

ANNALY®

The logo for ANNALY features the word "ANNALY" in a dark blue, serif font. To the right of the text is a stylized orange square graphic that is open on the top and bottom sides, with the top and bottom lines extending slightly beyond the text.

Fourth Quarter 2021 Financial Summary

February 9, 2022

Important Notices

This presentation is issued by Annaly Capital Management, Inc. ("Annaly"), an internally managed, publicly traded company that has elected to be taxed as a real estate investment trust for federal income tax purposes, and is being furnished in connection with Annaly's Fourth Quarter 2021 earnings release. This presentation is provided for investors in Annaly for informational purposes only and is not an offer to sell, or a solicitation of an offer to buy, any security or instrument.

Forward-Looking Statements

This presentation, other written or oral communications, and our public documents to which we refer contain or incorporate by reference certain forward-looking statements which are based on various assumptions (some of which are beyond our control) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "anticipate," "continue," or similar terms or variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, risks and uncertainties related to the COVID-19 pandemic, including as related to adverse economic conditions on real estate-related assets and financing conditions (and our outlook for our business in light of these conditions, which is uncertain); changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities and other securities for purchase; the availability of financing and, if available, the terms of any financing; changes in the market value of our assets; changes in business conditions and the general economy; operational risks or risk management failures by us or critical third parties, including cybersecurity incidents; our ability to grow our residential credit business; our ability to grow our middle market lending business; credit risks related to our investments in credit risk transfer securities, residential mortgage-backed securities and related residential mortgage credit assets and corporate debt; risks related to investments in MSR; our ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting our business; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; and our ability to maintain our exemption from registration under the Investment Company Act. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as required by law.

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Important Notices (continued)

[Updates to Financial Disclosures](#)

Commencing with the Company's financial results for the quarter ended June 30, 2021 and for subsequent reporting periods, the Company has relabeled "Core Earnings (excluding PAA)" as "Earnings Available for Distribution" ("EAD"). Earnings Available for Distribution, which is a non-GAAP financial measure intended to supplement the Company's financial results computed in accordance with U.S. generally accepted accounting principles ("GAAP"), replaces the Company's prior presentation of Core Earnings (excluding PAA). In addition, Core Earnings (excluding PAA) results from prior reporting periods have been relabeled Earnings Available for Distribution. In line with evolving industry practices, the Company believes the term Earnings Available for Distribution more accurately reflects the principal purpose of the measure than the term Core Earnings (excluding PAA) and serves as a useful indicator for investors in evaluating the Company's performance and its ability to pay dividends.

The definition of Earnings Available for Distribution is identical to the definition of Core Earning (excluding PAA) from prior reporting periods. As such, Earnings Available for Distribution is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) realized amortization of MSR, (d) other income (loss) (excluding depreciation expense related to commercial real estate and amortization of intangibles, non-EAD income allocated to equity method investments and other non-EAD 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-EAD income (loss) items) and excludes (g) the premium amortization adjustment ("PAA") 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.

Earnings Available for Distribution should not be considered a substitute for, or superior to, GAAP net income. Please refer to the "Non-GAAP Financial Measures" section for a detailed discussion of Earnings Available for Distribution.

Beginning with the quarter ended June 30, 2021, the Company began classifying certain portfolio activity- or volume-related expenses (including but not limited to brokerage and commission fees, due diligence costs and securitization expenses) as Other income (loss) rather than Other general and administrative expenses in the Consolidated Statements of Comprehensive Income (Loss) to better reflect the nature of the items. As such, prior periods have been conformed to the current presentation.

[Divestiture of Commercial Real Estate Business](#)

During the third quarter 2021, the Company completed the economic transfer and substantially all of the legal ownership transfer of the previously announced sale of substantially all of the assets that comprise the Commercial Real Estate Business for \$2.33 billion (the "Sale"). The remaining assets of the Sale are expected to be legally transferred by the end of the first quarter 2022 subject to regulatory approvals and the Company intends to sell nearly all of the remaining assets that are not included in the Sale.

Financial Snapshot

Unaudited, dollars in thousands except per share amounts

		For the quarters ended	
		12/31/2021	9/30/2021
Income Statement	GAAP net income (loss) per average common share ⁽¹⁾	\$0.27	\$0.34
	Earnings available for distribution per average common share ^{*(1)}	\$0.28	\$0.28
	Annualized GAAP return (loss) on average equity	12.44%	15.25%
	Annualized EAD return on average equity*	13.10%	12.81%
Balance Sheet	Book value per common share	\$7.97	\$8.39
	GAAP Leverage at period-end ⁽²⁾	4.7x	4.4x
	Economic leverage at period-end ^{*(2)}	5.7x	5.8x
	GAAP capital ratio at period-end ⁽³⁾	17.2%	17.9%
	Economic capital ratio at period-end ^{*(3)}	14.4%	14.2%
Portfolio	Securities	\$63,655,674	\$65,622,352
	Loans, net	4,242,043	3,580,521
	Mortgage servicing rights ⁽⁴⁾	544,562	572,259
	Interests in MSR ⁽⁵⁾	69,316	57,530
	Assets transferred or pledged to securitization vehicles	6,086,308	4,738,481
	Assets of disposal group held for sale **	194,138	238,042
	Total residential and commercial investments	\$74,792,041	\$74,809,185
GAAP Key Statistics	Net interest margin ⁽⁶⁾	1.97%	2.01%
	Average yield on interest earning assets ⁽⁷⁾	2.31%	2.29%
	Average GAAP cost of interest bearing liabilities ⁽⁸⁾	0.38%	0.32%
	Net interest spread	1.93%	1.97%
Non-GAAP Key Statistics	Net interest margin (excluding PAA) ^{*(6)}	2.03%	2.04%
	Average yield on interest earning assets (excluding PAA) ^{*(7)}	2.63%	2.63%
	Average economic cost of interest bearing liabilities ^{*(8)}	0.75%	0.66%
	Net interest spread (excluding PAA) *	1.88%	1.97%
Efficiency	Operating expenses to earnings available for distribution *	9.25%	10.03%
	Annualized operating expenses as a % of average total assets	0.21%	0.22%
	Annualized operating expenses as a % of average total equity	1.21%	1.28%

* Represents a non-GAAP financial measure.

