

ANNALY®

Fourth Quarter 2023 Supplemental Information

February 7, 2024

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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. Such statements include those relating to the Company's future performance, macro outlook, the interest rate and credit environments, tax reform and future opportunities. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities ("MBS") and other securities for purchase; the availability of financing and, if available, the terms of any financing; changes in the market value of the Company's assets; changes in business conditions and the general economy including cybersecurity incidents; the Company's ability to grow its residential credit business; the Company's ability to grow its mortgage servicing rights business; credit risks related to the Company's investments in credit risk transfer securities and residential mortgage-backed securities and related residential mortgage credit assets; risks related to investments in mortgage servicing rights; the Company's ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting the Company's business; the Company's ability to maintain its qualification as a REIT for U.S. federal income tax purposes; the Company's ability to maintain its exemption from registration under the Investment Company Act of 1940; and operational risks or risk management failures by us or critical third parties, including cybersecurity incidents. 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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Financial Snapshot

Unaudited, dollars in thousands except per share amounts

	For the quarters ended		
	12/31/2023	9/30/2023	
Income Statement	GAAP net income (loss) per average common share ⁽¹⁾	(\$0.88)	(\$1.21)
	Earnings available for distribution per average common share ^{*(1)}	\$0.68	\$0.66
	Annualized GAAP return (loss) on average equity ⁽²⁾	(14.21%)	(20.18%)
	Annualized EAD return on average equity*	13.76%	12.96%
Balance Sheet	Book value per common share	\$19.44	\$18.25
	GAAP leverage at period-end ⁽³⁾	6.8x	7.1x
	Economic leverage at period-end ^{*(3)}	5.7x	6.4x
	GAAP capital ratio at period-end ⁽⁴⁾	12.2%	11.9%
	Economic capital ratio at period-end ^{*(4)}	14.0%	13.1%
Portfolio	Securities	\$69,613,565	\$69,860,730
	Loans, net	2,353,084	1,793,140
	Mortgage servicing rights ⁽⁵⁾	2,122,196	2,234,813
	Assets transferred or pledged to securitization vehicles	13,307,622	11,450,346
	Total investment portfolio	\$87,396,467	\$85,339,029
GAAP Key Statistics	Net interest margin ⁽⁶⁾	(0.25%)	(0.20%)
	Average yield on interest earning assets ⁽⁷⁾	4.55%	4.49%
	Average GAAP cost of interest bearing liabilities ⁽⁸⁾	5.37%	5.27%
	Net interest spread	(0.82%)	(0.78%)
Non-GAAP Key Statistics	Net interest margin (excluding PAA) ^{*(6)}	1.58%	1.48%
	Average yield on interest earning assets (excluding PAA) ^{*(7)}	4.64%	4.46%
	Average economic cost of interest bearing liabilities ^{*(8)}	3.42%	3.28%
	Net interest spread (excluding PAA) *	1.22%	1.18%
Efficiency	Operating expenses to earnings available for distribution *	10.36%	11.03%
	Annualized operating expenses as a % of average total assets	0.17%	0.18%
	Annualized operating expenses as a % of average total equity	1.41%	1.41%

* 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				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Agency mortgage-backed securities	\$66,308,788	\$66,591,536	\$67,764,264	\$65,623,534	\$62,274,895
Residential credit risk transfer securities	974,059	982,951	1,064,401	1,085,384	997,557
Non-agency mortgage-backed securities	2,108,274	2,063,861	2,008,106	2,028,656	1,991,146
Commercial mortgage-backed securities	222,444	222,382	365,690	500,611	526,309
Total securities	\$69,613,565	\$69,860,730	\$71,202,461	\$69,238,185	\$65,789,907
Residential mortgage loans	\$2,353,084	\$1,793,140	\$1,154,320	\$1,642,822	\$1,809,832
Total loans, net	\$2,353,084	\$1,793,140	\$1,154,320	\$1,642,822	\$1,809,832
Mortgage servicing rights	\$2,122,196	\$2,234,813	\$2,018,896	\$1,790,980	\$1,748,209
Residential mortgage loans transferred or pledged to securitization vehicles	\$13,307,622	\$11,450,346	\$11,318,419	\$10,277,588	\$9,121,912
Assets transferred or pledged to securitization vehicles	\$13,307,622	\$11,450,346	\$11,318,419	\$10,277,588	\$9,121,912
Total investment portfolio	\$87,396,467	\$85,339,029	\$85,694,096	\$82,949,575	\$78,469,860
Total assets	\$93,227,236	\$89,648,423	\$89,330,477	\$86,832,017	\$81,850,712
Period-end TBA contract and CMBX balances, implied market value	(\$573,602)	\$1,925,614	\$3,627,716	\$12,386,325	\$10,984,878
Average TBA contract and CMBX balances, implied market value	\$816,835	\$2,943,120	\$6,305,144	\$13,935,845	\$11,492,947

