENT CORP.**

Dated: February 21, 2022 /s/ Peter J. Federico

Peter J. Federico

President and Chief Executive Officer

**Signature**

/s/ Gary D. Kain

Gary D. Kain



/s/ Donna J. Blank

Donna J. Blank



/s/ Morris A. Davis

Morris A. Davis



/s/ Peter J. Federico

Peter J. Federico



/s/ John D. Fisk

John D. Fisk



/s/ Andrew A. Johnson, Jr.

Andrew A Johnson, Jr.



/s/ Prue B. Larocca

Prue B. Larocca



/s/ Paul E. Mullings

Paul E. Mullings



/s/ Frances R. Spark

Frances R. Spark



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Title** |  |  | **Date** | |  |
|  |  |  |  |  |  |  |
| Director, Executive Chair | | | February 21, 2022 | | |  |
| Director | | | February 21, 2022 | | |  |
| Director | | | February 21, 2022 | | |  |
| Director, President and Chief Executive | | | February 21, 2022 | | |  |
| Officer | | |  |
|  |  |  |  |
| Director | | | February 21, 2022 | | |  |
| Director | | | February 21, 2022 | | |  |
| Director | | | February 21, 2022 | | |  |
| Director | | | February 21, 2022 | | |  |
| Director | | | February 21, 2022 | | |  |

Exhibit 31.1

**AGNC Investment Corp.**

**Certification Pursuant to Section 302(a)**

**of the Sarbanes-Oxley Act of 2002**

I, Peter J. Federico, certify that:

1. I have reviewed this Annual Report on Form 10-K of AGNC Investment Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2022

/s/ PETER J. FEDERICO



Peter J. Federico

President and Chief Executive Officer (Principal

Executive Officer)

Exhibit 31.2

**AGNC Investment Corp.**

**Certification Pursuant to Section 302(a)**

**of the Sarbanes-Oxley Act of 2002**

I, Bernice E. Bell, certify that:

1. I have reviewed this Annual Report on Form 10-K of AGNC Investment Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entitles, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
   1. All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2022

/s/ BERNICE E. BELL



Bernice E. Bell

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Exhibit 32

**AGNC Investment Corp.**

**Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350,**

**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

We, Peter J. Federico, President and Chief Executive Officer, and Bernice E. Bell, Executive Vice President and Chief Financial Officer of AGNC Investment Corp. (the “Company”), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

|  |  |  |
| --- | --- | --- |
|  | /s/ | PETER J. FEDERICO |
| Name: | Peter J. Federico | |
| Title: | President and | |
|  | Chief Executive Officer (Principal Executive Officer) | |
| Date: | February 23, 2022 | |
|  | /s/ | BERNICE E. BELL |
| Name: | Bernice E. Bell | |
| Title: | Executive Vice President and | |
|  | Chief Financial Officer (Principal Financial Officer) | |
| Date: | February 23, 2022 | |

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.