** Please refer to Divestiture of Commercial Real Estate Business in Important Notices on page 2.

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

Portfolio Data

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Agency mortgage-backed securities	\$60,525,605	\$62,818,079	\$66,468,519	\$69,637,229	\$74,067,059
Residential credit risk transfer securities	936,228	787,235	827,328	930,983	532,403
Non-agency mortgage-backed securities	1,663,336	1,747,932	1,582,323	1,277,104	972,192
Commercial mortgage-backed securities	530,505	269,106	154,165	4,121	80,742
Total securities	\$63,655,674	\$65,622,352	\$69,032,335	\$71,849,437	\$75,652,396
Residential mortgage loans	\$2,272,072	\$1,686,268	\$1,029,929	\$528,868	\$345,810
Residential mortgage loan warehouse facility	980	1,431	—	—	—
Commercial real estate debt and preferred equity	—	—	—	—	498,081
Corporate debt	1,968,991	1,890,709	2,066,709	2,074,475	2,239,930
Corporate debt, held for sale	—	2,113	466,370	—	—
Total loans, net	\$4,242,043	\$3,580,521	\$3,563,008	\$2,603,343	\$3,083,821
Mortgage servicing rights	\$544,562	\$572,259	\$202,616	\$113,080	\$100,895
Interests in MSR	\$69,316	\$57,530	\$49,035	\$—	\$—
Agency mortgage-backed securities transferred or pledged to securitization vehicles	\$589,873	\$597,923	\$605,163	\$598,118	\$620,347
Residential mortgage loans transferred or pledged to securitization vehicles	5,496,435	4,140,558	3,467,993	3,170,804	3,249,251
Commercial real estate debt investments transferred or pledged to securitization vehicles	—	—	—	—	2,166,073
Commercial real estate debt and preferred equity transferred or pledged to securitization vehicles	—	—	—	—	874,349
Assets transferred or pledged to securitization vehicles	\$6,086,308	\$4,738,481	\$4,073,156	\$3,768,922	\$6,910,020
Real estate, net	\$—	\$—	\$—	\$—	\$656,314
Assets of disposal group held for sale **	\$194,138	\$238,042	\$3,302,001	\$4,400,723	\$—
Total investment portfolio	\$74,792,041	\$74,809,185	\$80,222,151	\$82,735,505	\$86,403,446
Total assets	\$76,764,064	\$76,662,433	\$82,376,305	\$85,369,589	\$88,455,103
Average TBA contract and CMBX balances	\$21,159,120	\$22,739,226	\$18,761,062	\$21,865,969	\$20,744,672

** Please refer to Divestiture of Commercial Real Estate Business in Important Notices on page 2.

Financing and Capital Data

Unaudited, dollars in thousands except per share amounts

	For the quarters ended					
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	
Financing Data	Repurchase agreements	\$54,769,643	\$55,475,420	\$60,221,067	\$61,202,477	\$64,825,239
	Other secured financing	903,255	729,555	909,655	922,605	917,876
	Debt issued by securitization vehicles	5,155,633	3,935,410	3,315,087	3,044,725	5,652,982
	Participations issued	1,049,066	641,006	315,810	180,527	39,198
	Mortgages payable	—	—	—	—	426,256
	Total debt	\$61,877,597	\$60,781,391	\$64,761,619	\$65,350,334	\$71,861,551
	Liabilities of disposal group held for sale **	\$154,956	\$159,508	\$2,362,690	\$3,319,414	\$—
	Total liabilities	\$63,568,739	\$62,944,566	\$68,737,129	\$71,301,994	\$74,433,307
	Cumulative redeemable preferred stock	\$1,536,569	\$1,536,569	\$1,536,569	\$1,536,569	\$1,536,569
	Common equity ⁽¹⁾	11,633,257	12,161,233	12,080,546	12,519,238	12,471,747
	Total Annaly stockholders' equity	13,169,826	13,697,802	13,617,115	14,055,807	14,008,316
	Non-controlling interests	25,499	20,065	22,061	11,788	13,480
Total equity	\$13,195,325	\$13,717,867	\$13,639,176	\$14,067,595	\$14,021,796	
Key Capital and Hedging Metrics	Weighted average days to maturity of repurchase agreements	52	75	88	88	64
	Weighted average rate on repurchase agreements, for the quarter ⁽²⁾⁽³⁾	0.16%	0.15%	0.18%	0.26%	0.35%
	Weighted average rate on repurchase agreements, at period-end ⁽³⁾	0.17%	0.15%	0.16%	0.20%	0.32%
	GAAP leverage at period-end	4.7x	4.4x	4.7x	4.6x	5.1x
	Economic leverage at period-end *	5.7x	5.8x	5.8x	6.1x	6.2x
	GAAP capital ratio at period-end	17.2%	17.9%	16.6%	16.5%	15.9%
	Economic capital ratio at period-end *	14.4%	14.2%	14.3%	13.7%	13.6%
	Book value per common share	\$7.97	\$8.39	\$8.37	\$8.95	\$8.92
	Total common shares outstanding	1,459,736	1,449,935	1,444,156	1,398,503	1,398,241
	Hedge ratio ⁽⁴⁾	95%	80%	75%	75%	61%
	Weighted average pay rate on interest rate swaps, at period-end	0.59%	0.60%	0.81%	0.80%	0.92%
	Weighted average receive rate on interest rate swaps, at period-end	0.08%	0.07%	0.34%	0.34%	0.37%
	Weighted average net rate on interest rate swaps, at period-end	0.51%	0.53%	0.47%	0.46%	0.55%

* Represents a non-GAAP financial measure.

** Please refer to Divestiture of Commercial Real Estate Business in Important Notices on page 2.

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				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Total interest income	\$422,780	\$412,972	\$383,906	\$763,378	\$527,344
Total interest expense	61,785	50,438	61,047	75,973	94,481
Net interest income	\$360,995	\$362,534	\$322,859	\$687,405	\$432,863
Total economic interest expense ^{*(1)}	\$120,682	\$104,849	\$144,134	\$155,720	\$161,288
Economic net interest income *	\$302,098	\$308,123	\$239,772	\$607,658	\$366,056
Total interest income (excluding PAA) *	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
Economic net interest income (excluding PAA) *	\$359,493	\$368,849	\$393,379	\$393,088	\$405,157
GAAP net income (loss)	\$418,460	\$521,534	(\$294,848)	\$1,751,134	\$878,635
GAAP net income (loss) available (related) to common stockholders ⁽²⁾	\$388,598	\$492,361	(\$322,525)	\$1,723,930	\$841,707
GAAP net income (loss) per average common share ⁽²⁾	\$0.27	\$0.34	(\$0.23)	\$1.23	\$0.60
Earnings available for distribution *	\$440,043	\$437,471	\$451,358	\$439,519	\$459,046
Earnings available for distribution attributable to common stockholders ^{*(2)}	\$413,160	\$410,588	\$424,475	\$412,636	\$423,537
Earnings available for distribution per average common share ^{*(2)}	\$0.28	\$0.28	\$0.30	\$0.29	\$0.30
PAA cost (benefit)	\$57,395	\$60,726	\$153,607	(\$214,570)	\$39,101
Weighted average experienced CPR for the period	21.4%	23.1%	26.4%	23.9%	24.7%
Weighted average projected long-term CPR at period-end	12.7%	12.7%	12.9%	11.8%	16.4%