Portfolio-Related Data

Financing and Capital Data

Unaudited, dollars in thousands except per share amounts

	For the quarters ended					
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	
Financing Data	Repurchase agreements	\$62,201,543	\$64,693,821	\$61,637,600	\$60,993,018	\$59,512,597
	Other secured financing	500,000	500,000	500,000	250,000	250,000
	Debt issued by securitization vehicles	11,600,338	9,983,847	9,789,282	8,805,911	7,744,160
	Participations issued	1,103,835	788,442	492,307	673,431	800,849
	U.S. Treasury securities sold, not yet purchased	2,132,751	—	—	—	—
	Total debt	\$77,538,467	\$75,966,110	\$72,419,189	\$70,722,360	\$68,307,606
	Total liabilities	\$81,882,145	\$78,971,366	\$77,443,132	\$74,922,984	\$70,481,286
	Cumulative redeemable preferred stock	\$1,536,569	\$1,536,569	\$1,536,569	\$1,536,569	\$1,536,569
	Common equity ⁽¹⁾	9,719,224	9,027,901	10,239,710	10,255,553	9,733,874
	Total Annaly stockholders' equity	11,255,793	10,564,470	11,776,279	11,792,122	11,270,443
	Non-controlling interests	89,298	112,587	111,066	116,911	98,983
Total equity	\$11,345,091	\$10,677,057	\$11,887,345	\$11,909,033	\$11,369,426	
Key Capital and Hedging Metrics	Weighted average days to maturity of repurchase agreements	44	52	44	59	27
	Weighted average rate on repurchase agreements, for the quarter ⁽²⁾⁽³⁾	5.56%	5.44%	5.15%	4.62%	3.72%
	Weighted average rate on repurchase agreements, at period-end ⁽³⁾	5.70%	5.54%	5.29%	5.03%	4.29%
	GAAP leverage at period-end	6.8x	7.1x	6.1x	5.9x	6.0x
	Economic leverage at period-end *	5.7x	6.4x	5.8x	6.4x	6.3x
	GAAP capital ratio at period-end	12.2%	11.9%	13.3%	13.7%	13.9%
	Economic capital ratio at period-end *	14.0%	13.1%	14.3%	13.2%	13.4%
	Book value per common share	\$19.44	\$18.25	\$20.73	\$20.77	\$20.79
	Total common shares outstanding	500,080	494,814	493,893	493,881	468,310
	Hedge ratio ⁽⁴⁾	106%	115%	105%	106%	107%
	Weighted average pay rate on interest rate swaps, at period-end	3.04%	2.61%	2.50%	2.13%	1.74%
	Weighted average receive rate on interest rate swaps, at period-end	5.31%	5.27%	5.05%	4.87%	4.28%
	Weighted average net rate on interest rate swaps, at period-end	(2.27%)	(2.66%)	(2.55%)	(2.74%)	(2.54%)

* 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				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Total interest income	\$990,352	\$1,001,485	\$921,494	\$818,250	\$798,934
Total interest expense	1,043,902	1,046,819	953,457	798,787	663,847
Net interest income	(\$53,550)	(\$45,334)	(\$31,963)	\$19,463	\$135,087
Total economic interest expense ^{*(1)}	\$664,525	\$652,142	\$528,164	\$413,081	\$377,247
Economic net interest income *	\$325,827	\$349,343	\$393,330	\$405,169	\$421,687
Total interest income (excluding PAA) *	\$1,009,500	\$995,423	\$909,571	\$818,741	\$790,798
Economic net interest income (excluding PAA) *	\$344,975	\$343,281	\$381,407	\$405,660	\$413,551
GAAP net income (loss)	(\$391,232)	(\$569,084)	\$161,187	(\$839,328)	(\$886,814)
GAAP net income (loss) available (related) to common stockholders ⁽²⁾	(\$440,924)	(\$599,059)	\$131,267	(\$876,131)	(\$918,336)
GAAP net income (loss) per average common share ⁽²⁾	(\$0.88)	(\$1.21)	\$0.27	(\$1.79)	(\$1.96)
Earnings available for distribution *	\$375,430	\$361,979	\$389,475	\$427,130	\$448,009
Earnings available for distribution attributable to common stockholders ^{*(2)}	\$338,249	\$325,125	\$353,709	\$395,255	\$418,035
Earnings available for distribution per average common share ^{*(2)}	\$0.68	\$0.66	\$0.72	\$0.81	\$0.89
PAA cost (benefit)	\$19,148	(\$6,062)	(\$11,923)	\$491	(\$8,136)
Weighted average experienced CPR for the period	6.3%	7.3%	7.0%	5.5%	7.5%
Weighted average projected long-term CPR at period-end	9.4%	7.1%	8.6%	8.4%	7.8%

