UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2025

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 001-09819

DYNEX CAPITAL, INC.
(Exact name of registrant as specified in its charter)

Virginia	**52-1549373**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4991 Lake Brook Drive, Suite 100	
Glen Allen, Virginia	**23060-9245**
(Address of principal executive offices)	(Zip Code)

(804) 217-5800

(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 each exchange on which registered
Common Stock, par value $0.01 per share	DX	New York Stock Exchange
6.900% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value $0.01 per share	DXPRC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required 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 ☒ 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ 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 the 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

On July 23, 2025, the registrant had 129,912,157 shares outstanding of common stock, $0.01 par value, which is the registrant’s only class of common stock.

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DYNEX CAPITAL, INC.
CONSOLIDATED BALANCE SHEETS
($s in thousands except per share data)

	June 30, 2025	December 31, 2024
ASSETS	*(unaudited)*	
Cash and cash equivalents	$ 387,520	$ 377,099
Cash collateral posted to counterparties	318,317	244,440
Mortgage-backed securities (including pledged of $9,066,756 and $6,893,629, respectively), at fair value	10,510,006	7,512,087
Due from counterparties	12,349	10,445
Derivative assets	31,816	133
Accrued interest receivable	43,309	32,841
Other assets	7,948	7,534
Total assets	$ 11,311,265	$ 8,184,579
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	$ 8,600,143	$ 6,563,120
Due to counterparties	976,506	341,924
Derivative liabilities	31	22,814
Cash collateral posted by counterparties	29,323	—
Accrued interest payable	60,855	44,672
Accrued dividends payable	26,125	16,501
Other liabilities	8,289	10,612
Total liabilities	9,701,272	6,999,643
Shareholders' equity:		
Preferred stock, par value $0.01 per share; 50,000,000 shares authorized; 4,460,000 and 4,460,000 shares issued and outstanding, respectively ($111,500 and $111,500 aggregate liquidation preference, respectively)	107,843	107,843
Common stock, par value $0.01 per share, 360,000,000 shares authorized; 125,358,375 and 84,491,800 shares issued and outstanding, respectively	1,253	845
Additional paid-in capital	2,268,143	1,742,471
Accumulated other comprehensive loss	(149,035)	(172,489)
Accumulated deficit	(618,211)	(493,734)
Total shareholders' equity	1,609,993	1,184,936
Total liabilities and shareholders' equity	$ 11,311,265	$ 8,184,579

See notes to the consolidated financial statements (unaudited).

DYNEX CAPITAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
($s in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
INTEREST INCOME (EXPENSE)				
Interest income	$ 111,746	$ 76,054	$ 206,805	$ 147,580
Interest expense	(88,618)	(74,767)	(166,545)	(149,484)
Net interest income (expense)	23,128	1,287	40,260	(1,904)
OTHER GAINS (LOSSES)				
Realized loss on sales of investments, net	—	(1,506)	—	(1,506)
Unrealized gain (loss) on investments, net	33,652	(41,977)	143,649	(112,001)
(Loss) gain on derivative instruments, net	(58,093)	41,135	(176,181)	165,771
Total other (loss) gains, net	(24,441)	(2,348)	(32,532)	52,264
EXPENSES				
Compensation and benefits	(8,013)	(3,284)	(15,931)	(10,461)
Other general and administrative	(3,900)	(3,358)	(7,745)	(7,062)
Other operating expenses	(380)	(601)	(734)	(1,022)
Total operating expenses	(12,293)	(7,243)	(24,410)	(18,545)
Net (loss) income	(13,606)	(8,304)	(16,682)	31,815
Preferred stock dividends	(2,680)	(1,923)	(4,603)	(3,847)
Net (loss) income to common shareholders	$ (16,286)	$ (10,227)	$ (21,285)	$ 27,968
Other comprehensive income:				
Unrealized gain (loss) on available-for-sale investments, net	$ 4,064	$ (1,786)	$ 23,454	$ (19,054)
Total other comprehensive income (loss)	4,064	(1,786)	23,454	(19,054)
Comprehensive (loss) income to common shareholders	$ (12,222)	$ (12,013)	$ 2,169	$ 8,914
Weighted average common shares-basic	113,177,331	66,954,870	101,897,495	63,003,545
Weighted average common shares-diluted	113,177,331	66,954,870	101,897,495	63,913,156
Net (loss) income per common share-basic	$ (0.14)	$ (0.15)	$ (0.21)	$ 0.44
Net (loss) income per common share-diluted	$ (0.14)	$ (0.15)	$ (0.21)	$ 0.44

See notes to the consolidated financial statements (unaudited).

DYNEX CAPITAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)
($s in thousands)

For the Three and Six Months Ended June 30, 2025

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of March 31, 2025	4,460,000	$ 107,843	102,226,355	$ 1,022	$ 1,982,781	$ (153,099)	$ (542,632)	$ 1,395,915
Stock issuance	—	—	23,107,769	231	281,918	—	—	282,149
Restricted stock granted, net of amortization	—	—	—	—	115	—	—	115
Other share-based compensation, net of amortization	—	—	24,251	—	3,371	—	—	3,371
Stock issuance costs	—	—	—	—	(42)	—	—	(42)
Net loss	—	—	—	—	—	—	(13,606)	(13,606)
Dividends on preferred stock	—	—	—	—	—	—	(2,680)	(2,680)
Dividends on common stock	—	—	—	—	—	—	(59,293)	(59,293)
Other comprehensive income	—	—	—	—	—	4,064	—	4,064
Balance as of June 30, 2025	4,460,000	$ 107,843	125,358,375	$ 1,253	$ 2,268,143	$ (149,035)	$ (618,211)	$ 1,609,993
Balance as of December 31, 2024	4,460,000	$ 107,843	84,491,800	$ 845	$ 1,742,471	$ (172,489)	$ (493,734)	$ 1,184,936
Stock issuance	—	—	40,712,768	407	521,400	—	—	521,807
Restricted stock granted, net of amortization	—	—	—	—	305	—	—	305
Other share-based compensation, net of amortization	—	—	212,953	2	5,208	—	—	5,210
Adjustments for tax withholding on share-based compensation	—	—	(59,146)	(1)	(1,180)	—	—	(1,181)
Stock issuance costs	—	—	—	—	(61)	—	—	(61)
Net loss	—	—	—	—	—	—	(16,682)	(16,682)
Dividends on preferred stock	—	—	—	—	—	—	(4,603)	(4,603)
Dividends on common stock	—	—	—	—	—	—	(103,192)	(103,192)
Other comprehensive income	—	—	—	—	—	23,454	—	23,454
Balance as of June 30, 2025	4,460,000	$ 107,843	125,358,375	$ 1,253	$ 2,268,143	$ (149,035)	$ (618,211)	$ 1,609,993

For the Three and Six Months Ended June 30, 2024

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of March 31, 2024	4,460,000	$ 107,843	64,160,931	$ 641	$ 1,494,893	$ (175,770)	$ (469,075)	$ 958,532
Stock issuance	—	—	10,508,777	105	124,739	—	—	124,844
Restricted stock granted, net of amortization	—	—	38,068	1	190	—	—	191
Other share-based compensation, net of amortization	—	—	—	—	724	—	—	724
Stock issuance costs	—	—	—	—	(191)	—	—	(191)
Net loss	—	—	—	—	—	—	(8,304)	(8,304)
Dividends on preferred stock	—	—	—	—	—	—	(1,923)	(1,923)
Dividends on common stock	—	—	—	—	—	—	(26,824)	(26,824)
Other comprehensive loss	—	—	—	—	—	(1,786)	—	(1,786)
Balance as of June 30, 2024	4,460,000	$ 107,843	74,707,776	$ 747	$ 1,620,355	$ (177,556)	$ (506,126)	$ 1,045,263
Balance as of December 31, 2023	4,460,000	$ 107,843	57,038,247	$ 570	$ 1,404,431	$ (158,502)	$ (483,607)	$ 870,735
Stock issuance	—	—	17,516,225	175	211,475	—	—	211,650
Restricted stock granted, net of amortization	—	—	84,612	1	700	—	—	701
Other share-based compensation, net of amortization	—	—	111,245	1	4,483	—	—	4,484
Adjustments for tax withholding on share-based compensation	—	—	(42,553)	—	(527)	—	—	(527)
Stock issuance costs	—	—	—	—	(207)	—	—	(207)
Net income	—	—	—	—	—	—	31,815	31,815
Dividends on preferred stock	—	—	—	—	—	—	(3,847)	(3,847)
Dividends on common stock	—	—	—	—	—	—	(50,487)	(50,487)
Other comprehensive loss	—	—	—	—	—	(19,054)	—	(19,054)
Balance as of June 30, 2024	4,460,000	$ 107,843	74,707,776	$ 747	$ 1,620,355	$ (177,556)	$ (506,126)	$ 1,045,263

See notes to the consolidated financial statements (unaudited).

DYNEX CAPITAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
($s in thousands)

	Six Months Ended June 30,	
	2025	2024
Operating activities:		
Net (loss) income	$ (16,682)	$ 31,815
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Realized loss on sales of investments, net	—	1,506
Unrealized (gain) loss on investments, net	(143,649)	112,001
Loss (gain) on derivative instruments, net	176,181	(165,771)
Amortization of investment premiums, net	14,362	26,483
Other amortization and depreciation	1,012	925
Share-based compensation expense	5,515	5,184
(Increase) decrease in accrued interest receivable	(10,468)	404
Increase in accrued interest payable	16,183	1,373
Change in other assets and liabilities, net	(4,212)	(12,415)
Net cash provided by operating activities	38,242	1,505
Investing activities:		
Purchases of investments	(2,629,521)	(501,921)
Principal payments received on trading securities	307,342	186,048
Principal payments received on available-for-sale investments	80,416	37,948
Proceeds from sales of trading securities	—	13,782
Principal payments received on mortgage loans held for investment	124	441
Net (payments) receipts on derivative instruments	(201,106)	187,635
Increase (decrease) in cash collateral posted by counterparties	29,323	(26,618)
Net cash used in investing activities	(2,413,422)	(102,685)
Financing activities:		
Borrowings under repurchase agreements	57,143,834	27,001,079
Repayments of repurchase agreement borrowings	(55,106,811)	(26,887,755)
Proceeds from issuance of common stock	521,807	211,650
Payments related to tax withholding for share-based compensation	(1,181)	(527)
Dividends paid	(98,171)	(51,868)
Net cash provided by financing activities	2,459,478	272,579
Net increase in cash, including cash posted to counterparties	84,298	171,399
Cash including cash posted to counterparties at beginning of period	621,539	237,864
Cash including cash posted to counterparties at end of period	$ 705,837	$ 409,263
Supplemental Disclosure of Cash Activity:		
Cash paid for interest	$ 150,362	$ 148,111

See notes to the consolidated financial statements (unaudited).

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Dynex Capital, Inc. (the "Company") was incorporated in the Commonwealth of Virginia on December 18, 1987 and commenced operations in February 1988. The Company is an internally managed mortgage real estate investment trust, or mortgage REIT, which primarily earns income from investing on a leveraged basis in Agency mortgage-backed securities ("Agency MBS") and in to-be-announced securities ("TBAs" or "TBA securities"). Agency MBS have a guaranty of principal and interest payments by a U.S. government-sponsored entity ("GSE") such as Fannie Mae and Freddie Mac, which are in conservatorship and are currently supported by a senior preferred stock purchase agreement from the U.S. Treasury. As of June 30, 2025, the majority of the Company's Agency MBS are secured by residential real property ("Agency RMBS"). The remainder of the Company's investments are in Agency commercial MBS ("Agency CMBS") and in both Agency and non-Agency CMBS interest-only ("CMBS IO"). Non-Agency MBS do not have a GSE guaranty of principal or interest payments.

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company and its subsidiaries (together, "Dynex" or, as appropriate, the "Company") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Article 10, Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all significant adjustments, consisting of normal recurring accruals, considered necessary for a fair statement of results for the interim period have been included. All intercompany accounts and transactions have been eliminated in consolidation. Operating results for the three months ended June 30, 2025 are not necessarily indicative of the results that may be expected for any other interim periods or for the entire year ending December 31, 2025. The unaudited consolidated financial statements included herein should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K") filed with the SEC.

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 and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. The most significant estimate used by management relates to the fair value measurement of its investments, including TBA securities accounted for as derivative instruments, which is discussed further below within this note to the consolidated financial statements. The Company believes the estimates and assumptions underlying the consolidated financial statements included herein are reasonable and supportable based on the information available as of June 30, 2025.

Consolidation and Variable Interest Entities

The consolidated financial statements include the accounts of the Company and the accounts of its majority owned subsidiaries and variable interest entities ("VIE") for which it is the primary beneficiary. The Company consolidates a VIE if the Company is determined to be the VIE's primary beneficiary, which is defined as the party that has both (i) the power to control the activities that most significantly impact the VIE's financial performance; and (ii) the right to receive benefits or absorb losses that could potentially be significant to the VIE. The Company reconsiders its evaluation of whether to consolidate a VIE on an ongoing basis, based on changes in the facts and circumstances pertaining to the VIE. Though the Company invests in Agency and non-Agency MBS which are generally considered to be interests in VIEs, the Company does not consolidate these entities because it does not meet the criteria to be deemed the primary beneficiary. The maximum exposure to loss for these VIEs is the carrying value of the MBS.

Income Taxes

The Company has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986 (the "Tax Code") and the corresponding provisions of state law. To qualify as a REIT, the Company must meet certain asset, income, ownership, and distribution tests. To meet these requirements, the Company's main source of income is interest earned from obligations secured by mortgages on real property, and the Company must distribute at least 90% of its annual REIT taxable income to shareholders. The Company's income will generally not be subject to federal income tax to the extent its income is distributed as dividends to shareholders.

The Company assesses its tax positions for all open tax years and determines whether the Company has any material unrecognized liabilities and records these liabilities, if any, to the extent they are deemed more likely than not to have been incurred.

Net Income (Loss) Per Common Share

The Company calculates basic net income (loss) per common share by dividing net income (loss) to common shareholders for the period by weighted-average shares of common stock outstanding for that period. Please see Note 2 for the calculation of the Company's basic and diluted net income (loss) per common share for the periods indicated.

The Company currently has restricted stock, service-based restricted stock units ("RSUs") and performance-based stock units ("PSUs") issued and outstanding. Restricted stock awards issued under the Company's 2020 Stock and Incentive Plan (the "2020 Plan") are considered participating securities and therefore are included in the computation of basic net income per common share using the two-class method because holders of unvested shares of restricted stock issued under the 2020 Plan are eligible to receive non-forfeitable dividends. Holders of RSUs and PSUs accrue forfeitable dividend equivalent rights over the period outstanding, receiving dividend payments only upon the settlement date if the requisite service-based and performance-based conditions have been achieved, as applicable. As such, RSUs and PSUs are excluded from the computation of basic net income per common share but are included in the computation of diluted net income per common share unless the effect is to reduce a net loss or increase the net income per common share (also known as "anti-dilutive"). Upon vesting, restrictions on transfer expire on each share of restricted stock, RSU, and PSU, and each such share or unit becomes one unrestricted share of common stock and is included in the computation of basic net income per common share.

Because the Company's Series C Preferred Stock is redeemable at the Company's option for cash only and convertible into shares of common stock only upon a change of control of the Company (and subject to other circumstances) as described in Article IIIC of the Company's Restated Articles of Incorporation, as amended, the effect of those shares and their related dividends are excluded from the calculation of diluted net income per common share for the periods presented.

Cash and Cash Equivalents

Cash and cash equivalents include unrestricted demand deposits at highly rated financial institutions and highly liquid investments with original maturities of three months or less. The Company's cash balances fluctuate throughout the year and may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits from time to time. Although the Company bears risk to amounts in excess of those insured by the FDIC, the Company believes the risk of loss is mitigated by the financial position, creditworthiness, and strength of the depository institutions in which those deposits are held.

Cash Collateral Posted To/By Counterparties

The Company regularly pledges and receives amounts to cover margin requirements related to the Company's financing and derivative instruments. If the amount pledged to a counterparty exceeds the amount received from a counterparty, the net amount is recorded as an asset within "cash collateral posted to counterparties," and if the amount received from a counterparty exceeds the amount pledged to a counterparty, the net amount is recorded as a liability within "cash collateral posted by counterparties" on the Company's consolidated balance sheets.

The following table provides a reconciliation of “cash” and “cash posted to counterparties” reported on the Company's consolidated balance sheets presented herein that sum to the total of the same such amounts shown on the Company’s consolidated statement of cash flows for the six months ended June 30, 2025:

($s in thousands)		June 30, 2025
Cash and cash equivalents	$	387,520
Cash collateral posted to counterparties		318,317
Total cash including cash posted to counterparties shown on consolidated statement of cash flows	$	705,837

Mortgage-Backed Securities

The Company’s MBS are recorded at fair value on the Company’s consolidated balance sheet. Changes in fair value of MBS purchased prior to January 1, 2021 are designated as available-for-sale (“AFS”) with changes in fair value reported in other comprehensive income (“OCI”) as an unrealized gain (loss) until the security is sold or matures. Effective January 1, 2021, the Company elected the fair value option (“FVO”) for all MBS purchased on or after that date with changes in fair value reported in net income as “unrealized gain (loss) on investments, net” until the security is sold or matures. Management elected the fair value option so that net income will reflect the changes in fair value for its future purchases of MBS in a manner consistent with the presentation and timing of the changes in fair value of its derivative instruments. Upon the sale of an MBS, any unrealized gain or loss within OCI or net income is reclassified to “realized gain (loss) on sale of investments, net” within net income using the specific identification method.

Interest Income, Premium Amortization, and Discount Accretion. Interest income on MBS is accrued based on the outstanding principal balance (or notional balance in the case of IO securities) and the contractual terms. Premiums or discounts associated with the purchase of Agency MBS as well as any non-Agency MBS are amortized or accreted into interest income over the life of such securities using the effective interest method, and adjustments to premium amortization and discount accretion are made for actual cash payments received. On at least a quarterly basis, the Company reviews and makes any necessary adjustments to its cash flows and updates the yield recognized on these assets.

Determination of MBS Fair Value. The Company estimates the fair value of the majority of its MBS based upon prices obtained from an independent third-party pricing service. These prices are assessed for reasonableness using broker quotes and other third-party pricing services. Please refer to Note 6 for further discussion of MBS fair value measurements.

Allowance for Credit Losses. On at least a quarterly basis, the Company evaluates any MBS designated as AFS with a fair value less than its amortized cost for credit losses. If the difference between the present value of cash flows expected to be collected on the MBS is less than its amortized cost, the difference is recorded as an allowance for credit loss through net income up to and not exceeding the amount that the amortized cost exceeds current fair value. Subsequent changes in credit loss estimates are recognized in earnings in the period in which they occur. Because the majority of the Company’s investments are higher credit quality and most are guaranteed by a GSE, the Company is not likely to have an allowance for credit losses related to its MBS recorded on its consolidated balance sheet.

Interest accrued between payment dates on MBS is presented separately from the Company’s investment portfolio as “accrued interest receivable” on its consolidated balance sheet. The Company does not estimate an allowance for credit loss for its accrued interest receivable because the interest is generally received within 30 days and amounts not received when due are written off against interest income.

Repurchase Agreements

The Company’s repurchase agreements are used to finance its purchases of MBS. The Company pledges its securities as collateral to secure a loan, which is equal to a specified percentage of the estimated fair value of the pledged collateral. The Company retains beneficial ownership of the pledged collateral. Pursuant to Accounting Standards Codification (“ASC”) Topic 860, the Company accounts for repurchase agreements as collateralized financing transactions, which are carried at their contractual amounts (cost), plus accrued interest. The interest rates the Company pays for these borrowings are based on a spread added to the Secured Overnight Funding Rate ("SOFR"). At the maturity of a repurchase agreement borrowing, the Company is required to repay the loan and concurrently receives back its pledged collateral from the lender, or, with the consent of the lender, the Company may renew the agreement at the then prevailing financing rate. A repurchase agreement lender may require the Company to pledge additional collateral in the event of a decline in the fair value of the collateral pledged. Repurchase agreement financing is recourse to the Company and the assets pledged. The repurchase facilities available to the Company are uncommitted with no guarantee of renewal.

Derivative Instruments

Derivatives are carried at fair value, and all periodic interest benefits/costs and changes in the fair value of derivative instruments, including gains and losses realized upon termination, maturity, or settlement, are recorded in "gain (loss) on derivative instruments, net" on the Company's consolidated statements of comprehensive income (loss). Cash receipts and payments related to derivative instruments are classified in the investing activities section of the consolidated statements of cash flows in accordance with the underlying nature or purpose of the derivative transactions.

