

ANNALY®

# Third Quarter 2020 Financial Summary

October 28, 2020

# Important Notices

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## Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including core earnings excluding the premium amortization adjustment ("PAA"). We believe the non-GAAP financial measures are useful for management, investors, analysts, and other interested parties in evaluating our performance but should not be viewed in isolation and are not a substitute for financial measures computed in accordance with U.S. generally accepted accounting principles ("GAAP"). In addition, we may calculate our non-GAAP metrics, such as core earnings (excluding PAA), or the PAA, differently than our peers making comparative analysis difficult. Please see the section entitled "Non-GAAP Reconciliations" in the attached Appendix for a reconciliation to the most directly comparable GAAP financial measures.

# Financial Snapshot

Unaudited, dollars in thousands except per share amounts

|                         |   | For the quarters ended |              |
|-------------------------|---|------------------------|--------------|
|                         |   | 09/30/2020             | 6/30/2020    |
| Income Statement        | GAAP net income (loss) per average common share <sup>(1)</sup>              | \$0.70                 | \$0.58       |
|                         | Core earnings (excluding PAA) per average common share <sup>*(1)</sup>      | \$0.32                 | \$0.27       |
|                         | Annualized GAAP return (loss) on average equity                             | 29.02%                 | 25.84%       |
|                         | Annualized core return on average equity (excluding PAA) <sup>*</sup>       | 13.79%                 | 12.82%       |
| Balance Sheet           | Book value per common share   | \$8.70                 | \$8.39       |
|                         | Leverage at period-end <sup>(2)</sup>                                       | 5.1x                   | 5.5x         |
|                         | Economic leverage at period-end <sup>(3)</sup>                              | 6.2x                   | 6.4x         |
|                         | Capital ratio at period-end <sup>(4)</sup>                                  | 13.6%                  | 13.0%        |
| Portfolio               | Securities  | \$76,098,985           | \$77,805,743 |
|                         | Loans, net  | 2,788,341              | 3,972,671    |
|                         | Mortgage servicing rights   | 207,985                | 227,400      |
|                         | Assets transferred or pledged to securitization vehicles                    | 7,269,402              | 7,690,451    |
|                         | Real estate, net  | 790,597                | 746,067      |
|                         | Total residential and commercial investments                                | \$87,155,310           | \$90,442,332 |
| GAAP Key Statistics     | Net interest margin <sup>(5)</sup>  | 2.15%                  | 1.89%        |
|                         | Average yield on interest earning assets <sup>(6)</sup>                     | 2.70%                  | 2.77%        |
|                         | Average GAAP cost of interest bearing liabilities <sup>(7)</sup>            | 0.60%                  | 0.96%        |
|                         | Net interest spread   | 2.10%                  | 1.81%        |
| Non-GAAP Key Statistics | Net interest margin (excluding PAA) <sup>*(5)</sup>                         | 2.05%                  | 1.88%        |
|                         | Average yield on interest earning assets (excluding PAA) <sup>*(6)</sup>    | 2.86%                  | 3.01%        |
|                         | Average economic cost of interest bearing liabilities <sup>*(7)</sup>       | 0.93%                  | 1.29%        |
|                         | Net interest spread (excluding PAA) <sup>*</sup>                            | 1.93%                  | 1.72%        |
| Efficiency              | Operating expenses to core earnings (excluding PAA) <sup>*(8)</sup>         | 9.54%                  | 15.68%       |
|                         | Annualized operating expenses as a % of average total assets <sup>(8)</sup> | 0.20%                  | 0.28%        |
|                         | Annualized operating expenses as a % of average total equity <sup>(8)</sup> | 1.32%                  | 2.01%        |

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Portfolio Data

Unaudited, dollars in thousands

|  | For the quarters ended |                     |                     |                      |                      |
|--|------------------------|---------------------|---------------------|----------------------|----------------------|
|  | 9/30/2020              | 6/30/2020           | 3/31/2020           | 12/31/2019           | 9/30/2019            |
| <b>Portfolio-Related Data</b>  |                        |                     |                     |                      |                      |
| Agency mortgage-backed securities  | \$74,915,167           | \$76,761,800        | \$78,456,846        | \$112,893,367        | \$114,462,524        |
| Credit risk transfer securities  | 411,538                | 362,901             | 222,871             | 531,322              | 474,765              |
| Non-agency mortgage-backed securities  | 717,602                | 619,840             | 585,954             | 1,135,868            | 1,015,921            |
| Commercial mortgage-backed securities  | 54,678                 | 61,202              | 91,925              | 273,023              | 140,851              |
| <b>Total securities</b>  | <b>\$76,098,985</b>    | <b>\$77,805,743</b> | <b>\$79,357,596</b> | <b>\$114,833,580</b> | <b>\$116,094,061</b> |
| Residential mortgage loans   | \$152,959              | \$1,168,521         | \$1,268,083         | \$1,647,787          | \$1,219,402          |
| Commercial real estate debt and preferred equity   | 573,504                | 618,886             | 649,843             | 669,713              | 611,429              |
| Corporate debt   | 2,061,878              | 2,185,264           | 2,150,263           | 2,144,850            | 2,115,783            |
| <b>Total loans, net</b>  | <b>\$2,788,341</b>     | <b>\$3,972,671</b>  | <b>\$4,068,189</b>  | <b>\$4,462,350</b>   | <b>\$3,946,614</b>   |
| Mortgage servicing rights  | \$207,985              | \$227,400           | \$280,558           | \$378,078            | \$386,051            |
| Agency mortgage-backed securities transferred or pledged to securitization vehicles                | \$623,650              | \$1,832,708         | \$1,803,608         | \$1,122,588          | \$—                  |
| Residential mortgage loans transferred or pledged to securitization vehicles                       | 3,588,679              | 2,832,502           | 3,027,188           | 2,598,374            | 2,376,731            |
| Commercial real estate debt investments transferred or pledged to securitization vehicles          | 2,174,118              | 2,150,623           | 1,927,575           | 2,345,120            | 2,311,413            |
| Commercial real estate debt and preferred equity transferred or pledged to securitization vehicles | 882,955                | 874,618             | 913,291             | 936,378              | —                    |
| <b>Assets transferred or pledged to securitization vehicles</b>                                    | <b>\$7,269,402</b>     | <b>\$7,690,451</b>  | <b>\$7,671,662</b>  | <b>\$7,002,460</b>   | <b>\$4,688,144</b>   |
| Real estate, net   | \$790,597              | \$746,067           | \$751,738           | \$725,638            | \$725,508            |
| <b>Total residential and commercial investments</b>  | <b>\$87,155,310</b>    | <b>\$90,442,332</b> | <b>\$92,129,743</b> | <b>\$127,402,106</b> | <b>\$125,840,378</b> |
| <b>Total assets</b>  | <b>\$89,192,411</b>    | <b>\$93,458,653</b> | <b>\$96,917,274</b> | <b>\$130,295,081</b> | <b>\$128,956,120</b> |
| Average TBA contract and CMBX balances   | \$20,429,935           | \$18,628,343        | \$9,965,142         | \$6,878,502          | \$9,248,502          |
| <b>Residential Securities Summary Portfolio Statistics</b>   |                        |                     |                     |                      |                      |
| % Fixed-rate   | 98%                    | 98%                 | 99%                 | 97%                  | 97%                  |
| % Adjustable-rate  | 2%                     | 2%                  | 1%                  | 3%                   | 3%                   |
| Weighted average experienced CPR for the period  | 22.9%                  | 19.5%               | 13.6%               | 17.8%                | 14.6%                |
| Weighted average projected long-term CPR at period-end   | 17.1%                  | 18.0%               | 17.7%               | 13.9%                | 16.3%                |
| Net premium and discount balance in Residential Securities   | \$3,702,466            | \$3,679,639         | \$3,815,149         | \$5,185,797          | \$5,262,316          |
| Net premium and discount balance as % of stockholders' equity                                      | 26.11%                 | 26.68%              | 30.03%              | 32.84%               | 34.58%               |

