

Dynex Capital, Inc.

Sustainability Accounting Standards Board (SASB) Disclosure

Based on the primary business of Dynex Capital, Inc. (Dynex) and industry peers, we are providing disclosures that are aligned with the “Asset Management & Custody Activities” industry within the Financials Sector standards of SASB. The table and descriptions below include relevant information and references to other relevant public disclosures.

All data is as of September 30, 2021, unless otherwise indicated.

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Transparent Information & Fair Advice for Customers

FN-AC-270a.1

(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings

As defined by SASB, Dynex does not have any covered employees¹ and was not subject to any related regulatory proceeding. Our business objective is to generate net income for distribution to our shareholders and to provide attractive risk-adjusted returns to our shareholders over the long-term that are reflective of a leveraged, high-quality fixed income portfolio with a focus on capital preservation. As a public company, we have implemented policies, procedures, and controls reasonably designed to ensure compliance with applicable rules and regulations.

¹Covered employees' is defined by SASB as employees subject to filing the following forms: Forms U4, U5, and U6 with the Central Registration Depository ("CRD") of the Financial Industry Regulatory Authority ("FINRA"); Form B.D. with the Investment Adviser Registration Depository ("IARD") of the U.S. Securities and Exchange Commission ("SEC"); and Form BDW with the IARD of the SEC

FN-AC-270a.2

Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers

Dynex manages an investment portfolio predominantly comprised of Agency mortgage-backed securities (MBS) for its own account. We do not manage customer accounts or sell financial products to customers. As such, Dynex did not sustain any monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers. Please see our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for disclosure, to the extent applicable, on material legal proceedings.

FN-AC-270a.3

Description of approach to informing customers about products and services

As a public company, we regularly disclose our business strategy and risks as well as financial performance to our shareholders. However, we do not sell products and services to customers. As such,

we do not believe this metric is meaningful to our business. General information about our business is available on our website and in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Employee Diversity and Inclusion

FN-AC-330a.1

Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees

Note to FN-AC-330a.1— The entity shall describe its policies and programs for fostering equitable employee representation across its global operations.

We view our employees as our most important asset and as the key to managing a successful business for the benefit of all of our stakeholders. Our human capital strategy is designed to create a supportive environment where our employees can grow professionally and contribute to the success of the Company. We believe a collaborative, engaging and equitable culture is key to attracting and retaining skilled, experienced, and talented employees as well as fostering the development of our next generation of leaders.

Dynex is committed to promoting diversity within our workforce and believes diversity extends beyond gender, race, ethnicity, age, and sexual orientation to include different perspectives, skills, and experiences and socioeconomic backgrounds. We hire based on qualifications and evaluate, recognize, reward, and promote employees based on performance without regard to race, religion, color, national origin, disability, gender, gender identity, sexual orientation, stereotypes, or assumptions based thereon. In addition, equity is fundamental to our philosophy of fair and equitable treatment. We regularly review and analyze our compensation practices and engage in ongoing efforts to ensure pay equity within all levels of employment. We strive to maintain a corporate culture that is welcoming, inclusive, and respectful to all.

Recognizing the vital role that human capital management serves in the long-term success of the Company, we have initiated a Human Capital Strategy Planning process, which is overseen by the Board, to formalize the process for management and development of employees. In addition to talent management and development initiatives, the Human Capital Strategy Planning process has included the following:

- development of organizational core values and a plan to integrate these values into a variety of human capital processes and practices;
- offering of a personal development program for all employees;
- formalized process for determining current and future human capital requirements;
- implementation of improved performance measures designed to better determine individual and team developmental needs

The tables below provide breakdowns of gender (Table 1) and racial/ethnic group (Table 2) representation:

Table 1: Gender Representation Table %

	Female	Male
Board	33%	67%
Executive Management	33%	67%
non-Executive Management	67%	33%
Professionals	36%	64%
All Other Employees	100%	0%
Total Dynex Employees	47%	53%

Table 2: Racial/Ethnic Group Representation %

	Asian	Black or African American	Hispanic or Latino	White
Board	0%	17%	0%	83%
Executive Management	33%	33%	0%	33%
Non-Executive Management	0%	0%	0%	100%
Professionals	0%	9%	0%	91%
All Other Employees	50%	0%	50%	0%

Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory

FN-AC-410a.1

Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening

As of 9/30/21, 90% of our assets under management (AUM) are invested in the Agency MBS market, pools of mortgages for which timely payment of principal and interest is guaranteed by Fannie Mae and Freddie Mac (the GSEs). The GSEs were created by Congress to provide liquidity, stability, and affordability to the U.S. housing market. Through our investments in Agency MBS, we are supporting various areas of the housing market, including enhancing liquidity in the residential and commercial real estate markets and, in turn, facilitating home ownership and affordable housing in the United States.

Agency MBS investors receive limited loan-level information on the underlying borrowers from the GSEs which creates a significant limitation on the incorporation of ESG criteria evaluation into our investment decisions at this time. We are paying close attention as GSEs consider expanding Green Financing to residential borrowers. Freddie Mac has taken initial steps to issue Single-Family Green MBS, where

borrowers use refinance proceeds to finance energy efficient home improvements such as purchase or installation of solar panels as a renewable energy source.