The Company's short positions in U.S. Treasury futures contracts are centrally cleared through the Chicago Mercantile Exchange ("CME"), which requires the Company to post initial margin as determined by the CME. Daily variation margin is exchanged, typically in cash, for the changes in the fair value of the futures contracts, which is treated as legal settlement of the exposure under the related futures contracts as opposed to a pledge of collateral. The effect of these legal settlements reduces what would have otherwise been reported as the fair value of the futures contracts, generally to $0. The margin requirement varies based on the market value of the open positions and the equity retained in the account. Any margin excess or deficit outstanding is recorded as a receivable or payable within "due from/to counterparties" as of the date of the Company's consolidated balance sheets. The Company realizes gains or losses on these contracts upon expiration at an amount equal to the difference between the current fair value of the underlying asset and the contractual price of the futures contract.

The Company's interest rate swaps are pay-fixed, which involve the receipt of variable-rate amounts based on SOFR from a counterparty in exchange for the Company making fixed-rate payments over the life of the interest rate swap without exchange of the underlying notional amount. The net periodic interest benefit (cost) is recorded in the period earned (incurred) in "gain (loss) on derivative instruments, net", but the net receipt (payment) of cash is exchanged annually, typically on the anniversary of each agreement's effective date. Like the Company's U.S. Treasury futures, interest rate swap agreements are centrally cleared through the CME with requirements to post initial margin and to exchange daily variation margin amounts, which are treated as legal settlements of the agreements. Any margin excess or deficit outstanding is recorded as a receivable or payable within "due from/to counterparties" as of the date of the Company's consolidated balance sheets.

The Company's interest rate swaptions are SOFR-based and provide the Company the right, but not the obligation, to enter into an interest rate swap at a predetermined notional amount with a stated term and pay and receive rates in the future. These agreements are entered into directly with a counterparty (a "bilateral contract") with whom we may exchange margin collateral. Because these agreements are not centrally cleared, the Company has exposure to counterparty risk. The Company records the premium it will pay for the swaption as a derivative asset on its consolidated balance sheet and adjusts the balance for changes in fair value through "gain (loss) on derivative instruments" until the swaption is exercised or the contract expires. If the swaption expires unexercised, the realized loss is limited to the premium paid. If exercised, the realized gain or loss on the swaptions is equal to the difference between the fair value of the underlying interest rate swap and the premium paid.

The Company may also use options on U.S. Treasury futures, and the accounting for these instruments is similar to its interest rate swaptions.

The Company purchases TBA securities as a means of investing in non-specified fixed-rate Agency RMBS and may also periodically sell TBA securities as a means of economically hedging its exposure to Agency RMBS. A TBA security is a forward contract ("TBA contract") for the purchase ("long position") or sale ("short position") of a non-specified Agency MBS at a predetermined price with certain principal and interest terms and certain types of collateral, but the particular Agency securities to be delivered are not identified until shortly before the settlement date. The Company accounts for long and short positions in Agency RMBS TBAs as derivative instruments in accordance with ASC 815 because the Company cannot assert that it is probable at inception and throughout the term of an individual TBA transaction that its settlement will result in physical delivery of the underlying Agency RMBS or that the individual TBA transaction will settle in the shortest time period possible.

Please refer to Note 5 for additional information regarding the Company's derivative instruments as well as Note 6 for information on how the fair value of these instruments is calculated.

Share-Based Compensation

The Company's Board of Directors adopted the 2025 Stock and Incentive Plan (the "2025 Plan"), which was approved by the Company's shareholders on May 20, 2025. The 2025 Plan, which replaced the Company's 2020 Plan, reserves for issuance up to 12,000,000 common shares for eligible employees, non-employee directors, consultants, and advisors to the Company to be granted in the form of stock options, restricted stock, RSUs, stock appreciation rights, PSU, and performance-based cash awards (collectively, "awards"). Awards previously granted under the 2020 Plan will remain outstanding and valid in accordance with their terms, but no new awards will be granted under the 2020 Plan. As of June 30, 2025, there were 11,382,492 common shares remaining available for issuance under the 2025 Plan.

The Company has issued restricted stock and RSUs, which are treated as equity awards and recorded at their fair value using the closing stock price on the grant date. Compensation expense is generally recognized over a service period specified within each award with a corresponding credit to shareholders' equity using the straight-line method until the vesting date specified within each award or until the employee becomes eligible for retirement, if earlier than the vesting date. Compensation expense is recognized immediately upon the grant date for equity awards granted to an employee who is retirement eligible.

The Company also has PSUs issued and outstanding which contain Company performance-based and market performance-based conditions. PSUs subject to Company performance-based conditions are initially recognized as equity at their fair value which is measured using the closing stock price on the grant date multiplied by the number of units expected to vest based on an assessment of the probability of achievement of the Company performance-based conditions as of the grant date. The grant date fair value is recognized as expense using the straight-line method until the earlier of the vesting date specified within each award or the date the employee becomes eligible for retirement. Adjustments are made, if necessary, based on any change in probability of achievement which is re-assessed as of each reporting date and on at least a quarterly basis. PSUs subject to market performance-based conditions are recognized as equity at their grant date fair value determined through a Monte-Carlo simulation of the Company's common stock total shareholder return ("TSR") relative to the common stock TSR of the group of peer companies specified in the award agreement. Awards subject to market performance-based conditions are not assessed for probability of achievement and are not remeasured subsequent to issuance. The grant date fair value is recognized as expense using the straight-line method until the earlier of the vesting date specified within each award or the date the employee becomes eligible for retirement, even if the market performance-based conditions are not achieved. The Company no longer has any market performance-based PSUs outstanding as of June 30, 2025.

The Company does not estimate forfeitures for any of its share-based compensation awards but adjusts for actual forfeitures in the periods in which they occur. Because RSUs and PSUs have forfeitable dividend equivalent rights, which are paid in cash only upon settlement, any accrued dividend equivalent rights ("DERs") on forfeited units are reversed with a corresponding credit to "Compensation and benefits" expense.

Please see Note 7 for additional information about the Company's share-based compensation awards.

Contingencies

The Company did not have any pending lawsuits, claims, or other contingencies as of June 30, 2025 or December 31, 2024.

Recently Issued Accounting Pronouncements

The Company evaluates Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board on at least a quarterly basis to evaluate applicability and significance of any impact on its financial condition and results of operations. There were no accounting pronouncements issued during the six months ended June 30, 2025, that are expected to have a material impact on the Company's financial condition or results of operations.

NOTE 2 – NET INCOME (LOSS) PER COMMON SHARE

Please refer to Note 1 for information regarding the Company's treatment of its preferred stock and stock awards in the calculation of its basic and diluted net income or loss per common share and to Note 7 for information regarding the Company's stock award activity for the periods presented. The following table presents the computations of basic and diluted net income or loss per common share for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
($s in thousands)	**2025**	**2024**	**2025**	**2024**
Weighted average number of common shares outstanding - basic	113,177,331	66,954,870	101,897,495	63,003,545
Incremental common shares-unvested RSUs	—	—	—	460,118
Incremental common shares-unvested PSUs	—	—	—	449,493
Weighted average number of common shares outstanding - diluted	113,177,331	66,954,870	101,897,495	63,913,156
Net (loss) income to common shareholders	$ (16,286)	$ (10,227)	$ (21,285)	$ 27,968
Net (loss) income per common share-basic	$ (0.14)	$ (0.15)	$ (0.21)	$ 0.44
Net (loss) income per common share-diluted	$ (0.14)	$ (0.15)	$ (0.21)	$ 0.44

The calculation of diluted net loss per common share for the three and six months ended June 30, 2025 and for the three months ended June 30, 2024 excludes unvested RSUs and PSUs of 687,571, 651,200, and 1,110,206, respectively, which would have been anti-dilutive for the period.

NOTE 3 – MORTGAGE-BACKED SECURITIES

The following tables provide details on the Company's MBS by investment type as of the dates indicated:

	June 30, 2025			
($s in thousands)	**Agency RMBS**	**Agency CMBS**	**CMBS IO [(1)]**	**Total**
Measured at fair value through net income:				
Amortized cost	$ 9,378,244	$ 418,282	$ 33,288	$ 9,829,814
Gross unrealized gain	61,940	4,389	3	66,332
Gross unrealized loss	(149,501)	(13)	(1,427)	(150,941)
Fair value through net income	$ 9,290,683	$ 422,658	$ 31,864	$ 9,745,205
Measured at fair value through OCI:				
Amortized cost	$ 792,854	$ 52,601	$ 68,381	$ 913,836
Gross unrealized gain	—	18	2,723	2,741
Gross unrealized loss	(146,703)	(2,850)	(2,223)	(151,776)
Fair value through OCI	$ 646,151	$ 49,769	$ 68,881	$ 764,801
Total	$ 9,936,834	$ 472,427	$ 100,745	$ 10,510,006

	December 31, 2024			
	Agency RMBS	**Agency CMBS**	**CMBS IO [(1)]**	**Total**
Measured at fair value through net income:				
Amortized cost	$ 6,868,095	$ —	$ 35,737	$ 6,903,832
Gross unrealized gain	11,081	—	—	11,081
Gross unrealized loss	(237,004)	—	(2,348)	(239,352)
Fair value through net income	$ 6,642,172	$ —	$ 33,389	$ 6,675,561
Measured at fair value through OCI:				
Amortized cost	$ 827,314	$ 99,848	$ 81,854	$ 1,009,016
Gross unrealized gain	—	3	3,280	3,283
Gross unrealized loss	(167,248)	(4,388)	(4,137)	(175,773)
Fair value through OCI	$ 660,066	$ 95,463	$ 80,997	$ 836,526
Total	$ 7,302,238	$ 95,463	$ 114,386	$ 7,512,087

(1) The notional balance for Agency CMBS IO and non-Agency CMBS IO was $5,366,027 and $1,437,798, respectively, as of June 30, 2025, and $6,196,778 and $2,450,398, respectively, as of December 31, 2024.

The majority of the Company's MBS are pledged as collateral for the Company's repurchase agreements, which are disclosed in Note 4. Actual maturities of MBS are affected by the contractual lives of the underlying mortgage collateral, scheduled payments and unscheduled prepayments of principal, and the payment priority structure of the security; therefore, actual maturities are generally shorter than the securities' stated contractual maturities.

The following table presents information regarding unrealized gains and losses on investments reported within net income (loss) on the Company's consolidated statements of comprehensive income (loss) for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
($s in thousands)	**2025**	**2024**	**2025**	**2024**
Agency RMBS	$ 29,102	$ (43,705)	$ 138,362	$ (113,381)
Agency CMBS	4,266	1,263	4,376	1,073
CMBS IO	315	351	924	157
Other investments	(31)	114	(13)	150
Unrealized gain (loss) on investments, net	$ 33,652	$ (41,977)	$ 143,649	$ (112,001)

The following table presents information regarding realized gains and losses on sales of MBS reported in the Company's consolidated statements of comprehensive income (loss) for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
($s in thousands)	**2025**	**2024**	**2025**	**2024**
Realized losses on sales of MBS - FVO	$ —	$ (1,506)	$ —	$ (1,506)
Total realized loss on sales of investments, net	$ —	$ (1,506)	$ —	$ (1,506)

The following table presents certain information for MBS designated as AFS that were in an unrealized loss position as of the dates indicated:

	June 30, 2025			December 31, 2024		
($s in thousands)	**Fair Value**	**Gross Unrealized Losses**	**# of Securities**	**Fair Value**	**Gross Unrealized Losses**	**# of Securities**
Continuous unrealized loss position for less than 12 months:						
Agency MBS	$ —	$ —	—	$ 920	$ (3)	3
Non-Agency MBS	826	(19)	3	823	(73)	2
Continuous unrealized loss position for 12 months or longer:						
Agency MBS	$ 748,866	$ (151,692)	58	$ 814,443	$ (175,497)	65
Non-Agency MBS	2,509	(65)	5	6,097	(200)	10

The unrealized loss positions on the Company's MBS designated as AFS as of June 30, 2025 and December 31, 2024 were the result of higher interest rates and wider spreads to U.S. Treasuries versus at the time of purchase. The unrealized loss positions are not credit related; therefore, the Company did not record an allowance for credit losses as of June 30, 2025 or December 31, 2024. The Company has the ability and intent to hold any MBS with an unrealized loss until the recovery in its value. This assessment is based on the amount of the unrealized loss and significance of the related investment as well as the Company's leverage and liquidity position. In addition, for its non-Agency MBS, the Company reviews the credit ratings, the credit characteristics of the mortgage loans collateralizing these securities, and the estimated future cash flows including projected collateral losses.

NOTE 4 – REPURCHASE AGREEMENTS

The Company's repurchase agreements outstanding as of June 30, 2025 and December 31, 2024 are summarized in the following tables:

	June 30, 2025			December 31, 2024		
Collateral Type	**Balance**	**Weighted Average Rate**	**Fair Value of Collateral Pledged**	**Balance**	**Weighted Average Rate**	**Fair Value of Collateral Pledged**
($s in thousands)						
Agency RMBS	$ 8,236,132	4.46 %	$ 8,679,237	$ 6,368,457	4.79 %	$ 6,689,336
Agency CMBS	275,298	4.48 %	290,138	90,717	4.78 %	95,071
Agency CMBS IO	84,326	4.82 %	92,622	96,146	5.18 %	101,165
Non-Agency CMBS IO	4,387	5.22 %	4,759	7,800	5.52 %	8,057
Total	$ 8,600,143	4.47 %	$ 9,066,756	$ 6,563,120	4.80 %	$ 6,893,629

The Company had borrowings outstanding under 27 different repurchase agreements as of June 30, 2025, and its equity at risk did not exceed 10% with any counterparty as of that date. The Company also had $939 million recorded as a payable within "due to counterparties" for transactions pending settlement as of June 30, 2025 and $342 million as of December 31, 2024.

The following table provides information on the remaining term to maturity and original term to maturity for the Company's repurchase agreements as of the dates indicated:

	June 30, 2025			December 31, 2024		
Remaining Term to Maturity	**Balance**	**Weighted Average Rate**	**WAVG Original Term to Maturity**	**Balance**	**Weighted Average Rate**	**WAVG Original Term to Maturity**
($s in thousands)						
Less than 30 days	$ 7,037,298	4.49 %	67	$ 1,742,440	4.83 %	68
30 to 90 days	—	— %	—	4,820,680	4.78 %	83
91 to 180 days	1,562,845	4.37 %	184	—	— %	—
Total	$ 8,600,143	4.47 %	88	$ 6,563,120	4.80 %	79

The Company's accrued interest payable related to its repurchase agreement borrowings increased to $61 million as of June 30, 2025 from $45 million as of December 31, 2024.

The Company's counterparties, as set forth in the master repurchase agreement with the counterparty, require the Company to comply with various customary operating and financial covenants, including, but not limited to, minimum net worth, maximum declines in net worth in a given period, and maximum leverage requirements as well as maintaining the Company's REIT status. In addition, some of the agreements contain cross default features, whereby default under an agreement with one lender simultaneously causes default under agreements with other lenders. To the extent that the Company fails to comply with the covenants contained in these financing agreements or is otherwise found to be in default under the terms of such agreements, the counterparty has the right to accelerate amounts due under the master repurchase agreement. The Company believes it was in full compliance with all covenants in master repurchase agreements under which there were amounts outstanding as of June 30, 2025.

The Company's repurchase agreements are subject to underlying agreements with master netting or similar arrangements, which provide for the right of set off in the event of default or in the event of bankruptcy of either party to the transactions. The Company reports its repurchase agreements to these arrangements on a gross basis. The following table presents information regarding the Company's repurchase agreements as if the Company had presented them on a net basis as of June 30, 2025 and December 31, 2024:

				Gross Amount Not Offset in the Balance Sheet [(1)]		
($s in thousands)	**Gross Amount of Recognized Liabilities**	**Gross Amount Offset in the Balance Sheet**	**Net Amount of Liabilities Presented in the Balance Sheet**	**Financial Instruments Posted as Collateral**	**Cash Posted as Collateral**	**Net Amount**
June 30, 2025:						
Repurchase agreements	$ 8,600,143	$ —	$ 8,600,143	$ (8,600,143)	$ —	$ —
December 31, 2024:						
Repurchase agreements	$ 6,563,120	$ —	$ 6,563,120	$ (6,563,120)	$ —	$ —

(1) Amounts disclosed for collateral received by or posted to the same counterparty include cash and the fair value of MBS up to and not exceeding the net amount of the repurchase agreement liability presented in the balance sheet. The fair value of the total collateral received by or posted to the same counterparty may exceed the amounts presented. Please refer to the consolidated balance sheets for the total fair value of financial instruments pledged as collateral for derivatives and repurchase agreements, which is shown parenthetically, and the total cash pledged or received as collateral, which is disclosed as "cash collateral posted to/by counterparties."

Please see Note 5 for information related to the Company's derivatives, which are also subject to underlying agreements with master netting or similar arrangements.

NOTE 5 – DERIVATIVES

Types and Uses of Derivatives Instruments

Interest Rate Derivatives. The Company frequently changes the type of derivative instruments it uses to mitigate the impact of changing interest rates on its repurchase agreement financing costs and the fair value of its investments. Please refer to Note 1 for descriptions of these instruments and how the Company accounts for them.

TBA Transactions. The Company purchases TBA securities as a means of investing in non-specified fixed-rate Agency RMBS and may also periodically sell TBA securities as a means of economically hedging its exposure to Agency RMBS. The Company holds long or short positions in Agency RMBS TBA securities by executing a series of transactions, commonly referred to as "dollar roll" transactions, which effectively delay the settlement of a forward purchase (or sale) of a non-specified Agency RMBS by entering into an offsetting TBA position, net settling the paired-off positions in cash, and simultaneously entering into an identical TBA long (or short) position with a later settlement date. TBA securities purchased (or sold) for a forward settlement date are generally priced at a discount relative to TBA securities settling in the current month. This discount, often referred to as "drop income" represents the economic equivalent of net interest income (interest income less implied financing cost) on the underlying Agency security from trade date to settlement date. The Company accounts for Agency RMBS TBAs (whether net long or net short positions, or collectively "TBA dollar roll positions") as derivative instruments because it cannot assert that it is probable at inception and throughout the term of an individual TBA transaction that its settlement will result in physical delivery of the underlying Agency RMBS, or that the individual TBA transaction will settle in the shortest period possible.

The table below provides detail of the Company's gain and losses by type of derivative instrument for the periods indicated:

Type of Derivative Instrument	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
($s in thousands)				
U.S. Treasury futures	$ 6,320	$ 64,210	$ (38,027)	$ 204,021
Interest rate swaps	(72,203)	(90)	(188,930)	(90)
Interest rate swaptions	182	—	993	—
TBA securities	7,608	(22,985)	49,783	(38,160)
(Loss) gain on derivative instruments, net	$ (58,093)	$ 41,135	$ (176,181)	$ 165,771

The table below provides the carrying amount by type of derivative instrument comprising the Company's derivative assets and liabilities on its consolidated balance sheets as of the dates indicated:

Type of Derivative Instrument	Balance Sheet Location	Purpose	June 30, 2025	December 31, 2024
($s in thousands)				
Interest rate swaptions	Derivative assets	Economic hedging	$ 993	$ —
TBA securities	Derivative assets	Investing	30,823	133
Total derivatives assets			$ 31,816	$ 133
TBA securities	Derivative liabilities	Investing	$ 31	$ 22,814
Total derivatives liabilities			$ 31	$ 22,814

The table below presents information regarding the long positions in SOFR-based interest rate swaptions held by the Company as of June 30, 2025, for which the Company had posted $2 million in variation margin. The Company did not hold any interest rate swaptions as of December 31, 2024.

	June 30, 2025					
	Option			Underlying Receiver Swap		
	Cost Basis	Fair Value	Carrying Value	Notional Amount	Average Fixed Receive Rate	Average Term
($s in thousands)						
1-2 year interest rate swaption	$ 7,975	$ 8,968	$ 993	$ 500,000	3.25 %	5 years

Because the daily margin exchanged for the Company's U.S. Treasury futures and interest rate swaps are considered legal settlement of the derivative as opposed to a pledge of collateral, these instruments have a carrying value of $0 on the Company's consolidated balance sheets. The Company's U.S. Treasury futures excluding the recognition of variation margin settlements were in a net liability position of $(69) million as of June 30, 2025 and a net asset position of $1 million as of December 31, 2024, and its interest rate swaps were in a net liability position of $(36) million as of June 30, 2025 and net asset position of $153 million as of December 31, 2024. The amount of cash posted by the Company to cover required initial margin for its U.S. Treasury futures and its interest rate swaps was $315 million as of June 30, 2025 and $219 million as of December 31, 2024, which was recorded within "cash collateral posted to counterparties." The Company had a margin payable of $38 million as of June 30, 2025, which was recorded within "due to counterparties", and a margin receivable of $10 million as of December 31, 2024, which was recorded within "due from counterparties."