Summary Income Statement

* 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					
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	
Key GAAP Earnings Metrics	Dividends declared per common share	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
	Total common and preferred dividends declared ⁽¹⁾	\$348,793	\$346,651	\$345,417	\$335,229	\$343,666
	Annualized GAAP return (loss) on average equity	12.44%	15.25%	(8.51%)	49.87%	24.91%
	Annualized GAAP return (loss) on average equity per unit of GAAP leverage	2.65%	3.47%	(1.81%)	10.84%	4.88%
	Net interest margin	1.97%	2.01%	1.66%	3.39%	2.14%
	Average yield on interest earning assets	2.31%	2.29%	1.97%	3.76%	2.61%
	Average GAAP cost of interest bearing liabilities	0.38%	0.32%	0.35%	0.42%	0.51%
	Net interest spread	1.93%	1.97%	1.62%	3.34%	2.10%
Key Non-GAAP Earnings Metrics	Annualized EAD return on average equity *	13.10%	12.81%	13.05%	12.53%	13.03%
	Annualized EAD return on average equity per unit of economic leverage *	2.30%	2.21%	2.25%	2.05%	2.10%
	Net interest margin (excluding PAA) *	2.03%	2.04%	2.09%	1.91%	1.98%
	Average yield on interest earning assets (excluding PAA) *	2.63%	2.63%	2.76%	2.71%	2.80%
	Average economic cost of interest bearing liabilities *	0.75%	0.66%	0.83%	0.87%	0.87%
	Net interest spread (excluding PAA) *	1.88%	1.97%	1.93%	1.84%	1.93%

* 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				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Interest income:					
Agency Securities	\$301,001	\$299,898	\$255,801	\$627,654	\$397,394
Resi Credit Securities	21,450	20,774	19,477	16,980	14,000
Residential mortgage loans	60,486	45,801	38,963	37,109	37,323
Commercial investment portfolio	39,839	46,494	69,663	81,601	78,555
Reverse repurchase agreements	4	5	2	34	72
Total interest income	\$422,780	\$412,972	\$383,906	\$763,378	\$527,344
Economic interest expense:					
Repurchase agreements	\$22,852	\$22,397	\$29,140	\$42,585	\$58,849
Net interest component of interest rate swaps	58,897	54,411	83,087	79,747	66,807
Debt issued by securitization vehicles	24,774	18,740	23,216	26,276	29,235
Participations issued	7,157	2,578	1,739	597	78
Other	7,002	6,723	6,952	6,515	6,319
Total economic interest expense *	\$120,682	\$104,849	\$144,134	\$155,720	\$161,288
Economic net interest income *	\$302,098	\$308,123	\$239,772	\$607,658	\$366,056
PAA cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Economic net interest income (excluding PAA) *	\$359,493	\$368,849	\$393,379	\$393,088	\$405,157

Economic Net Interest Income *

* Represents a non-GAAP financial measure.

GAAP Net Income to Earnings Available for Distribution* Reconciliation

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
GAAP net income (loss)	\$418,460	\$521,534	(\$294,848)	\$1,751,134	\$878,635
Net income (loss) attributable to noncontrolling interests	2,979	2,290	794	321	1,419
Net income (loss) attributable to Annaly	415,481	519,244	(295,642)	1,750,813	877,216
Adjustments to exclude reported realized and unrealized (gains) losses:					
Realized (gains) losses on termination or maturity of interest rate swaps	39,932	1,196,417	—	—	(2,092)
Unrealized (gains) losses on interest rate swaps	(186,345)	(1,380,946)	141,067	(772,262)	(258,236)
Net (gains) losses on disposal of investments and other	25,144	(12,002)	(16,223)	65,786	(9,363)
Net (gains) losses on other derivatives and financial instruments	(47,843)	45,168	357,808	(476,868)	(209,647)
Net unrealized (gains) losses on instruments measured at fair value through earnings	15,329	(90,817)	(3,984)	(104,191)	(51,109)
Loan loss provision (reversal) ⁽¹⁾	1,931	(6,771)	1,078	(144,870)	469
Business divestiture-related (gains) losses **	16,514	14,009	(1,527)	249,563	—
Other adjustments:					
Depreciation expense related to commercial real estate and amortization of intangibles ⁽²⁾	1,144	1,122	5,635	7,324	11,097
Non-EAD (income) loss allocated to equity method investments ⁽³⁾	(2,345)	(2,046)	3,141	(9,680)	28
Transaction expenses and non-recurring items ⁽⁴⁾	1,533	2,201	1,150	695	172
Income tax effect of non-EAD income (loss) items	8,380	(6,536)	7,147	4,334	(10,984)
TBA dollar roll income and CMBX coupon income ⁽⁵⁾	119,657	115,586	111,592	98,933	99,027
MSR amortization ⁽⁶⁾	(25,864)	(17,884)	(13,491)	(15,488)	(26,633)
Plus:					
Premium amortization adjustment cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Earnings available for distribution *	440,043	437,471	451,358	439,519	459,046
Dividends on preferred stock	26,883	26,883	26,883	26,883	35,509
Earnings available for distribution attributable to common stockholders *	\$413,160	\$410,588	\$424,475	\$412,636	\$423,537

EAD*
Reconciliation

* Represents a non-GAAP financial measure. Earnings Available for Distribution, or EAD, was previously labeled as Core Earnings (excluding PAA).

** Please refer to Divestiture of Commercial Real Estate Business in Important Notices on page 2.

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				
		12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Book Value Rollforward	Book value per common share, beginning of period	\$8.39	\$8.37	\$8.95	\$8.92	\$8.70
	Net income (loss) available (related) to common stockholders	0.27	0.34	(0.23)	1.23	0.60
	Other comprehensive income (loss) attributable to common stockholders	(0.47)	(0.10)	(0.15)	(0.98)	(0.16)
	Common dividends declared	(0.22)	(0.22)	(0.22)	(0.22)	(0.22)
	Issuance / buyback of common stock / redemption of preferred stock	—	—	0.02	—	—
	Book value per common share, end of period	\$7.97	\$8.39	\$8.37	\$8.95	\$8.92
Net Interest Margin	Prior quarter net interest margin	2.01%	1.66%	3.39%	2.14%	2.15%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	(0.08%)	0.01%	(0.08%)	(0.09%)	(0.10%)
	Net amortization of premiums	0.10%	0.31%	(1.71%)	1.24%	0.01%
	GAAP interest expense	(0.06%)	0.03%	0.06%	0.10%	0.08%
	Current quarter net interest margin	1.97%	2.01%	1.66%	3.39%	2.14%
Net Interest Spread	Prior quarter net interest spread	1.97%	1.62%	3.34%	2.10%	2.10%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	(0.08%)	0.01%	(0.08%)	(0.09%)	(0.10%)
	Net amortization of premiums	0.10%	0.31%	(1.71%)	1.24%	0.01%
	GAAP interest expense	(0.06%)	0.03%	0.07%	0.09%	0.09%
	Current quarter net interest spread	1.93%	1.97%	1.62%	3.34%	2.10%

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

Unaudited

	For the quarters ended					
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	
Net Interest Margin (excluding PAA)*	Prior quarter net interest margin (excluding PAA) *	2.04%	2.09%	1.91%	1.98%	2.05%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets (including average TBA dollar roll and CMBX balances)	(0.01%)	(0.16%)	0.00%	(0.09%)	(0.11%)
	Net amortization of premiums (excluding PAA)	0.05%	(0.07%)	0.09%	0.00%	0.04%
	TBA dollar roll income and CMBX coupon income	0.02%	0.03%	0.08%	(0.01%)	(0.05%)
	Interest expense and net interest component of interest rate swaps	(0.07%)	0.15%	0.01%	0.03%	0.05%
Current quarter net interest margin (excluding PAA) *	2.03%	2.04%	2.09%	1.91%	1.98%	
Net Interest Spread (excluding PAA)*	Prior quarter net interest spread (excluding PAA) *	1.97%	1.93%	1.84%	1.93%	1.93%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	(0.08%)	0.01%	(0.08%)	(0.09%)	(0.10%)
	Net amortization of premiums (excluding PAA)	0.08%	(0.14%)	0.13%	(0.01%)	0.04%
	Interest expense and net interest component of interest rate swaps	(0.09%)	0.17%	0.04%	0.01%	0.06%
	Current quarter net interest spread (excluding PAA) *	1.88%	1.97%	1.93%	1.84%	1.93%

* Represents a non-GAAP financial measure.

