



ARMOUR RESIDENTIAL REIT, Inc. Company Update

5/10/19

ARMOUR seeks to create shareholder value through thoughtful investment and risk management that produces current yield and superior risk adjusted returns over the long term.

Our focus on residential real estate finance supports home ownership for a broad and diverse spectrum of Americans by bringing private capital into the mortgage markets.

PLEASE READ: Important Regulatory and Yield Estimate Risk Disclosures

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- Actual realized yields, durations and net durations described herein will depend on a number of factors that cannot be predicted with certainty. Estimated yields do not reflect any of the costs of operation of ARMOUR.
- **THE INFORMATION PRESENTED HEREIN IS UNAUDITED AND UNREVIEWED.**



ARMOUR invests in and manages a leveraged portfolio of mortgage-related assets and U.S. government securities.

1 Capitalization

- Total capitalization of \$1,474.2 million composed of:
 - Estimated book value of common stock of \$1,260.4 million.
 - Preferred stock par value of \$213.7 million.

2 Dividend Policy

- ARMOUR pays dividends monthly.
- Since inception, ARR has paid out \$1.5 billion in dividends.⁽¹⁾

3 Shareholder Alignment

- Returned \$373 million through share repurchases and return of capital since May 2013.
- Senior management has made open market purchases of \$2.8 million of stock since 2016.

4 Transparency and Governance

- Updated portfolio and liability details can be found at www.armourreit.com.
- Agency premium amortization is expensed monthly as it occurs.⁽²⁾
- Hedge positions are marked-to-market daily (GAAP/Tax differences).
- Non-Executive Board Chairman and separate Lead Independent Director.

5 ARMOUR REIT Manager

- ARMOUR REIT is externally managed by ARMOUR Capital Management LP.

(1) Includes both common and preferred stock dividends through April 2019.

(2) Due to the prepayment lockout feature of our Agency multifamily securities, premium is amortized using a level yield methodology.



ARMOUR Key Metrics

Market Date	12/31/18	1/31/19	2/28/19	3/31/19	4/30/19
Common Stock Price	\$20.50	\$21.02	\$20.05	\$19.53	\$19.08
Estimated Book Value	\$20.86	\$21.19	\$21.10	\$21.29	\$21.08
Common Shares Outstanding	43,702,864	51,486,573	59,787,573	59,791,877	59,791,877
Preferred A Shares Outstanding	2,180,572	2,180,572	2,180,572	2,180,572	2,180,572
Preferred B Shares Outstanding	6,369,269	6,369,269	6,369,269	6,369,269	6,369,269
Portfolio Size (millions)	\$8,925	\$11,529	\$13,147	\$13,859	\$14,624
Interest Rate Swap Notional (millions)	\$7,350	\$8,775	\$9,875	\$9,775	\$9,975
Repurchase Agreements (millions)	\$7,038	\$7,940	\$9,404	\$12,143	\$12,457
TBA Positions (millions)	\$933	\$1,565	\$1,458	\$317	\$470
Debt-to-Equity	6.3x	6.1x	6.4x	8.2x	8.5x
Leverage including TBAs	7.1x	7.3x	7.4x	8.4x	8.8x
Rates DV01	\$(441,000)	\$(326,000)	\$263,000	\$(250,000)	\$314,000
Spread DV01	\$4,410,000	\$5,781,000	\$6,886,000	\$6,913,000	\$7,454,000
Net Balance Sheet Duration	(0.49)	(0.28)	0.20	(0.18)	0.21
Liquidity (Cash + Unlevered Securities)	\$581	\$735	\$834	\$720	\$714
FNCL 4.0 Price	\$101.97	\$102.36	\$101.98	\$102.88	\$102.66
FNCL 4.0 Price	\$102.42	\$102.86	\$102.59	\$103.03	\$103.05
10 Year Treasury Yield	2.69%	2.63%	2.72%	2.41%	2.50%
5 Year OIS Swap Rate	2.29%	2.24%	2.31%	2.04%	2.08%
10 Year OIS Swap Rate	2.43%	2.36%	2.45%	2.16%	2.25%