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					
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	
Key GAAP Earnings Metrics	Dividends declared per common share	\$0.65	\$0.65	\$0.65	\$0.65	\$0.88
	Total common and preferred dividends declared ⁽¹⁾	\$363,758	\$360,018	\$358,214	\$354,374	\$443,513
	Annualized GAAP return (loss) on average equity ⁽²⁾	(14.21%)	(20.18%)	5.42%	(28.84%)	(31.78%)
	Annualized GAAP return (loss) on average equity per unit of GAAP leverage	(2.09%)	(2.84%)	0.89%	(4.89%)	(5.30%)
	Net interest margin	(0.25%)	(0.20%)	(0.15%)	0.09%	0.65%
	Average yield on interest earning assets	4.55%	4.49%	4.27%	3.96%	3.86%
	Average GAAP cost of interest bearing liabilities	5.37%	5.27%	5.00%	4.52%	3.71%
	Net interest spread	(0.82%)	(0.78%)	(0.73%)	(0.56%)	0.15%
Key Non-GAAP Earnings Metrics	Annualized EAD return on average equity *	13.76%	12.96%	13.22%	14.82%	16.19%
	Annualized EAD return on average equity per unit of economic leverage *	2.41%	2.03%	2.28%	2.32%	2.57%
	Net interest margin (excluding PAA) *	1.58%	1.48%	1.66%	1.76%	1.90%
	Average yield on interest earning assets (excluding PAA) *	4.64%	4.46%	4.22%	3.96%	3.82%
	Average economic cost of interest bearing liabilities *	3.42%	3.28%	2.77%	2.34%	2.11%
	Net interest spread (excluding PAA) *	1.22%	1.18%	1.45%	1.62%	1.71%

* 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				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Interest income:					
Agency Securities	\$697,299	\$753,007	\$686,912	\$603,102	\$607,082
Resi Credit Securities	57,815	57,229	56,477	53,745	46,673
Residential mortgage loans	212,440	181,965	162,202	147,231	135,116
Commercial investment portfolio	4,376	5,812	8,310	9,887	9,144
Reverse repurchase agreements	18,422	3,472	7,593	4,285	919
Total interest income	\$990,352	\$1,001,485	\$921,494	\$818,250	\$798,934
Economic interest expense:					
Repurchase agreements	\$879,531	\$917,997	\$841,257	\$698,742	\$569,141
Net interest component of interest rate swaps	(379,377)	(394,677)	(425,293)	(385,706)	(286,600)
U.S. Treasury securities sold, not yet purchased	11,497	—	—	—	—
Debt issued by securitization vehicles	135,869	116,962	101,819	88,934	75,695
Participations issued	17,005	11,860	10,381	11,111	14,408
Other	—	—	—	—	4,603
Total economic interest expense *	\$664,525	\$652,142	\$528,164	\$413,081	\$377,247
Economic net interest income *	\$325,827	\$349,343	\$393,330	\$405,169	\$421,687
PAA cost (benefit)	19,148	(6,062)	(11,923)	491	(8,136)
Economic net interest income (excluding PAA) *	\$344,975	\$343,281	\$381,407	\$405,660	\$413,551