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

Unaudited

	For the quarters ended					
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	
Annualized GAAP Return (Loss) on Average Equity	Prior quarter annualized GAAP return (loss) on average equity	15.25%	(8.51%)	49.87%	24.91%	29.02%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon income	0.15%	(1.24%)	(1.01%)	(0.35%)	(1.42%)
	Net amortization of premiums and accretion of discounts	0.34%	2.23%	(9.64%)	7.14%	0.30%
	Interest expense and net interest component of interest rate swaps	(0.52%)	1.10%	0.27%	0.14%	0.50%
	Realized gains (losses) on termination or maturity of interest rate swaps	33.80%	(34.99%)	0.00%	(0.06%)	0.07%
	Unrealized gains (losses) on interest rate swaps	(34.84%)	44.46%	(26.07%)	14.67%	2.46%
	Realized and unrealized gains (losses) on investments and other derivatives	(1.47%)	11.43%	(24.42%)	7.02%	(6.33%)
	Business divestiture-related (losses) gains **	(0.08%)	(0.45%)	7.15%	(7.11%)	0.00%
	Loan loss provision	(0.19%)	0.19%	(3.99%)	4.02%	(0.67%)
	Other ⁽¹⁾	0.00%	1.03%	(0.67%)	(0.51%)	0.98%
Current quarter annualized GAAP return (loss) on average equity	12.44%	15.25%	(8.51%)	49.87%	24.91%	
Annualized EAD Return on Average Equity*	Prior quarter annualized EAD return on average equity *	12.81%	13.05%	12.53%	13.03%	13.79%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon income	0.15%	(1.24%)	(1.01%)	(0.35%)	(1.42%)
	Net amortization of premiums (excluding PAA)	0.27%	(0.43%)	0.90%	(0.08%)	0.45%
	Interest expense and net interest component of interest rate swaps	(0.52%)	1.10%	0.27%	0.14%	0.50%
	TBA dollar roll income and CMBX coupon income	0.18%	0.16%	0.41%	0.01%	(0.45%)
	Other ⁽²⁾	0.21%	0.17%	(0.05%)	(0.22%)	0.16%
Current quarter annualized EAD return on average equity *	13.10%	12.81%	13.05%	12.53%	13.03%	

* Represents a non-GAAP financial measure.

** Please refer to Divestiture of Commercial Real Estate Business in Important Notices on page 2.

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

Residential & Other Investments Overview as of December 31, 2021

Unaudited, dollars in thousands

Agency Fixed-Rate Securities (Pools)							
Original Weighted Avg. Years to Maturity	Current Face Value	% ⁽⁴⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
<=15 years ⁽¹⁾	\$2,664,648	4.8%	2.82%	101.5%	104.9%	17.4%	\$2,794,804
20 years ⁽²⁾	1,812,715	3.2%	3.10%	103.6%	105.1%	22.8%	1,904,361
>=30 years ⁽³⁾	51,777,021	92.0%	3.40%	105.6%	107.2%	21.3%	55,508,818
Total/Weighted Avg.	\$56,254,384	100.0%	3.36%	105.4%	107.0%	21.3%	\$60,207,983

TBA Contracts							
Type	Notional Value	% ⁽⁵⁾	Weighted Avg. Coupon	Implied Cost Basis			Implied Market Value
15-year	\$1,163,000	5.8%	1.68%	\$1,174,613			\$1,175,593
30-year	18,970,000	94.2%	2.30%	19,115,243			19,163,040
Total/Weighted Avg.	\$20,133,000	100.0%	2.26%	\$20,289,856			\$20,338,633

Agency Adjustable-Rate Securities							
Weighted Avg. Months to Reset	Current Face Value	% ⁽⁴⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
0 - 24 months	\$304,937	89.2%	2.13%	101.0%	105.6%	19.8%	\$322,106
25 - 40 months	—	—%	—%	—%	—%	—%	—
41 - 60 months	37,081	10.8%	3.00%	101.2%	104.0%	39.4%	38,569
Total/Weighted Avg.	\$342,018	100.0%	2.22%	101.0%	105.5%	22.1%	\$360,675

Agency Interest-Only Collateralized Mortgage-Backed Obligations							
Type	Current Notional Value	% ⁽⁵⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
Interest-only	\$690,900	10.8%	3.37%	17.4%	9.8%	23.0%	\$67,487
Inverse interest-only	1,221,515	19.1%	6.00%	27.6%	18.5%	26.2%	226,427
Multifamily interest-only	4,490,745	70.1%	0.78%	5.7%	5.6%	1.5%	252,906
Total/Weighted Avg.	\$6,403,160	100.0%	2.06%	11.2%	8.5%	20.0%	\$546,820

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

Residential & Other Investments Overview as of December 31, 2021 (continued)

Unaudited, dollars in thousands

Mortgage Servicing Rights

Type	Unpaid Principal Balance	Servicing Fee	Weighted Avg. Note Rate	Valuation	Discount Rate	CPR	Estimated Fair Value
MSR held directly	\$46,490,804	0.26%	2.9%	115.6%	7.0%	9.4%	\$537,308
MSR of consolidated VIE	889,069	0.25%	3.6%	81.6%	9.0%	14.7%	7,254
Interests in MSR	6,327,640	0.25%	2.9%	109.5%	8.4%	9.1%	69,316
MSR of limited partnership interest ⁽¹⁾	3,291,644						31,021
Total/Weighted Avg.	\$56,999,157	0.26%	2.9%	114.3%	7.2%	9.4%	\$644,899

Residential Credit Portfolio

Sector	Current Face / Notional Value	% ⁽²⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Estimated Fair Value
Residential credit risk transfer	\$924,101	9.0%	3.15%	100.4%	101.3%	\$936,228
Alt-A	83,213	0.7%	3.33%	79.4%	83.5%	69,487
Prime	323,062	2.6%	3.89%	98.2%	100.9%	275,441
Subprime	170,671	1.6%	2.14%	90.8%	95.5%	163,076
NPL/RPL	987,415	9.5%	3.05%	99.9%	99.6%	983,438
Prime jumbo	299,783	1.7%	3.64%	99.6%	99.2%	171,894
Residential mortgage loans	7,535,855	74.9%	4.04%	101.8%	103.1%	7,768,507
Total/Weighted Avg.	\$10,324,100	100.0%	3.82%			\$10,368,071