# Financing and Capital Data

Unaudited, dollars in thousands except per share amounts

|                                 |   | For the quarters ended |              |              |               |               |
|---------------------------------|---|------------------------|--------------|--------------|---------------|---------------|
|                                 |   | 9/30/2020              | 6/30/2020    | 3/31/2020    | 12/31/2019    | 9/30/2019     |
| Financing Data                  | Repurchase agreements   | \$64,633,447           | \$67,163,598 | \$72,580,183 | \$101,740,728 | \$102,682,104 |
|                                 | Other secured financing   | 861,373                | 1,538,996    | 1,805,428    | 4,455,700     | 4,466,030     |
|                                 | Debt issued by securitization vehicles  | 6,027,576              | 6,458,130    | 6,364,949    | 5,622,801     | 3,856,082     |
|                                 | Mortgages payable   | 507,934                | 508,565      | 484,762      | 485,005       | 485,657       |
|                                 | Total debt  | \$72,030,330           | \$75,669,289 | \$81,235,322 | \$112,304,234 | \$111,489,873 |
|                                 | Total liabilities   | \$74,997,739           | \$79,661,050 | \$84,209,744 | \$114,498,737 | \$113,732,416 |
|                                 | Cumulative redeemable preferred stock   | \$1,982,026            | \$1,982,026  | \$1,982,026  | \$1,982,026   | \$1,982,026   |
|                                 | Common equity <sup>(1)</sup>  | 12,200,180             | 11,811,440   | 10,721,399   | 13,809,991    | 13,237,270    |
|                                 | Total Annaly stockholders' equity   | 14,182,206             | 13,793,466   | 12,703,425   | 15,792,017    | 15,219,296    |
|                                 | Non-controlling interests   | 12,466                 | 4,137        | 4,105        | 4,327         | 4,408         |
| Total equity                    | \$14,194,672  | \$13,797,603           | \$12,707,530 | \$15,796,344 | \$15,223,704  |               |
| Key Capital and Hedging Metrics | Weighted average days to maturity of repurchase agreements                        | 72                     | 74           | 48           | 65            | 45            |
|                                 | Weighted average rate on repurchase agreements, for the quarter <sup>(2)(3)</sup> | 0.44%                  | 0.79%        | 1.78%        | 2.09%         | 2.53%         |
|                                 | Weighted average rate on repurchase agreements, at period-end <sup>(3)</sup>      | 0.42%                  | 0.49%        | 1.23%        | 2.03%         | 2.48%         |
|                                 | Leverage at period-end  | 5.1x                   | 5.5x         | 6.4x         | 7.1x          | 7.3x          |
|                                 | Economic leverage at period-end   | 6.2x                   | 6.4x         | 6.8x         | 7.2x          | 7.7x          |
|                                 | Capital ratio at period-end   | 13.6%                  | 13.0%        | 12.3%        | 12.0%         | 11.2%         |
|                                 | Book value per common share   | \$8.70                 | \$8.39       | \$7.50       | \$9.66        | \$9.21        |
|                                 | Total common shares outstanding   | 1,402,928              | 1,407,662    | 1,430,424    | 1,430,106     | 1,437,964     |
|                                 | Hedge ratio <sup>(4)</sup>  | 48%                    | 40%          | 19%          | 75%           | 73%           |
|                                 | Weighted average pay rate on interest rate swaps, at period-end                   | 0.91%                  | 1.01%        | 1.63%        | 1.84%         | 1.88%         |
|                                 | Weighted average receive rate on interest rate swaps, at period-end               | 0.48%                  | 0.75%        | 1.16%        | 1.89%         | 2.16%         |
|                                 | Weighted average net rate on interest rate swaps, at period-end                   | 0.43%                  | 0.26%        | 0.47%        | (0.05%)       | (0.28%)       |

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Income Statement Data

Unaudited, dollars in thousands except per share amounts

|  | For the quarters ended |           |               |             |             |
|--|------------------------|-----------|---------------|-------------|-------------|
|  | 9/30/2020              | 6/30/2020 | 3/31/2020     | 12/31/2019  | 9/30/2019   |
| Total interest income  | \$562,443              | \$584,812 | \$555,026     | \$1,074,214 | \$919,299   |
| Total interest expense   | 115,126                | 186,032   | 503,473       | 620,058     | 766,905     |
| Net interest income  | \$447,317              | \$398,780 | \$51,553      | \$454,156   | \$152,394   |
| Total economic interest expense <sup>*(1)</sup>                                  | \$177,655              | \$250,593 | \$517,453     | \$574,837   | \$678,439   |
| Economic net interest income *   | \$384,788              | \$334,219 | \$37,573      | \$499,377   | \$240,860   |
| Total interest income (excluding PAA) *  | \$596,322              | \$636,554 | \$845,748     | \$990,322   | \$1,036,451 |
| Economic net interest income (excluding PAA) *                                   | \$418,667              | \$385,961 | \$328,295     | \$415,485   | \$358,012   |
| GAAP net income (loss)   | \$1,015,548            | \$856,234 | (\$3,640,189) | \$1,209,742 | (\$747,169) |
| GAAP net income (loss) available (related) to common stockholders <sup>(2)</sup> | \$980,165              | \$820,693 | (\$3,675,764) | \$1,174,165 | (\$783,210) |
| GAAP net income (loss) per average common share <sup>(2)</sup>                   | \$0.70                 | \$0.58    | (\$2.57)      | \$0.82      | (\$0.54)    |
| Core earnings (excluding PAA) *  | \$482,323              | \$424,580 | \$330,218     | \$409,157   | \$341,931   |
| Core earnings (excluding PAA) available to common stockholders <sup>*(2)</sup>   | \$446,814              | \$389,071 | \$294,709     | \$373,648   | \$305,780   |
| Core earnings (excluding PAA) per average common share <sup>*(2)</sup>           | \$0.32                 | \$0.27    | \$0.21        | \$0.26      | \$0.21      |
| PAA cost (benefit)   | \$33,879               | \$51,742  | \$290,722     | (\$83,892)  | \$117,152   |

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Key Earnings Metrics

Unaudited, dollars in thousands except per share amounts

|                                      | For the quarters ended   |           |           |            |           |           |
|--------------------------------------|--|-----------|-----------|------------|-----------|-----------|
|                                      | 9/30/2020  | 6/30/2020 | 3/31/2020 | 12/31/2019 | 9/30/2019 |           |
| <b>Key GAAP Earnings Metrics</b>     | Dividends declared per common share  | \$0.22    | \$0.22    | \$0.25     | \$0.25    | \$0.25    |
|                                      | Total common and preferred dividends declared <sup>(1)</sup>                             | \$344,684 | \$345,481 | \$393,328  | \$393,203 | \$396,187 |
|                                      | Annualized GAAP return (loss) on average equity  | 29.02%    | 25.84%    | (102.17%)  | 31.20%    | (19.32%)  |
|                                      | Annualized GAAP return (loss) on average equity per unit of economic leverage            | 4.68%     | 4.04%     | (15.03%)   | 4.33%     | (2.51%)   |
|                                      | Net interest margin  | 2.15%     | 1.89%     | 0.18%      | 1.49%     | 0.48%     |
|                                      | Average yield on interest earning assets   | 2.70%     | 2.77%     | 1.91%      | 3.53%     | 2.89%     |
|                                      | Average GAAP cost of interest bearing liabilities  | 0.60%     | 0.96%     | 1.86%      | 2.17%     | 2.58%     |
|                                      | Net interest spread  | 2.10%     | 1.81%     | 0.05%      | 1.36%     | 0.31%     |
| <b>Key Non-GAAP Earnings Metrics</b> | Annualized core return on average equity (excluding PAA) *                               | 13.79%    | 12.82%    | 9.27%      | 10.56%    | 8.85%     |
|                                      | Annualized core return on average equity per unit of economic leverage (excluding PAA) * | 2.22%     | 2.00%     | 1.36%      | 1.47%     | 1.15%     |
|                                      | Net interest margin (excluding PAA) *  | 2.05%     | 1.88%     | 1.18%      | 1.41%     | 1.10%     |
|                                      | Average yield on interest earning assets (excluding PAA) *                               | 2.86%     | 3.01%     | 2.91%      | 3.25%     | 3.26%     |
|                                      | Average economic cost of interest bearing liabilities *                                  | 0.93%     | 1.29%     | 1.91%      | 2.01%     | 2.28%     |
|                                      | Net interest spread (excluding PAA) *  | 1.93%     | 1.72%     | 1.00%      | 1.24%     | 0.98%     |

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Components of Economic Net Interest Income \*

Unaudited, dollars in thousands

|  | For the quarters ended |           |           |             |           |
|--|------------------------|-----------|-----------|-------------|-----------|
|  | 9/30/2020              | 6/30/2020 | 3/31/2020 | 12/31/2019  | 9/30/2019 |
| Interest income:                               |                        |           |           |             |           |
| Residential Securities                         | \$439,502              | \$457,684 | \$410,380 | \$923,653   | \$784,228 |
| Residential mortgage loans                     | 42,508                 | 42,871    | 47,557    | 47,377      | 37,673    |
| Commercial investment portfolio                | 80,324                 | 84,208    | 95,676    | 97,366      | 87,946    |
| Reverse repurchase agreements                  | 109                    | 49        | 1,413     | 5,818       | 9,452     |
| Total interest income                          | \$562,443              | \$584,812 | \$555,026 | \$1,074,214 | \$919,299 |
| Economic interest expense:                     |                        |           |           |             |           |
| Repurchase agreements                          | \$75,386               | \$136,962 | \$434,021 | \$550,283   | \$699,838 |
| Net interest component of interest rate swaps  | 62,529                 | 64,561    | 13,980    | (45,221)    | (88,466)  |
| Debt issued by securitization vehicles         | 32,491                 | 38,757    | 42,119    | 39,099      | 34,524    |
| Other  | 7,249                  | 10,313    | 27,333    | 30,676      | 32,543    |
| Total economic interest expense *              | \$177,655              | \$250,593 | \$517,453 | \$574,837   | \$678,439 |
| Economic net interest income *                 | \$384,788              | \$334,219 | \$37,573  | \$499,377   | \$240,860 |
| PAA cost (benefit)                             | 33,879                 | 51,742    | 290,722   | (83,892)    | 117,152   |
| Economic net interest income (excluding PAA) * | \$418,667              | \$385,961 | \$328,295 | \$415,485   | \$358,012 |

Economic Net Interest Income \*

\* Represents a non-GAAP financial measure.