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				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
GAAP net income (loss)	(\$391,232)	(\$569,084)	\$161,187	(\$839,328)	(\$886,814)
Adjustments to exclude reported realized and unrealized (gains) losses:					
Net (gains) losses on investments and other ⁽¹⁾	(1,887,795)	2,710,208	1,316,837	(1,712)	1,124,924
Net (gains) losses on derivatives ⁽²⁾	2,681,288	(1,732,753)	(1,050,032)	1,286,458	202,337
Loan loss provision (reversal)	—	—	—	(219)	7,258
Business divestiture-related (gains) losses ⁽³⁾	—	—	—	—	13,013
Other adjustments:					
Amortization of intangibles	673	2,384	758	758	758
Non-EAD (income) loss allocated to equity method investments ⁽⁴⁾	197	(140)	541	(244)	(306)
Transaction expenses and non-recurring items ⁽⁵⁾	2,319	1,882	2,650	1,358	807
Income tax effect of non-EAD income (loss) items	1,484	9,444	12,364	8,278	(418)
TBA dollar roll income and CMBX coupon income ⁽⁶⁾	1,720	(1,016)	1,734	18,183	34,767
MSR amortization ⁽⁷⁾	(48,358)	(49,073)	(41,297)	(43,423)	(38,633)
EAD attributable to noncontrolling interests	(4,014)	(3,811)	(3,344)	(3,470)	(1,548)
Premium amortization adjustment cost (benefit)	19,148	(6,062)	(11,923)	491	(8,136)
Earnings available for distribution *	375,430	361,979	389,475	427,130	448,009
Dividends on preferred stock	37,181	36,854	35,766	31,875	29,974
Earnings available for distribution attributable to common stockholders *	\$338,249	\$325,125	\$353,709	\$395,255	\$418,035

EAD* 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					
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	
Book Value Rollforward	Book value per common share, beginning of period	\$18.25	\$20.73	\$20.77	\$20.79	\$19.94
	Net income (loss) available (related) to common stockholders	(0.88)	(1.21)	0.27	(1.79)	(1.96)
	Other comprehensive income (loss) attributable to common stockholders	2.72	(0.63)	0.34	2.37	3.68
	Common dividends declared	(0.65)	(0.65)	(0.65)	(0.65)	(0.88)
	Issuance / buyback of common stock / redemption of preferred stock	—	0.01	—	0.05	0.01
	Book value per common share, end of period	\$19.44	\$18.25	\$20.73	\$20.77	\$20.79
Net Interest Margin	Prior quarter net interest margin	(0.20%)	(0.15%)	0.09%	0.65%	1.42%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	0.19%	0.16%	0.17%	0.22%	0.48%
	Net amortization of premiums	(0.13%)	0.06%	0.14%	(0.12%)	(0.09%)
	GAAP interest expense	(0.11%)	(0.27%)	(0.55%)	(0.66%)	(1.16%)
	Current quarter net interest margin	(0.25%)	(0.20%)	(0.15%)	0.09%	0.65%
Net Interest Spread	Prior quarter net interest spread	(0.78%)	(0.73%)	(0.56%)	0.15%	1.09%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	0.19%	0.16%	0.17%	0.22%	0.48%
	Net amortization of premiums	(0.13%)	0.06%	0.14%	(0.12%)	(0.09%)
	GAAP interest expense	(0.10%)	(0.27%)	(0.48%)	(0.81%)	(1.33%)
	Current quarter net interest spread	(0.82%)	(0.78%)	(0.73%)	(0.56%)	0.15%

Quarter-Over-Quarter Changes in Key Metrics *(cont'd)*

Unaudited

	For the quarters ended					
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	
Net Interest Margin (excluding PAA)*	Prior quarter net interest margin (excluding PAA) *	1.48%	1.66%	1.76%	1.90%	1.98%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets (including average TBA dollar roll and CMBX balances)	0.29%	0.31%	0.49%	0.09%	0.67%
	Net amortization of premiums (excluding PAA)	(0.01%)	0.07%	0.05%	(0.05%)	0.07%
	TBA dollar roll income and CMBX coupon income	0.02%	(0.01%)	(0.07%)	(0.07%)	(0.29%)
	Interest expense and net interest component of interest rate swaps	(0.20%)	(0.55%)	(0.57%)	(0.11%)	(0.53%)
Current quarter net interest margin (excluding PAA) *	1.58%	1.48%	1.66%	1.76%	1.90%	
Net Interest Spread (excluding PAA)*	Prior quarter net interest spread (excluding PAA) *	1.18%	1.45%	1.62%	1.71%	1.70%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	0.19%	0.15%	0.17%	0.22%	0.48%
	Net amortization of premiums (excluding PAA)	(0.01%)	0.09%	0.09%	(0.08%)	0.10%
	Interest expense and net interest component of interest rate swaps	(0.14%)	(0.51%)	(0.43%)	(0.23%)	(0.57%)
	Current quarter net interest spread (excluding PAA) *	1.22%	1.18%	1.45%	1.62%	1.71%

* Represents a non-GAAP financial measure.