Other Credit Products

Type	Net Notional	Range of Ratings	Net Weighted Avg Coupon	Implied Market Value
CMBX ⁽³⁾	\$400,000	AAA to AA	1.0%	\$400,579

Type	Current Face / Notional Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Estimated Fair Value
Multifamily CRT	\$9,000	4.09%	98.9%	100.7%	\$9,065
CLO	\$524,071	1.34%	100.0%	99.5%	\$521,440

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

Residential Credit Securities Detail as of December 31, 2021

Unaudited, dollars in thousands

Product	Estimated Fair Value	Payment Structure		Investment Characteristics			
		Senior	Subordinate	Coupon	Credit Enhancement	60+ Delinquencies	3M VPR
Credit Risk Transfer	\$936,228	\$—	\$936,228	3.15%	3.04%	3.47%	35.35%
Alt-A	69,487	14,090	55,397	3.33%	7.89%	10.77%	26.10%
Prime	275,441	46,820	228,621	3.89%	8.27%	3.23%	18.53%
Subprime	163,076	89,391	73,685	2.14%	21.34%	12.79%	15.29%
Re-Performing Loan Securitizations	612,742	273,041	339,701	3.53%	26.57%	24.30%	12.49%
Non-Performing Loan Securitizations	370,696	352,027	18,669	2.27%	31.57%	68.98%	6.14%
Prime Jumbo	171,894	663	171,231	3.64%	3.16%	3.93%	8.58%
Total	\$2,599,564	\$776,032	\$1,823,532	3.16%	14.55%	18.56%	23.04%

Product	Bond Coupon				Estimated Fair Value
	ARM	Fixed	Floater	Interest Only	
Credit Risk Transfer	\$—	\$—	\$936,223	\$5	\$936,228
Alt-A	4,960	54,517	10,010	—	69,487
Prime	30,977	234,840	9,341	283	275,441
Subprime	6,039	65,940	90,925	172	163,076
Re-Performing Loan Securitizations	—	612,742	—	—	612,742
Non-Performing Loan Securitizations	—	370,696	—	—	370,696
Prime Jumbo	—	109,883	61,348	663	171,894
Total	\$41,976	\$1,448,618	\$1,107,847	\$1,123	\$2,599,564

Middle Market Lending Overview as of December 31, 2021

Unaudited, dollars in thousands

Industry Dispersion	
Industry	Total ⁽¹⁾
Computer Programming, Data Processing & Other Computer Related Services	\$437,257
Management & Public Relations Services	263,187
Industrial Inorganic Chemicals	156,292
Metal Cans & Shipping Containers	118,204
Public Warehousing & Storage	94,179
Miscellaneous Industrial & Commercial	93,619
Electronic Components & Accessories	92,261
Surgical, Medical & Dental Instruments & Supplies	80,786
Miscellaneous Health & Allied Services, not elsewhere classified	64,133
Research, Development & Testing Services	59,311
Offices & Clinics of Doctors of Medicine	50,017
Engineering, Architectural & Surveying	49,088
Insurance Agents, Brokers & Service	43,598
Electrical Work	42,617
Telephone Communications	42,589
Miscellaneous Equipment Rental & Leasing	32,346
Medical & Dental Laboratories	30,199
Home Health Care Services	28,660
Metal Forgings & Stampings	27,483
Legal Services	26,105
Petroleum & Petroleum Products	21,434
Sanitary Services	20,453
Grocery Stores	19,745
Coating, Engraving & Allied Services	17,705
Chemicals & Allied Products	14,657
Mailing, Reproduction, Commercial Art & Photography & Stenographic	12,388
Machinery, Equipment & Supplies	10,814
Offices & Clinics of Other Health Practitioners	10,083
Schools & Educational Services, not elsewhere classified	9,781
Total	\$1,968,991

Size Dispersion		
Position Size	Amount	Percentage
\$0 - \$20 million	\$164,109	8.3%
\$20 - \$40 million	454,293	23.1%
\$40 - \$60 million	385,164	19.6%
Greater than \$60 million	965,425	49.0%
Total	\$1,968,991	100.0%

Tenor Dispersion		
Remaining Term	Amount	Percentage
One year or less	\$—	—%
One to three years	258,596	13.1%
Three to five years	1,004,391	51.0%
Greater than five years	706,004	35.9%
Total	\$1,968,991	100.0%

Lien Position	Amount	Percentage
First lien loans	\$1,391,217	70.7%
Second lien loans ⁽²⁾	577,774	29.3%
Total	\$1,968,991	100.0%

Hedging and Liabilities as of December 31, 2021

Unaudited, dollars in thousands

Interest Rate Swaps	Maturity	Current Notional ⁽¹⁾⁽²⁾	Weighted Avg. Pay Rate	Weighted Avg. Receive Rate	Weighted Avg. Years to Maturity ⁽³⁾
	0 to 3 years	\$ 32,709,300	0.25 %	0.06 %	1.10
> 3 to 6 years	2,780,000	0.21 %	0.07 %	3.46	
> 6 to 10 years	9,118,000	1.43 %	0.13 %	9.05	
Greater than 10 years	1,300,000	4.04 %	0.11 %	18.70	
Total / Weighted Avg.	\$ 45,907,300	0.59 %	0.08 %	3.32	

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	\$ 4,050,000	2.00 %	3M LIBOR	9.65	19.50
Long Receive	\$ 2,000,000	1.47 %	3M LIBOR	10.95	11.38	

Futures Positions	Type	Long Contracts	Short Contracts	Net Positions	Weighted Avg. Years to Maturity
	U.S. Treasury Futures - 2 year	\$ —	\$ (7,509,200)	\$ (7,509,200)	1.96
U.S. Treasury Futures - 5 year	\$ —	\$ (5,644,900)	\$ (5,644,900)	4.38	
U.S. Treasury Futures - 10 year & Greater	\$ —	\$ (9,381,000)	\$ (9,381,000)	6.84	
Total / Weighted Avg.	\$ —	\$ (22,535,100)	\$ (22,535,100)	4.60	

Repurchase Agreements and Other Secured Financing	Maturity	Principal Balance	Weighted Avg. Rate At Period End
	Within 30 days	\$ 27,013,475	0.14 %
30 to 59 days	10,212,453	0.19 %	
60 to 89 days	6,377,347	0.17 %	
90 to 119 days	4,824,918	0.15 %	
Over 120 days ⁽⁴⁾	7,244,705	0.59 %	
Total / Weighted Avg.	\$ 55,672,898	0.21 %	

Total Indebtedness	Principal Balance	Weighted Average Rate		Days to Maturity ⁽⁵⁾
		At Period End	For the Quarter	
Repurchase agreements	\$ 54,769,643	0.17 %	0.16 %	52
Other secured financing	903,255	2.86 %	3.50 %	1,644
Debt issued by securitization vehicles	5,098,785	2.23 %	2.06 %	11,474
Participations issued	1,022,188	3.09 %	3.17 %	11,131
Total indebtedness	\$ 61,793,871			