# GAAP Net Income to Core Earnings (excluding PAA)\* Reconciliation

Unaudited, dollars in thousands

|   | For the quarters ended |             |               |             |             |
|---|------------------------|-------------|---------------|-------------|-------------|
|   | 9/30/2020              | 6/30/2020   | 3/31/2020     | 12/31/2019  | 9/30/2019   |
| GAAP net income (loss)  | \$1,015,548            | \$856,234   | (\$3,640,189) | \$1,209,742 | (\$747,169) |
| Net income (loss) attributable to noncontrolling interests  | (126)                  | 32          | 66            | 68          | (110)       |
| Net income (loss) attributable to Annaly  | 1,015,674              | 856,202     | (3,640,255)   | 1,209,674   | (747,059)   |
| Adjustments to exclude reported realized and unrealized (gains) losses:                               |                        |             |               |             |             |
| Realized (gains) losses on termination or maturity of interest rate swaps                             | 427                    | 1,521,732   | 397,561       | 4,615       | 682,602     |
| Unrealized (gains) losses on interest rate swaps  | (170,327)              | (1,494,628) | 2,827,723     | (782,608)   | 326,309     |
| Net (gains) losses on disposal of investments and other   | (198,888)              | (246,679)   | (206,583)     | (17,783)    | (66,522)    |
| Net (gains) losses on other derivatives   | (169,316)              | (170,916)   | (206,426)     | 42,312      | 16,888      |
| Net unrealized (gains) losses on instruments measured at fair value through earnings                  | (121,255)              | (254,772)   | 730,160       | 5,636       | 1,091       |
| Loan loss provision <sup>(1)</sup>  | (21,818)               | 72,544      | 99,993        | 7,362       | 3,504       |
| Other adjustments:  |                        |             |               |             |             |
| Depreciation expense related to commercial real estate and amortization of intangibles <sup>(2)</sup> | 11,363                 | 8,714       | 7,934         | 9,823       | 9,974       |
| Non-core (income) loss allocated to equity method investments <sup>(3)</sup>                          | (1,151)                | 4,218       | 19,398        | (3,979)     | 4,541       |
| Transaction expenses and non-recurring items <sup>(4)</sup>   | 2,801                  | 1,075       | 7,245         | 3,634       | 2,622       |
| Income tax effect of non-core income (loss) items   | 13,890                 | 3,353       | (23,862)      | (418)       | (2,762)     |
| TBA dollar roll income and CMBX coupon income <sup>(5)</sup>  | 114,092                | 97,524      | 44,904        | 36,901      | 15,554      |
| MSR amortization <sup>(6)</sup>   | (27,048)               | (25,529)    | (18,296)      | (22,120)    | (21,963)    |
| Plus:   |                        |             |               |             |             |
| Premium amortization adjustment cost (benefit)  | 33,879                 | 51,742      | 290,722       | (83,892)    | 117,152     |
| Core earnings (excluding PAA) *   | 482,323                | 424,580     | 330,218       | 409,157     | 341,931     |
| Dividends on preferred stock <sup>(7)</sup>   | 35,509                 | 35,509      | 35,509        | 35,509      | 36,151      |
| Core earnings (excluding PAA) attributable to common stockholders *                                   | \$446,814              | \$389,071   | \$294,709     | \$373,648   | \$305,780   |

Core Earnings  
(excluding  
PAA)\*  
Reconciliation

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Quarter-Over-Quarter Changes in Key Metrics

Unaudited

|                               | For the quarters ended  |           |           |            |           |         |
|-------------------------------|---|-----------|-----------|------------|-----------|---------|
|                               | 9/30/2020   | 6/30/2020 | 3/31/2020 | 12/31/2019 | 9/30/2019 |         |
| <b>Book Value Rollforward</b> | Book value per common share, beginning of period                      | \$8.39    | \$7.50    | \$9.66     | \$9.21    | \$9.33  |
|                               | Net income (loss) available (related) to common stockholders          | 0.70      | 0.58      | (2.57)     | 0.82      | (0.54)  |
|                               | Other comprehensive income (loss) attributable to common stockholders | (0.18)    | 0.51      | 0.69       | (0.12)    | 0.66    |
|                               | Common dividends declared   | (0.22)    | (0.22)    | (0.25)     | (0.25)    | (0.25)  |
|                               | Issuance / buyback of common stock / redemption of preferred stock    | 0.01      | 0.02      | —          | —         | 0.01    |
|                               | Other adjustment <sup>(1)</sup>                                       | —         | —         | (0.03)     | —         | —       |
|                               | Book value per common share, end of period                            | \$8.70    | \$8.39    | \$7.50     | \$9.66    | \$9.21  |
| <b>Net Interest Margin</b>    | Prior quarter net interest margin                                     | 1.89%     | 0.18%     | 1.49%      | 0.48%     | 0.58%   |
|                               | <i>Quarter-over-quarter changes in contribution:</i>                  |           |           |            |           |         |
|                               | Coupon on average interest earning assets                             | (0.17%)   | 0.03%     | (0.04%)    | 0.02%     | (0.02%) |
|                               | Net amortization of premiums  | 0.10%     | 0.83%     | (1.58%)    | 0.62%     | (0.12%) |
|                               | GAAP interest expense   | 0.33%     | 0.85%     | 0.31%      | 0.37%     | 0.04%   |
|                               | Current quarter net interest margin                                   | 2.15%     | 1.89%     | 0.18%      | 1.49%     | 0.48%   |
| <b>Net Interest Spread</b>    | Prior quarter net interest spread                                     | 1.81%     | 0.05%     | 1.36%      | 0.31%     | 0.32%   |
|                               | <i>Quarter-over-quarter changes in contribution:</i>                  |           |           |            |           |         |
|                               | Coupon on average interest earning assets                             | (0.17%)   | 0.03%     | (0.04%)    | 0.02%     | (0.02%) |
|                               | Net amortization of premiums  | 0.10%     | 0.83%     | (1.58%)    | 0.62%     | (0.12%) |
|                               | Average GAAP cost of interest bearing liabilities                     | 0.36%     | 0.90%     | 0.31%      | 0.41%     | 0.13%   |
|                               | Current quarter net interest spread                                   | 2.10%     | 1.81%     | 0.05%      | 1.36%     | 0.31%   |

Detailed endnotes are included within the Appendix at the end of this presentation.

# Quarter-Over-Quarter Changes in Key Metrics (continued)

Unaudited

|   | For the quarters ended  |           |           |            |           |         |
|---|---|-----------|-----------|------------|-----------|---------|
|   | 9/30/2020   | 6/30/2020 | 3/31/2020 | 12/31/2019 | 9/30/2019 |         |
| <b>Net Interest Margin (excluding PAA)*</b>           | Prior quarter net interest margin (excluding PAA) *   | 1.88%     | 1.18%     | 1.41%      | 1.10%     | 1.28%   |
|   | <i>Quarter-over-quarter changes in contribution:</i>  |           |           |            |           |         |
|   | Coupon on average interest earning assets (including average TBA dollar roll and CMBX balances) | (0.20%)   | (0.39%)   | (0.14%)    | 0.08%     | 0.09%   |
|   | Net amortization of premiums (excluding PAA)  | 0.03%     | 0.18%     | (0.26%)    | (0.04%)   | (0.20%) |
|   | TBA dollar roll income and CMBX coupon income   | 0.06%     | 0.24%     | 0.03%      | 0.07%     | (0.05%) |
|   | Interest expense and net interest component of interest rate swaps                              | 0.28%     | 0.67%     | 0.14%      | 0.20%     | (0.02%) |
| Current quarter net interest margin (excluding PAA) * | 2.05%   | 1.88%     | 1.18%     | 1.41%      | 1.10%     |         |
| <b>Net Interest Spread (excluding PAA)*</b>           | Prior quarter net interest spread (excluding PAA) *   | 1.72%     | 1.00%     | 1.24%      | 0.98%     | 1.07%   |
|   | <i>Quarter-over-quarter changes in contribution:</i>  |           |           |            |           |         |
|   | Coupon on average interest earning assets   | (0.17%)   | 0.03%     | (0.04%)    | 0.02%     | (0.02%) |
|   | Net amortization of premiums (excluding PAA)  | 0.02%     | 0.07%     | (0.30%)    | (0.03%)   | (0.20%) |
|   | Average economic cost of interest bearing liabilities   | 0.36%     | 0.62%     | 0.10%      | 0.27%     | 0.13%   |
|   | Current quarter net interest spread (excluding PAA) *   | 1.93%     | 1.72%     | 1.00%      | 1.24%     | 0.98%   |

\* Represents a non-GAAP financial measure.