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

Unaudited

	For the quarters ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Annualized GAAP Return (Loss) on Average Equity					
Prior quarter annualized GAAP return (loss) on average equity	(20.18%)	5.42%	(28.84%)	(31.78%)	(9.94%)
<i>Quarter-over-quarter changes in contribution:</i>					
Coupon income	1.44%	4.18%	1.88%	0.22%	4.71%
Net amortization of premiums and accretion of discounts	(0.97%)	0.35%	0.98%	(0.73%)	(0.70%)
GAAP interest expense	(0.81%)	(5.06%)	(4.60%)	(3.66%)	(9.26%)
Net servicing income	0.05%	0.60%	(0.11%)	(0.04%)	0.25%
Net gains (losses) on investments and other	165.02%	(52.19%)	(44.06%)	40.38%	57.77%
Net gains (losses) on derivatives	(159.04%)	25.83%	80.55%	(33.98%)	(73.83%)
Business divestiture-related gains (losses) ⁽¹⁾	0.00%	0.00%	0.00%	0.46%	(0.36%)
Loan loss provision	0.00%	0.00%	(0.01%)	0.27%	(0.32%)
Other ⁽²⁾	0.28%	0.69%	(0.37%)	0.02%	(0.10%)
Current quarter annualized GAAP return (loss) on average equity	(14.21%)	(20.18%)	5.42%	(28.84%)	(31.78%)
Annualized EAD Return on Average Equity*					
Prior quarter annualized EAD return on average equity *	12.96%	13.22%	14.82%	16.19%	17.57%
<i>Quarter-over-quarter changes in contribution:</i>					
Coupon income	1.42%	4.23%	1.90%	0.25%	4.79%
Net amortization of premiums (excluding PAA)	(0.06%)	0.54%	0.57%	(0.43%)	0.66%
Interest expense and net interest component of interest rate swaps	(1.01%)	(5.42%)	(3.60%)	(0.69%)	(4.16%)
Net servicing income	0.05%	0.61%	(0.11%)	(0.04%)	0.25%
TBA dollar roll income and CMBX coupon income	0.10%	(0.10%)	(0.57%)	(0.62%)	(2.60%)
Other ⁽³⁾	0.30%	(0.12%)	0.21%	0.16%	(0.32%)
Current quarter annualized EAD return on average equity *	13.76%	12.96%	13.22%	14.82%	16.19%

* Represents a non-GAAP financial measure.

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

Residential & Other Investments Overview as of December 31, 2023

Unaudited, dollars in thousands

Agency Fixed-Rate Securities (Pools) ⁽¹⁾							
Original Weighted Avg. Years to Maturity	Current Face Value	% ⁽³⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
<=15 years	\$123,005	0.2%	3.13%	101.7%	96.4%	9.4%	\$118,567
20 years	299,733	0.5%	3.46%	100.6%	94.9%	6.7%	284,595
>=30 years ⁽²⁾	63,116,697	99.3%	4.61%	100.2%	98.0%	6.3%	61,878,751
Total/Weighted Avg.	\$63,539,435	100.0%	4.60%	100.2%	98.0%	6.3%	\$62,281,913

Other Agency Securities							
Type	Current Face Value	% ⁽³⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
Multifamily	\$3,161,188	93.6%	4.66%	100.6%	101.1%	—%	\$3,194,667
Adjustable-rate	215,179	6.4%	5.43%	108.8%	101.5%	11.1%	218,342
Total/Weighted Avg.	\$3,376,367	100.0%	4.71%	101.1%	101.1%	11.1%	\$3,413,009

Agency Interest-Only Collateralized Mortgage-Backed Obligations							
Type	Current Notional Value	% ⁽⁴⁾	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
Interest-only	\$827,798	5.2%	3.48%	18.1%	15.6%	6.7%	\$128,798
Inverse interest-only	1,182,899	7.4%	0.63%	22.6%	11.4%	6.1%	135,207
Multifamily interest-only	13,968,857	87.4%	0.41%	2.7%	2.5%	—%	349,861
Total/Weighted Avg.	\$15,979,554	100.0%	0.59%	4.9%	3.8%	6.3%	\$613,866

Residential & Other Investments Overview as of December 31, 2023 (cont'd)