The table below presents information regarding the short positions in SOFR-based interest rate swaps the Company held as of the dates indicated:

	June 30, 2025		December 31, 2024	
Interest Rate Swaps - Years to Maturity	**Notional Amount**	**Weighted Average Fixed Pay Rate**	**Notional Amount**	**Weighted Average Fixed Pay Rate**
($s in thousands)				
4-5 years fixed pay swap	$ (1,275,000)	3.42 %	$ (1,275,000)	3.42 %
5-6 years fixed pay swap	(10,000)	4.15 %	—	— %
6-7 years fixed pay swap	(3,750,000)	3.67 %	(3,085,000)	3.61 %
9-10 years fixed pay swap	(1,875,000)	3.93 %	(1,025,000)	3.83 %
10-15 years fixed pay swap	(250,000)	3.73 %	—	— %
	$ (7,160,000)	3.70 %	$ (5,385,000)	3.61 %

The table below presents information regarding the notional amounts of the short positions in U.S. Treasury futures held by the Company as of the dates indicated:

U.S. Treasury Futures	**June 30, 2025**	**December 31, 2024**
($s in thousands)		
30-year U.S. Treasury futures	$ (953,500)	$ (516,500)
10-year U.S. Treasury futures	(1,521,500)	(735,000)
	$ (2,475,000)	$ (1,251,500)

The following table summarizes information about the notional amounts of the Company's long positions in TBA securities as of the dates indicated:

TBA securities	**June 30, 2025**	**December 31, 2024**
($s in thousands)		
Implied market value (1)	$ 3,682,818	$ 2,318,392
Implied cost basis (2)	3,652,026	2,341,073
Net carrying value (3)	$ 30,792	$ (22,681)

(1) Implied market value represents the estimated fair value of the underlying Agency MBS as of the dates indicated.
(2) Implied cost basis represents the forward price to be paid for the underlying Agency MBS as of the dates indicated.
(3) Net carrying value represents the difference between the implied market value and the implied cost basis of the Company's TBA securities as of the dates indicated. The total shown is the net amount included on the consolidated balance sheets as derivative assets of $30,823 and derivative liabilities of $31 as of June 30, 2025 and $133 and $22,814, respectively, as of December 31, 2024.

Volume of Activity

The table below summarizes changes in the Company's derivative instruments for the six months ended June 30, 2025:

Type of Derivative Instrument	Beginning Notional Amount-Long (Short)	Additions	Settlements, Terminations, or Pair-Offs	Ending Notional Amount-Long (Short)
($s in thousands)				
U.S. Treasury futures	$ (1,251,500)	$ (5,566,500)	$ 4,343,000	$ (2,475,000)
Interest rate swaps	(5,385,000)	(1,775,000)	—	(7,160,000)
Interest rate swaptions	—	500,000	—	500,000
TBA securities	2,419,000	20,650,000	(19,267,000)	3,802,000

Offsetting

The Company's derivatives are subject to underlying agreements with master netting or similar arrangements, which provide for the right of set off in the event of default or in the event of bankruptcy of either party to the transactions. The Company reports its derivative assets and liabilities subject to these arrangements on a gross basis. Please see Note 4 for information related to the Company's repurchase agreements, which are also subject to underlying agreements with master netting or similar arrangements. The following tables present information regarding those derivative assets and liabilities subject to such arrangements as if the Company had presented them on a net basis as of June 30, 2025 and December 31, 2024:

	Offsetting of Assets					
				Gross Amount Not Offset in the Balance Sheet [1]		
($s in thousands)	Gross Amount of Recognized Assets	Gross Amount Offset in the Balance Sheet	Net Amount of Assets Presented in the Balance Sheet	Financial Instruments Received as Collateral	Cash Received as Collateral	Net Amount
June 30, 2025						
Interest rate swaptions	$ 993	$ —	$ 993	$ —	$ —	$ 993
TBA securities	30,823	—	30,823	(8)	(21,389)	9,426
Derivative assets	$ 31,816	$ —	$ 31,816	$ (8)	$ (21,389)	$ 10,419
December 31, 2024						
TBA securities	$ 133	$ —	$ 133	$ (133)	$ —	$ —
Derivative assets	$ 133	$ —	$ 133	$ (133)	$ —	$ —

	Offsetting of Liabilities					
				Gross Amount Not Offset in the Balance Sheet (1)		
($s in thousands)	Gross Amount of Recognized Liabilities	Gross Amount Offset in the Balance Sheet	Net Amount of Liabilities Presented in the Balance Sheet	Financial Instruments Posted as Collateral	Cash Posted as Collateral	Net Amount
June 30, 2025						
TBA securities	$ 31	$ —	$ 31	$ (8)	$ —	$ 23
Derivative liabilities	$ 31	$ —	$ 31	$ (8)	$ —	$ 23
December 31, 2024						
TBA securities	$ 22,814	$ —	$ 22,814	$ (133)	$ (21,308)	$ 1,373
Derivative liabilities	$ 22,814	$ —	$ 22,814	$ (133)	$ (21,308)	$ 1,373

(1) Amounts disclosed for collateral received by or posted to the same counterparty include cash and the fair value of MBS up to and not exceeding the net amount of the derivative asset or liability presented in the balance sheet. The fair value of the total collateral received by or posted to the same counterparty may exceed the amounts presented. Please refer to the consolidated balance sheets for the total fair value of financial instruments pledged as collateral for derivatives and repurchase agreements, which is shown parenthetically, and the total cash pledged or received as collateral which is disclosed as "cash collateral posted to/by counterparties."

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on the assumptions market participants would use when pricing an asset or liability and also considers all aspects of nonperformance risk, including the entity's own credit standing, when measuring fair value of a liability. ASC Topic 820 established a valuation hierarchy of three levels as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 – Inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs either directly observable or indirectly observable through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level 3 – Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management's best estimate of how market participants would price the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The following table presents the Company's financial instruments that are measured at fair value on the Company's consolidated balance sheet by their valuation hierarchy levels as of the dates indicated:

	June 30, 2025				December 31, 2024			
($s in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:								
MBS	$ 10,510,006	$ —	$ 10,510,006	$ —	$ 7,512,087	$ —	$ 7,512,087	$ —
TBA securities (1)	30,823	—	30,823	—	133	—	133	—
Interest rate swaptions	993	—	993	—	—	—	—	—
Mortgage loans (2)	1,028	—	—	1,028	1,130	—	—	1,130
Total assets carried at fair value	$ 10,542,850	$ —	$ 10,541,822	$ 1,028	$ 7,513,350	$ —	$ 7,512,220	$ 1,130
Liabilities:								
TBA securities (1)	$ 31	$ —	$ 31	$ —	$ 22,814	$ —	$ 22,814	$ —
Total liabilities carried at fair value	$ 31	$ —	$ 31	$ —	$ 22,814	$ —	$ 22,814	$ —

(1) TBA securities are reflected on consolidated balance sheets within "derivative assets" and "derivative liabilities" at their implied fair value, net of implied cost basis. Please refer to Note 5 for additional information.

(2) Mortgage loans are included within "other assets" on the consolidated balance sheets.

As of June 30, 2025, the fair value measurements for the Company's TBA securities and its MBS are considered Level 2 because there are substantially similar securities actively trading or for which there has been recent trading activity in their respective markets. Fair value for Agency MBS and Agency RMBS TBA securities is based on prices received from an independent third-party pricing service. In valuing a security, the pricing service primarily uses a market approach, which uses observable prices and other relevant information that is generated by market transactions of identical or similar securities, but may use an income approach, which uses valuation techniques such as discounted cash flow modeling. Examples of the observable inputs and assumptions used in the valuation techniques include market interest rates, credit spreads, and projected prepayment speeds, among other things. The Company reviews the prices it receives from the pricing service for reasonableness using broker quotes as well as other third-party pricing services.

As of June 30, 2025, the Company's mortgage loans held for investment are single-family mortgage loans, which were originated or purchased by the Company prior to 2000, and for which the Company has elected the fair value option. The fair value measurements for these mortgage loans are considered Level 3 because there has been no recent trading activity of similar instruments upon which their fair value can be measured. The fair value for these Level 3 assets is measured by discounting the estimated future cash flows derived from cash flow models using certain inputs such as the security's credit rating, coupon rate, estimated prepayment speeds, expected weighted average life, collateral composition, and expected credit losses as well as certain other relevant information. The Company used a constant prepayment rate assumption of 10%, default rate of 2%, loss severity of 20%, and a discount rate of 10% in measuring the fair value of its Level 3 assets as of June 30, 2025 and as of December 31, 2024.

The Company's short positions in U.S. Treasury futures contracts are valued based on exchange pricing and are classified accordingly as Level 1 measurements. Interest rate swaps are valued using the daily settlement price, or fair value, determined by the clearing exchange based on a pricing model that references observable market inputs, including current benchmark rates and the forward yield curve, and thus their fair values are considered Level 2 measurements. The carrying value of the U.S. Treasury futures contracts and interest rate swaps on the Company's consolidated balance sheets is $0 because the instruments require daily margin exchanges, which are considered by the settlement agent to represent legal settlement of the contracts on a daily basis. Please see Note 1 and Note 5 for additional information regarding the fair value of the Company's derivative instruments.

The fair value of interest rate swaptions is considered Level 2 because it is based on the fair value of the underlying interest rate swap and time remaining until its expiration and is carried on the balance sheet net of any deferred premium to be paid upon expiration or sale.

The table above excludes financial instruments reported at cost. As of June 30, 2025 and December 31, 2024, the cost of the Company's repurchase agreements approximated fair value. Given their short-term nature (less than one year) and the interest rates on outstanding amounts, which largely correspond to prevailing rates observed in the repurchase agreement market, their inputs are considered Level 2.

NOTE 7 – SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

Preferred Stock. The Company's Board of Directors has designated 6,600,000 shares of the Company's preferred stock for issuance as Series C Preferred Stock, of which the Company has 4,460,000 of such shares outstanding as of June 30, 2025. The Series C Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption, and will remain outstanding indefinitely unless redeemed, repurchased, or converted into common stock pursuant to the terms of the Series C Preferred Stock. As of April 15, 2025, the Series C Preferred Stock may be redeemed at any time and from time to time at the Company's option at a cash redemption price of $25.00 per share plus any accumulated and unpaid dividends. In addition, the Series C Preferred Stock will now pay a quarterly cumulative cash dividend at a percentage of its $25.00 liquidation value per share equal to 3-month term SOFR plus the statutorily prescribed tenor spread adjustment of 0.26161% in addition to the spread pursuant to the terms of the Series C Preferred Stock of 5.461% for a total spread of 5.723%. The Company paid a quarterly dividend of $0.62395 per share of Series C Preferred Stock on July 15, 2025 to shareholders of record as of July 1, 2025.

Common Stock. During the six months ended June 30, 2025, the Company issued 40,712,768 shares of its common stock through its at-the-market ("ATM") program at an aggregate value of $522 million, net of broker commissions and fees. The Company declared monthly dividends on its common stock totaling $0.51 for the three months ended June 30, 2025. The Company's timing, frequency, and amount of dividends declared on its common stock are determined by its Board of Directors. When declaring dividends, the Board of Directors considers the Company's taxable income, management's view on long-term returns, the REIT distribution requirements of the Tax Code, and maintaining compliance with dividend requirements of the Series C Preferred Stock, along with other factors that the Board of Directors may deem relevant from time to time.

Share-Based Compensation. The following table presents a rollforward of share-based awards for the periods indicated:

	Six Months Ended June 30,					
	2025			2024		
Type of Award	Shares		Weighted Average Grant Date Fair Value Per Share	Shares		Weighted Average Grant Date Fair Value Per Share
Restricted stock:						
Awards outstanding, beginning of period	93,595	$	12.78	104,282	$	12.61
Granted	—		—	65,668		12.56
Vested	(66,860)		12.96	(76,355)		12.37
Awards outstanding, end of period	26,735	$	12.34	93,595	$	12.78
Target RSUs: (1)						
Awards outstanding, beginning of period	463,070	$	12.64	394,497	$	13.06
Granted	399,096		12.78	214,755		12.50
Vested	(150,199)		12.63	(68,896)		14.42
Awards outstanding, end of period	711,967	$	12.72	540,356	$	12.66
Target PSUs: (2)						
Awards outstanding, beginning of period	482,409	$	12.32	276,866	$	13.17
Granted	371,282		12.05	322,132		12.50
Vested	—		—	—		—
Awards outstanding, end of period	853,691	$	12.20	598,998	$	12.81

(1) The number of RSUs shown represent the target number of awards. Actual number of shares that will potentially settle may range from 0% if the recipient's service-based vesting condition is not met to 100% if the service-based vesting condition is met.

(2) The number of PSUs shown represent the target number of awards. Actual number of shares that will potentially settle may range from 0% to 200% based on the achievement of the performance goals defined in each grant award.

The restricted stock awards that vested during the six months ended June 30, 2025 were all granted to employees except for 38,068 granted to the Company's non-employee members of its Board of Directors. Restricted stock granted to employees generally vests in equal installments over a period of 3 years.

RSUs vest in equal installments over a period of 3 years. PSUs cliff vest based on performance results measured over a period of 3 years. The Company expects 101% of the remaining target PSUs outstanding as of June 30, 2025 will be settled on their vesting dates.

The Company has DERs accrued for RSUs and PSUs of $1 million and $1 million, respectively, as of June 30, 2025 and as of December 31, 2024, which are included on the Company's consolidated balance sheet within "accrued dividends payable."

Total share-based compensation expense recognized by the Company for the three and six months ended June 30, 2025 was $3 million and $6 million compared to $1 million and $5 million for the three and six months ended June 30, 2024. The following table discloses the Company's remaining compensation expense related to stock awards it has granted as of June 30, 2025, which will be amortized over the period disclosed:

	June 30, 2025	
($s in thousands)	**Remaining Compensation Cost**	**WAVG Period of Recognition**
Restricted stock	$ 258	1.4 years
RSUs	5,387	2.0 years
PSUs	3,885	2.1 years
Total	$ 9,530	2.0 years

NOTE 8 - SEGMENT REPORTING

The Company's operations consist of one reportable segment which involves investing in MBS and funding these investments with repurchase agreements and equity. Because the Company's investment portfolio and financings are subject to market risks, primarily interest rate risk, management seeks to offset a portion of its market value exposure and financing costs through its interest rate derivative instruments ("hedging portfolio"). The Company's investment and hedging portfolios are managed together.

The Company's revenue is derived from its investment portfolio, which currently consists of primarily Agency RMBS. The Company's chief operating decision maker ("CODM") is its Co-CEO and President. Segment performance is measured by and resource allocation decisions are based on "comprehensive income (loss) to common shareholders" as presented on the Company's consolidated statement of comprehensive income (loss). The segment's significant expense categories as shown on the Company's consolidated statement of comprehensive income (loss) are regularly provided to the CODM for review and are also used to make resource allocation decisions. Segment assets are total assets as shown on the Company's consolidated balance sheet.

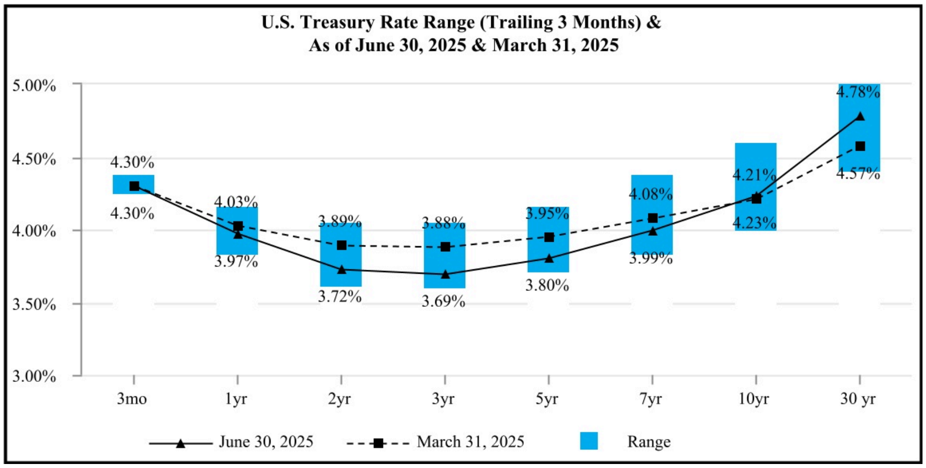
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

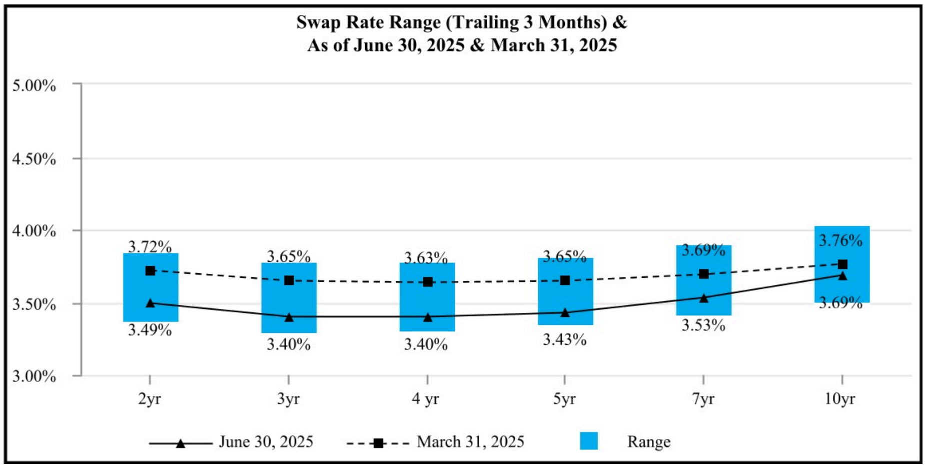
EXECUTIVE OVERVIEW

From year end 2024 to June 30, 2025, interest rates across the U.S. Treasury curve were mostly lower, and from March 31, 2025 to June 30, 2025, the U.S. 10-year U.S. Treasury rate and U.S. Federal Funds rate were essentially flat, but spreads were slightly wider. In addition, swap spreads have broadly trended more negative during the year which have had an impact on existing swaps, but improve the carry of additional swaps added to the portfolio. Dynex continues to be active in the ATM program, raising approximately $522 million of new capital during the six months ended June 30, 2025, which has been deployed into the Agency market at historically attractive levels and also provides liquidity. For Dynex, net interest income and spread income continue to improve from adding higher yielding assets to the portfolio, reducing financing costs and adding to yield from our swap portfolio. The news cycle this quarter has been active with new proposed U.S. policies, tariff negotiations and conflicts around the globe. We continue to operate our business at the intersection of the global capital markets and the U.S. housing finance system and take seriously our responsibility of being stewards of shareholder capital. The Dynex team remains focused on managing risk and investing to deliver compelling shareholder returns over time.

Market Data

The charts below show the range of U.S. Treasury and SOFR-based swap rates for the second quarter of 2025 and information regarding market spreads as of and for the periods indicated:





Investment Type: [1]	Market Spreads as of: June 30, 2025	March 31, 2025	December 31, 2024	Change in Spreads YTD
Agency RMBS:				
2.0% coupon	96	85	89	7
2.5% coupon	99	90	93	6
4.0% coupon	78	65	69	9
4.5% coupon	76	65	68	8
5.0% coupon	77	66	69	8
5.5% coupon	82	69	72	10
6.0% coupon	86	66	74	12
Agency DUS (Agency CMBS)[2]	102	94	96	6
Freddie K AAA IO (Agency CMBS IO)[2]	115	130	120	(5)

(1) Option adjusted spreads ("OAS") are based on Company estimates using third-party models and market data. OAS shown for prior periods may differ from previous disclosures because the Company regularly updates the third-party model used.

(2) Data represents the spread to swap rate on newly issued securities and is sourced from J.P. Morgan.