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

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 December 31, 2021 and September 30, 2021
- 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 ⁽¹⁾				
Interest Rate Change (bps)	As of December 31, 2021		As of September 30, 2021	
	Estimated Percentage Change in Portfolio Market Value ⁽²⁾	Estimated Change as a % of NAV ⁽²⁾⁽³⁾	Estimated Percentage Change in Portfolio Market Value ⁽²⁾	Estimated Change as a % of NAV ⁽²⁾⁽³⁾
(75)	(0.5%)	(2.6%)	(0.1%)	(0.3%)
(50)	(0.2%)	(1.0%)	0.1%	0.6%
(25)	–%	(0.1%)	0.2%	0.9%
25	(0.2%)	(0.9%)	(0.3%)	(1.7%)
50	(0.4%)	(2.5%)	(0.8%)	(4.2%)
75	(0.9%)	(5.0%)	(1.3%)	(7.5%)

MBS Spread Sensitivity ⁽¹⁾				
MBS Spread Shock (bps)	As of December 31, 2021		As of September 30, 2021	
	Estimated Change in Portfolio Market Value ⁽²⁾	Estimated Change as a % of NAV ⁽²⁾⁽³⁾	Estimated Change in Portfolio Market Value ⁽²⁾	Estimated Change as a % of NAV ⁽²⁾⁽³⁾
(25)	1.7%	9.6%	1.8%	10.1%
(15)	1.0%	5.7%	1.1%	6.1%
(5)	0.3%	1.9%	0.4%	2.0%
5	(0.3%)	(1.9%)	(0.4%)	(2.0%)
15	(1.0%)	(5.6%)	(1.1%)	(6.0%)
25	(1.6%)	(9.4%)	(1.8%)	(10.0%)



Appendix

Consolidated Statements of Financial Condition

Dollars in thousands, except per share data

	12/31/2021 (unaudited)	9/30/2021 (unaudited)	6/30/2021 (unaudited)	3/31/2021 (unaudited)	12/31/2020 ⁽¹⁾
Assets					
Cash and cash equivalents	\$ 1,342,090	\$ 1,046,300	\$ 1,380,456	\$ 1,122,793	\$ 1,243,703
Securities	63,655,674	65,622,352	69,032,335	71,849,437	75,652,396
Loans, net	4,242,043	3,580,521	3,563,008	2,603,343	3,083,821
Mortgage servicing rights	544,562	572,259	202,616	113,080	100,895
Interests in MSR	69,316	57,530	49,035	—	—
Assets transferred or pledged to securitization vehicles	6,086,308	4,738,481	4,073,156	3,768,922	6,910,020
Real estate, net	—	—	—	—	656,314
Assets of disposal group held for sale	194,138	238,042	3,302,001	4,400,723	—
Derivative assets	170,370	331,395	181,889	891,474	171,134
Receivable for unsettled trades	2,656	42,482	14,336	144,918	15,912
Principal and interest receivable	234,983	234,810	250,210	259,655	268,073
Goodwill and intangible assets, net	24,241	25,371	26,502	37,337	127,341
Other assets	197,683	172,890	300,761	177,907	225,494
Total assets	\$ 76,764,064	\$ 76,662,433	\$ 82,376,305	\$ 85,369,589	\$ 88,455,103
Liabilities and stockholders' equity					
Liabilities					
Repurchase agreements	\$ 54,769,643	\$ 55,475,420	\$ 60,221,067	\$ 61,202,477	\$ 64,825,239
Other secured financing	903,255	729,555	909,655	922,605	917,876
Debt issued by securitization vehicles	5,155,633	3,935,410	3,315,087	3,044,725	5,652,982
Participations issued	1,049,066	641,006	315,810	180,527	39,198
Mortgages payable	—	—	—	—	426,256
Liabilities of disposal group held for sale	154,956	159,508	2,362,690	3,319,414	—
Derivative liabilities	881,537	912,134	900,259	939,622	1,033,345
Payable for unsettled trades	147,908	571,540	154,405	1,070,080	884,069
Interest payable	91,176	109,586	173,721	100,949	191,116
Dividends payable	321,142	318,986	317,714	307,671	307,613
Other liabilities	94,423	91,421	66,721	213,924	155,613
Total liabilities	63,568,739	62,944,566	68,737,129	71,301,994	74,433,307
Stockholders' equity					
Preferred stock, par value \$0.01 per share ⁽²⁾	1,536,569	1,536,569	1,536,569	1,536,569	1,536,569
Common stock, par value \$0.01 per share ⁽³⁾	14,597	14,499	14,442	13,985	13,982
Additional paid-in capital	20,313,832	20,228,366	20,178,692	19,754,826	19,750,818
Accumulated other comprehensive income (loss)	958,410	1,638,638	1,780,275	2,002,231	3,374,335
Accumulated deficit	(9,653,582)	(9,720,270)	(9,892,863)	(9,251,804)	(10,667,388)
Total stockholders' equity	13,169,826	13,697,802	13,617,115	14,055,807	14,008,316
Noncontrolling interests	25,499	20,065	22,061	11,788	13,480
Total equity	13,195,325	13,717,867	13,639,176	14,067,595	14,021,796
Total liabilities and equity	\$ 76,764,064	\$ 76,662,433	\$ 82,376,305	\$ 85,369,589	\$ 88,455,103

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

Consolidated Statements of Comprehensive Income (Loss)