ARMOUR Portfolio & Hedge Positioning

Securities	% of Portfolio	Current Value (millions)	Weighted Average Book Price	Weighted Average Market Price	Weighted Average Net/Gross Coupon	Estimated Effective Duration
Agency ARMs & Hybrids	0.3%	\$46.6	104.8%	103.5%	3.99/4.61	0.68
Agency Multifamily Ballooning in 120 Months or Less	19.2%	\$2,807.7	101.9%	103.7%	3.44/4.51	6.62
Agency Fixed Rates Maturing Between 0 and 180 Months	8.4%	\$1,227.0	102.7%	103.9%	4.00/4.60	3.51
Agency Fixed Rates Maturing Between 181 and 240 Months	0.0%	\$3.1	107.9%	104.5%	4.25/5.20	3.85
Agency Fixed Rates Maturing Between 241 and 360 Months	63.2%	\$9,238.4	102.8%	103.3%	4.04/4.64	3.07
Agency Interest-Only	0.1%	\$19.4	18.1%	18.8%	4.83/5.35	-4.27
Agency Portfolio	91.2%	\$13,342.1	102.5%	102.8%	3.91/4.61	3.84
Agency 30Y TBA	3.2%	\$470.1	104.5%	104.5%	4.67/ N/A	1.60
TBA Portfolio	3.2%	\$470.1	104.5%	104.5%	4.67/ N/A	1.60
Legacy Non-Agency Assets	0.5%	\$70.4	75.0%	82.5%	5.56/4.67	3.36
New Issue Prime Fixed Non-Agency	0.1%	\$17.1	94.8%	99.3%	3.69/3.97	5.36
Credit Risk Transfer	4.9%	\$723.8	99.0%	110.5%	6.89/4.06	-2.23
Credit Risk & Non-Agency Portfolio	5.5%	\$811.2	96.8%	107.1%	6.70/4.11	-1.59
Total Portfolio	100.0%	\$14,623.5	101.7%	103.0%	4.09/4.61	3.47

- Approximately 75% of our Agency portfolio benefits from favorable prepayment characteristics, including:
 - 21% have prepayment penalties (DUS).
 - 40% have loan balances less than 225k.
 - 14% have loan-to-value ratios greater than 95%, FICO scores of less than 700 or seasoning of greater than 24 months.

Interest Rate Swaps

Remaining Term (Months)	0-12	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	Total
Weighted Average Remaining Term (Months)	7	19	34	46	56	66	83	91	105	117	62
Notional Amount (millions)	\$550	\$1,675	\$1,200	\$1,025	\$1,150	\$825	\$50	\$1,200	\$625	\$1,675	\$9,975
Weighted Average Rate	1.21	1.83	2.32	2.11	1.91	2.07	1.95	1.95	2.33	2.40	2.05

Information as of 04/30/2019. Portfolio value is based on independent third-party pricing. Information includes estimates of the effect of forward settling trades. Some totals may not foot due to rounding.



ARMOUR Repo Composition

	Repo Counter-Party	Principal Borrowed (millions)	Percentage of Repo Positions with ARMOUR	Weighted Average Original Term in Days	Weighted Average Remaining Term in Days	Longest Remaining Term in Days
1	BUCKLER Securities LLC ¹	\$6,071.2	48.7%	40	13	66
2	ING Financial Markets LLC	\$618.5	5.0%	63	39	72
3	South Street Securities LLC	\$590.6	4.7%	64	54	85
4	Mirae Asset Securities (USA) Inc.	\$564.8	4.5%	81	62	79
5	RBC Capital Markets	\$484.0	3.9%	96	76	76
6	Wells Fargo Securities	\$479.5	3.8%	41	26	56
7	J.P. Morgan Securities LLC	\$366.2	2.9%	53	36	69
8	Daiwa Securities America Inc.	\$349.9	2.8%	63	48	73
9	ABN AMRO Bank N.V.	\$347.3	2.8%	91	74	79
10	Mitsubishi UFJ Securities (USA), Inc.	\$328.4	2.6%	91	79	83
11	ICBC Financial Services LLC	\$290.7	2.3%	41	18	24
12	Citigroup Global Markets Inc.	\$283.8	2.3%	60	47	73
13	FHLB - Cincinnati	\$276.9	2.2%	1	1	1
14	The Bank of Nova Scotia	\$269.8	2.2%	69	53	76
15	UBS Securities LLC	\$197.6	1.6%	70	49	76
16	BNP Paribas Securities Corp.	\$188.3	1.5%	30	16	20
17	Cantor Fitzgerald & Co. Inc.	\$180.5	1.4%	91	74	76
18	Bank of Montreal	\$158.6	1.3%	72	57	73
19	Credit Agricole Corporate and Investment	\$94.0	0.8%	30	15	15
20	E D & F Man Capital Markets Inc.	\$71.2	0.6%	61	41	41
21	Royal Bank of Canada	\$55.2	0.4%	29	18	29
22	Merrill Lynch, Pierce, Fenner & Smith Inc.	\$49.0	0.4%	29	13	24
23	Societe Generale	\$48.3	0.4%	29	8	10
24	Wells Fargo Bank, N.A.	\$46.6	0.4%	30	16	17
25	MUF Securities EMEA	\$45.9	0.4%	30	1	1
	Total or Weighted Average Repo Positions	\$12,457.0	100.0%	52	30	