# Quarter-Over-Quarter Changes in Annualized Return on Average Equity

Unaudited

|   | For the quarters ended |           |           |            |           |
|---|------------------------|-----------|-----------|------------|-----------|
|   | 9/30/2020              | 6/30/2020 | 3/31/2020 | 12/31/2019 | 9/30/2019 |
| <b>Annualized GAAP Return (Loss) on Average Equity</b>                      |                        |           |           |            |           |
| Prior quarter annualized GAAP return (loss) on average equity               | 25.84%                 | (102.17%) | 31.20%    | (19.32%)   | (45.13%)  |
| <i>Quarter-over-quarter changes in contribution:</i>                        |                        |           |           |            |           |
| Coupon income   | (2.71%)                | (7.00%)   | 0.88%     | (1.36%)    | 1.67%     |
| Net amortization of premiums and accretion of discounts                     | 1.14%                  | 9.08%     | (13.00%)  | 5.29%      | (1.46%)   |
| Interest expense and net interest component of interest rate swaps          | 2.49%                  | 6.96%     | 0.30%     | 2.72%      | (0.61%)   |
| Realized gains (losses) on termination or maturity of interest rate swaps   | 45.92%                 | (34.77%)  | (11.04%)  | 17.54%     | (13.40%)  |
| Unrealized gains (losses) on interest rate swaps                            | (40.24%)               | 124.48%   | (99.56%)  | 28.62%     | 23.98%    |
| Realized and unrealized gains (losses) on investments and other derivatives | (6.31%)                | 29.20%    | (8.12%)   | (2.04%)    | 15.22%    |
| Loan loss provision   | 2.70%                  | 0.71%     | (2.60%)   | (0.10%)    | (0.09%)   |
| Other <sup>(1)</sup>  | 0.19%                  | (0.65%)   | (0.23%)   | (0.15%)    | 0.50%     |
| Current quarter annualized GAAP return (loss) on average equity             | 29.02%                 | 25.84%    | (102.17%) | 31.20%     | (19.32%)  |
| <b>Annualized Core Return on Average Equity (excluding PAA)*</b>            |                        |           |           |            |           |
| Prior quarter annualized core return on average equity (excluding PAA) *    | 12.82%                 | 9.27%     | 10.56%    | 8.85%      | 9.94%     |
| <i>Quarter-over-quarter changes in contribution:</i>                        |                        |           |           |            |           |
| Coupon income   | (2.71%)                | (7.00%)   | 0.88%     | (1.36%)    | 1.67%     |
| Net amortization of premiums (excluding PAA)                                | 0.54%                  | 2.48%     | (2.68%)   | 0.09%      | (1.98%)   |
| Interest expense and net interest component of interest rate swaps          | 2.49%                  | 6.96%     | 0.30%     | 2.72%      | (0.61%)   |
| TBA dollar roll income and CMBX coupon income                               | 0.32%                  | 1.68%     | 0.31%     | 0.56%      | (0.44%)   |
| Other <sup>(2)</sup>  | 0.33%                  | (0.57%)   | (0.10%)   | (0.30%)    | 0.27%     |
| Current quarter core return on annualized average equity (excluding PAA) *  | 13.79%                 | 12.82%    | 9.27%     | 10.56%     | 8.85%     |

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Residential Investments & TBA Derivative Overview as of September 30, 2020

Unaudited, dollars in thousands

| Agency Fixed-Rate Securities (Pools) |                     |                  |                      |                              |                          |                           |                      |
|--------------------------------------|---------------------|------------------|----------------------|------------------------------|--------------------------|---------------------------|----------------------|
| Weighted Avg. Years to Maturity      | Current Face Value  | % <sup>(3)</sup> | Weighted Avg. Coupon | Weighted Avg. Amortized Cost | Weighted Avg. Fair Value | Weighted Avg. 3-Month CPR | Estimated Fair Value |
| <=15 years <sup>(1)</sup>            | \$3,388,717         | 5.0%             | 2.78%                | 101.6%                       | 107.6%                   | 16.4%                     | \$3,645,805          |
| 20 years                             | 2,829,626           | 4.2%             | 3.15%                | 103.3%                       | 106.9%                   | 18.6%                     | 3,026,079            |
| >=30 years <sup>(2)</sup>            | 61,564,347          | 90.8%            | 3.72%                | 104.9%                       | 110.2%                   | 23.0%                     | 67,818,262           |
| <b>Total/Weighted Avg.</b>           | <b>\$67,782,690</b> | <b>100.0%</b>    | <b>3.65%</b>         | <b>104.6%</b>                | <b>109.9%</b>            | <b>22.7%</b>              | <b>\$74,490,146</b>  |

| TBA Contracts              |                     |                  |                      |                     |  |  |                      |
|----------------------------|---------------------|------------------|----------------------|---------------------|--|--|----------------------|
| Type                       | Notional Value      | % <sup>(4)</sup> | Weighted Avg. Coupon | Implied Cost Basis  |  |  | Implied Market Value |
| 15-year                    | \$2,003,000         | 9.9%             | 2.06%                | \$2,077,929         |  |  | \$2,083,118          |
| 30-year                    | 18,291,000          | 90.1%            | 2.34%                | 18,994,110          |  |  | 19,006,437           |
| <b>Total/Weighted Avg.</b> | <b>\$20,294,000</b> | <b>100.0%</b>    | <b>2.31%</b>         | <b>\$21,072,039</b> |  |  | <b>\$21,089,555</b>  |

| Agency Adjustable-Rate Securities |                    |                  |                      |                              |                          |                           |                      |
|-----------------------------------|--------------------|------------------|----------------------|------------------------------|--------------------------|---------------------------|----------------------|
| Weighted Avg. Months to Reset     | Current Face Value | % <sup>(3)</sup> | Weighted Avg. Coupon | Weighted Avg. Amortized Cost | Weighted Avg. Fair Value | Weighted Avg. 3-Month CPR | Estimated Fair Value |
| 0 - 24 months                     | \$429,712          | 77.6%            | 3.13%                | 100.9%                       | 105.4%                   | 27.5%                     | \$452,953            |
| 25 - 40 months                    | 42,976             | 7.8%             | 2.53%                | 99.0%                        | 103.9%                   | 42.3%                     | 44,650               |
| 41 - 60 months                    | 39,341             | 7.1%             | 2.94%                | 101.0%                       | 105.8%                   | 49.0%                     | 41,616               |
| 61 - 90 months                    | 41,542             | 7.5%             | 3.00%                | 101.2%                       | 106.1%                   | 48.6%                     | 44,076               |
| <b>Total/Weighted Avg.</b>        | <b>\$553,571</b>   | <b>100.0%</b>    | <b>3.06%</b>         | <b>100.8%</b>                | <b>105.4%</b>            | <b>32.5%</b>              | <b>\$583,295</b>     |

Detailed endnotes are included within the Appendix at the end of this presentation.