10% of our AUM is invested in Agency and Non-Agency Commercial MBS (CMBS) where more information is available to us. We incorporate material ESG risk factors into our investment decision process. The Fannie Mae Green Financing Business provides mortgage financing to apartment buildings to finance energy and water efficiency property improvements. In our Delegated Underwriting and Servicing (DUS) and CMBS Interest-Only (CMBS IO) portfolios we consider and have made investments in Green, Workforce and Low-Income housing deals.

FN-AC-410a.2

Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies

Please reference our response to FN-AC-410.1a above for our general approach given AUM.

FN-AC-410a.3

Description of proxy voting and investee engagement policies and procedures

Dynex predominantly invests in Agency MBS to which there are no voting rights. Dynex does not engage in proxy voting because we do not invest in public company equities. As such, we do not believe this metric is meaningful to our business.

Business Ethics

FN-AC-510a.1

Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations

Dynex did not sustain any material monetary losses during the twelve months ended 9/30/21 as a result of legal proceedings associated with the conduct described. Dynex discloses material legal and regulatory proceedings as required in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

FN-AC-510a.2

Description of whistleblower policies and procedures

We are committed to being thoughtful, ethical, and responsible fiduciary stewards of our stakeholder's capital. Dynex has a strong Code of Business Conduct and Ethics ("Code of Conduct") that applies to all of our employees, officers and directors and covers a wide range of business practices and procedures designed to foster the highest ethical standards in all business relationships. This policy covers, among other things, compliance with applicable laws, conflicts of interest, confidentiality, fair dealing,

discrimination and harassment, health, and safety, reporting of suspected violations, and enforcement of our Code of Conduct. For more information please see our publicly available Code of Conduct here: [Code of Business Conduct and Ethics](#).

Our Whistleblower Policy provides a structured and formal process to facilitate confidential, anonymous submissions by employees of the Company and others with concerns or complaints regarding the Company's accounting, internal accounting controls, auditing matters or violations of the Company's Code of Conduct. For more information, please see our publicly available Whistleblower Policy here: [Whistleblower Policy](#).

Systemic Risk Management

FN-AC-550a.1

Percentage of open-end fund assets under management by category of liquidity classification

Following SASB's proposal to remove this metric, we are omitting it from our report.

FN-AC-550a.2

Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management

Dynex is not an open-end fund and is not subject to redemption obligations with respect to its preferred or common stock. Thus, Dynex is not subject to redemption risk.

Dynex prioritizes risk management, disciplined capital allocation, and liquidity. Our investment strategy and the allocation of our capital to a particular sector or investment is driven by a "top-down" framework that focuses on the risk management, scenario analysis, and expected risk-adjusted returns of any investment.

We invest and manage our capital pursuant to Operating Policies approved by our Board of Directors. Our Operating Policies set forth investment and risk limitations as they relate to the Company's investment activities and set parameters for the Company's investment and capital allocation decisions. As part of our risk management process, our Operating Policies require us to perform a variety of stress tests to model the effect of adverse market conditions on our investment portfolio value and our liquidity.

We analyze 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. In performing these analyses, we will also consider the current state of the fixed income markets and the repurchase agreement markets in order 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. The objective of our analyses is to assess the adequacy of our liquidity to withstand potential adverse events, such as the current COVID-19 pandemic.

Please see our 2020 Annual Report on Form 10-K, pages 4 and 42, for additional disclosure.

Please see "LIQUIDITY AND CAPITAL RESOURCES" in our Annual Report on Form 10-K.

FN-AC-550a.3

Total exposure to securities financing transactions

Following SASB's proposal to remove this metric, we are omitting it from our report.

FN-AC-550a.4

Net exposure to written credit derivatives

Dynex does not write credit derivatives. For additional information on our exposure to credit derivatives please see our Annual Report on Form 10-K.

Disclosure Statement

Any objectives, plans, targets, and commitments discussed in this report are aspirational; as such, no guarantees or promises are made that they will be met or successfully executed. Furthermore, any data, statistics, and metrics included in this report are nonaudited estimates, are not necessarily prepared in accordance with generally accepted accounting principles (GAAP), continue to evolve, and may be based on assumptions believed to be reasonable at the time of preparation, but may be subject to revision.

This report uses certain terms including those that SASB refers to as "material" to reflect the issues or priorities of Dynex or its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities, or other, laws or as used in the context of financial statements and reporting.

This report, which speaks only as of its date, is not comprehensive, and for that reason, should be read in conjunction with our 2020 Annual Report on Form 10-K and quarterly reports on Form 10-Q for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. This report contains certain forward-looking statements, including statements regarding our business objectives, investment analysis and decision process, including the incorporation of environmental, social and governance factors into such analysis, and other business plans, initiatives and objectives. These statements are typically accompanied by the words "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "projects," "may," "will," "should," "would," "could," or other similar expressions. All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended. Our actual future results could differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include the risk factors discussed in our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC and in this report.

You should consider the forward-looking statements in this report in conjunction with our annual report on Form 10-K and our quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC now and in the future. We caution readers not to place undue reliance on our forward-looking statements in this report, which are not historical facts, and Dynex cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. 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. Dynex urges you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report.