Agency Repo Principal	\$12,045.4
Non-Agency Repo Principal	\$411.6
Weighted Average Repo Rate	2.75%
Weighted Average Haircut	4.69%

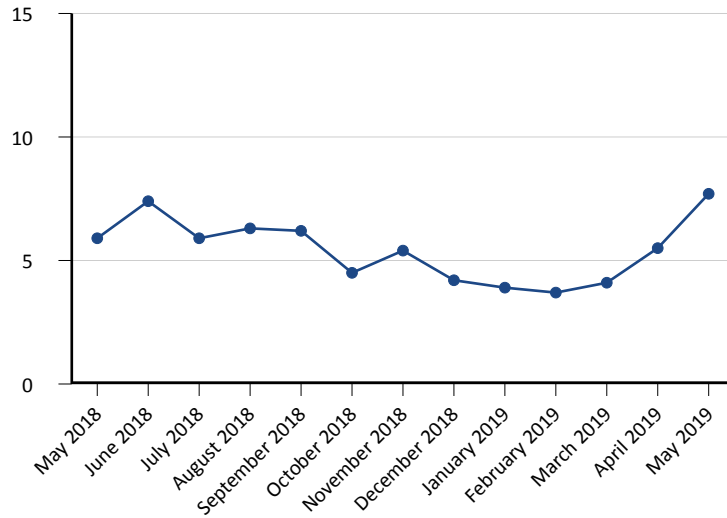
(1) Affiliated with ARMOUR.

Information as of 04/30/2019. Some totals may not foot due to rounding.

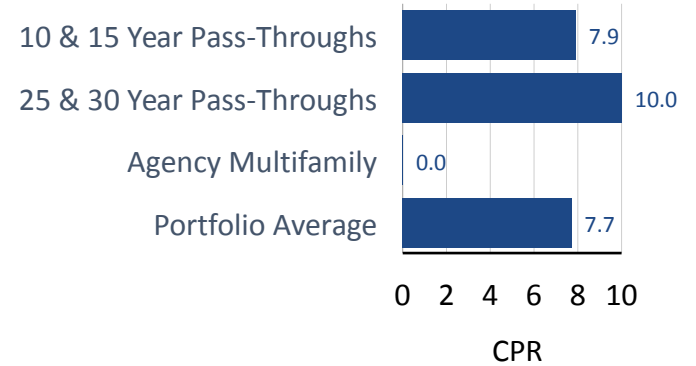


ARMOUR Portfolio Constant Prepayment Rates ("CPR")

Trailing Twelve Month Portfolio CPR*



May 2019 Agency Asset CPR**



	18-May	18-Jun	18-Jul	18-Aug	18-Sep	18-Oct	18-Nov	18-Dec	19-Jan	19-Feb	19-Mar	19-Apr	19-May
CPR	5.9	7.4	5.9	6.3	6.2	4.5	5.4	4.2	3.9	3.7	4.1	5.5	7.7

*On 5/6/19 the most recent prepayment data was released.

**For sectors with greater than 0.5% market value weighting.

Constant Prepayment Rate ("CPR") is the annualized equivalent of single monthly mortality ("SMM"). CPR attempts to predict the percentage of principal that will prepay over the next twelve months based on historical principal pay downs. CPR is reported on the 4th business day of the month for the previous month's prepayment activity.





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