The following table summarizes the changes in the Company's financial position during the second quarter of 2025:

($s in thousands except per share data)	**Net Change in Fair Value**	**Components of Comprehensive Income**	**Common Book Value Rollforward**	**Per Common Share**
Balance as of March 31, 2025 (1)			$ 1,284,415	$ 12.56
Net interest income		$ 23,128		
Periodic interest from interest rate swaps		12,349		
G & A and other operating expenses		(12,293)		
Preferred stock dividends		(2,680)		
Changes in fair value:				
MBS and loans	$ 37,716			
TBAs	7,608			
U.S. Treasury futures	6,320			
Interest rate swaps	(84,552)			
Interest rate swaptions	182			
Total net change in fair value		(32,726)		
Comprehensive loss to common shareholders			(12,222)	
Capital transactions:				
Net proceeds from stock issuance (2)			285,593	
Common dividends declared			(59,293)	
Balance as of June 30, 2025 (1)			$ 1,498,493	$ 11.95

(1) *Amounts represent total shareholders' equity less the aggregate liquidation preference of the Company's preferred stock of $111.5 million, in thousands and on a per common share basis.*

(2) *Net proceeds from common stock issuance include approximately $282.1 million from ATM issuances and approximately $3.5 million from amortization of share-based compensation, net of grants, during the three months ended June 30, 2025.*

Current Outlook

Markets continue to experience volatility in response to policy changes and a fast moving news cycle. We expect volatility to continue and remain focused on maintaining a portfolio of high-quality liquid securities and maintaining liquidity. While Agency and swaps markets have re-priced, the current market environment is not directly impacted by a specific real estate or mortgage event. We are also focused on our hedging strategy and believe options will be part of our hedge portfolio going forward. We also continue to monitor the prepayment risk of our portfolio, the direction of rates, and the outlook for U.S. Federal Reserve policy. The mortgage finance sector continues to evolve and will leverage new technologies that are likely to expedite refinancing which may result in an increase in prepayment risk.

Some certainty on the implicit guarantee on Agency securities was provided this quarter, but the future structure of the GSEs remains uncertain, and we continue to be engaged with policymakers to monitor these developments. We continue to monitor global macroeconomic conditions and large investment flows.

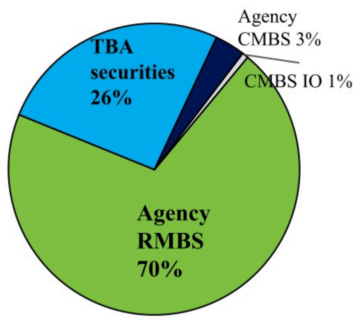
As of the end of the second quarter 2025, we expect to continue a strategy of raising capital and deploying into highly liquid markets with little or no credit risk that is providing compelling returns that are supportive of our dividend now and into the future.

FINANCIAL CONDITION

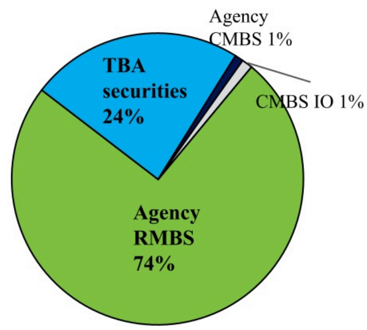
Investment Portfolio

Our investment portfolio (including TBAs) as of June 30, 2025, has increased approximately 44% compared to December 31, 2024. The following charts compare the composition of our MBS portfolio (including TBAs) as of the dates indicated:

June 30, 2025



December 31, 2024



We have added approximately $2.8 billion of Agency RMBS and $418 million of Agency CMBS during the six months ended June 30, 2025, of which $937 million were pending settlement as of June 30, 2025. We also increased our TBA dollar roll positions by a notional of $1.4 billion during the six months ended June 30, 2025. The Agency CMBS purchases have a different convexity profile compared to our Agency RMBS, which we believe adds diversification to our investment portfolio.

The following tables compare our fixed-rate Agency RMBS investments, including TBA dollar roll positions, as of the dates indicated:

	June 30, 2025						
				Weighted Average			
Agency RMBS by Coupon	**Par/Notional**	**Amortized Cost/ Implied Cost Basis** (2)(4)	**Fair Value** (3)(4)	**Loan Age (in months)**(5)	**3 Month CPR** (5)(6)	**Estimated Duration** (7)	**Market Yield** (8)
($s in thousands)							
2.0%	$ 629,325	$ 639,437	$ 506,027	57	6.1 %	7.42	4.93 %
2.5%	541,015	561,012	455,838	58	5.3 %	7.05	4.93 %
4.0%	309,051	309,469	291,063	51	8.4 %	6.05	4.96 %
4.5%	1,823,473	1,766,385	1,755,138	29	7.3 %	5.67	5.10 %
5.0%	2,868,556	2,814,838	2,831,069	21	7.8 %	5.03	5.20 %
5.5%	3,779,307	3,787,911	3,801,864	13	6.3 %	4.16	5.40 %
6.0%	288,534	292,046	295,837	19	8.9 %	3.05	5.50 %
TBA 4.0%	1,282,000	1,178,398	1,192,572	n/a	n/a	6.48	5.03 %
TBA 4.5% (1)	870,000	849,450	858,382	n/a	n/a	3.89	4.71 %
TBA 5.0%	922,000	900,205	903,920	n/a	n/a	5.25	5.27 %
TBA 5.5%	728,000	723,974	727,943	n/a	n/a	4.03	5.51 %
Total	$ 14,041,261	$ 13,823,125	$ 13,619,653	24	7.0 %	5.02	5.20 %

	December 31, 2024						
				Weighted Average			
Agency RMBS by Coupon	**Par/Notional**	**Amortized Cost/ Implied Cost Basis** (2)(4)	**Fair Value** (3)(4)	**Loan Age (in months)**(5)	**3 Month CPR** (5)(6)	**Estimated Duration** (7)	**Market Yield** (8)
($s in thousands)							
2.0%	$ 655,356	$ 666,107	$ 516,541	51	5.0 %	6.49	5.42 %
2.5%	561,625	582,776	463,402	52	4.3 %	6.37	5.33 %
4.0%	324,615	325,091	299,774	45	6.4 %	5.92	5.25 %
4.5%	1,323,371	1,291,410	1,252,219	27	7.4 %	5.79	5.33 %
5.0%	2,356,262	2,315,518	2,284,613	18	5.7 %	5.19	5.47 %
5.5%	2,193,064	2,207,296	2,178,180	13	5.3 %	4.53	5.61 %
6.0%	303,470	307,211	307,509	13	13.2 %	3.60	5.74 %
TBA 4.0%	462,000	424,917	421,796	n/a	n/a	6.62	5.20 %
TBA 4.5%	383,000	361,610	359,837	n/a	n/a	5.95	5.35 %
TBA 5.0%	710,000	693,938	684,706	n/a	n/a	5.20	5.51 %
TBA 5.5%	864,000	860,609	852,053	n/a	n/a	4.21	5.73 %
Total	$ 10,136,763	$ 10,036,483	$ 9,620,630	23	6.1 %	5.22	5.49 %

(1) Includes $700 million notional amount of 15-year TBA securities with an implied cost basis of $689 million.

(2) Implied cost basis of TBAs represents the forward price to be paid for the underlying Agency MBS.

(3) Fair value of TBAs is the implied market value of the underlying Agency security as of the end of the period.

(4) TBAs are included on the consolidated balance sheet within "derivative assets/liabilities" at their net carrying value which is the difference between their implied market value and implied cost basis. Please refer to Note 5 of the Notes to the Consolidated Financial Statements for additional information.
(5) TBAs are excluded from this calculation as they do not have a defined weighted-average loan balance or age until mortgages have been assigned to the pool.
(6) Constant prepayment rate ("CPR") represents the 3-month CPR of Agency RMBS held as of date indicated.
(7) Duration measures the sensitivity of a security's price to the change in interest rates and represents the percent change in price of a security for a 100-basis point increase in interest rates. We calculate duration using third-party financial models and empirical data. Different models and methodologies can produce different estimates of duration for the same securities.
(8) Represents the weighted average market yield projected using cash flows generated from the forward curve based on market prices as of the date indicated and assuming zero volatility.

Our Agency CMBS consist of loans collateralized by multifamily properties. Though we expect our exposure to Agency CMBS to remain modest as a percentage of the total portfolio, we added selectively in the second quarter of 2025 where the risk-adjusted return profile aligned with our broader strategy. In addition to offering compelling relative value, Agency CMBS help diversify and stabilize the portfolio's cash flow and total return profile, given their unique prepayment characteristics and underlying asset base.

Agency CMBS IO are backed by loans collateralized by multifamily properties, which have performed well given the demand for housing in the United States. Our Agency CMBS IO are from Freddie Mac Series K deals from which interest continues to be advanced even in the event of an underlying default up until liquidation. According to Freddie Mac, 99.6% of the loans in K-deals are current as of May 2025. Our non-Agency CMBS IO were all originated prior to 2018 and are backed by loans collateralized by a number of different property types, such as multifamily, office, retail, hotels, industrial, storage, and others. Our non-Agency CMBS IO investments are nearing maturity and have very little amortized cost remaining; any changes in actual payments may result in large swings in yield as shown below.

The following table provides certain information regarding our CMBS and CMBS IO as of the dates indicated:

	June 30, 2025				
($s in thousands)	**Par/Notional Value**	**Amortized Cost**	**Fair Value**	**WAVG Life Remaining (1)**	**WAVG Market Yield (2)**
Agency CMBS	$ 470,444	$ 470,882	$ 472,426	5.6	4.40 %
CMBS IO	6,803,825	101,670	100,746	4.5	12.66 %
Total		$ 572,552	$ 573,172		

	December 31, 2024				
($s in thousands)	**Par/Notional Value**	**Amortized Cost**	**Fair Value**	**WAVG Life Remaining (1)**	**WAVG Market Yield (2)**
Agency CMBS	$ 99,636	$ 99,848	$ 95,463	2.6	4.76 %
CMBS IO	8,647,176	117,591	114,386	4.5	12.65 %
Total		$ 217,439	$ 209,849		

(1) Represents the weighted average life remaining in years based on contractual cash flows as of the dates indicated.
(2) Represents the weighted average market yield projected using cash flows generated off the forward curve based on market prices as of the dates indicated and assuming zero volatility.

Repurchase Agreements

Our repurchase agreement borrowings increased to $9 billion as of June 30, 2025 from $7 billion as of December 31, 2024 as we used these funds to partially finance our purchases of Agency MBS during the six months ended June 30, 2025. We have not experienced any difficulty in securing financing with any of our counterparties, and our repurchase agreement counterparties have not indicated any concerns regarding leverage or credit. Please refer to Note 4 of the Notes to the Consolidated Financial Statements contained within this Quarterly Report on Form 10-Q as well as "Results of Operations" and "Liquidity and Capital Resources" contained within this Item 2 for additional information relating to our repurchase agreement borrowings.

Derivative Assets and Liabilities

Please refer to Note 5 of the Notes to the Consolidated Financial Statements for details on our interest rate hedging instruments as well as "Liquidity and Capital Resources" within Item 2 and "Quantitative and Qualitative Disclosures about Market Risk" in Item 3 of this Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2025 Compared to the Three Months Ended March 31, 2025

The following table summarizes the results of operations for the periods discussed in this section:

	Three Months Ended	
$s in thousands	**June 30, 2025**	**March 31, 2025**
Net interest income	$ 23,128	$ 17,133
Unrealized gain on investments, net	33,652	109,997
Loss on derivative instruments, net	(58,093)	(118,088)
Operating expenses, net	(12,293)	(12,118)
Preferred stock dividends	(2,680)	(1,923)
Net loss to common shareholders	(16,286)	(4,999)
Other comprehensive income	4,064	19,390
Comprehensive (loss) income to common shareholders	$ (12,222)	$ 14,391

Net Interest Income

Net interest income and net interest spread improved for the three months ended June 30, 2025, compared to the three months ended March 31, 2025 due to a larger portfolio of Agency RMBS with higher yields. Financing costs also declined approximately 11 basis points for the three months ended June 30, 2025, compared to the three months ended March 31, 2025.

The following table presents information about our interest-earning assets and interest-bearing liabilities and their performance for the periods indicated:

($s in thousands)	Three Months Ended June 30, 2025 Interest Income/Expense	Average Balance (1)(2)	Effective Yield/ Financing Cost (3)(4)	March 31, 2025 Interest Income/Expense	Average Balance (1)(2)	Effective Yield/ Financing Cost (3)(4)
Agency RMBS	$ 102,738	$ 8,663,590	4.74 %	$ 90,075	$ 7,726,081	4.66 %
Agency CMBS	1,945	189,815	4.05 %	735	86,880	3.38 %
CMBS IO (5)	2,612	105,162	9.62 %	2,332	113,263	8.74 %
Mortgage loans	12	940	4.40 %	14	999	4.96 %
MBS and loans	107,307	$ 8,959,507	4.79 %	93,156	7,927,223	4.71 %
Cash equivalents	4,439			1,903		
Total interest income	$ 111,746			$ 95,059		
Repurchase agreement financing	(88,618)	7,871,627	(4.45)%	(77,926)	6,842,485	(4.56)%
Net interest income/spread	$ 23,128		0.33 %	$ 17,133		0.15 %
Net periodic interest (6)	12,349		0.63 %	10,851		0.64 %
Economic net interest income/spread (6)	$ 35,477		0.96 %	$ 27,984		0.79 %
*Table Note: Data may not foot due to rounding.						

(1) Average balance for assets is calculated as a simple average of the daily amortized cost and excludes securities pending settlement if applicable.
(2) Average balance for liabilities is calculated as a simple average of the daily borrowings outstanding during the period.
(3) Effective yield is calculated by dividing annualized interest income by the average balance of asset type outstanding during the reporting period. Unscheduled adjustments to premium/discount amortization/accretion, such as for prepayment compensation, are not annualized in this calculation.
(4) Financing cost is calculated by dividing annualized interest expense by the total average balance of borrowings outstanding during the period with an assumption of 360 days in a year.
(5) Includes Agency and non-Agency issued securities.
(6) Net periodic interest is the difference between the fixed interest rate we pay and the variable interest rate we receive on our interest rate swaps. It is a component of economic net interest income (expense), a non-GAAP measure. Please refer to the section below "Non-GAAP Financial Measures" for more information.

The following table presents information regarding the performance of our TBA dollar roll transactions for the periods indicated:

($s in thousands)	Three Months Ended June 30, 2025 Implied Net Interest Income (1)	Average Balance	Implied Net Spread	March 31, 2025 Implied Net Interest Income (1)	Average Balance	Implied Net Spread
TBAs	$ 4,758	$ 2,425,857	0.78 %	$ 4,785	$ 2,400,084	0.80 %

(1) Implied net interest income (expense) is also referred to as "drop income (loss)" and represents a portion of the total realized gain (loss) from our TBA dollar roll transactions recorded within "gain (loss) on derivative instruments, net."

Gains (Losses) on Investments and Derivative Instruments

During the three months ended June 30, 2025, the fair value of our investment portfolio increased $45 million primarily due to recent purchases of new investments when spreads widened. These gains were offset by net losses on our hedging portfolio of $(78) million (excluding $12 million of net periodic interest we earned from our interest rate swaps), primarily as a result of the decline in SOFR-based swap rates and U.S. Treasury rates as of June 30, 2025 versus March 31, 2025.

During the three months ended March 31, 2025, the fair value of our investment portfolio increased $172 million primarily due to a decline of 36 basis points in the 10-year U.S. Treasury rate. These gains were mostly offset by net losses on our hedging portfolio of $(171) million (excluding $11 million of net periodic interest we earned from our interest rate swaps), as a result of the decline in 10-year and 30-year U.S. Treasury rates, lower SOFR rates across the curve and swaps spreads becoming more negative.

The following tables provide details on realized and unrealized gains and losses within our investment and interest rate hedging portfolios for the periods indicated:

($s in thousands)	Three Months Ended June 30, 2025 Realized Gain (Loss) Recognized in Net Income	Unrealized Gain (Loss) Recognized in Net Income	Unrealized Gain (Loss) Recognized in OCI	Total Change in Fair Value
Investment portfolio:				
Agency RMBS	$ —	$ 29,102	$ 3,629	$ 32,731
Agency CMBS	—	4,266	426	4,692
CMBS IO	—	315	9	324
Mortgage loans	—	(31)	—	(31)
Subtotal	—	33,652	4,064	37,716
TBA securities (1)	(21,014)	28,622	—	7,608
Net gain on investments	$ (21,014)	$ 62,274	$ 4,064	$ 45,324
Interest rate hedging portfolio:				
U.S. Treasury futures	$ 58,270	$ (51,950)	$ —	$ 6,320
Interest rate swaps (2)	12,349	(84,552)	—	(72,203)
Interest rate swaptions	—	182	—	182
Net loss on interest rate hedges	$ 70,619	$ (136,320)	$ —	$ (65,701)
Total net gain (loss)	$ 49,605	$ (74,046)	$ 4,064	$ (20,377)

($s in thousands)	Three Months Ended March 31, 2025 Realized Gain (Loss) Recognized in Net Income	Unrealized Gain (Loss) Recognized in Net Income	Unrealized Gain (Loss) Recognized in OCI	Total Change in Fair Value
Investment portfolio:				
Agency RMBS	$ —	$ 109,260	$ 16,916	$ 126,176
Agency CMBS	—	110	1,126	1,236
CMBS IO	—	609	1,348	1,957
Mortgage loans	—	18	—	18
Subtotal	—	109,997	19,390	129,387
TBA securities (1)	17,323	24,851	—	42,174
Net gains on investments	$ 17,323	$ 134,848	$ 19,390	$ 171,561
Interest rate hedging portfolio:				
U.S. Treasury futures	$ (25,801)	$ (18,546)	$ —	$ (44,347)
Interest rate swaps (2)	10,851	(127,577)	—	(116,726)
Interest rate swaptions	—	811	—	811
Net losses on interest rate hedges	$ (14,950)	$ (145,312)	$ —	$ (160,262)
Total net gain (loss)	$ 2,373	$ (10,464)	$ 19,390	$ 11,299

1) *Realized and unrealized gains (losses) on TBA securities are recorded within "gain (loss) on derivative instruments, net" on the Company's consolidated statements of comprehensive income.*
2) *Realized gain (loss) for interest rate swaps consists of net periodic interest benefit of $12.3 million for the three months ended June 30, 2025 and $10.9 million for the three months ended March 31, 2025.*

Operating Expenses

Operating expenses for the three months ended June 30, 2025, declined slightly compared to the three months ended March 31, 2025 due to lower legal and consulting expenses.

<u>Six Months Ended June 30, 2025 Compared to the Six Months Ended June 30, 2024</u>

Net Interest Income

Net interest income and net interest spread improved for the six months ended June 30, 2025, compared to the six months ended June 30, 2024 due to the purchases of higher yielding Agency RMBS over the past year. In addition, our financing costs during the six months ended June 30, 2025 declined approximately 99 basis points compared to the six months ended June 30, 2024, due primarily to the interest rate cuts implemented by the FOMC since June 30, 2024.

The following table presents information about our interest-earning assets and interest-bearing liabilities and their performance for the periods indicated:

	Six Months Ended June 30, 2025			2024		
($s in thousands)	Interest Income/Expense	Average Balance (1)(2)	Effective Yield/ Financing Cost (3)(4)	Interest Income/Expense	Average Balance (1)(2)	Effective Yield/ Financing Cost (3)(4)
Agency RMBS	$ 192,813	8,197,426	4.70 %	$ 132,207	$ 6,045,897	4.37 %
Agency CMBS	2,679	138,632	3.84 %	1,717	112,304	3.02 %
CMBS IO (5)	4,944	109,190	9.13 %	5,523	153,211	6.90 %
Mortgage loans	26	969	4.66 %	42	1,605	4.86 %
MBS and loans	$ 200,462	$ 8,446,217	4.75 %	$ 139,489	$ 6,313,017	4.41 %
Cash equivalents	6,343			8,091		
Total interest income	$ 206,805			$ 147,580		
Repurchase agreement financing	(166,545)	7,359,899	(4.50)%	(149,484)	5,387,929	(5.49)%
Net interest income (expense)/spread	$ 40,260		0.25 %	$ (1,904)		(1.08)%
Net periodic interest (6)	23,200		0.63 %	17		— %
Economic net interest income (expense)/spread (6)	$ 63,460		0.88 %	$ (1,887)		(1.08)%

*Table Note: Data may not foot due to rounding.