# Residential Investments & TBA Derivative Overview as of September 30, 2020 (continued)

Unaudited, dollars in thousands

| Agency Interest-Only Collateralized Mortgage-Backed Obligations |                        |                  |                      |                              |                          |                           |                      |
|---|------------------------|------------------|----------------------|------------------------------|--------------------------|---------------------------|----------------------|
| Type  | Current Notional Value | % <sup>(1)</sup> | Weighted Avg. Coupon | Weighted Avg. Amortized Cost | Weighted Avg. Fair Value | Weighted Avg. 3-Month CPR | Estimated Fair Value |
| Interest-only   | \$1,154,252            | 37.5%            | 3.37%                | 14.7%                        | 8.4%                     | 25.0%                     | \$96,523             |
| Inverse interest-only   | 1,927,272              | 62.5%            | 5.95%                | 22.4%                        | 19.1%                    | 23.7%                     | 368,853              |
| Total/Weighted Avg.   | \$3,081,524            | 100.0%           | 4.98%                | 19.5%                        | 15.1%                    | 24.2%                     | \$465,376            |

| Mortgage Servicing Rights |                          |  |                      |                         |                                 |                      |
|---------------------------|--------------------------|--|----------------------|-------------------------|---------------------------------|----------------------|
| Type                      | Unpaid Principal Balance |  | Weighted Avg. Coupon | Excess Servicing Spread | Weighted Avg. Loan Age (months) | Estimated Fair Value |
| Total/Weighted Avg.       | \$27,316,186             |  | 3.82%                | 0.24%                   | 53                              | \$207,985            |

| Residential Credit Portfolio |                               |                  |                      |                              |                          |  |                      |
|------------------------------|-------------------------------|------------------|----------------------|------------------------------|--------------------------|--|----------------------|
| Sector                       | Current Face / Notional Value | % <sup>(2)</sup> | Weighted Avg. Coupon | Weighted Avg. Amortized Cost | Weighted Avg. Fair Value |  | Estimated Fair Value |
| Credit Risk Transfer         | \$463,482                     | 8.4%             | 4.41%                | 99.1%                        | 88.8%                    |  | \$411,538            |
| Alt-A                        | 104,381                       | 1.9%             | 3.70%                | 80.6%                        | 87.1%                    |  | 90,954               |
| Prime                        | 184,166                       | 3.8%             | 4.17%                | 94.8%                        | 101.1%                   |  | 186,178              |
| Prime Interest-only          | 237,377                       | 0.1%             | 0.46%                | 1.0%                         | 0.5%                     |  | 1,191                |
| Subprime                     | 131,194                       | 2.5%             | 1.05%                | 84.9%                        | 91.1%                    |  | 119,547              |
| NPL/RPL                      | 284,699                       | 5.8%             | 4.18%                | 99.3%                        | 99.0%                    |  | 281,869              |
| Prime Jumbo                  | 39,666                        | 0.7%             | 3.82%                | 87.1%                        | 91.3%                    |  | 36,204               |
| Prime Jumbo Interest-only    | 366,870                       | —%               | 0.36%                | 2.0%                         | 0.5%                     |  | 1,659                |
| Residential Mortgage Loans   | 3,666,420                     | 76.8%            | 4.88%                | 100.9%                       | 102.1%                   |  | 3,741,638            |
| Total/Weighted Avg.          | \$5,478,255                   | 100.0%           | 4.65%                |                              |                          |  | \$4,870,778          |

# Residential Credit Investments Detail as of September 30, 2020<sup>(1)</sup>

Unaudited, dollars in thousands

| Product                             | Estimated Fair Value | Payment Structure |                  | Investment Characteristics |                    |                   |               |
|-------------------------------------|----------------------|-------------------|------------------|----------------------------|--------------------|-------------------|---------------|
|                                     |                      | Senior            | Subordinate      | Coupon                     | Credit Enhancement | 60+ Delinquencies | 3M VPR        |
| Agency Credit Risk Transfer         | \$397,665            | \$—               | \$397,665        | 4.37%                      | 0.99%              | 4.78%             | 41.13%        |
| Private Label Credit Risk Transfer  | 13,873               | —                 | 13,873           | 5.60%                      | —%                 | 4.69%             | 33.94%        |
| Alt-A                               | 90,954               | 26,379            | 64,575           | 3.70%                      | 8.32%              | 19.13%            | 16.44%        |
| Prime                               | 186,178              | 28,640            | 157,538          | 4.17%                      | 8.75%              | 12.83%            | 22.26%        |
| Prime Interest-only                 | 1,191                | 1,191             | —                | 0.46%                      | —%                 | 6.20%             | 40.34%        |
| Subprime                            | 119,547              | 66,303            | 53,244           | 1.05%                      | 8.97%              | 20.96%            | 5.93%         |
| Re-Performing Loan Securitizations  | 273,393              | 142,960           | 130,433          | 4.19%                      | 33.47%             | 22.24%            | 5.40%         |
| Non-Performing Loan Securitizations | 8,476                | 8,476             | —                | 3.67%                      | 31.00%             | 83.41%            | —%            |
| Prime Jumbo                         | 36,204               | —                 | 36,204           | 3.82%                      | 2.23%              | 4.99%             | 50.31%        |
| Prime Jumbo Interest-only           | 1,659                | 1,659             | —                | 0.36%                      | —%                 | 3.91%             | 48.78%        |
| <b>Total<sup>(2)</sup></b>          | <b>\$1,129,140</b>   | <b>\$275,608</b>  | <b>\$853,532</b> | <b>3.87%</b>               | <b>11.34%</b>      | <b>13.55%</b>     | <b>23.43%</b> |

| Product                             | Estimated Fair Value | Bond Coupon     |                  |                  |                |
|-------------------------------------|----------------------|-----------------|------------------|------------------|----------------|
|                                     |                      | ARM             | Fixed            | Floater          | Interest Only  |
| Agency Credit Risk Transfer         | \$397,665            | \$—             | \$—              | \$397,665        | \$—            |
| Private Label Credit Risk Transfer  | 13,873               | —               | —                | 13,873           | —              |
| Alt-A                               | 90,954               | 28,251          | 47,803           | 14,900           | —              |
| Prime                               | 186,178              | 29,866          | 130,153          | 26,159           | —              |
| Prime Interest-only                 | 1,191                | —               | —                | —                | 1,191          |
| Subprime                            | 119,547              | —               | 3,975            | 115,415          | 157            |
| Re-Performing Loan Securitizations  | 273,393              | —               | 273,393          | —                | —              |
| Non-Performing Loan Securitizations | 8,476                | —               | 8,476            | —                | —              |
| Prime Jumbo                         | 36,204               | —               | 36,204           | —                | —              |
| Prime Jumbo Interest-only           | 1,659                | —               | —                | —                | 1,659          |
| <b>Total</b>                        | <b>\$1,129,140</b>   | <b>\$58,117</b> | <b>\$500,004</b> | <b>\$568,012</b> | <b>\$3,007</b> |

Detailed endnotes are included within the Appendix at the end of this presentation.

# Commercial Real Estate Overview as of September 30, 2020

Unaudited, dollars in thousands

| Investment Portfolio  | Number of Investments | GAAP               |                  | Weighted Avg LTV <sup>(1)</sup> | Weighted Avg Life (years) <sup>(2)</sup> | Non-GAAP                         |                               |
|---|-----------------------|--------------------|------------------|---------------------------------|--|----------------------------------|-------------------------------|
|   |                       | Book Values        | % of Portfolio   |                                 |  | Economic Interest <sup>(3)</sup> | Levered Return <sup>(4)</sup> |
| <b>Loans</b>  |                       |                    |                  |                                 |  |                                  |                               |
| Senior Mortgages  | 18                    | \$450,177          | 10.1%            | 75.9%                           | 3.5                                      | \$209,263                        | 9.0%                          |
| Mezzanine Loans   | 11                    | 123,327            | 2.8%             | 74.2%                           | 2.1                                      | 48,790                           | 7.6%                          |
| <b>Total Loans</b>  | <b>29</b>             | <b>573,504</b>     | <b>12.9%</b>     | <b>75.5%</b>                    | <b>3.2</b>                               | <b>258,053</b>                   | <b>8.7%</b>                   |
| <b>Securities</b>   |                       |                    |                  |                                 |  |                                  |                               |
| CMBS (Credit)   | 2                     | 31,139             | 0.7%             | 62.3%                           | 5.6                                      | 11,335                           | 19.1%                         |
| SASB  | 14                    | 23,539             | 0.5%             | 64.7%                           | 4.1                                      | 4,714                            | 12.2%                         |
| <b>Total Securities</b>   | <b>16</b>             | <b>\$54,678</b>    | <b>1.2%</b>      | <b>63.3%</b>                    | <b>4.9</b>                               | <b>\$16,049</b>                  | <b>17.2%</b>                  |
| <b>Assets transferred or pledged to securitization vehicles</b>       |                       |                    |                  |                                 |  |                                  |                               |
| NLY 2019 - FL2  | 25                    | 802,855            | 17.9%            | 84.3%                           | 2.8                                      | 173,438                          | 16.3%                         |
| NLY 2019 - OAKS   | 1                     | 80,100             | 1.8%             | 74.0%                           | 4.3                                      | 14,960                           | 23.6%                         |
| Commercial Trusts   | 64                    | 2,174,118          | 48.6%            | 47.1%                           | 4.4                                      | 128,865                          | 9.0%                          |
| <b>Total Assets transferred or pledged to securitization vehicles</b> | <b>90</b>             | <b>\$3,057,073</b> | <b>68.3%</b>     | <b>57.6%</b>                    | <b>4.0</b>                               | <b>\$317,263</b>                 | <b>13.7%</b>                  |
| <b>Total Debt Investments</b>   | <b>135</b>            | <b>\$3,685,255</b> | <b>82.4%</b>     | <b>60.4%</b>                    | <b>3.8</b>                               | <b>\$591,365</b>                 | <b>11.6%</b>                  |
| <b>Equity Investments</b>   |                       |                    |                  |                                 |  |                                  |                               |
| Real Estate Held for Investment                                       | 46                    | 681,512            | 15.2%            |                                 |  | 302,162                          | 10.2%                         |
| Investment in Unconsolidated Joint Ventures <sup>(5)</sup>            | 32                    | 109,085            | 2.4%             |                                 |  | 167,197                          | 10.9%                         |
| <b>Total Equity Investments</b>                                       | <b>78</b>             | <b>790,597</b>     | <b>17.6%</b>     |                                 |  | <b>469,359</b>                   | <b>10.4%</b>                  |
| <b>Total Investment Portfolio</b>                                     | <b>213</b>            | <b>\$4,475,852</b> | <b>100.0%</b>    |                                 |  | <b>\$1,060,724</b>               | <b>11.2%</b>                  |
| <b>Derivatives</b>  |                       |                    |                  |                                 |  |                                  |                               |
|   |                       | Net Notional       | Range of Ratings | Implied Market Value            | Net Weighted Average Coupon              |                                  |                               |
| CMBX <sup>(6)</sup>   |                       | \$499,000          | AAA to BBB-      | \$471,918                       | 1.2%                                     |                                  |                               |