Unaudited, dollars in thousands, except per share data

For the quarters ended	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Net interest income					
Interest income	\$ 422,780	\$ 412,972	\$ 383,906	\$ 763,378	\$ 527,344
Interest expense	61,785	50,438	61,047	75,973	94,481
Net interest income	360,995	362,534	322,859	687,405	432,863
Realized and unrealized gains (losses)					
Net interest component of interest rate swaps	(58,897)	(54,411)	(83,087)	(79,747)	(66,807)
Realized gains (losses) on termination or maturity of interest rate swaps	(39,932)	(1,196,417)	–	–	2,092
Unrealized gains (losses) on interest rate swaps	186,345	1,380,946	(141,067)	772,262	258,236
Subtotal	87,516	130,118	(224,154)	692,515	193,521
Net gains (losses) on disposal of investments and other	(25,144)	12,002	16,223	(65,786)	9,363
Net gains (losses) on other derivatives and financial instruments	47,843	(45,168)	(357,808)	476,868	209,647
Net unrealized gains (losses) on instruments measured at fair value through earnings	(15,329)	90,817	3,984	104,191	51,109
Loan loss (provision) reversal	(194)	6,134	(494)	139,620	(1,497)
Business divestiture-related gains (losses)	(16,514)	(14,009)	1,527	(249,563)	–
Subtotal	(9,338)	49,776	(336,568)	405,330	268,622
Total realized and unrealized gains (losses)	78,178	179,894	(560,722)	1,097,845	462,143
Other income (loss)	26,617	16,221	1,675	13,468	13,107
General and administrative expenses					
Compensation and management fee	27,061	27,859	32,013	31,518	24,628
Other general and administrative expenses	13,640	16,023	21,513	16,387	18,345
Total general and administrative expenses	40,701	43,882	53,526	47,905	42,973
Income (loss) before income taxes	425,089	514,767	(289,714)	1,750,813	865,140
Income taxes	6,629	(6,767)	5,134	(321)	(13,495)
Net income (loss)	418,460	521,534	(294,848)	1,751,134	878,635
Net income (loss) attributable to noncontrolling interests	2,979	2,290	794	321	1,419
Net income (loss) attributable to Annaly	415,481	519,244	(295,642)	1,750,813	877,216
Dividends on preferred stock	26,883	26,883	26,883	26,883	35,509
Net income (loss) available (related) to common stockholders	\$ 388,598	\$ 492,361	\$ (322,525)	\$ 1,723,930	\$ 841,707
Net income (loss) per share available (related) to common stockholders					
Basic	\$ 0.27	\$ 0.34	\$ (0.23)	\$ 1.23	\$ 0.60
Diluted	\$ 0.27	\$ 0.34	\$ (0.23)	\$ 1.23	\$ 0.60
Weighted average number of common shares outstanding					
Basic	1,454,138,154	1,445,315,914	1,410,239,138	1,399,210,925	1,399,809,722
Diluted	1,455,411,503	1,446,357,867	1,410,239,138	1,400,000,727	1,400,228,777
Other comprehensive income (loss)					
Net income (loss)	\$ 418,460	\$ 521,534	\$ (294,848)	\$ 1,751,134	\$ 878,635
Unrealized gains (losses) on available-for-sale securities	(685,699)	(113,451)	(191,541)	(1,428,927)	(207,393)
Reclassification adjustment for net (gains) losses included in net income (loss)	5,471	(28,186)	(30,415)	56,823	(7,328)
Other comprehensive income (loss)	(680,228)	(141,637)	(221,956)	(1,372,104)	(214,721)
Comprehensive income (loss)	(261,768)	379,897	(516,804)	379,030	663,914
Comprehensive income (loss) attributable to noncontrolling interests	2,979	2,290	794	321	1,419
Comprehensive income (loss) attributable to Annaly	(264,747)	377,607	(517,598)	378,709	662,495
Dividends on preferred stock	26,883	26,883	26,883	26,883	35,509
Comprehensive income (loss) attributable to common stockholders	\$ (291,630)	\$ 350,724	\$ (544,481)	\$ 351,826	\$ 626,986

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 Earnings available for distribution, 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 Earnings available for distribution for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, is provided on page 9 of this financial summary.

Commencing with the Company's financial results for the quarter ended June 30, 2021 and for subsequent reporting periods, the Company has relabeled "Core Earnings (excluding PAA)" as "Earnings Available for Distribution." Earnings Available for Distribution, which is a non-GAAP financial measure intended to supplement the Company's financial results computed in accordance with U.S. generally accepted accounting principles, replaces the Company's prior presentation of Core Earnings (excluding PAA). In addition, Core Earnings (excluding PAA) results from prior reporting periods have been relabeled Earnings Available for Distribution. In line with evolving industry practices, the Company believes the term Earnings Available for Distribution more accurately reflects the principal purpose of the measure than the term Core Earnings (excluding PAA) and serves as a useful indicator for investors in evaluating the Company's performance and its ability to pay dividends.

The definition of Earnings Available for Distribution is identical to the definition of Core Earning (excluding PAA) from prior reporting periods. As such, Earnings Available for Distribution is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) realized amortization of MSR, (d) other income (loss) (excluding depreciation expense related to commercial real estate and amortization of intangibles, non-EAD income allocated to equity method investments and other non-EAD 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-EAD 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.

Non-GAAP Reconciliations (continued)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
<i>Economic leverage ratio reconciliation</i>					
Repurchase agreements	\$54,769,643	\$55,475,420	\$60,221,067	\$61,202,477	\$64,825,239
Other secured financing	903,255	729,555	909,655	922,605	917,876
Debt issued by securitization vehicles	5,155,633	3,935,410	3,315,087	3,044,725	5,652,982
Participations issued	1,049,066	641,006	315,810	180,527	39,198
Mortgages payable	—	—	—	—	426,256
Debt included in liabilities of disposal group held for sale	112,144	113,362	2,306,633	3,260,788	—
Total GAAP debt	\$61,989,741	\$60,894,753	\$67,068,252	\$68,611,122	\$71,861,551
Less non-recourse debt:					
Credit facilities ⁽¹⁾	(\$903,255)	(\$729,555)	(\$909,655)	(\$922,605)	(\$887,455)
Debt issued by securitization vehicles	(5,155,633)	(3,935,410)	(3,315,087)	(3,044,725)	(5,652,982)
Participations issued	(1,049,066)	(641,006)	(315,810)	(180,527)	(39,198)
Mortgages payable	—	—	—	—	(426,256)
Non-recourse debt included in liabilities of disposal group held for sale	(112,144)	(113,362)	(2,035,982)	(2,968,620)	—
Total recourse debt	\$54,769,643	\$55,475,420	\$60,491,718	\$61,494,645	\$64,855,660
Plus / (Less):					
Cost basis of TBA and CMBX derivatives	\$20,690,768	\$24,202,686	\$18,107,549	\$23,538,792	\$20,780,913
Payable for unsettled trades	147,908	571,540	154,405	1,070,080	884,069
Receivable for unsettled trades	(2,656)	(42,482)	(14,336)	(144,918)	(15,912)
Economic debt *	\$75,605,663	\$80,207,164	\$78,739,336	\$85,958,599	\$86,504,730
Total equity	\$13,195,325	\$13,717,867	\$13,639,176	\$14,067,595	\$14,021,796
Economic leverage ratio *	5.7x	5.8x	5.8x	6.1x	6.2x

* Represents a non-GAAP financial measure.

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

Non-GAAP Reconciliations (continued)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
<i>Economic capital ratio reconciliation</i>					
Total assets	\$76,764,064	\$76,662,433	\$82,376,305	\$85,369,589	\$88,455,103
Less:					
Gross unrealized gains on TBA derivatives ⁽¹⁾	(52,693)	(1,776)	(31,943)	(17,404)	(96,109)
Debt issued by securitization vehicles ⁽²⁾	(5,155,633)	(3,935,410)	(4,925,196)	(5,587,281)	(5,652,982)
Plus:					
Implied market value of TBA derivatives	20,338,633	23,622,635	17,691,150	22,793,892	20,373,197
Total economic assets *	\$91,894,371	\$96,347,882	\$95,110,316	\$102,558,796	\$103,079,209
Total equity	\$13,195,325	\$13,717,867	\$13,639,176	\$14,067,595	\$14,021,796
Economic capital ratio ^{*(3)}	14.4%	14.2%	14.3%	13.7%	13.6%
<i>Premium Amortization Reconciliation</i>					
Premium amortization expense	\$219,172	\$233,429	\$320,108	(\$11,891)	\$239,118
Less:					
PAA cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Premium amortization expense (excluding PAA)	\$161,777	\$172,703	\$166,501	\$202,679	\$200,017
<i>Interest Income (excluding PAA) Reconciliation</i>					
GAAP interest income	\$422,780	\$412,972	\$383,906	\$763,378	\$527,344
PAA cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Interest income (excluding PAA) *	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
<i>Economic Interest Expense Reconciliation</i>					
GAAP interest expense	\$61,785	\$50,438	\$61,047	\$75,973	\$94,481
Add:					
Net interest component of interest rate swaps	58,897	54,411	83,087	79,747	66,807
Economic interest expense *	\$120,682	\$104,849	\$144,134	\$155,720	\$161,288
<i>Economic Net Interest Income (excluding PAA) Reconciliation</i>					
Interest income (excluding PAA) *	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
Less:					
Economic interest expense *	120,682	104,849	144,134	155,720	161,288
Economic net interest income (excluding PAA) *	\$359,493	\$368,849	\$393,379	\$393,088	\$405,157

* Represents a non-GAAP financial measure.