Unaudited, dollars in thousands

Mortgage Servicing Rights							
Type	Unpaid Principal Balance	Servicing Fee	Weighted Avg. Note Rate	Valuation	Discount Rate	Projected CPR	Estimated Fair Value
MSR held directly	\$151,172,993	0.26%	3.1%	140.4%	8.6%	5.6%	\$2,122,196
MSR of limited partnership interest ⁽¹⁾	2,570,656						35,289
Total/Weighted Avg.	\$153,743,649	0.26%	3.1%	140.4%	8.6%	5.6%	\$2,157,485

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	\$924,729	5.2%	9.66%	99.8%	105.3%		\$974,059
Alt-A	164,384	0.8%	5.55%	97.6%	91.4%		150,235
Prime	1,076,497	1.0%	3.43%	94.3%	82.2%		180,647
Subprime	272,955	1.3%	7.15%	88.4%	86.3%		235,605
NPL/RPL	1,237,531	6.4%	4.94%	99.9%	96.8%		1,197,555
Prime jumbo	9,425,280	1.8%	4.13%	106.4%	100.2%		344,232
Residential mortgage loans	16,611,204	83.5%	5.63%	100.0%	94.3%		15,660,706
Total/Weighted Avg.	\$29,712,580	100.0%	5.77%				\$18,743,039

Other Credit Products							
Type	Current Face / Notional Value		Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value		Estimated Fair Value
CRE CLO	\$224,597		7.22%	99.6%	99.0%		\$222,444

Residential Credit Securities Detail as of December 31, 2023

Unaudited, dollars in thousands

Product	Estimated Fair Value	Payment Structure		Investment Characteristics ⁽¹⁾			
		Senior	Subordinate	Coupon	Credit Enhancement	60+Delinquencies	3M VPR ⁽²⁾
Credit Risk Transfer	\$974,059	\$—	\$974,059	9.66%	1.73%	0.81%	4.40%
Alt-A	150,235	54,038	96,197	5.55%	14.69%	2.68%	8.66%
Prime	180,647	43,332	137,315	3.43%	8.29%	0.40%	3.38%
Subprime	235,605	72,016	163,589	7.15%	23.13%	8.74%	5.67%
Re-Performing Loan Securitizations	796,711	412,365	384,346	5.25%	28.24%	19.73%	4.61%
Non-Performing Loan Securitizations	400,844	346,867	53,977	4.32%	40.80%	66.32%	15.24%
Prime Jumbo	344,232	94,452	249,780	4.13%	3.13%	0.46%	3.06%
Total	\$3,082,333	\$1,023,070	\$2,059,263	6.35%	16.86%	14.97%	5.79%

Product	Bond Coupon				Estimated Fair Value
	ARM	Fixed	Floater	Interest Only	
Credit Risk Transfer	\$—	\$—	\$974,059	\$—	\$974,059
Alt-A	1,178	149,057	—	—	150,235
Prime	—	175,624	—	5,023	180,647
Subprime	—	213,199	22,309	97	235,605
Re-Performing Loan Securitizations	—	796,711	—	—	796,711
Non-Performing Loan Securitizations	—	400,844	—	—	400,844
Prime Jumbo	—	252,967	20,900	70,365	344,232
Total	\$1,178	\$1,988,402	\$1,017,268	\$75,485	\$3,082,333

Hedging & Liabilities as of December 31, 2023

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	\$21,397,358	3.17%	5.26%	1.23	
	> 3 to 6 years	12,461,799	3.09%	5.37%	4.75	
	> 6 to 10 years	22,949,150	2.85%	5.34%	8.02	
	Greater than 10 years	2,021,247	3.53%	5.27%	22.71	
Total / Weighted Avg.		\$58,829,554	3.04%	5.31%	5.36	
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	\$1,250,000	2.21%	SOFR	7.69	8.21
	Long Receive	\$500,000	1.65%	SOFR	10.30	3.53
U.S. Treasury Hedging Positions	Type	Long Contracts	Short Contracts	Net Positions	Weighted Avg. Years to Maturity	
	U.S. Treasury Positions - 2 year	\$—	(\$5,001,400)	(\$5,001,400)	1.97	
	U.S. Treasury Positions - 5 year	\$—	\$—	\$—	—	
	U.S. Treasury Positions - 10 year & greater	\$—	(\$3,864,600)	(\$3,864,600)	11.70	
	Total / Weighted Avg.	\$—	(\$8,866,000)	(\$8,866,000)	5.13	
Repurchase Agreements and Other Secured Financing	Maturity	Principal Balance	Weighted Avg. Rate At Period End			
	Within 30 days	\$32,811,903	5.75%			
	30 to 59 days	18,618,606	5.57%			
	60 to 89 days	7,198,769	5.64%			
	90 to 119 days	247,306	7.09%			
	Over 120 days ⁽⁴⁾	3,824,959	6.20%			
Total / Weighted Avg.		\$62,701,543	5.72%			
Total Indebtedness		Principal Balance	Weighted Average Rate		Days to Maturity ⁽⁵⁾	
			At Period End	For the Quarter		
	Repurchase agreements	\$62,201,543	5.70%	5.56%	44	
	Other secured financing	500,000	8.09%	8.08%	289	
	Debt issued by securitization vehicles	12,623,492	4.48%	4.43%	12,467	
	Participations issued	1,086,538	7.64%	6.97%	10,850	
Total indebtedness		\$76,411,573				