(1) *Average balance for assets is calculated as a simple average of the daily amortized cost and excludes securities pending settlement if applicable.*
(2) *Average balance for liabilities is calculated as a simple average of the daily borrowings outstanding during the period.*
(3) *Effective yield is calculated by dividing interest income by the average balance of asset type outstanding during the reporting period. Unscheduled adjustments to premium/discount amortization/accretion, such as for prepayment compensation, are not annualized in this calculation.*
(4) *Financing cost is calculated by dividing annualized interest expense by the total average balance of borrowings outstanding during the period with an assumption of 360 days in a year.*
(5) *Includes Agency and non-Agency issued securities.*
(6) *Net periodic interest is the difference between the fixed interest rate we pay and the variable interest rate we receive on our interest rate swaps. It is a component of economic net interest income (expense), a non-GAAP measure. Please refer to the section below "Non-GAAP Financial Measures" for more information.*

The following table presents information regarding the performance of our TBA dollar roll transactions for the periods indicated:

	Six Months Ended June 30, 2025			2024		
($s in thousands)	Implied Net Interest Income (1)	Average Balance	Implied Net Spread	Implied Net Interest Expense (1)	Average Balance	Implied Net Spread
TBAs	$ 9,542	$ 2,413,041	0.79 %	$ (1,500)	$ 1,786,687	(0.17)%

(1) *Implied net interest income (expense) is also referred to as "drop income (loss)" and represents a portion of the total realized gain (loss) from our TBA dollar roll transactions recorded within "gain (loss) on derivative instruments, net."*

Gains (Losses) on Investments and Derivative Instruments

During the six months ended June 30, 2025, losses on our hedging portfolio exceeded gains on our investments by approximately $32 million (excluding $23 million in net periodic interest we earned from interest rate swaps) due primarily to the decline in SOFR-based swap rates across the curve since December 31, 2024.

During the six months ended June 30, 2024, gains on our hedging portfolio exceeded losses on our investments by approximately $35 million. The impact of the 52 basis point increase in the 10-year U.S. Treasury rate on our investments was offset by the resulting gains on our hedging portfolio of approximately $204 million.

The following tables provide details on realized and unrealized gains and losses within our investment and interest rate hedging portfolios for the periods indicated:

	Six Months Ended June 30, 2025			
($s in thousands)	**Realized Gain (Loss) Recognized in Net Income**	**Unrealized Gain (Loss) Recognized in Net Income**	**Unrealized Gain (Loss) Recognized in OCI**	**Total Change in Fair Value**
Investment portfolio:				
Agency RMBS	$ —	$ 138,362	$ 20,545	$ 158,907
Agency CMBS	—	4,376	1,552	5,928
CMBS IO	—	924	1,357	2,281
Mortgage loans	—	(13)	—	(13)
Subtotal	—	143,649	23,454	167,103
TBA securities [(1)]	(3,690)	53,473	—	49,783
Net (loss) gain on investments	$ (3,690)	$ 197,122	$ 23,454	$ 216,886
Interest rate hedging portfolio:				
U.S. Treasury futures	$ 32,469	$ (70,496)	$ —	$ (38,027)
Interest rate swaps [(2)]	23,200	(212,130)	—	(188,930)
Interest rate swaptions	—	993	—	993
Net gain (loss) on interest rate hedges	$ 55,669	$ (281,633)	$ —	$ (225,964)
Total net gain (loss)	$ 51,979	$ (84,511)	$ 23,454	$ (9,078)

	Six Months Ended June 30, 2024			
($s in thousands)	**Realized Gain (Loss) Recognized in Net Income**	**Unrealized Gain (Loss) Recognized in Net Income**	**Unrealized Gain (Loss) Recognized in OCI**	**Total Change in Fair Value**
Investment portfolio:				
Agency RMBS	$ —	$ (113,381)	$ (19,881)	$ (133,262)
Agency CMBS	—	1,073	97	1,170
CMBS IO	—	157	683	840
Mortgage loans	—	150	47	197
Subtotal	—	(112,001)	(19,054)	(131,055)
TBA securities [(1)]	9,771	(47,931)	—	(38,160)
Net gain (loss) on investments	$ 9,771	$ (159,932)	$ (19,054)	$ (169,215)
Interest rate hedging portfolio:				
U.S. Treasury futures	$ 18,303	$ 185,718	$ —	$ 204,021
Interest rate swaps	17	(107)	—	(90)
Net gain on interest rate hedges	$ 18,320	$ 185,611	$ —	$ 203,931
Total net gain (loss)	$ 28,091	$ 25,679	$ (19,054)	$ 34,716

1) *Realized and unrealized gains (losses) on TBA securities are recorded within "gain (loss) on derivative instruments, net" on the Company's consolidated statements of comprehensive income.*
2) *Realized gain (loss) for interest rate swaps consists of net periodic interest benefit of $23.2 million for the six months ended June 30, 2025 and $17.0 thousand for the six months ended June 30, 2024.*

Operating Expenses

Operating expenses for the six months ended June 30, 2025 increased $6 million compared to the six months ended June 30, 2024 due to higher salary, bonus, and share-based compensation expenses.

Non-GAAP Financial Measures

In evaluating the Company's financial and operating performance, management considers book value per common share, total economic return (loss) to common shareholders, and other operating results presented in accordance with GAAP as well as certain non-GAAP financial measures, which include earnings available for distribution ("EAD") to common shareholders (including per common share) and economic net interest income and the related metric economic net interest spread. Management believes these non-GAAP financial measures may be useful to investors because they are viewed by management as a measure of the investment portfolio's return based on the effective yield of its investments, net of financing costs and, with respect to EAD, net of other normal recurring operating income/expenses.

Drop income generated by TBA dollar roll positions, which is included in "gain (loss) on derivatives instruments, net" on the Company's consolidated statements of comprehensive income, is included in EAD because management views drop income as the economic equivalent of net interest income (interest income less implied financing cost) on the underlying Agency security from trade date to settlement date. However, drop income/loss does not represent the total realized gain/loss from the Company's investments in TBA securities.

Management also includes net periodic interest from its interest rate swaps, which is included in "gain (loss) on derivatives instruments, net," in EAD and economic net interest income because interest rate swaps are used by the Company to economically hedge the impact of changing interest rates on its borrowing costs from repurchase agreements, and including net periodic interest from interest rate swaps is a helpful indicator of the Company's total financing cost in addition to GAAP interest expense.

Non-GAAP financial measures are not a substitute for GAAP earnings and may not be comparable to similarly titled measures of other REITs because they may not be calculated in the same manner. Furthermore, though EAD is one of several factors our management considers in determining the appropriate level of distributions to common shareholders, it should not be utilized in isolation, and it is not an accurate indication of the Company's REIT taxable income, its distribution requirements in accordance with the Tax Code or total economic return.

Reconciliations of each non-GAAP measure to certain GAAP financial measures are provided below.

	Three Months Ended	
Reconciliations of GAAP to Non-GAAP Financial Measures:	**June 30, 2025**	**March 31, 2025**
($s in thousands except per share data)		
Comprehensive (loss) income to common shareholders (GAAP)	$ (12,222)	$ 14,391
Less:		
Change in fair value of investments [(1)]	(37,716)	(129,387)
Change in fair value of derivative instruments, net [(2)]	75,200	133,724
EAD to common shareholders (non-GAAP)	$ 25,262	$ 18,728
Average common shares outstanding	113,177,331	90,492,327
EAD per common share (non-GAAP)	$ 0.22	$ 0.21
Net interest income (GAAP)	$ 23,128	$ 17,133
Net periodic interest income earned from interest rate swaps	12,349	10,851
Economic net interest income (non-GAAP)	35,477	27,984
TBA drop income [(3)]	4,758	4,785
Total operating expenses	(12,293)	(12,118)
Preferred stock dividends	(2,680)	(1,923)
EAD to common shareholders (non-GAAP)	$ 25,262	$ 18,728
Net interest spread (GAAP)	0.33 %	0.15 %
Net periodic interest from interest rate swaps as a percentage of average repurchase borrowings	0.63 %	0.64 %
Economic net interest spread (non-GAAP)	0.96 %	0.79 %

(1) *Amount includes realized and unrealized gains and losses due to changes in the fair value of the Company's MBS.*
(2) *The following table reconciles "change in fair value of derivative instruments, net" to the "gain (loss) on derivative instruments, net" shown on the consolidated statements of comprehensive income.*

	Three Months Ended	
($s in thousands)	**June 30, 2025**	**March 31, 2025**
Loss on derivative instruments, net	$ (58,093)	$ (118,088)
Less:		
TBA drop income	(4,758)	(4,785)
Net periodic interest income earned from interest rate swaps	(12,349)	(10,851)
Change in fair value of derivative instruments, net	$ (75,200)	$ (133,724)

(3) *TBA drop income is calculated by multiplying the notional amount of the TBA dollar roll positions by the difference in price between two TBA securities with the same terms but different settlement dates.*

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity include borrowings under repurchase arrangements and monthly principal and interest payments we receive on our investments. Additional sources may include proceeds from the sale of investments, equity offerings, and net payments received from counterparties for derivative instruments. We use our liquidity to purchase investments, to pay amounts due on our repurchase agreement borrowings, and to pay our operating expenses and dividends on our common and preferred stock. We also use our liquidity to meet margin requirements for our repurchase agreements and derivative transactions, including TBA contracts, under the terms of the related agreements. We may also periodically use liquidity to repurchase shares of the Company's stock.

During the six months ended June 30, 2025, we issued 40,712,768 shares of common stock through our ATM program, resulting in proceeds of $522 million, net of broker commissions and fees. We partially deployed these proceeds into Agency RMBS and to post initial margin requirements related to a larger hedge portfolio including interest rate swaps, swaptions, and U.S. Treasury futures.

Our liquidity fluctuates based on our investment activities, leverage, capital raising activities, and changes in the fair value of our investments and derivative instruments. Our measurement of liquidity includes unrestricted cash and cash equivalents and unencumbered Agency MBS, which are recognized as assets on our consolidated balance sheet. In our measure of liquidity, we also include the fair value of noncash collateral pledged to us by our counterparties, which we typically receive when the fair value of our pledged collateral exceeds our current margin requirement. Our liquidity as of June 30, 2025, was approximately $891 million, which consisted of unrestricted cash of $388 million, unencumbered Agency MBS with a fair value of $499 million, and noncash collateral pledged by our counterparties of $5 million. Our liquidity as of December 31, 2024, was $658 million.

We continuously monitor our liquidity, especially with potential risk events on the horizon, such as tariff changes, potential GSE transition, uncertainty regarding Federal Reserve policy decisions, the size of the Federal Reserve's balance sheet, quantitative tightening or easing measures, the frequent potential for a government shutdown, and the impact on global markets stemming from global central bank policies. We are also monitoring the wars and conflicts around the globe. We continuously assess the adequacy of our liquidity under various scenarios based on changes in the fair value of our investments and derivative instruments due to market factors such as changes in the absolute level of interest rates and the shape of the yield curve, credit spreads, lender haircuts, and prepayment speeds, which in turn have an impact on margin requirements. In performing these analyses, we will also consider the current state of the fixed-income markets and the repurchase agreement markets to determine if market forces such as supply-demand imbalances or structural changes to these markets could change the liquidity of MBS or the availability of financing. We have not experienced any material changes in the terms of our repurchase agreements with our counterparties, and they have not indicated to us any concerns regarding access to liquidity.

Our perception of the liquidity of our investments and market conditions significantly influences our targeted leverage. In general, our leverage will increase if we view the risk-reward opportunity of higher leverage on our capital outweighs the risk to our liquidity and book value. Our leverage, which we calculate using total liabilities plus the cost basis of TBA long positions, was 8.3 times shareholders' equity as of June 30, 2025. We include 100% of the cost basis of our TBA securities in evaluating our leverage because it is possible under certain market conditions that it may be uneconomical for us to roll a TBA long position into future months, which may result in us having to take physical delivery of the underlying securities and use cash or other financing sources to fund our total purchase commitment.

Repurchase Agreements

Leverage based solely on repurchase agreement amounts outstanding was 5.3 times shareholders' equity as of June 30, 2025. Our repurchase agreement borrowings are uncommitted with terms renewable at the discretion of our lenders and generally have original terms to maturity of overnight to six months, though in some instances, we may enter into longer-dated maturities depending on market conditions. We seek to maintain unused capacity under our existing repurchase agreement credit lines with multiple counterparties, which helps protect us in the event of a counterparty's failure to renew existing repurchase agreements. As part of our continuous evaluation of counterparty risk, we maintain our highest counterparty exposures with broker-dealer subsidiaries of regulated financial institutions or primary dealers.

The amount outstanding for our repurchase agreement borrowings will typically fluctuate in any given period as it is dependent upon several factors, but particularly the extent to which we are active in buying and selling securities, including the volume of activity in TBA dollar roll transactions versus buying specified pools. The following table presents information regarding the balances of our repurchase agreement borrowings as of and for the periods indicated:

	Repurchase Agreements		
($s in thousands)	**Balance Outstanding As of Quarter End**	**Average Balance Outstanding For the Quarter Ended**	**Maximum Balance Outstanding During the Quarter Ended**
June 30, 2025	$ 8,600,143	$ 7,871,627	$ 8,600,487
March 31, 2025	7,234,723	6,842,485	7,234,723
December 31, 2024	6,563,120	6,431,743	6,568,805
September 30, 2024	6,423,890	5,943,805	6,461,475
June 30, 2024	5,494,428	5,410,282	5,529,856
March 31, 2024	5,284,708	5,365,575	5,469,434
December 31, 2023	5,381,104	5,168,821	5,381,354
September 30, 2023	5,002,230	4,773,435	5,037,440
June 30, 2023	4,201,901	3,447,406	4,203,788

For our repurchase agreement borrowings, we are required to post and maintain margin to the lender (i.e., collateral in excess of the repurchase agreement borrowing) in order to support the amount of the financing. This excess collateral is often referred to as a "haircut" and is intended to provide the lender protection against fluctuations in the fair value of the collateral and/or the failure by us to repay the borrowing at maturity. Lenders have the right to change haircut requirements at maturity of the repurchase agreement and may change their haircuts based on market conditions and the perceived riskiness of the collateral pledged. If the fair value of the collateral falls below the amount required by the lender, the lender has the right to demand additional margin or collateral. These demands are referred to as "margin calls," and if we fail to meet any margin call, our lenders have the right to terminate the repurchase agreement and sell any collateral pledged. The weighted average haircut for our borrowings as of June 30, 2025, was consistent with prior periods, typically averaging less than 5% for borrowings collateralized with Agency RMBS and CMBS and between 10-14% for borrowings collateralized with CMBS IO.

The collateral we post in excess of our repurchase agreement borrowing with any counterparty is also typically referred to by us as "equity at risk," which represents the potential loss to the Company if the counterparty is unable or unwilling to return collateral securing the repurchase agreement borrowing at its maturity. The counterparties with whom we have the greatest amounts of equity at risk may vary significantly during any given period due to the short-term and uncommitted nature of the repurchase agreement borrowings. As of June 30, 2025, we had amounts outstanding under 27 different repurchase agreements and did not have more than 10% of equity at risk with any counterparty or group of related counterparties.

We have various financial and operating covenants in certain of our repurchase agreements, which we monitor and evaluate on an ongoing basis for compliance as well as for impacts these customary covenants may have on our operating and financing flexibility. We do not believe we are subject to any covenants that materially restrict our financing flexibility. We were in full compliance with our debt covenants as of June 30, 2025, and we are not aware of circumstances that could potentially result in our non-compliance in the near future.

Derivative Instruments

Derivative instruments we enter into may require us to post initial margin at inception and daily variation margin based on subsequent changes in their fair value. Daily variation margin requirements also entitle us to receive collateral from our counterparties if the value of amounts owed to us under the derivative agreement exceeds

the minimum margin requirement. The collateral posted as margin by us is typically in cash. As of June 30, 2025, we had cash collateral posted to our counterparties of $318 million under these agreements.

Collateral requirements for interest rate derivative instruments are typically governed by the central clearing exchange and the associated futures commission merchant, which may establish margin requirements in excess of the clearing exchange. Collateral requirements for our TBA contracts are governed by the Mortgage-Backed Securities Division ("MBSD") of the Fixed Income Clearing Corporation and, if applicable, by our third-party brokerage agreements, which may establish margin levels in excess of the MBSD. Our TBA contracts, which are subject to master securities forward transaction agreements published by the Securities Industry and Financial Markets Association as well as supplemental terms and conditions with each counterparty, generally provide that valuations for our TBA contracts and any pledged collateral are to be obtained from a generally recognized source agreed to by both parties. However, in certain circumstances, our counterparties have the sole discretion to determine the value of the TBA contract and any pledged collateral. In such instances, our counterparties are required to act in good faith in making determinations of value. In the event of a margin call, we must generally provide additional collateral on the same business day.

The following table provides details on the “net receipts (payments) on derivative instruments” shown on our consolidated statements of cash flows for the periods indicated:

Cash received or paid by instrument:	**Six Months Ended June 30, 2025**	**Six Months Ended June 30, 2024**
	($s in thousands)	
Interest rate swaps:		
Net variation margin paid	$ (165,673)	$ (111)
Net periodic interest [1]	77	—
	(165,596)	(111)
U.S. Treasury futures:		
Net variation margin (paid) received	(45,364)	166,641
Received upon maturity/termination	32,469	18,303
	(12,895)	184,944
TBA securities:		
(Paid) received upon settlement	(22,615)	2,802
Net (payments) receipts on derivative instruments	$ (201,106)	$ 187,635

(1) Net periodic interest from our effective interest rate swaps is recognized as income or expense during the period earned or incurred, but the cash is not received or paid until the anniversary of each agreement’s effective date or upon maturity.

Dividends

We set our dividend based on many factors, including our view on long-term returns, yield on comparable investments, liquidity and market risk, and levels of taxable income. Among these factors, we focus on economic returns and taxable income within the context of the distribution requirements. As a REIT, we are required to distribute to our shareholders amounts equal to at least 90% of our REIT taxable income for each taxable year after certain deductions, including the separate dividend requirements of the Series C Preferred Stock.

We designate certain derivative instruments as interest rate hedges for tax purposes. Realized gains (losses) resulting from the difference in fair value and the amount of cash received or paid upon termination or maturity of designated derivative instruments are included in GAAP earnings in the same reporting period in which the derivative instrument matures or is terminated by the Company but are generally not recognized in REIT taxable income until future periods. Non-designated derivative instruments are included in GAAP earning and REIT taxable income in the same period the derivative instrument matures or is terminated by the Company. The table below

provides the projected amortization of the Company's net deferred tax hedge gains that may be recognized as taxable income over the periods indicated, given conditions known as of June 30, 2025; however, uncertainty inherent in the forward interest rate curve makes future realized gains and losses difficult to estimate, and as such, these projections are subject to change for any given period.

Projected Period of Recognition for Tax Hedge Gains, Net	**June 30, 2025**
	($ in thousands)
Fiscal year 2025	$ 100,144
Fiscal year 2026	100,421
Fiscal year 2027	95,831
Fiscal year 2028 and thereafter	422,642
	$ 719,038

As of June 30, 2025, we also had $529 million in capital loss carryforwards, the majority of which will expire by December 31, 2028. Due to these amounts and other temporary and permanent differences between GAAP net income and REIT taxable income, coupled with the degree of uncertainty about the trajectory of interest rates, we cannot reasonably estimate how much the deferred tax hedge gains to be recognized will impact our dividend declarations during 2025 or in any given year.

We generally fund dividend distributions through portfolio cash flows. If we make dividend distributions in excess of our portfolio cash flows during the period, whether for purposes of meeting our REIT distribution requirements or other reasons, those distributions are generally funded either through our existing cash balances or through the return of principal from our investments (either through repayment or sale). Please refer to "Operating and Regulatory Structure" within Part I, Item 1, "Business," as well as Part I, Item 1A, “Risk Factors” of this Form 10-K for additional important information regarding dividends declared on our taxable income.

RECENT ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1 of the Notes to the Consolidated Financial Statements contained within Part II, Item 8 of this Quarterly Report on Form 10-Q for additional information.

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of our financial condition and results of operations are based in large part upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. We base these estimates and judgments on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual results may differ from the estimated amounts we have recorded.