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

Non-GAAP Reconciliations (continued)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
<i>Economic Metrics (excluding PAA)</i>					
Average interest earning assets	\$73,134,966	\$72,145,283	\$77,916,766	\$81,121,340	\$80,973,433
Interest income (excluding PAA) *	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
Average yield on interest earning assets (excluding PAA) *	2.63%	2.63%	2.76%	2.71%	2.80%
Average interest bearing liabilities	\$63,342,740	\$62,614,042	\$68,469,413	\$72,002,031	\$72,233,239
Economic interest expense *	\$120,682	\$104,849	\$144,134	\$155,720	\$161,288
Average economic cost of interest bearing liabilities *	0.75%	0.66%	0.83%	0.87%	0.87%
Economic net interest income (excluding PAA)*	\$359,493	\$368,849	\$393,379	\$393,088	\$405,157
Net interest spread (excluding PAA) *	1.88%	1.97%	1.93%	1.84%	1.93%
Interest income (excluding PAA) *	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
TBA dollar roll income and CMBX coupon income	119,657	115,586	111,592	98,933	99,027
Economic interest expense *	(120,682)	(104,849)	(144,134)	(155,720)	(161,288)
Subtotal	\$479,150	\$484,435	\$504,971	\$492,021	\$504,184
Average interest earning assets	\$73,134,966	\$72,145,283	\$77,916,766	\$81,121,340	\$80,973,433
Average TBA contract and CMBX balances	21,159,120	22,739,226	18,761,062	21,865,969	20,744,672
Subtotal	\$94,294,086	\$94,884,509	\$96,677,828	\$102,987,309	\$101,718,105
Net interest margin (excluding PAA) *	2.03%	2.04%	2.09%	1.91%	1.98%

* Represents a non-GAAP financial measure.

Endnotes

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- (1) Net of dividends on preferred stock.
- (2) GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued and mortgages payable divided by total equity. Economic leverage is computed as the sum of recourse debt, cost basis of to-be-announced ("TBA") and 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). Certain credit facilities (included within other secured financing), debt issued by securitization vehicles, participations issued, and mortgages payable are non-recourse to the Company and are excluded from economic leverage.
- (3) GAAP capital ratio is computed as total equity divided by total assets. Economic capital ratio is computed as total equity divided by total economic assets. Total economic assets include the implied market value of TBA derivatives and are net of debt issued by securitization vehicles.
- (4) There were no unsettled commitments as of December 31, 2021 and September 30, 2021.
- (5) Excludes \$31.0 million and \$31.9 million related to a limited partnership interest in an MSR fund included in Other assets in the Company's Consolidated Statements of Financial Condition as of December 31, 2021 and September 30, 2021, respectively.
- (6) 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.
- (7) 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).
- (8) 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.

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- (1) Consists of common stock, additional paid-in capital, accumulated other comprehensive income (loss) and accumulated deficit.
- (2) Utilizes an actual/360 factor.

[Page 5 \(continued\)](#)

- (3) The average and period-end rates are net of reverse repurchase agreements. Without netting reverse repurchase agreements, the average rate and the period-end rate was unchanged for each period.
- (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.

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- (1) Includes GAAP interest expense and the net interest component of interest rate swaps.
- (2) Net of dividends on preferred stock.

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

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- (1) Includes a loan loss (reversal)/provision of \$1.7 million, (\$0.6) million, \$0.6 million, (\$5.3) million and (\$1.0) million on the Company's unfunded loan commitments for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 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-EAD (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) All quarters presented include costs incurred in connection with securitizations of residential whole loans.
- (5) TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on other derivatives and financial instruments. CMBX coupon income totaled \$1.1 million, \$1.2 million, \$1.4 million, \$1.5 million and \$1.5 million for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, respectively.
- (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.

Endnotes (continued)

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- (1) Includes other income (loss), general and administrative expenses and income taxes.
- (2) Includes other income (loss) (excluding non-EAD 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-EAD income tax).

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- (1) Includes Agency-backed multifamily securities with an estimated fair value of \$1.8 billion (\$0.6 billion of which have been transferred or pledged to securitization vehicles).
- (2) Includes Agency-backed multifamily securities with an estimated fair value of \$28.1 million.
- (3) Includes fixed-rate collateralized mortgage obligations with an estimated fair value of \$121.7 million.
- (4) Weighted by current face value.
- (5) Weighted by current notional value.

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- (1) Included in Other assets in the Company's Consolidated Statements of Financial Condition.
- (2) Weighted by estimated fair value.
- (3) 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 and financial instruments.

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- (1) All Middle Market Lending positions are floating rate.
- (2) Includes mezzanine loans.

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- (1) Current notional is presented net of receiver swaps.
- (2) As of December 31, 2021, 18%, 53% and 29% 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) 2% 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.

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- (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, MSR and derivative instruments.
- (3) Net asset value ("NAV") represents book value of common equity.

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- (1) Derived from the audited consolidated financial statements at December 31, 2020.
- (2) 7.50% Series D Cumulative Redeemable Preferred Stock - Includes 0 shares authorized, issued and outstanding at December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021. Includes 18,400,000 shares authorized and 0 shares issued and outstanding at December 31, 2020. 6.95% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock - Includes 28,800,000 shares authorized, issued and outstanding. 6.50% Series G Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock - Includes 17,000,000 shares authorized, issued and outstanding at December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021. Includes 19,550,000 shares authorized and 17,000,000 shares issued and outstanding at December 31, 2020. 6.75% Series I Preferred Stock - Includes 17,700,000 shares authorized, issued and outstanding at December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021. Includes 18,400,000 shares authorized and 17,700,000 issued and outstanding at December 31, 2020.
- (3) Includes 2,936,500,000 shares authorized at December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021; 2,914,850,000 shares authorized at December 31, 2020. Includes 1,459,736,258 shares issued and outstanding at December 31, 2021; Includes 1,449,935,017 shares issued and outstanding at September 30, 2021; 1,444,156,029 shares issued and outstanding at June 30, 2021; 1,398,502,906 shares issued and outstanding at March 31, 2021; 1,398,240,618 shares issued and outstanding at December 31, 2020.

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- (1) Included in Other secured financing in the Company's Consolidated Statements of Financial Condition.

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- (1) Included in Derivative assets in the Company's Consolidated Statements of Financial Condition.
- (2) Includes debt issued by securitization vehicles reported in Liabilities of disposal group held for sale in the Company's Consolidated Statements of Financial Condition.
- (3) Economic capital ratio is computed as total equity divided by total economic assets.