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

Quarter-Over-Quarter Interest Rate & MBS Spread Sensitivity

Assumptions:

- The interest rate sensitivity and MBS spread sensitivity are based on the portfolios as of December 31, 2023 and September 30, 2023
- 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

Unaudited

Interest Rate Sensitivity ⁽¹⁾				
Interest Rate Change (bps)	As of December 31, 2023		As of September 30, 2023	
	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)	(0.3%)	(2.2%)	0.4%	3.2%
(50)	(0.1%)	(0.9%)	0.3%	2.5%
(25)	—%	(0.2%)	0.2%	1.5%
25	—%	(0.4%)	(0.2%)	(1.8%)
50	(0.1%)	(1.2%)	(0.4%)	(3.8%)
75	(0.3%)	(2.4%)	(0.7%)	(6.0%)

MBS Spread Sensitivity ⁽¹⁾				
MBS Spread Shock (bps)	As of December 31, 2023		As of September 30, 2023	
	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)	1.3%	10.1%	1.4%	12.3%
(15)	0.8%	6.0%	0.8%	7.4%
(5)	0.3%	2.0%	0.3%	2.4%
5	(0.3%)	(2.0%)	(0.3%)	(2.4%)
15	(0.7%)	(6.0%)	(0.8%)	(7.3%)
25	(1.2%)	(9.9%)	(1.4%)	(12.1%)

Appendix

Consolidated Statements of Financial Condition

Dollars in thousands, except per share data

	12/31/2023 (unaudited)	9/30/2023 (unaudited)	6/30/2023 (unaudited)	3/31/2023 (unaudited)	12/31/2022
Assets					
Cash and cash equivalents	\$ 1,412,148	\$ 1,241,122	\$ 1,236,872	\$ 1,794,173	\$ 1,576,714
Securities	69,613,565	69,860,730	71,202,461	69,238,185	65,789,907
Loans, net	2,353,084	1,793,140	1,154,320	1,642,822	1,809,832
Mortgage servicing rights	2,122,196	2,234,813	2,018,896	1,790,980	1,748,209
Assets transferred or pledged to securitization vehicles	13,307,622	11,450,346	11,318,419	10,277,588	9,121,912
Derivative assets	162,557	549,833	457,119	400,139	342,064
Receivable for unsettled trades	2,710,224	1,047,566	787,442	679,096	575,091
Principal and interest receivable	1,222,705	1,158,648	944,537	773,722	637,301
Intangible assets, net	12,106	12,778	15,163	15,921	16,679
Other assets	311,029	299,447	195,248	219,391	233,003
Total assets	\$ 93,227,236	\$ 89,648,423	\$ 89,330,477	\$ 86,832,017	\$ 81,850,712
Liabilities and stockholders' equity					
Liabilities					
Repurchase agreements	\$ 62,201,543	\$ 64,693,821	\$ 61,637,600	\$ 60,993,018	\$ 59,512,597
Other secured financing	500,000	500,000	500,000	250,000	250,000
Debt issued by securitization vehicles	11,600,338	9,983,847	9,789,282	8,805,911	7,744,160
Participations issued	1,103,835	788,442	492,307	673,431	800,849
U.S. Treasury securities sold, not yet purchased	2,132,751	—	—	—	—
Derivative liabilities	302,295	97,616	156,182	473,515	204,172
Payable for unsettled trades	3,249,389	2,214,319	4,331,315	3,259,034	1,157,846
Interest payable	287,937	198,084	140,620	118,395	325,280
Dividends payable	325,052	321,629	321,031	321,023	412,113
Other liabilities	179,005	173,608	74,795	28,657	74,269
Total liabilities	81,882,145	78,971,366	77,443,132	74,922,984	70,481,286
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⁾	5,001	4,948	4,939	4,939	4,683
Additional paid-in capital	23,672,391	23,572,996	23,550,346	23,543,091	22,981,320
Accumulated other comprehensive income (loss)	(1,335,400)	(2,694,776)	(2,382,531)	(2,550,614)	(3,708,896)
Accumulated deficit	(12,622,768)	(11,855,267)	(10,933,044)	(10,741,863)	(9,543,233)
Total stockholders' equity	11,255,793	10,564,470	11,776,279	11,792,122	11,270,443
Noncontrolling interests	89,298	112,587	111,066	116,911	98,983
Total equity	11,345,091	10,677,057	11,887,345	11,909,033	11,369,426
Total liabilities and equity	\$ 93,227,236	\$ 89,648,423	\$ 89,330,477	\$ 86,832,017	\$ 81,850,712