Critical accounting estimates are defined as those that require management's most difficult, subjective, or complex judgments, and which may result in materially different results under different assumptions and conditions. Our critical accounting estimates are discussed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2024 Form 10-K under “Critical Accounting Estimates.” There have been no significant changes in our critical accounting estimates during the three months ended June 30, 2025

FORWARD-LOOKING STATEMENTS

Certain written statements in this Quarterly Report on Form 10-Q that are not historical facts constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements in this report addressing expectations, assumptions, beliefs, projections, future plans and strategies, future events, developments that we expect or anticipate will occur in the future, and future operating results, capital management, and dividend policy are forward-looking statements. Forward-looking statements are based upon management's beliefs, assumptions, and expectations as of the date of this report regarding future events and operating performance, considering all information currently available to us, and are applicable only as of the date of this report. Forward-looking statements generally can be identified by the use of words such as "believe," "expect," "anticipate," "estimate," "plan," "may," "will," "intend," "should," "could," or similar expressions. We caution readers not to place undue reliance on our forward-looking statements, which are not historical facts and may be based on projections, assumptions, expectations, and anticipated events that do not materialize. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements in this Quarterly Report on Form 10-Q may include, but are not limited to, statements about:

- Our business and investment strategy, including our ability to generate acceptable risk-adjusted returns, our target investment allocations, and our views on the future performance of MBS and other investments;
- Our views on the macroeconomic environment, monetary and fiscal policy, and conditions in the investment, credit, interest rate, and derivatives markets;
- Our views on inflation, market interest rates, and market spreads;
- Our views on the effect of actual or proposed actions of the Federal Reserve or other central banks with respect to monetary policy (including the targeted Fed Funds rate), and the potential impact of these actions on interest rates, borrowing costs, inflation, or unemployment;
- The effect of regulatory initiatives of the Federal Reserve, the Federal Housing Finance Agency, other financial regulators, and other central banks;
- Our financing strategy, including our target leverage ratios, our use of TBA dollar roll transactions, and anticipated trends in financing costs, including TBA dollar roll transaction costs, and our hedging strategy, including changes to the derivative instruments to which we are a party, and changes to government regulation of hedging instruments and our use of these instruments;
- Our investment portfolio composition and target investments;
- Our investment portfolio performance, including the fair value, yields, and forecasted prepayment speeds of our investments;
- Our liquidity and ability to access financing and the anticipated availability and cost of financing;
- Our capital stock activity, including the impact of stock issuances and repurchases;
- The amount, timing, and funding of future dividends;
- Our use of our tax NOL carryforward and other tax loss carryforwards;
- Future competition for, and availability of, investments, financing, and capital;
- Estimates of future interest expenses, including related to the Company's repurchase agreements and derivative instruments;
- The status and effect of legislative reforms and regulatory rule-making or review processes, and the status of reform efforts and other business developments in the repurchase agreement financing market;
- Market, industry, and economic trends, and how these trends and related economic data may impact the behavior of market participants and financial regulators;
- The impact of bank failures, potential new regulations, and the potential for other bank failures;
- The impact of debt ceiling negotiations on interest rates, spreads, the U.S. Treasury market and the impact more broadly on fixed income and equity markets;
- Uncertainties regarding the war between Russia and Ukraine or the conflict in the Middle East, and the related impacts on macroeconomic conditions, including, among other things, interest rates;
- The financial position and creditworthiness of the depository institutions in which the Company's MBS and cash deposits are held;
- The impact of applicable tax and accounting requirements on us, including our tax treatment of derivative instruments such as TBAs, interest rate swaps, options, and futures;
- Our future compliance with covenants in our master repurchase agreements, ISDA agreements, and debt covenants in our other contractual agreements;
- Our reliance on a single service provider for our trading, portfolio management, and risk reporting systems;

- The implementation in a timely and cost-effective manner of our operating platform, which includes trading, portfolio management, risk reporting, and accounting services systems, and the anticipated benefits thereof; and
- Possible future effects of any global health crisis.

Forward-looking statements are inherently subject to risks, uncertainties and other factors that could cause our actual results to differ materially from historical results or from any results expressed or implied by such forward-looking statements. Not all these risks and other factors are known to us. New risks and uncertainties arise over time, and it is not possible to predict those events or how they may affect us. The projections, assumptions, expectations, or beliefs upon which the forward-looking statements are based can also change as a result of these risks or other factors. If such a risk or other factor materializes in future periods, our business, financial condition, liquidity, and results of operations may vary materially from those expressed or implied in our forward-looking statements.

While it is not possible to identify all factors that may cause actual results to differ from historical results or any results expressed or implied by forward-looking statements or that may cause our projections, assumptions, expectations, or beliefs to change, some of those factors include the following:

- the risks and uncertainties referenced in this Quarterly Report on Form 10-Q, especially those incorporated by reference into Part I, Item 1A, "Risk Factors,"
- our ability to find suitable reinvestment opportunities;
- changes in domestic economic conditions;
- geopolitical events, such as terrorism, war, or other military conflict, including the war between Russia and Ukraine and the conflict in the Middle East, and the related impact on macroeconomic conditions as a result of such conflict;
- tariffs that the U.S. imposes on trading partners or tariffs imposed on the U.S. from trading partners;
- global government policy changes and the ability or inability to react to rapidly changing global economic policies;
- changes in interest rates and credit spreads, including the repricing of interest-earning assets and interest-bearing liabilities;
- our investment portfolio performance, particularly as it relates to cash flow, prepayment rates, and credit performance;
- the impact on markets and asset prices from changes in the Federal Reserve's policies regarding the purchases of Agency RMBS, Agency CMBS, and U.S. Treasuries;
- actual or anticipated changes in Federal Reserve monetary policy or the monetary policy of other central banks;
- adverse reactions in U.S. financial markets related to actions of foreign central banks or the economic performance of foreign economies, including in particular China, Japan, the European Union, and the United Kingdom;
- uncertainty concerning the long-term fiscal health and stability of the United States;
- the cost and availability of financing, including the future availability of financing due to changes to regulation of, and capital requirements imposed upon, financial institutions;
- the cost and availability of new equity capital;
- changes in our leverage and use of leverage;
- changes to our investment strategy, operating policies, dividend policy, or asset allocations;
- the quality of performance of third-party service providers, including our sole third-party service provider for our critical operations and trade functions;
- the loss or unavailability of our third-party service provider's service and technology that supports critical functions of our business related to our trading and borrowing activities due to outages, interruptions, or other failures;
- the level of defaults by borrowers on loans underlying MBS;
- changes in our industry;
- increased competition;
- changes in government regulations affecting our business;
- changes or volatility in the repurchase agreement financing markets and other credit markets;

- changes to the market for interest rate swaps and other derivative instruments, including changes to margin requirements on derivative instruments;
- uncertainty regarding continued government support of the U.S. financial system and U.S. housing and real estate markets, or to reform the U.S. housing finance system, including the resolution of the conservatorship of Fannie Mae and Freddie Mac;
- the composition of the Board of Governors of the Federal Reserve;
- the political environment in the U.S.;
- systems failures or cybersecurity incidents; and
- exposure to current and future claims and litigation.

Regulation FD Disclosures

We routinely announce material information to investors and the marketplace using filings with the SEC, press releases, public conference calls, presentations, webcasts, and the investor relations page of our website at www.dynexcapital.com/investors and our LinkedIn Page at www.linkedin.com/company/dynex-capital-inc. We use these channels for purposes of compliance with Regulation FD and as routine channels for distribution of important information. While not all of the information that we post to the investor relations page of our website or to our LinkedIn Page is of a material nature, some information could be deemed to be material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings, and public conference calls and webcasts. The web addresses are included in this Quarterly Report on Form 10-Q as textual references only and the information posted on these channels are not incorporated by reference in this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to losses resulting from changes in market factors. Our business strategy exposes us to a variety of market risks, including interest rate, spread, prepayment, credit, liquidity, and reinvestment risks. These risks can and do cause fluctuations in our liquidity, comprehensive income and book value as discussed below.

Interest Rate Risk

Investing in interest-rate sensitive investments such as MBS and TBA securities subjects us to interest rate risk. Interest rate risk results from investing in securities with a fixed coupon or a floating coupon that may not immediately adjust for changes in interest rates. Interest rate risk also results from the mismatch between the duration of our assets versus the duration of our liabilities and hedges. The amount of the impact will depend on the composition of our portfolio, our hedging strategy, the effectiveness of our hedging instruments and the magnitude and duration of the change in interest rates.

We manage interest rate risk within tolerances set by our Board of Directors. We use interest rate hedging instruments to mitigate the impact of changing interest rates on the market value of our assets and on our interest expense from repurchase agreements used to finance our investments. Our hedging methods are based on many factors, including, but not limited to, our estimates regarding future interest rates and expected 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 that adversely affect our cash flow. Estimates of prepayment speeds can vary significantly by investor for the same security, and therefore, estimates of security and portfolio duration can vary considerably between market participants.

We continuously monitor market conditions, economic conditions, interest rates, and other market activity and adjust the composition of our investments and hedges throughout any given period. As such, the projections for changes in market value provided below are limited in usefulness because the modeling assumes no changes to the composition of our investment portfolio or hedging instruments as of the dates indicated. Changes in the types of our investments, the returns earned on these investments, future interest rates, credit spreads, the shape of the yield curve, the availability of financing, and/or the mix of our investments and financings, including derivative instruments, may cause actual results to differ significantly from the modeled results shown in the tables below.

Therefore, the modeled results shown in the tables below and all related disclosures constitute forward-looking statements.

Management evaluates changes in interest rate curves to manage portfolio interest rate risk and the market value of its investments and common equity. Because interest rates do not typically move in a parallel fashion from period to period (as can be seen by the graph for U.S. Treasury rates in Item 2, "Executive Overview"), the tables below show the projected sensitivity of our financial instruments and equity to both parallel and non-parallel shifts in market interest rates.

	June 30, 2025							
	Parallel Decrease in Interest Rates of				Parallel Increase in Interest Rates of			
	100 Basis Points		50 Basis Points		50 Basis Points		100 Basis Points	
Type of Instrument [1]	% of Market Value	% of Common Equity	% of Market Value	% of Common Equity	% of Market Value	% of Common Equity	% of Market Value	% of Common Equity
RMBS	3.0 %	28.0 %	1.6 %	15.6 %	(1.9)%	(17.6)%	(3.9)%	(37.0)%
CMBS/ CMBS IO	0.2 %	1.5 %	0.1 %	0.7 %	(0.1)%	(0.7)%	(0.1)%	(1.4)%
TBAs	1.1 %	10.7 %	0.6 %	6.0 %	(0.7)%	(6.8)%	(1.5)%	(14.4)%
Interest rate hedges	(5.1)%	(48.2)%	(2.5)%	(23.7)%	2.4 %	22.6 %	4.8 %	45.0 %
Total	(0.8)%	(8.0)%	(0.1)%	(1.3)%	(0.3)%	(2.5)%	(0.8)%	(7.8)%

	December 31, 2024							
	Parallel Decrease in Interest Rates of				Parallel Increase in Interest Rates of			
	100 Basis Points		50 Basis Points		50 Basis Points		100 Basis Points	
Type of Instrument [1]	% of Market Value	% of Common Equity	% of Market Value	% of Common Equity	% of Market Value	% of Common Equity	% of Market Value	% of Common Equity
RMBS	3.6 %	33.0 %	1.9 %	17.4 %	(2.0)%	(18.3)%	(4.1)%	(37.1)%
CMBS/ CMBS IO	0.1 %	0.8 %	— %	0.3 %	— %	(0.3)%	(0.1)%	(0.8)%
TBAs	1.0 %	9.6 %	0.6 %	5.3 %	(0.7)%	(6.0)%	(1.3)%	(12.2)%
Interest rate hedges	(5.0)%	(46.2)%	(2.5)%	(22.6)%	2.3 %	21.2 %	4.6 %	41.9 %
Total	(0.3)%	(2.8)%	— %	0.4 %	(0.4)%	(3.4)%	(0.9)%	(8.2)%

Non-Parallel Shifts		Basis Point Change in 2-year UST	Basis Point Change in 10-year UST	June 30, 2025 % of Market Value [1]	June 30, 2025 % of Common Equity	December 31, 2024 % of Market Value [1]	December 31, 2024 % of Common Equity
Bearish	Steepening	+25	+50	(0.2)%	(1.8)%	(0.3)%	(2.5)%
		+50	+100	(0.7)%	(6.4)%	(0.7)%	(6.6)%
	Flattening	+50	+25	(0.2)%	(1.9)%	(0.3)%	(2.5)%
		+100	+50	(0.4)%	(3.9)%	(0.5)%	(4.9)%
Bullish	Steepening	-25	+0	0.1 %	1.0 %	0.1 %	1.4 %
		-50	-10	0.2 %	1.8 %	0.3 %	2.6 %
		-75	-25	0.2 %	2.0 %	0.4 %	3.6 %
	Flattening	+0	-25	(0.1)%	(0.9)%	— %	(0.4)%
		-10	-50	(0.3)%	(2.4)%	(0.1)%	(1.1)%
		-25	-75	(0.6)%	(5.5)%	(0.3)%	(3.0)%

(1) Includes changes in market value of our investments and derivative instruments, including TBA securities, but excludes changes in market value of our financings which are not carried at fair value on our balance sheet due to their short-term maturities. The projections for market value do not assume any change in credit spreads.

Spread Risk

Spread risk is the risk of loss from an increase in the market spread between the yield on an investment versus its benchmark index. Changes in market spreads represent the market's valuation of the perceived riskiness of an asset relative to risk-free rates. Widening spreads reduce the market value of our investments as market participants require additional yield to hold riskier assets. Market spreads could change based on macroeconomic or systemic factors as well as the factors specific to a particular security, such as prepayment performance or credit performance. Other factors that could impact credit spreads include technical issues, such as supply and demand for a particular type of security or Federal Reserve monetary policy. We do not hedge spread risk given the cost and complexity of hedging credit spreads and, in our opinion, the lack of liquid instruments available to use as hedges.

Fluctuations in spreads typically vary based on the type of investment. Sensitivity to changes in market spreads is derived from models that are dependent on various assumptions, and actual changes in market value in response to changes in market spreads could differ materially from the projected sensitivity if actual conditions differ from these assumptions.

The table below shows the projected sensitivity of the market value of our investments given the indicated change in market spreads as of the dates indicated:

	June 30, 2025		December 31, 2024	
	Percentage Change in		Percentage Change in	
Basis Point Change in Market Spreads	Market Value of Investments [1]	% of Common Equity	Market Value of Investments [1]	% of Common Equity
+20/+50 [2]	(1.1)%	(10.2)%	(1.1)%	(10.4)%
+10	(0.5)%	(5.1)%	(0.6)%	(5.2)%
-10	0.5 %	5.1 %	0.6 %	5.2 %
-20/-50 [2]	1.1 %	10.2 %	1.1 %	10.4 %

(1) Includes changes in market value of our MBS investments, including TBA securities.
(2) Assumes a 20-basis point shift in Agency and non-Agency RMBS and CMBS and a 50-basis point shift in Agency and non-Agency CMBS IO.

Other Market Risks

In addition to the risks discussed above, we are also subject to prepayment risk, credit risk, liquidity risk, and reinvestment risk. We have not experienced any material changes in these risks during the first quarter of 2025. Please refer to Part I, Item 1A, “Risk Factors,” and Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risks,” in our 2024 Form 10-K for further discussion.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management evaluated, with the participation of our co-principal executive officers and principal financial officer, the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. Based on that evaluation, our co-principal executive officers and principal financial officer concluded that, as of June 30, 2025, our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act 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 co-principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

To the Company’s knowledge, there are no pending or threatened legal proceedings, which, in management’s opinion, individually or in total, could have a material adverse effect on the Company’s results of operations or financial condition.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors discussed in Part I, Item 1A, “Risk Factors” of our 2024 Form 10-K. Risks and uncertainties identified in our forward-looking statements contained in this Quarterly Report on Form 10-Q together with those previously disclosed in the 2024 Form 10-K or those that are presently unforeseen could result in significant adverse effects on our financial condition, results of operations and cash flows. See “Forward-Looking Statements” contained in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q as well as Part I, Item 1A, “Risk Factors” in our 2024 Form 10-K.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The Company's Board of Directors has authorized a share repurchase program (the "Program") of up to $100 million of the Company's outstanding shares of common stock and up to $50 million of the Company's Series C Preferred Stock through open market transactions, privately negotiated transactions, trading plans adopted in accordance with Rule 10b5-1 under the Exchange Act, block transactions or otherwise. The Program permits the Company to repurchase shares of common stock or Series C Preferred Stock at any time or from time-to-time at management's discretion. The actual means and timing of any shares purchased under the Program will depend on a variety of factors, including, but not limited to, the market prices of the common stock and the Series C Preferred Stock, as applicable, general market and economic conditions, and applicable legal and regulatory requirements. The Program does not obligate the Company to purchase any shares, and any open market repurchases under the Program will be made in accordance with Exchange Act Rule 10b-18, which sets certain restrictions on the method, timing, price, and volume of open market stock repurchases. The Program is authorized through April 30, 2026, although it may be modified or terminated by the Board of Directors at any time.

The Company did not repurchase any shares of its common stock or Series C Preferred Stock during the three months ended June 30, 2025. Employees forfeited 59,146 common shares to cover payroll tax withholding on share-based compensation that vested during the six months ended June 30, 2025.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plan

During the three months ended June 30, 2025, none of the Company's directors or Section 16 officers adopted or terminated any "Rule 10b5-1 trading arrangements" or any "non-Rule 10b5-1 trading arrangements" (in each case, as defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Restated Articles of Incorporation, effective May 14, 2021 (incorporated herein by reference to Exhibit 3.1 to Dynex's Current Report on Form 8-K filed May 18, 2021).
3.1.1	Second Articles of Amendment to the Restated Articles of Incorporation, effective as of May 21, 2025 (incorporated herein by reference to Exhibit 3.1.1 to Dynex's Current Report on Form 8-K filed May 21, 2025).
3.2	Amended and Restated Bylaws, effective as of May 11, 2021 (incorporated herein by reference to Exhibit 3.2 to Dynex's Current Report on Form 8-K filed May 12, 2021).
4.1	Specimen of Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to Dynex's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019).
4.2	Specimen of 6.900% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (incorporated herein by reference to Exhibit 4.4 to Dynex's Registration Statement on Form 8-A12B filed February 18, 2020).
4.3	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (incorporated herein by reference to Exhibit 4.3 to Dynex's Annual Report on Form 10-K for the year ended December 31, 2024).
10.18*	Non-employee directors' annual compensation for Dynex Capital, Inc. (filed herewith).
10.41.6*	Dynex Capital, Inc. 2025 Stock and Incentive Plan, effective as of May 20, 2025 (incorporated herein by reference to Exhibit 10.1 to Dynex's Current Report on Form 8-K filed May 21, 2025).
10.41.7*	Form of Restricted Stock Unit Award Agreement for Executive Officers (for awards on or after May 23, 2025) under the Dynex Capital, Inc. 2025 Stock and Incentive Plan (filed herewith).
10.41.8*	Form of Performance Stock Unit Award Agreement for Executive Officers (for awards on or after May 23, 2025) under the Dynex Capital, Inc. 2025 Stock and Incentive Plan (filed herewith).
10.41.9*	Form of Restricted Stock Unit Agreement for Non-Employee Directors (approved May 23, 2025) under the Dynex Capital, Inc. 2025 Stock and Incentive Plan (filed herewith).
31.1	Certification of co-principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of co-principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.3	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of co-principal executive officers and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101	The following materials from Dynex Capital, Inc.'s Quarterly Report on Form 10-Q for the three months ended June 30, 2025, formatted in iXBRL (Inline Extensible Business Reporting Language), filed herewith: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.
104	The cover page from Dynex Capital, Inc.'s Quarterly Report on Form 10-Q for the three months ended June 30, 2025, formatted in iXBRL (Inline Extensible Business Reporting Language) (included with Exhibit 101).

* Denotes a management contract or compensatory plan or arrangement.

SIGNATURES

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

DYNEX CAPITAL, INC.

Date:	July 28, 2025	/s/ Byron L. Boston Byron L. Boston Co-Chief Executive Officer and Chairman of the Board (Co-Principal Executive Officer)
Date:	July 28, 2025	/s/ Smriti L. Popenoe Smriti L. Popenoe Co-Chief Executive Officer and President (Co-Principal Executive Officer)
Date:	July 28, 2025	/s/ Robert S. Colligan Robert S. Colligan Chief Financial Officer and Chief Operating Officer (Principal Financial Officer)

Exhibit 10.18

Dynex Capital, Inc.
Non-Employee Directors' Annual Compensation
As of May 21, 2025

Cash Compensation

Annual retainer

Non-Employee Director $100,000

Additional annual retainers

Lead Independent Director $30,000

Audit Committee Chair $30,000

Compensation Committee Chair $25,000

Nominating & Corporate
Governance Committee Chair $20,000

Risk Committee Chair $20,000

Members of above committees $10,000 per committee

Annual retainers are payable in quarterly installments, prorated for the number of months served in the case of a change during the calendar year.

Excess meeting fee

In addition to the annual retainers, non-employee directors will also receive a cash fee of $1,000 for each Board meeting attended above 15 meetings per year and for each Board Committee meeting attended as a member above 15 meetings per year.