Detailed endnotes are included within the Appendix at the end of this presentation.



# Middle Market Lending Overview as of September 30, 2020

Unaudited, dollars in thousands

| Industry Dispersion   |                      |
|---|----------------------|
| Industry  | Total <sup>(1)</sup> |
| Computer Programming, Data Processing & Other Computer Related Services | 409,644              |
| Management and Public Relations Services                                | 257,404              |
| Industrial Inorganic Chemicals  | 141,941              |
| Public Warehousing and Storage  | 124,836              |
| Engineering, Architectural, and Surveying                               | 110,984              |
| Metal Cans & Shipping Containers  | 110,478              |
| Offices and Clinics of Doctors of Medicine                              | 104,064              |
| Surgical, Medical, and Dental Instruments and Supplies                  | 99,444               |
| Electronic Components & Accessories                                     | 78,114               |
| Insurance Agents, Brokers and Services                                  | 68,577               |
| Telephone Communications  | 58,233               |
| Miscellaneous Health and Allied Services, not elsewhere classified      | 52,307               |
| Miscellaneous Equipment Rental and Leasing                              | 49,589               |
| Electric Work   | 41,170               |
| Medical and Dental Laboratories   | 40,477               |
| Research, Development and Testing Services                              | 29,648               |
| Metal Forgings and Stampings  | 29,390               |
| Home Health Care Services   | 28,914               |
| Motor Vehicles and Motor Vehicle Parts and Supplies                     | 28,545               |
| Legal Services  | 26,420               |
| Petroleum and Petroleum Products  | 24,709               |
| Grocery Stores  | 22,937               |
| Coating, Engraving and Allied Services                                  | 19,456               |
| Schools and Educational Services, not elsewhere classified              | 19,325               |
| Chemicals & Allied Products   | 14,595               |
| Miscellaneous Business Services   | 12,953               |
| Drugs   | 12,952               |
| Mailing, Reproduction, Commercial Art and Photography, and Stenographic | 12,879               |
| Machinery, Equipment, and Supplies                                      | 12,080               |
| Miscellaneous Plastic Products  | 9,940                |
| Offices and Clinics of Other Health Practitioners                       | 9,873                |
| <b>Total</b>  | <b>\$2,061,878</b>   |

| Size Dispersion           |                    |               |
|---------------------------|--------------------|---------------|
| Position Size             | Amount             | Percentage    |
| \$0 - \$20 million        | \$233,085          | 11.3%         |
| \$20 - \$40 million       | 419,031            | 20.3%         |
| \$40 - \$60 million       | 331,958            | 16.1%         |
| Greater than \$60 million | 1,077,804          | 52.3%         |
| <b>Total</b>              | <b>\$2,061,878</b> | <b>100.0%</b> |

| Tenor Dispersion        |                    |               |
|-------------------------|--------------------|---------------|
| Remaining Term          | Amount             | Percentage    |
| One year or less        | \$40,428           | 2.0%          |
| One to three years      | 346,414            | 16.8%         |
| Three to five years     | 712,705            | 34.6%         |
| Greater than five years | 962,331            | 46.6%         |
| <b>Total</b>            | <b>\$2,061,878</b> | <b>100.0%</b> |

| Lien Position     | Amount             | Percentage    |
|-------------------|--------------------|---------------|
| First lien loans  | \$1,320,115        | 64.0%         |
| Second lien loans | 741,763            | 36.0%         |
| <b>Total</b>      | <b>\$2,061,878</b> | <b>100.0%</b> |

Detailed endnotes are included within the Appendix at the end of this presentation.

# Hedging and Liabilities as of September 30, 2020

Unaudited, dollars in thousands

| Interest Rate Swaps   | Maturity     | Current Notional <sup>(1)(2)</sup> | Weighted Avg. Pay Rate | Weighted Avg. Receive Rate | Weighted Avg. Years to Maturity <sup>(3)</sup> |
|-----------------------|--------------|------------------------------------|------------------------|----------------------------|--|
|                       | 0 to 3 years | \$                                 | 17,816,700             | 0.14 %                     | 0.41 %   |
| > 3 to 6 years        |              | 7,255,000                          | 0.69 %                 | 0.09 %                     | 3.87   |
| > 6 to 10 years       |              | 5,806,500                          | 1.43 %                 | 0.65 %                     | 8.09   |
| Greater than 10 years |              | 1,349,000                          | 2.90 %                 | 0.39 %                     | 21.85  |
| Total / Weighted Avg. | \$           | 32,227,200                         | 0.91 %                 | 0.48 %                     | 4.51   |

| Interest Rate Swaptions | Type     | Current Underlying Notional | Weighted Avg. Underlying Fixed Rate | Weighted Avg. Underlying Floating Rate | Weighted Avg. Underlying Years to Maturity | Weighted Avg. Months to Expiration |
|-------------------------|----------|-----------------------------|-------------------------------------|--|--|------------------------------------|
|                         | Long Pay | \$                          | 6,550,000                           | 1.29 %                                 | 3M LIBOR                                   | 10.60                              |
| Long Receive            | \$       | 250,000                     | 1.66 %                              | 3M LIBOR                               | 10.27                                      | 3.20                               |

| Futures Positions | Type                                      | Long Contracts | Short Contracts | Net Positions  | Weighted Avg. Years to Maturity |
|-------------------|---|----------------|-----------------|----------------|---------------------------------|
|                   | U.S. Treasury Futures - 10 year & Greater | \$             | —               | \$ (2,822,800) | (2,822,800)                     |

| Repurchase Agreements and Other Secured Financing | Maturity       | Principal Balance | Weighted Avg. Rate At Period End |
|---|----------------|-------------------|----------------------------------|
|   | Within 30 days | \$                | 26,594,431                       |
| 30 to 59 days                                     |                | 8,644,191         | 0.51 %                           |
| 60 to 89 days                                     |                | 9,702,860         | 0.33 %                           |
| 90 to 119 days                                    |                | 5,529,035         | 0.73 %                           |
| Over 120 days <sup>(4)</sup>                      |                | 15,024,303        | 0.55 %                           |
| Total / Weighted Avg.                             | \$             | 65,494,820        | 0.44 %                           |

| Total Indebtedness |  | Principal Balance | Weighted Average Rate |                 | Days to Maturity <sup>(5)</sup> |       |
|--------------------|--|-------------------|-----------------------|-----------------|---------------------------------|-------|
|                    |  |                   | At Period End         | For the Quarter |                                 |       |
|                    | Repurchase agreements                  | \$                | 64,633,447            | 0.42 %          | 0.44 %                          | 72    |
|                    | Other secured financing                |                   | 861,373               | 2.23 %          | 2.56 %                          | 1,432 |
|                    | Debt issued by securitization vehicles |                   | 6,027,847             | 2.15 %          | 2.03 %                          | 9,336 |
|                    | Mortgages payable                      |                   | 513,182               | 3.99 %          | 3.95 %                          | 4,174 |
|                    | Total indebtedness                     | \$                | 72,035,849            |                 |                                 |       |

# Quarter-Over-Quarter Interest Rate and MBS Spread Sensitivity

Unaudited

Assumptions:

- The interest rate sensitivity and MBS spread sensitivity are based on the portfolios as of September 30, 2020 and June 30, 2020
- The interest rate sensitivity reflects instantaneous parallel shifts in rates
- The MBS spread sensitivity shifts MBS spreads instantaneously and reflects exposure to MBS basis risk
- All tables assume no active management of the portfolio in response to rate or spread changes

| Interest Rate Sensitivity <sup>(1)</sup> |   |  |   |  |
|--|---|--|---|--|
| Interest Rate Change (bps)               | As of September 30, 2020                                      |  | As of June 30, 2020   |  |
|  | Estimated Percentage Change in Portfolio Value <sup>(2)</sup> | Estimated Change as a % of NAV <sup>(2)(3)</sup> | Estimated Percentage Change in Portfolio Value <sup>(2)</sup> | Estimated Change as a % of NAV <sup>(2)(3)</sup> |
| (75)                                     | —%  | (0.3%)   | —%  | (0.2%)   |
| (50)                                     | 0.1%  | 0.7%   | 0.1%  | 0.9%   |
| (25)                                     | 0.2%  | 1.5%   | 0.3%  | 1.7%   |
| 25                                       | (0.1%)  | (0.9%)   | (0.1%)  | (0.9%)   |
| 50                                       | (0.3%)  | (2.1%)   | (0.3%)  | (2.3%)   |
| 75                                       | (0.6%)  | (3.9%)   | (0.6%)  | (4.2%)   |

| MBS Spread Sensitivity <sup>(1)</sup> |   |  |   |  |
|---------------------------------------|---|--|---|--|
| MBS Spread Shock (bps)                | As of September 30, 2020                                  |  | As of June 30, 2020                                       |  |
|                                       | Estimated Change in Portfolio Market Value <sup>(2)</sup> | Estimated Change as a % of NAV <sup>(2)(3)</sup> | Estimated Change in Portfolio Market Value <sup>(2)</sup> | Estimated Change as a % of NAV <sup>(2)(3)</sup> |
| (25)                                  | 1.4%  | 8.9%   | 1.3%  | 8.8%   |
| (15)                                  | 0.9%  | 5.3%   | 0.8%  | 5.3%   |
| (5)                                   | 0.3%  | 1.8%   | 0.3%  | 1.8%   |
| 5                                     | (0.3%)  | (1.7%)   | (0.3%)  | (1.7%)   |
| 15                                    | (0.8%)  | (5.2%)   | (0.8%)  | (5.2%)   |
| 25                                    | (1.4%)  | (8.7%)   | (1.3%)  | (8.7%)   |

Detailed endnotes are included within the Appendix at the end of this presentation.



# Appendix

# Non-GAAP Reconciliations

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company provides non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, financial measures computed in accordance with GAAP. While intended to offer a fuller understanding of the Company's results and operations, non-GAAP financial measures also have limitations. For example, the Company may calculate its non-GAAP metrics, such as core earnings (excluding PAA), or the PAA, differently than its peers making comparative analysis difficult. Additionally, in the case of non-GAAP measures that exclude the PAA, the amount of amortization expense excluding the PAA is not necessarily representative of the amount of future periodic amortization nor is it indicative of the term over which the Company will amortize the remaining unamortized premium. Changes to actual and estimated prepayments will impact the timing and amount of premium amortization and, as such, both GAAP and non-GAAP results. These non-GAAP measures provide additional detail to enhance investor understanding of the Company's period-over-period operating performance and business trends, as well as for assessing the Company's performance versus that of industry peers. Additional information pertaining to these non-GAAP financial measures and reconciliations to their most directly comparable GAAP results are provided on the following pages. A reconciliation of GAAP net income (loss) to non-GAAP core earnings (excluding PAA) for the quarters ended September 30, 2020, June 30, 2020, March 31, 2020, December 31, 2019 and September 30, 2019, is provided on page 8 of this financial summary.

Core earnings (excluding PAA), a non-GAAP measure, is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) realized amortization of MSRs, (d) other income (loss) (excluding depreciation expense related to commercial real estate and amortization of intangibles, non-core income allocated to equity method investments and other non-core components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items) and (f) income taxes (excluding the income tax effect of non-core income (loss) items) and excludes (g) the premium amortization adjustment representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term prepayment speeds related to the Company's Agency mortgage-backed securities ("PAA").

# Non-GAAP Reconciliations (continued)

Unaudited, dollars in thousands

|  | For the quarters ended |           |           |             |             |
|--|------------------------|-----------|-----------|-------------|-------------|
|  | 9/30/2020              | 6/30/2020 | 3/31/2020 | 12/31/2019  | 9/30/2019   |
| <i>Premium Amortization Reconciliation</i>                         |                        |           |           |             |             |
| Premium amortization expense                                       | \$248,718              | \$270,688 | \$616,937 | \$171,447   | \$376,306   |
| Less:  |                        |           |           |             |             |
| PAA cost (benefit)   | 33,879                 | 51,742    | 290,722   | (83,892)    | 117,152     |
| Premium amortization expense (excluding PAA)                       | \$214,839              | \$218,946 | \$326,215 | \$255,339   | \$259,154   |
| <i>Interest Income (excluding PAA) Reconciliation</i>              |                        |           |           |             |             |
| GAAP interest income   | \$562,443              | \$584,812 | \$555,026 | \$1,074,214 | \$919,299   |
| PAA cost (benefit)   | 33,879                 | 51,742    | 290,722   | (83,892)    | 117,152     |
| Interest income (excluding PAA) *                                  | \$596,322              | \$636,554 | \$845,748 | \$990,322   | \$1,036,451 |
| <i>Economic Interest Expense Reconciliation</i>                    |                        |           |           |             |             |
| GAAP interest expense  | \$115,126              | \$186,032 | \$503,473 | \$620,058   | \$766,905   |
| Add:   |                        |           |           |             |             |
| Net interest component of interest rate swaps                      | 62,529                 | 64,561    | 13,980    | (45,221)    | (88,466)    |
| Economic interest expense *  | \$177,655              | \$250,593 | \$517,453 | \$574,837   | \$678,439   |
| <i>Economic Net Interest Income (excluding PAA) Reconciliation</i> |                        |           |           |             |             |
| Interest income (excluding PAA) *                                  | \$596,322              | \$636,554 | \$845,748 | \$990,322   | \$1,036,451 |
| Less:  |                        |           |           |             |             |
| Economic interest expense *  | 177,655                | 250,593   | 517,453   | 574,837     | 678,439     |
| Economic net interest income (excluding PAA) *                     | \$418,667              | \$385,961 | \$328,295 | \$415,485   | \$358,012   |

\* Represents a non-GAAP financial measure.

# Non-GAAP Reconciliations (continued)

Unaudited, dollars in thousands

|  | For the quarters ended |               |               |               |               |
|--|------------------------|---------------|---------------|---------------|---------------|
|  | 9/30/2020              | 6/30/2020     | 3/31/2020     | 12/31/2019    | 9/30/2019     |
| <i>Economic Metrics (excluding PAA)</i>                    |                        |               |               |               |               |
| Average interest earning assets                            | \$83,286,119           | \$84,471,839  | \$116,063,895 | \$121,801,951 | \$127,207,668 |
| Interest income (excluding PAA) *                          | \$596,322              | \$636,554     | \$845,748     | \$990,322     | \$1,036,451   |
| Average yield on interest earning assets (excluding PAA) * | 2.86%                  | 3.01%         | 2.91%         | 3.25%         | 3.26%         |
| Average interest bearing liabilities                       | \$74,901,128           | \$76,712,894  | \$107,029,466 | \$111,873,379 | \$116,391,094 |
| Economic interest expense *                                | 177,655                | 250,593       | 517,453       | 574,837       | 678,439       |
| Average economic cost of interest bearing liabilities *    | 0.93%                  | 1.29%         | 1.91%         | 2.01%         | 2.28%         |
| Economic net interest income (excluding PAA)*              | \$418,667              | \$385,961     | \$328,295     | \$415,485     | \$358,012     |
| Net interest spread (excluding PAA) *                      | 1.93%                  | 1.72%         | 1.00%         | 1.24%         | 0.98%         |
| Interest income (excluding PAA) *                          | \$596,322              | \$636,554     | \$845,748     | \$990,322     | \$1,036,451   |
| TBA dollar roll income and CMBX coupon income              | 114,092                | 97,524        | 44,904        | 36,901        | 15,554        |
| Interest expense   | (115,126)              | (186,032)     | (503,473)     | (620,058)     | (766,905)     |
| Net interest component of interest rate swaps              | (62,529)               | (64,561)      | (13,980)      | 45,221        | 88,466        |
| Subtotal   | \$532,759              | \$483,485     | \$373,199     | \$452,386     | \$373,566     |
| Average interest earning assets                            | \$83,286,119           | \$84,471,839  | \$116,063,895 | \$121,801,951 | \$127,207,668 |
| Average TBA contract and CMBX balances                     | 20,429,935             | 18,628,343    | 9,965,142     | 6,878,502     | 9,248,502     |
| Subtotal   | \$103,716,054          | \$103,100,182 | \$126,029,037 | \$128,680,453 | \$136,456,170 |
| Net interest margin (excluding PAA) *                      | 2.05%                  | 1.88%         | 1.18%         | 1.41%         | 1.10%         |

\* Represents a non-GAAP financial measure.

