Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting	lssuer		·	-
1 Issuer's name				2 Issuer's employer identification number (EIN)
ARMOUR RESIDENTIA		1		26-1908763
3 Name of contact for add	ditional information	4 Telephon	e No. of contact	5 Email address of contact
TAMES D MOLINEATN	I CEO	 772-617-	. 1 2 1 0	JRM@ARMOURCAP.COM
JAMES R. MOUNTAIN 6 Number and street (or F				7 City, town, or post office, state, and ZIP code of contact
• Hamber and except (er i	.o. box ii maii ie not	401170104 10 1	and of additional of the orition	Posty, tomi, or post office, state, and 211 cours of contact
3001 OCEAN DRIVE,	SUITE 201			VERO BEACH, FL 32963
8 Date of action		9 Class	ification and description	
SEE ATTACHED			RRED AND COMMON S	
10 CUSIP number	11 Serial number	s)	12 Ticker symbol	13 Account number(s)
SEE ATTACHED			SEE ATTACHED	
	nal Action Atta	ch additional		Gee back of form for additional questions.
				ate against which shareholders' ownership is measured for
the action ► SEE A		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		9
15 Describe the quantitat	tive effect of the orga	anizational act	ion on the basis of the secu	rity in the hands of a U.S. taxpayer as an adjustment per
share or as a percenta	age of old basis \triangleright \underline{S}	EE ATTAC	HED	
	•	pasis and the	data that supports the calcu	ulation, such as the market values of securities and the
valuation dates ► SE	E ATTACHED			

Par	t II	Organizational Action (continued)		
17	List the	applicable Internal Revenue Code section(s) and subsection(s) upon which the tax t	reatment is based ▶	SEE ATTACHED
18	Can an	y resulting loss be recognized?▶ SEE ATTACHED		
19	Provide	any other information necessary to implement the adjustment, such as the reportab	ole tax year ▶ SEE	ATTACHED
	Unde	er penalties of perjury, I declare that I have examined this return, including accompanying sche f, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all info	dules and statements, rmation of which prepar	and to the best of my knowledge and rer has any knowledge.
Sign	,			
Here		ature ▶	Date ►	
	Jugan			
	Print	yourname▶JAMES R. MOUNTAIN	Title▶ CHIEF I	FINANCIAL OFFICER
Paid		Print/Type preparer's name Preparer's signature	Date	Check if PTIN
	a parer	JOHN DIBLASI	1/23/2023	self-employed P01687683
	Only	Firm's name ▶ DELOITTE TAX LLP		Firm's EIN ▶86-1065772
	Jy	Firm's address ▶ 30 ROCKEFELLER PLAZA NEW YORK, NY 10112		Phone no. 214-840-7142

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Armour Residential REIT, Inc.

Return of Capital (Nontaxable Distribution) to Common and Preferred Shareholders

Attachment to Form 8937

Consult your tax advisor regarding the U.S. Federal, State, Local and Foreign tax consequences of the return of capital distributions made in 2022.

Part I - Reporting Issuer

Line 10. CUSIP

See Line 12 response below.

Line 12. Ticker Symbol

Security Description	CUSIP	TICKER Symbol	
7.00% PFD Series C	42315606	ARR-PRC	
Common Stock	42315507	ARR	

Part II - Organizational Action

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

Armour Residential REIT, Inc. ("ARR") made cash distributions in calendar year 2022 to each of its preferred and common stock shareholders. As of December 31, 2022, it was determined that these distributions represent a non-dividend distribution to the preferred and common shareholders.

Line 15. Describe the quantitative effect of the organizational action based on the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The distributions made by ARR to its preferred and common shareholders during the calendar year 2022 are not taxable as dividends under Internal Revenue Code ("IRC") Section 301(c)(2) but are applied first against stock basis as a return of capital. To the extent that such portion, together with other such distributions made during the taxable year, exceeds the shareholder's basis in the stock, the excess is treated as gain from the sale or exchange of the stock. The distributions that are not taxable as dividends under IRC Section 301(c)(2) on a per share basis are as follows:

Security Description	Distribution Date	Distribution Per	Per Share Amount
		Share	Not Treated as
			Dividend
7.00% PFD Series C	1/27/2022	\$0.145830	\$0.145830
	2/27/2022	\$0.145830	\$0.145830
	3/27/2022	\$0.145830	\$0.145830
	4/27/2022	\$0.145830	\$0.145830
	5/27/2022	\$0.145830	\$0.145830
	6/27/2022	\$0.145830	\$0.145830
	7/27/2022	\$0.145830	\$0.145830
	8/27/2022	\$0.145830	\$0.145830

	9/27/2022	\$0.145830	\$0.145830
	10/27/2022	\$0.145830	\$0.145830
	11/27/2022	\$0.145830	\$0.145830
	12/27/2022	\$0.145830	\$0.145830
Common Stock	1/28/2022	\$0.100000	\$0.100000
	2/28/2022	\$0.100000	\$0.100000
	3/28/2022	\$0.100000	\$0.100000
	4/29/2022	\$0.100000	\$0.100000
	5/27/2022	\$0.100000	\$0.100000
	6/29/2022	\$0.100000	\$0.100000
	7/29/2022	\$0.100000	\$0.100000
	8/29/2022	\$0.100000	\$0.100000
	9/29/2022	\$0.100000	\$0.100000
	10/28/2022	\$0.100000	\$0.100000
	11/28/2022	\$0.100000	\$0.100000
	12/28/2022	\$0.100000	\$0.100000

As such, each shareholder's tax basis in preferred or common stock of ARR is decreased by the lesser of the amount of the shareholder's share of the return of capital distributions or the shareholder's tax basis in such preferred or common stock.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

ARR's earnings and profits were calculated under IRC Section 312 as modified by IRC Section 857(d) for real estate investment trusts. Distributions in excess of the portion of the earnings and profits allocable to the preferred and common shares reduce the shareholder's tax basis in its shares to the extent of such basis.

Total cash distributions to ARR's preferred shares were \$11,981,938. Total cash distributions to ARR's common shares were \$141,497,438. Earnings and profits are first allocated to ARR's preferred classes of stockholders. ARR is estimating a tax loss for 2022. Thus, ARR's current and accumulated earnings and profits for the current taxable year totaled \$0. The amount of earnings and profits allocable to the preferred shares is \$0, resulting in a total non-dividend distribution (i.e., return of capital or capital gain) for the 2022 tax year attributable to all shareholders of preferred stock in the amount of \$11,981,938, and to all shareholders of common stock in the amount of 141,497,438.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRS Sections 301, 312, and 316.

Line 18. Can any resulting loss be recognized?

No.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The reporting tax year is the 2022 calendar year.