Equity Compensation

Non-employee directors will also receive an annual grant of restricted shares of the Company's common stock with a grant date fair value of $125,000, which shares will vest at the end of one year. The shares are to be granted on the first Friday following the annual meeting of shareholders.

DYNEX CAPITAL, INC.

2025 STOCK AND INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD

This Restricted Stock Unit Award Agreement (this "**Agreement**") is made as of _____________, 20___ (the "**Grant Date**"), by Dynex Capital, Inc., a Virginia corporation (the "**Company**"), to ___________________, an Employee of the Company (the "**Participant**").

RECITALS

WHEREAS, the Dynex Capital, Inc. 2025 Stock and Incentive Plan (as may be amended from time to time, the "**Plan**") permits the grant of Restricted Stock Units in accordance with the terms and provisions of the Plan;

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant, and the Participant desires to accept such Restricted Stock Units, on the terms and conditions set forth herein and in the Plan; and

WHEREAS, the applicable provisions of the Plan are incorporated into this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Award of Restricted Stock Units.

The Company hereby awards to the Participant ___________ Restricted Stock Units (hereinafter, the "**Restricted Stock Units**"), subject to the vesting and other conditions of this Agreement.

2. Vesting.

(a) **General Vesting Terms.**

(i) Provided the Participant remains employed by the Company or a Subsidiary through the applicable vesting date set forth in this Section 2 (the "**Vesting Date**") and meets all applicable requirements set forth in this Agreement, the Restricted Stock Units awarded pursuant to this Agreement shall vest as follows, except as set forth in Sections 2(b) and 2(c) below (the period over which the Restricted Stock Units vest is referred to as the "**Period of Restriction**"):

Vesting Date	Vested Restricted Stock Units
_____________, 20___	33% of the awarded Restricted Stock Units
_____________, 20___	33% of the awarded Restricted Stock Units
_____________, 20___	34% of the awarded Restricted Stock Units

(ii) The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Restricted Stock Units. If the foregoing schedule would produce fractional units, the number of Restricted Stock Units vesting shall be rounded up to the nearest whole unit, but not in excess of 100% of the Restricted Stock Units.

(b) **Involuntary Termination.**

(i) If the Participant terminates employment during the Period of Restriction because of an Involuntary Termination, whether before, on the date of, or after a Change of Control, the Participant's unvested Restricted Stock Units will automatically vest in full on the date of such termination of employment.

(ii) For purposes of this Agreement, the term "**Involuntary Termination**" shall mean the Participant's termination of employment from the Company and its Subsidiaries on account of a termination by the Company or a Subsidiary without Cause, other than on account of death or Disability, or the Participant's termination of employment from the Company and its Subsidiaries on account of a termination by the Participant for Good Reason, in either case, provided the Participant signs and does not revoke a release and waiver of claims in favor of the Company and its Affiliates in a form provided by the Company (a "**Release**").

(c) **Death or Disability.** In the event of the Participant's death or termination of employment on account of a Disability while employed by the Company or a Subsidiary during the Period of Restriction, the Participant's unvested Restricted Stock Units will automatically vest in full on the date of the Participant's death or termination of employment on account of Disability; provided that in the event the termination of employment is on account of Disability, the Participant signs and does not revoke a Release. For purposes of this Agreement, the term "**Disability**" shall have the meaning ascribed to such term in the Participant's employment agreement with the Company.

(d) **Retirement.** In the event of the Participant's Retirement from the Company and its Subsidiaries during the Period of Restriction, the Participant's unvested Restricted Stock Units will automatically vest in full on the date of the Participant's Retirement; provided that the Participant signs and does not revoke a Release. For purposes of this Agreement, the term "**Retirement**" shall mean termination of employment other than for Cause after attaining age 65 with 10 years of service with the Company, provided that no Cause exists to terminate the Participant's employment at the time of such Retirement.

(e) **Other Termination.** Except as provided in Sections 2(b), 2(c) and 2(d), in the event of a termination of employment, the Participant will forfeit all Restricted Stock Units that do not vest either on or before the termination date. No Restricted Stock Units will vest after the

Participant's employment with the Company or a Subsidiary has terminated for any reason. For clarification purposes, in the event the Participant's employment is terminated by the Company or a Subsidiary for Cause, the outstanding Restricted Stock Units (whether vested or unvested) held by the Participant shall immediately terminate and be of no further force or effect.

3. Restricted Stock Units Account.

The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant's Restricted Stock Units to the bookkeeping account.

4. Dividend Equivalents.

Dividend equivalents shall accrue with respect to the Participant's Restricted Stock Units and shall be payable subject to the same vesting terms and other conditions as the Restricted Stock Units to which they relate. Dividend equivalents shall be credited on the Restricted Stock Units when dividends are declared on shares of Stock from the Grant Date until the payment date for the vested Restricted Stock Units. The Company will keep records of dividend equivalents in a non-interest-bearing bookkeeping account for the Participant. No interest will be credited to any such account. Vested dividend equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Restricted Stock Units. If and to the extent that the underlying Restricted Stock Units are forfeited, all related dividend equivalents shall also be forfeited.

5. Conversion of Restricted Stock Units.

(a) Except as otherwise provided in this Section 5, if the Restricted Stock Units vest in accordance with Section 2(a), the Participant shall be entitled to receive payment of the vested Restricted Stock Units within 60 days after the applicable Vesting Date.

(b) If the Restricted Stock Units vest in accordance with Section 2(b) (Involuntary Termination), Section 2(c) (death or Disability), or Section 2(d) (Retirement), the Participant shall receive payment of the vested Restricted Stock Units within 60 days after the date of the Participant's termination of employment on account of Involuntary Termination, death, Disability, or Retirement, as applicable, subject to the six month delay under Section 409A of the Internal Revenue Code, if applicable, as described in Section 16 below.

(c) On the applicable payment date, each vested Restricted Stock Unit credited to the Participant's account shall be settled in whole shares of Stock of the Company equal to the number of vested Restricted Stock Units, subject to (i) the limitation of Section 5(d) below, (ii) compliance with the six-month delay described in Section 16 below, if applicable, and (iii) the payment of any federal, state and local withholding taxes as described in Section 12 below. The obligation of the Company to distribute shares of Stock shall be subject to the rights of the Company as set forth in the Plan and to all applicable laws, rules, regulations, and such approvals by governmental agencies as may be deemed appropriate by the Committee, including as set forth in Section 14 below.

(d) For the avoidance of doubt, the Participant will forfeit all Restricted Stock Units if the Participant's employment is terminated for Cause prior to the payment date under this Section 5.

6. Certain Corporate Changes.

In the event of a stock dividend, stock split or combination of shares, spin-off, recapitalization or merger in which the Company is the surviving corporation, or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the Committee shall adjust, as provided in the Plan, the number and class of shares or securities of the Company underlying the Restricted Stock Units held by the Participant, the maximum number of shares of Stock for which the Restricted Stock Units may vest, in each case, as appropriate to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Restricted Stock Units. Any adjustment that occurs under the terms of this Section 6 or the Plan will not change the timing or form of payment with respect to any Restricted Stock Units except in accordance with Code Section 409A.

7. No Stockholder Rights.

The Participant has no voting rights, no dividend rights and no other ownership rights and privileges of a stockholder with respect to the shares of Stock subject to the Restricted Stock Units, except as provided in Section 4 with respect to dividend equivalents.

8. Retention Rights.

(a) Neither the award of the Restricted Stock Units, nor any other action taken with respect to the Restricted Stock Units, shall confer upon the Participant any right to continue in the employ or service of the Company or a Subsidiary or shall interfere in any way with the right of the Company or a Subsidiary to terminate Participant's employment or service at any time.

9. Amendment, Modification or Substitution.

This award may be amended, modified or substituted by the Committee, in whole or in part, in accordance with Section 15.1 of the Plan.

10. Notice.

Any notice to the Company provided for in this Agreement shall be addressed to it in care of the Chief Financial Officer of the Company, or in their absence, the Secretary of the Company, 4991 Lake Brook Drive, Suite 100, Glen Allen, VA 23060, and any notice to the Participant shall be addressed to the Participant at the current address shown on the payroll system of the Company or a Subsidiary thereof, or to such other address as the Participant may designate to the Company in writing. Any notice provided for hereunder shall be delivered by hand, sent by telecopy or electronic mail, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage and registry fee prepaid in the United States mail, or other mail delivery service. Notice to the Company shall be deemed effective upon receipt.

By receipt of this Agreement, the Participant hereby consents to the delivery of information (including without limitation, information required to be delivered to the Participant pursuant to the applicable securities laws) regarding the Company, the Plan, and the Restricted Stock Units via the Company's electronic mail system or other electronic delivery system.

11. Incorporation of Plan by Reference.

This Agreement is made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Participant's receipt of the Restricted Stock Units awarded under this Agreement constitutes the Participant's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, this Agreement, and/or the Restricted Stock Units shall be final and binding on the Participant, the Participant's beneficiaries, and any other person having or claiming an interest in such Restricted Stock Units. The settlement of any award with respect to the Restricted Stock Units is subject to the provisions of the Plan and to interpretations, regulations, and determinations concerning the Plan as established from time to time by the Committee in accordance with the provisions of the Plan. In the event of any inconsistency between this Agreement or the Plan, on the one hand, and any employment agreement or similar service-based agreement with the Participant, on the other hand, the terms of this Agreement or the Plan (as applicable) shall control.

12. Income Taxes; Withholding Taxes.

The Participant agrees, as a condition of receiving the Restricted Stock Units, to pay to the Company or a Subsidiary, as applicable, or make arrangement satisfactory to the Company regarding the payment of, all applicable federal, state and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the Restricted Stock Units. The Participant is solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the Restricted Stock Units pursuant to this Agreement. At the time of taxation, the Company shall have the right to deduct from amounts payable with respect to the Restricted Stock Units, including by withholding shares of Stock, an amount equal to the federal (including FICA), state and local income and payroll taxes and other amounts as may be required by law to be withheld with respect to the Restricted Stock Units. Without limiting the foregoing, upon payment of the Restricted Stock Units, the Company shall withhold shares subject to the vested Restricted Stock Units to cover any of the applicable withholding for related FICA tax and income tax liabilities at the minimum applicable tax rate.

13. Governing Law.

The validity, construction, interpretation, and effect of this instrument shall exclusively be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Virginia, excluding any conflicts or choice of law rule or principle.

14. Award Subject to Applicable Laws and Company Policies.

This Agreement shall be subject to any required approvals by any governmental or regulatory agencies. This award of the Restricted Stock Units shall be subject to repayment to (i.e., clawback by) the Company or a related entity as determined in good faith by the Committee or the Board in the event repayment is required by the terms of the Company's recoupment, clawback or similar policy as may be in effect from time to time or by applicable federal or state law or regulation or applicable listing standard of any national securities exchange or system on which the Stock is then listed or reported; provided that any such clawback or similar policy that is adopted by the Board after the Grant Date shall have a look-back period of not more than approximately three years, unless, in the opinion of counsel satisfactory to the Participant, required by applicable federal or state law or regulation or applicable listing standard.

15. Assignment.

This Agreement shall bind and inure to the benefit of the successors and assignees of the Company. The Participant may not sell, assign, transfer, pledge, or otherwise dispose of the Restricted Stock Units, except in the event of the Participant's death.

16. Code Section 409A.

This award of Restricted Stock Units is intended to be exempt from or comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Notwithstanding anything in this Agreement to the contrary, if the Restricted Stock Units constitute "deferred compensation" under Code Section 409A and the Restricted Stock Units become vested and settled upon the Participant's termination of employment, payment with respect to the Restricted Stock Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under Code Section 409A (as determined by the Committee) and if required pursuant to Code Section 409A. If payment is delayed, the shares of Stock of the Company and accrued cash dividend equivalents shall be distributed within 30 days after the date that is the six-month anniversary of the Participant's termination of employment. If the Participant dies during the six-month delay, the shares of Stock and accrued cash dividend equivalents shall be distributed in accordance with the Participant's will or under the applicable laws of descent and distribution. Notwithstanding any provision to the contrary herein, payments made with respect to this award of Restricted Stock Units may only be made in a manner and upon an event permitted by Code Section 409A, and all payments to be made upon a termination of employment hereunder may only be made upon a "separation from service" as defined under Code Section 409A, if required pursuant to Code Section 409A. To the extent that any provision of this Agreement would cause a conflict with the requirements of Code Section 409A, or would cause the administration of the Restricted Stock Units to fail to satisfy the requirements of Code Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. If the Restricted Stock Units constitute "deferred compensation" under Code Section 409A and payment is subject to the execution of a Release, and if such payment could be made in more than one taxable year, payment shall be made in the later taxable year, if required by Code Section 409A.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute and attest this instrument, and the Participant has placed the Participant's signature hereon, effective as of the Grant Date set forth above.

DYNEX CAPITAL, INC.

By: ______________________________________
Name:
Title:

By signing below, the Participant (a) acknowledges receipt of the Plan incorporated herein, (b) acknowledges that the Participant has read this Agreement and understands the terms and conditions set forth herein, (c) accepts the award of the Restricted Stock Units described in this Agreement, (d) agrees to be bound by the terms of the Plan and this Agreement, and (e) agrees that all decisions and determinations of the Committee with respect to the Restricted Stock Units shall be final and binding.

PARTICIPANT

____
Name:
Date:

DYNEX CAPITAL, INC.

2025 STOCK AND INCENTIVE PLAN

PERFORMANCE UNIT AWARD

This Performance Unit Award Agreement (this "**Agreement**") is made as of ____________, 20___ (the "**Grant Date**"), by Dynex Capital, Inc., a Virginia corporation (the "**Company**"), to __________________, an Employee of the Company (the "**Participant**").

RECITALS

WHEREAS, the Dynex Capital, Inc. 2025 Stock and Incentive Plan (as may be amended from time to time, the "**Plan**") permits the grant of Performance Units that vest based on attainment of Performance Goals (as defined below) in accordance with the terms and provisions of the Plan; and

WHEREAS, the Company desires to grant Performance Units to the Participant, and the Participant desires to accept such Performance Units, on the terms and conditions set forth herein and in the Plan; and

WHEREAS, the Performance Units granted pursuant to this Agreement shall vest based on the attainment of Performance Goals related to Total Economic Return ("**TER**") and continued employment; and

WHEREAS, the applicable provisions of the Plan are incorporated into this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Award of Performance Units**. The Company hereby awards to the Participant _____________ Performance Units (hereinafter, the "**Target Award**"), subject to the vesting and other conditions of this Agreement. Payment of the Performance Units will be based on performance against the metrics forth in Schedule A (the "**Performance Goals**") and, except as otherwise provided herein, continued employment.

2. **Vesting**.

(a) **General Vesting Terms**. The Participant shall vest in a number of Performance Units with respect to the Target Award based on the attainment of the Performance Goals as of the end of the Performance Period (as defined below), *provided* that, except as set forth in Sections 2(b), 2(c) and 2(d), the Participant remains employed by the Company or a Subsidiary through ____________, 20___ (the "**Vesting Date**"). The performance period is the period beginning on ____________, 20___ and ending on ____________, 20___, unless earlier terminated in accordance with Sections 2(b), 2(c), or 2(d) below (the "**Performance Period**"). Except as specifically provided below in this Section 2, no Performance Units will vest for any reason prior to the Vesting Date, and in the event of a termination of the Participant's employment prior to the Vesting Date, the Participant will forfeit to the Company all Performance Units that have not yet vested as of the termination date.

(b) **<u>Involuntary Termination</u>**.

(i) Except as provided in <u>Section 2(d)</u> below, if the Participant incurs an Involuntary Termination (as defined below) prior to the Vesting Date, then on the date of such Involuntary Termination, the Participant will vest in a number of Performance Units based on attainment of the Performance Goals through the date of the Involuntary Termination as described in <u>Schedule A</u>. For purposes of calculating performance pursuant to this <u>Section 2(b)</u>, the last day of the Performance Period shall be the earlier of (x) the date of the Involuntary Termination, and (y) ____________, 20___.

(ii) For purposes of this Agreement, the term "**Involuntary Termination**" shall mean the Participant's termination of employment from the Company and its Subsidiaries on account of a termination by the Company or a Subsidiary without Cause, other than on account of death or Disability (as defined below), or the Participant's termination of employment from the Company and its Subsidiaries on account of a termination by the Participant for Good Reason, in either case, provided the Participant signs and does not revoke a release and waiver of claims in favor of the Company and its Affiliates in a form provided by the Company (a "**Release**").

(c) **<u>Retirement, Death or Disability</u>**.

(i) Except as provided in <u>Section 2(d)</u> below, if the Participant incurs a termination of employment on account of Retirement (as defined below), death, or Disability prior to the Vesting Date, then on the date of such termination of employment, the Participant will vest in a number of Performance Units based on the attainment of the Performance Goals through the date of such termination of employment as described in <u>Schedule A</u>, *provided* that in the event the termination of employment is on account of Retirement or Disability, the Participant signs and does not revoke a Release. For purposes of calculating performance pursuant to this <u>Section 2(c)</u>, the last day of the Performance Period shall be the earlier of (x) the date of the termination of employment, and (y) ____________, 20___.

(ii) For purposes of this Agreement, the term "**Disability**" shall have the meaning ascribed to such term in the Participant's employment agreement with the Company.

(iii) For purposes of this Agreement, the term "**Retirement**" shall mean termination of employment other than for Cause after attaining age 65 with 10 years of service with the Company, provided that no Cause exists to terminate the Participant's employment at the time of such Retirement.

(d) **<u>Change of Control</u>**.

(i) If a Change of Control occurs on or before ____________, 20___, the number of Performance Units that may vest shall be determined as of the date of the Change of Control based on performance through the date of the Change of Control, and such Performance Units shall vest if the Participant remains employed through the Vesting Date. For purposes of calculating performance pursuant to this <u>Section 2(d)</u> as of the date of the Change of Control, the last day of the Performance Period shall be the date immediately prior to the Change of Control.

(ii) If the Participant's employment terminates on account of Involuntary Termination within six months prior to a Change of Control or on account of Involuntary Termination, Retirement, death, or Disability upon or within 18 months following a Change of Control, the Participant will immediately vest in the Performance Units calculated as described in <u>Section 2(d)(i)</u> above.

(e) **Cause**. Notwithstanding anything in this Agreement to the contrary, in the event the Participant's employment is terminated by the Company or a Subsidiary for Cause, all outstanding Performance Units (whether vested or unvested) held by the Participant shall immediately terminate and be of no further force or effect.

(f) **Other Termination**. Except as provided in Sections 2(b), 2(c), and 2(d), in the event of a termination of employment prior to the Vesting Date, the Participant will forfeit all unvested Performance Units. No Performance Units will vest after the Participant's employment with the Company or a Subsidiary has terminated for any reason.

3. Performance Units Account. The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant's Performance Units to the bookkeeping account.

4. Dividend Equivalents. Dividend equivalents shall accrue with respect to the target number of Participant's Performance Units and shall be payable subject to the same vesting terms, vesting percentage and other conditions as the Performance Units to which they relate. Dividend equivalents shall be credited on the Performance Units when dividends are declared on shares of Stock from the Grant Date until the payment date for the vested Performance Units. The Company will keep records of dividend equivalents in a non-interest-bearing bookkeeping account for the Participant. No interest will be credited to any such account. Vested dividend equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Performance Units. If and to the extent that the underlying Performance Units are forfeited, all related dividend equivalents shall also be forfeited.

5. Conversion of Performance Units.

(a) Except as otherwise provided in this Section 5, if the Performance Units vest in accordance with this Agreement, the Participant shall be entitled to receive payment of the vested Performance Units between the Vesting Date and December 31 of the calendar year in which the Vesting Date occurs, provided that the Company will use its best efforts to provide such payment to the Participant by March 15 of the calendar year in which the Vesting Date occurs.

(b) If the Performance Units vest in accordance with Sections 2(b), 2(c), or 2(d)(ii) (*i.e.*, Involuntary Termination, Retirement, Disability or death), the vested Performance Units shall be paid within 60 days after the date of the Participant's termination of employment, subject to the six month delay described in Section 16 below, if applicable; provided that, if the Participant's employment terminates on account of an Involuntary Termination within six months prior to a Change of Control, any additional Performance Units that vest upon such Change of Control shall be paid upon such Change of Control, consistent with Code Section 409A and subject to the six month delay described in Section 16 below, if applicable.