# Endnotes

## Page 2

- (1) Net of dividends on preferred stock.
- (2) Debt consists of repurchase agreements, other secured financing, securitized debt and mortgages payable. Certain credit facilities (included within other secured financing), securitized debt and mortgages payable are non-recourse to the Company.
- (3) Computed as the sum of recourse debt, cost basis of to be announced ("TBA") derivatives and credit derivatives referencing the commercial mortgage-backed securities index ("CMBX") derivatives outstanding and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements and other secured financing (excluding certain non-recourse credit facilities). Securitized debt, certain credit facilities (included within other secured financing) and mortgages payable are non-recourse to the Company and are excluded from this measure.
- (4) Computed as the ratio of total equity to total assets (inclusive of total market value of TBA derivatives and CMBX positions and exclusive of securitized debt of consolidated variable interest entities ("VIEs")).
- (5) Net interest margin represents interest income less interest expense divided by average interest earning assets. Net interest margin (excluding PAA) represents the sum of the Company's interest income (excluding PAA) plus TBA dollar roll income and CMBX coupon income less interest expense and the net interest component of interest rate swaps divided by the sum of average interest earning assets plus average TBA contract and CMBX balances.
- (6) Average yield on interest earning assets represents annualized interest income divided by average interest earning assets. Average interest earning assets reflects the average amortized cost of our investments during the period. Average yield on interest earning assets (excluding PAA) is calculated using annualized interest income (excluding PAA).
- (7) Average GAAP cost of interest bearing liabilities represents annualized interest expense divided by average interest bearing liabilities. Average interest bearing liabilities reflects the average balances during the period. Average economic cost of interest bearing liabilities represents annualized economic interest expense divided by average interest bearing liabilities. Economic interest expense is comprised of GAAP interest expense and the net interest component of interest rate swaps.
- (8) Excludes costs incurred in connection with securitizations of residential whole loans for the quarter ended September 30, 2020 and excludes costs incurred in connection with the Internalization and costs incurred in connection with the CEO search process for the quarter ended June 30, 2020.

## Page 4

- (1) Consists of common stock, additional paid-in capital, accumulated other comprehensive income (loss) and accumulated deficit.
- (2) Utilizes an actual/360 factor.
- (3) The average and period-end rates are net of reverse repurchase agreements. Without netting reverse repurchase agreements, the average rate was 0.44%, 0.79%, 1.77%, 2.10% and 2.53% and the period-end rate was 0.42%, 0.49%, 1.23%, 2.03% and 2.48% for the quarters ended September 30, 2020, June 30, 2020, March 31, 2020, December 31, 2019 and September 30, 2019, respectively.

## Page 4 (continued)

- (4) Measures total notional balances of interest rate swaps, interest rate swaptions (excluding receiver swaptions) and futures relative to repurchase agreements, other secured financing and cost basis of TBA derivatives outstanding; excludes MSR and the effects of term financing, both of which serve to reduce interest rate risk. Additionally, the hedge ratio does not take into consideration differences in duration between assets and liabilities.

## Page 5

- (1) Includes GAAP interest expense and the net interest component of interest rate swaps.
- (2) Net of dividends on preferred stock. The quarter ended September 30, 2019 excludes cumulative and undeclared dividends of \$0.3 million on the Company's Series I Preferred Stock as of June 30, 2019.

## Page 6

- (1) Includes dividend equivalents on share-based awards.

## Page 8

- (1) Includes \$0.2 million, \$3.8 million and \$0.7 million loss provision on the Company's unfunded loan commitments as of September 30, 2020, June 30, 2020 and March 31, 2020, respectively, which is reported in Other income (loss) in the Company's Consolidated Statement of Comprehensive Income (Loss).
- (2) Amount includes depreciation and amortization expense related to equity method investments.
- (3) The Company excludes non-core (income) loss allocated to equity method investments, which represents the unrealized (gains) losses allocated to equity interests in a portfolio of MSR, which is a component of Other income (loss).
- (4) The quarter ended September 30, 2020 includes costs incurred in connection with securitizations of residential whole loans. The quarter ended June 30, 2020 includes costs incurred in connection with the Internalization and costs incurred in connection with the CEO search process. The quarter ended March 31, 2020 includes costs incurred in connection with securitizations of Agency mortgage-backed securities and residential whole loans as well as costs incurred in connection with the Internalization and costs incurred in connection with the CEO search process. The quarter ended December 31, 2019 includes costs incurred in connection with securitizations of Agency mortgage-backed securities and residential whole loans. The quarter ended September 30, 2019 includes costs incurred in connection with a securitization of residential whole loans.
- (5) TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on other derivatives. CMBX coupon income totaled \$1.5 million, \$1.6 million, \$1.2 million, \$1.3 million and \$1.5 million for the quarters ended September 30, 2020, June 30, 2020, March 31, 2020, December 31, 2019 and September 30, 2019.
- (6) MSR amortization represents the portion of changes in fair value that is attributable to the realization of estimated cash flows on the Company's MSR portfolio and is reported as a component of Net unrealized gains (losses) on instruments measured at fair value.
- (7) The quarter ended September 30, 2019 excludes cumulative and undeclared dividends of \$0.3 million on the Company's Series I Preferred Stock as of June 30, 2019.



# Endnotes (continued)

## Page 9

- (1) Represents the opening adjustment to retained earnings upon adoption of Accounting Standards Update 2016-13 Financial instruments - Credit losses (Topic 326): Measurement of credit losses on financial instruments, commonly referred to as CECL.

## Page 11

- (1) Includes other income (loss), general and administrative expenses and income taxes.
- (2) Includes other income (loss) (excluding non-core items), MSR amortization (a component of Net unrealized gains (losses) on instruments measured at fair value through earnings), general and administrative expenses (excluding transaction related expenses) and income taxes (excluding non-core income tax).

## Page 12

- (1) Includes Agency-backed multifamily securities with an estimated fair value of \$2.1 billion (\$0.6 billion of which have been transferred or pledged to securitization vehicles).
- (2) Includes fixed-rate collateralized mortgage obligations with an estimated fair value of \$152.5 million.
- (3) Weighted by current face value.
- (4) Weighted by current notional value.

## Page 13

- (1) Weighted by current notional value.
- (2) Weighted by estimated fair value.

## Page 14

- (1) Excludes residential mortgage loans.
- (2) Total investment characteristics exclude interest-only securities.

## Page 15

- (1) Based on an internal valuation or the most recent third party appraisal, which may be prior to loan origination/purchase date or at the time of underwriting.
- (2) Maturity dates assume all of the borrowers' extension options are exercised for the loan portfolio.
- (3) Economic interest is a non-GAAP measure to include gross asset values less related financings. Equity investments are adjusted to exclude depreciation and amortization and grosses up real estate investments accounted for under equity method accounting.
- (4) Levered returns for equity investments comprise a trailing twelve-month ("TTM") distribution yield for joint venture investments and core return for wholly owned properties.
- (5) Includes investment in unconsolidated debt fund of \$48.5 million, investments in Community Investment Impact Funds of \$26.6 million and a portfolio of real estate properties of \$34.0 million.
- (6) The Company sells/buys protection on CMBX tranches referencing baskets of Conduit CMBS bonds with various ratings. Positive net notional indicates selling protection and being long the exposure to the underlying CMBS. CMBX positions are accounted for as derivatives with changes in fair value presented in Net gains (losses) on other derivatives.

## Page 16

- (1) All Middle Market Lending positions are floating rate.

## Page 17

- (1) Current notional is presented net of receiver swaps.
- (2) As of September 30, 2020, 12%, 77% and 11% of the Company's interest rate swaps were linked to LIBOR, the Federal funds rate and the Secured Overnight Financing Rate, respectively.
- (3) The weighted average years to maturity of payer interest rate swaps is offset by the weighted average years to maturity of receiver interest rate swaps. As such, the net weighted average years to maturity for each maturity bucket may fall outside of the range listed.
- (4) Approximately 1% of the total repurchase agreements and other secured financing have a remaining maturity over one year.
- (5) Determined based on estimated weighted average lives of the underlying debt instruments.

## Page 18

- (1) Interest rate and MBS spread sensitivity are based on results from third party models in conjunction with internally derived inputs. Actual results could differ materially from these estimates.
- (2) Scenarios include Residential Investment Securities, residential mortgage loans, MSRs and derivative instruments.
- (3) Net asset value ("NAV") represents book value of common equity.