(c) On the applicable payment date, each vested Performance Unit credited to the Participant's account shall be settled in whole shares of Stock of the Company equal to the number of vested Performance Units, subject to (i) the limitation of Section 5(d) below, (ii) compliance with the six month delay described in Section 16 below, if applicable, and (iii) the payment of any federal, state and local withholding taxes as described in Section 12 below. The obligation of the Company to distribute shares of Stock shall be subject to the rights of the Company as set forth in the Plan and to all applicable laws, rules, regulations, and such approvals by governmental agencies as may be deemed appropriate by the Committee, including as set forth in Section 14 below.

(d) For the avoidance of doubt, the Participant will forfeit all Performance Units if the Participant's employment is terminated for Cause prior to the payment date under this Section 5.

6. Certain Corporate Changes. In the event of a stock dividend, stock split or combination of shares, spin-off, recapitalization or merger in which the Company is the surviving corporation, or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the Committee shall adjust, as provided in the Plan, the number and class of shares or securities of the Company underlying the Performance Units held by the Participant, the maximum, target and threshold number of shares of Stock for which the Performance Units may vest, the Performance Goals, and the share price or class of Stock for purposes of the Performance Goals, in each case, as appropriate to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Performance Units. Any adjustment that occurs under the terms of this Section 6 or the Plan will not change the timing or form of payment with respect to any Performance Units except in accordance with Code Section 409A.

7. No Stockholder Rights. The Participant has no voting rights, no dividend rights, and no other ownership rights and privileges of a stockholder with respect to the shares of Stock subject to the Performance Units, except as provided in Section 4 above with respect to dividend equivalents.

8. Retention Rights. Neither the award of Performance Units, nor any other action taken with respect to the Performance Units, shall confer upon the Participant any right to continue in the employ or service of the Company or a Subsidiary or shall interfere in any way with the right of the Company or a Subsidiary to terminate Participant's employment or service at any time.

9. Amendment; Modification or Substitution. This award may be amended, modified or substituted by the Committee, in whole or in part, in accordance with Section 15.1 of the Plan.

10. Notice. Any notice to the Company provided for in this Agreement shall be addressed to it in care of the Chief Financial Officer of the Company, or in their absence, the Secretary of the Company, 4991 Lake Brook Drive, Suite 100, Glen Allen, VA 23060, and any notice to the Participant shall be addressed to the Participant at the current address shown on the payroll system of the Company or a Subsidiary thereof, or to such other address as the Participant may designate to the Company in writing. Any notice provided for hereunder shall be delivered by hand, sent by telecopy or electronic mail, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage and registry fee prepaid in the United States mail, or other mail delivery service. Notice to the Company shall be deemed effective upon receipt. By receipt of this Agreement, the Participant hereby consents to the delivery of information (including without limitation, information required to be delivered to the Participant pursuant to the applicable securities laws) regarding the Company, the Plan, and the Performance Units via the Company's electronic mail system or other electronic delivery system.

11. Incorporation of Plan by Reference. This Agreement is made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Participant's receipt of the Performance Units awarded under this Agreement constitutes the Participant's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, this Agreement, and/or the Performance Units shall be final and binding on the Participant, the Participant's beneficiaries, and any other person having or claiming an interest in such Performance Units. The settlement of any award with respect to Performance Units is subject to the provisions of the

Plan and to interpretations, regulations, and determinations concerning the Plan as established from time to time by the Committee in accordance with the provisions of the Plan. In the event of any inconsistency between this Agreement or the Plan, on the one hand, and any employment agreement or similar service-based agreement with the Participant, on the other hand, the terms of this Agreement or the Plan (as applicable) shall control.

12. **Income Taxes; Withholding Taxes**. The Participant agrees, as a condition of receiving the Performance Units, to pay to the Company or a Subsidiary, as applicable, or make arrangement satisfactory to the Company regarding the payment of, all applicable federal, state and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the Performance Units. The Participant is solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the Performance Units pursuant to this Agreement. At the time of taxation, the Company shall have the right to deduct from amounts payable with respect to the Performance Units, including by withholding shares of Stock, an amount equal to the federal (including FICA), state and local income and payroll taxes and other amounts as may be required by law to be withheld with respect to the Performance Units. Without limiting the foregoing, upon payment of the Performance Units, the Company shall withhold shares subject to the vested Performance Units to cover any of the applicable withholding for related FICA tax and income tax liabilities at the minimum applicable tax rate.

13. **Governing Law**. The validity, construction, interpretation, and effect of this instrument shall exclusively be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Virginia, excluding any conflicts or choice of law rule or principle.

14. **Award Subject to Applicable Laws and Company Policies**. This Agreement shall be subject to any required approvals by any governmental or regulatory agencies. This award of Performance Units shall be subject to repayment to (*i.e.*, clawback by) the Company or a related entity as determined in good faith by the Committee or the Board in the event repayment is required by the terms of the Company's recoupment, clawback or similar policy as may be in effect from time to time or by applicable federal or state law or regulation or applicable listing standard of any national securities exchange or system on which the Stock is then listed or reported; provided that any such clawback or similar policy that is adopted by the Board after the Grant Date shall have a look-back period of not more than approximately three years, unless, in the opinion of counsel satisfactory to the Participant, required by applicable federal or state law or regulation or applicable listing standard.

15. **Assignment**. This Agreement shall bind and inure to the benefit of the successors and assignees of the Company. The Participant may not sell, assign, transfer, pledge, or otherwise dispose of the Performance Units, except in the event of the Participant's death.

16. **Code Section 409A**. This award of Performance Units is intended to be exempt from or comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Notwithstanding anything in this Agreement to the contrary, if the Performance Units constitute "deferred compensation" under Code Section 409A and the Performance Units become vested and settled upon the Participant's termination of employment, payment with respect to the Performance Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under Code Section 409A (as determined by the Committee) and if required pursuant to Code Section 409A. If payment is delayed, the shares of Stock of the Company and accrued cash dividend equivalents shall be distributed within 30 days after the date that is the six-month anniversary of the Participant's termination of employment. If the Participant dies during the six-month delay, the shares of Stock and accrued cash dividend equivalents shall be distributed in accordance with the Participant's will or under the applicable laws of descent and distribution. Notwithstanding any provision to the contrary herein, payments made with respect to this award of Performance Units may only be made in a manner and upon an event permitted by Code Section 409A, and all payments to be made upon a termination of employment hereunder may only be made upon a "separation from service" as defined under Code Section 409A, if required pursuant to Code Section 409A. To the extent that any provision of this Agreement would cause a conflict with the requirements of Code Section 409A, or would cause the administration of the Performance Units to fail to satisfy the requirements of Code Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. If the Performance Units constitute "deferred compensation" under Code Section 409A and payment is subject to the execution of a Release, and if such payment could be made in more than one taxable year, payment shall be made in the later taxable year, if required by Code Section 409A.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute and attest this instrument, and the Participant has placed the Participant's signature hereon, effective as of the Grant Date set forth above.

DYNEX CAPITAL, INC.

By: ___________________________________
Name:
Title:

By signing below, the Participant (a) acknowledges receipt of the Plan incorporated herein, (b) acknowledges that the Participant has read this Agreement and understands the terms and conditions set forth herein, (c) accepts the award of the Performance Units described in this Agreement, (d) agrees to be bound by the terms of the Plan and this Agreement, and (e) agrees that all decisions and determinations of the Committee with respect to the Performance Units shall be final and binding.

PARTICIPANT:

____
Name:
Date:

SCHEDULE A

DYNEX CAPITAL, INC.

2025 STOCK AND INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD
FOR NON-EMPLOYEE DIRECTORS

This Restricted Stock Unit Award Agreement (this "**Agreement**") is made as of [__________] (the "**Grant Date**"), by Dynex Capital, Inc., a Virginia corporation (the "**Company**"), to [___________], Non-Employee Director of the Company (the "**Participant**").

RECITALS

WHEREAS, the Dynex Capital, Inc. 2025 Stock and Incentive Plan (as may be amended from time to time, the "**Plan**") permits the grant of Restricted Stock Units in accordance with the terms and provisions of the Plan;

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant, and the Participant desires to accept such Restricted Stock Units, on the terms and conditions set forth herein and in the Plan; and

WHEREAS, the applicable provisions of the Plan are incorporated into this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Award of Restricted Stock Units.

The Company hereby awards to the Participant [_______] Restricted Stock Units (hereinafter, the "**Restricted Stock Units**"), subject to the vesting and other conditions of this Agreement.

2. Vesting.

(a) **General Vesting Terms.** Provided the Participant's service as a Non-Employee Director continues through the applicable vesting date set forth in this Section 2 (the "**Vesting Date**") and meets all applicable requirements set forth in this Agreement, the Restricted Stock Units awarded pursuant to this Agreement shall vest as follows, except as set forth in Sections 2(b) and 2(c) below (the period over which the Restricted Stock Units vest is referred to as the "**Period of Restriction**"):

Vesting Date	Vested Restricted Stock Units
The first anniversary of the Grant Date	100% of the awarded Restricted Stock Units

(b) **Change of Control.** The Participant's unvested Restricted Stock Units will automatically vest in full immediately prior to the occurrence of a Change of Control, provided that the Participant's service as a Non-Employee Director continues through such Change of Control.

(c) **Death or Disability.** In the event of termination of service as a Non-Employee Director on account of the Participant's death or Disability during the Period of Restriction, the Participant's unvested Restricted Stock Units will automatically vest in full on the date of the Participant's termination of service as a Non-Employee Director on account of death or Disability; provided that in the event the termination of service as a Non-Employee Director is on account of Disability, the Participant signs and does not revoke a release and waiver of claims in favor of the Company and its Affiliates in a form provided by the Company (a "**Release**").

(d) **Other Termination.** Except as provided in Sections 2(b) and 2(c), in the event of a termination of the Participant's service as a Non-Employee Director, the Participant will forfeit all Restricted Stock Units that do not vest either on or before the termination date. No Restricted Stock Units will vest after the Participant's service as a Non-Employee Director has terminated for any reason. For clarification purposes, in the event the Participant's service as a Non-Employee Director is terminated by the Company or a Subsidiary for Cause, the outstanding Restricted Stock Units (whether vested or unvested) held by the Participant shall immediately terminate and be of no further force or effect.

3. Restricted Stock Units Account.

The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant's Restricted Stock Units to the bookkeeping account.

4. Dividend Equivalents.

5. Dividend equivalents shall accrue with respect to the Participant's Restricted Stock Units and shall be payable subject to the same vesting terms and other conditions as the Restricted Stock Units to which they relate. Dividend equivalents shall be credited on the Restricted Stock Units when dividends are declared on shares of Stock from the Grant Date until the payment date for the vested Restricted Stock Units. The Company will keep records of dividend equivalents in a non-interest-bearing bookkeeping account for the Participant. No interest will be credited to any such account. Vested dividend equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Restricted Stock Units. If and to the extent that the underlying Restricted Stock Units are forfeited, all related dividend equivalents shall also be forfeited.

6. Conversion of Restricted Stock Units.

(a) Except as otherwise provided in this Section 5, if the Restricted Stock Units vest in accordance with Section 2(a), the Participant shall be entitled to receive payment of the vested Restricted Stock Units within 60 days after the applicable Vesting Date.

(b) If the Restricted Stock Units vest in accordance with Section 2(b) (Change of Control), the Participant shall receive payment of the vested Restricted Stock Units no later than 60 days after the date of the Change of Control.

(c) If the Restricted Stock Units vest in accordance with Section 2(c) (death or Disability), the Participant shall receive payment of the vested Restricted Stock Units within 60 days after the date of the Participant's termination of employment on account of death or Disability, as applicable.

(d) On the applicable payment date, each vested Restricted Stock Unit credited to the Participant's account shall be settled in whole shares of Stock of the Company equal to the number of vested Restricted Stock Units, subject to (i) the limitation of Section 5(e) below, (ii) compliance with the six-month delay described in Section 16 below, if applicable, and (iii) the payment of any federal, state and local taxes as described in Section 12 below, if applicable. The obligation of the Company to distribute shares of Stock shall be subject to the rights of the Company as set forth in the Plan and to all applicable laws, rules, regulations, and such approvals by governmental agencies as may be deemed appropriate by the Committee, including as set forth in Section 14 below.

(e) For the avoidance of doubt, the Participant will forfeit all Restricted Stock Units if the Participant's service as a Non-Employee Director is terminated for Cause prior to the payment date under this Section 5.

7. Certain Corporate Changes.

In the event of a stock dividend, stock split or combination of shares, spin-off, recapitalization or merger in which the Company is the surviving corporation, or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the Committee shall adjust, as provided in the Plan, the number and class of shares or securities of the Company underlying the Restricted Stock Units held by the Participant, the maximum number of shares of Stock for which the Restricted Stock Units may vest, in each case, as appropriate to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Restricted Stock Units. Any adjustment that occurs under the terms of this Section 6 or the Plan will not change the timing or form of payment with respect to any Restricted Stock Units except in accordance with Code Section 409A.

8. No Stockholder Rights.

The Participant has no voting rights, no dividend rights and no other ownership rights and privileges of a stockholder with respect to the shares of Stock subject to the Restricted Stock Units, except as provided in Section 4 with respect to dividend equivalents.

9. Retention Rights.

(a) Neither the award of the Restricted Stock Units, nor any other action taken with respect to the Restricted Stock Units, shall confer upon the Participant any right to continue in the service of the Company or a Subsidiary or shall interfere in any way with the right of the Company or a Subsidiary to terminate Participant's service at any time.

10. Amendment; Modification or Substitution.

This award may be amended, modified or substituted by the Committee, in whole or in part, in accordance with Section 15.1 of the Plan.

11. Notice.

Any notice to the Company provided for in this Agreement shall be addressed to it in care of the Chief Financial Officer of the Company, or in their absence, the Secretary of the Company, 4991 Lake Brook Drive, Suite 100, Glen Allen, VA 23060, and any notice to the Participant shall be addressed to the Participant at the current address shown in the corporate records of the Company or a Subsidiary thereof, or to such other address as the Participant may designate to the Company in writing. Any notice provided for hereunder shall be delivered by hand, sent by telecopy or electronic mail, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage and registry fee prepaid in the United States mail, or other mail delivery service. Notice to the Company shall be deemed effective upon receipt. By receipt of this Agreement, the Participant hereby consents to the delivery of information (including without limitation, information required to be delivered to the Participant pursuant to the applicable securities laws) regarding the Company, the Plan, and the Restricted Stock Units via the Company's electronic mail system or other electronic delivery system.

12. Incorporation of Plan by Reference.

This Agreement is made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Participant’s receipt of the Restricted Stock Units awarded under this Agreement constitutes the Participant’s acknowledgment that all decisions and determinations of the Committee with respect to the Plan, this Agreement, and/or the Restricted Stock Units shall be final and binding on the Participant, the Participant’s beneficiaries, and any other person having or claiming an interest in such Restricted Stock Units. The settlement of any award with respect to the Restricted Stock Units is subject to the provisions of the Plan and to interpretations, regulations, and determinations concerning the Plan as established from time to time by the Committee in accordance with the provisions of the Plan. In the event of any inconsistency between this Agreement or the Plan, on the one hand, and any service-based agreement with the Participant, on the other hand, the terms of this Agreement or the Plan (as applicable) shall control.

13. Certain Tax Matters.

The Participant agrees, as a condition of receiving the Restricted Stock Units, to pay to the Company or a Subsidiary, as applicable, or make arrangement satisfactory to the Company regarding the payment of, all applicable federal, state and local taxes required by law to be withheld with respect to the Restricted Stock Units, if any. The Participant is solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the Restricted Stock Units pursuant to this Agreement. At the time of taxation, the Company shall have the right to deduct from amounts payable with respect to the Restricted Stock Units, including by withholding shares of Stock, an amount equal to the federal, state and local taxes and other amounts as may be required by law to be withheld with respect to the Restricted Stock Units, if any. Without limiting the foregoing, upon payment of the Restricted Stock Units, the Company shall have the right to withhold shares subject to the vested Restricted Stock Units to cover any of the applicable withholding tax liabilities at the minimum applicable tax rate.

14. Governing Law.

The validity, construction, interpretation, and effect of this instrument shall exclusively be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Virginia, excluding any conflicts or choice of law rule or principle.

15. Award Subject to Applicable Laws and Company Policies.

16. This Agreement shall be subject to any required approvals by any governmental or regulatory agencies. This award of Restricted Stock Units shall be subject to repayment to (*i.e.*, clawback by) the Company or a related entity as determined in good faith by the Committee or the Board in the event repayment is required by the terms of the Company's recoupment, clawback or similar policy as may be in effect from time to time or by applicable federal or state law or regulation or applicable listing standard of any national securities exchange or system on which the Stock is then listed or reported; provided that any such clawback or similar policy that is adopted by the Board after the Grant Date shall have a look-back period of not more than approximately three years, unless, in the opinion of counsel satisfactory to the Participant, required by applicable federal or state law or regulation or applicable listing standard.

17. Assignment.

This Agreement shall bind and inure to the benefit of the successors and assignees of the Company. The Participant may not sell, assign, transfer, pledge, or otherwise dispose of the Restricted Stock Units, except in the event of the Participant's death.

18. Code Section 409A.

This award of Restricted Stock Units is intended to be exempt from or comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Notwithstanding anything in this Agreement to the contrary, if the Restricted Stock Units constitute "deferred compensation" under Code Section 409A and the Restricted Stock Units become vested and settled upon the Participant's termination of employment or service, payment with respect to the Restricted Stock Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under Code Section 409A (as determined by the Committee) and if required pursuant to Code Section 409A. If payment is delayed, the shares of Stock of the Company and accrued cash dividend equivalents shall be distributed within 30 days after the date that is the six-month anniversary of the Participant's termination of employment or service. If the Participant dies during the six-month delay, the shares of Stock and accrued cash dividend equivalents shall be distributed in accordance with the Participant's will or under the applicable laws of descent and distribution. Notwithstanding any provision to the contrary herein, payments made with respect to this award of Restricted Stock Units may only be made in a manner and upon an event permitted by Code Section 409A, and all payments to be made upon a termination of employment or service hereunder may only be made upon a "separation from service" as defined under Code Section 409A, if required pursuant to Code Section 409A. To the extent that any provision of this Agreement would cause a conflict with the requirements of Code Section 409A, or would cause the administration of the Restricted Stock Units to fail to satisfy the requirements of Code Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. If the Restricted Stock Units constitute "deferred compensation" under Code Section 409A and payment is subject to the execution of a Release, and if such payment could be made in more than one taxable year, payment shall be made in the later taxable year, if required by Code Section 409A.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute and attest this instrument, and the Participant has placed the Participant's signature hereon, effective as of the Grant Date set forth above.

DYNEX CAPITAL, INC.

By: ___________________________________
Name:
Title:

By signing below, the Participant (a) acknowledges receipt of the Plan incorporated herein, (b) acknowledges that the Participant has read this Agreement and understands the terms and conditions set forth herein, (c) accepts the award of the Restricted Stock Units described in this Agreement, (d) agrees to be bound by the terms of the Plan and this Agreement, and (e) agrees that all decisions and determinations of the Committee with respect to the Restricted Stock Units shall be final and binding.

PARTICIPANT

____
Name:
Date:

Exhibit 31.1

CERTIFICATIONS

I, Byron L. Boston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dynex Capital, Inc.;
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:
   (a) 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;

   (b) 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;

   (c) 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

   (d) 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 (or persons performing the equivalent functions):
   (a) 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

   (b) 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: July 28, 2025

/s/ Byron L. Boston
Byron L. Boston
Co-Principal Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Smriti L. Popenoe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dynex Capital, Inc.;
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:
   (a) 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;
   (b) 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;
   (c) 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
   (d) 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 (or persons performing the equivalent functions):
   (a) 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
   (b) 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: July 28, 2025

/s/ Smriti L. Popenoe
Smriti L. Popenoe
Co-Principal Executive Officer

Exhibit 31.3

CERTIFICATIONS

I, Robert S. Colligan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dynex Capital, Inc.;
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:
   (a) 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;
   (b) 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;
   (c) 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
   (d) 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 (or persons performing the equivalent functions):
   (a) 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
   (b) 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: July 28, 2025

/s/ Robert S. Colligan
Robert S. Colligan
Principal Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906

In connection with the Quarterly Report on Form 10-Q of Dynex Capital, Inc. (the "Company") for the six months ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, as the Principal Executive Officers of the Company and the Principal Financial Officer of the Company, respectively, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	July 28, 2025	/s/ Byron L. Boston Byron L. Boston Co-Principal Executive Officer
Date:	July 28, 2025	/s/ Smriti L. Popenoe Smriti L. Popenoe Co-Principal Executive Officer
Date:	July 28, 2025	/s/ Robert S. Colligan Robert S. Colligan Principal Financial Officer