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	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Net interest income					
Interest income	\$ 990,352	\$ 1,001,485	\$ 921,494	\$ 818,250	\$ 798,934
Interest expense	1,043,902	1,046,819	953,457	798,787	663,847
Net interest income	(53,550)	(45,334)	(31,963)	19,463	135,087
Net servicing income					
Servicing and related income	98,474	97,620	83,790	84,273	82,040
Servicing and related expense	11,219	9,623	8,930	7,880	7,659
Net servicing income	87,255	87,997	74,860	76,393	74,381
Other income (loss)					
Net gains (losses) on investments and other	1,894,744	(2,713,126)	(1,308,948)	1,712	(1,124,924)
Net gains (losses) on derivatives	(2,301,911)	2,127,430	1,475,325	(900,752)	84,263
Loan loss (provision) reversal	—	—	—	219	(7,258)
Business divestiture-related gains (losses)	—	—	—	—	(13,013)
Other, net	22,863	26,250	9,105	15,498	7,569
Total other income (loss)	(384,304)	(559,446)	175,482	(883,323)	(1,053,363)
General and administrative expenses					
Compensation expense	29,502	30,064	30,635	29,391	29,714
Other general and administrative expenses	9,399	9,845	12,280	11,437	13,291
Total general and administrative expenses	38,901	39,909	42,915	40,828	43,005
Income (loss) before income taxes	(389,500)	(556,692)	175,464	(828,295)	(886,900)
Income taxes	1,732	12,392	14,277	11,033	(86)
Net income (loss)	(391,232)	(569,084)	161,187	(839,328)	(886,814)
Net income (loss) attributable to noncontrolling interests	12,511	(6,879)	(5,846)	4,928	1,548
Net income (loss) attributable to Annaly	(403,743)	(562,205)	167,033	(844,256)	(888,362)
Dividends on preferred stock	37,181	36,854	35,766	31,875	29,974
Net income (loss) available (related) to common stockholders	\$ (440,924)	\$ (599,059)	\$ 131,267	\$ (876,131)	\$ (918,336)
Net income (loss) per share available (related) to common stockholders					
Basic	\$ (0.88)	\$ (1.21)	\$ 0.27	\$ (1.79)	\$ (1.96)
Diluted	\$ (0.88)	\$ (1.21)	\$ 0.27	\$ (1.79)	\$ (1.96)
Weighted average number of common shares outstanding					
Basic	499,871,725	494,330,361	494,165,256	489,688,364	468,250,672
Diluted	499,871,725	494,330,361	494,358,982	489,688,364	468,250,672
Other comprehensive income (loss)					
Net income (loss)	\$ (391,232)	\$ (569,084)	\$ 161,187	\$ (839,328)	\$ (886,814)
Unrealized gains (losses) on available-for-sale securities	1,024,637	(825,286)	(294,045)	675,374	445,896
Reclassification adjustment for net (gains) losses included in net income (loss)	334,739	513,041	462,128	482,908	1,276,644
Other comprehensive income (loss)	1,359,376	(312,245)	168,083	1,158,282	1,722,540
Comprehensive income (loss)	968,144	(881,329)	329,270	318,954	835,726
Comprehensive income (loss) attributable to noncontrolling interests	12,511	(6,879)	(5,846)	4,928	1,548
Comprehensive income (loss) attributable to Annaly	955,633	(874,450)	335,116	314,026	834,178
Dividends on preferred stock	37,181	36,854	35,766	31,875	29,974
Comprehensive income (loss) attributable to common stockholders	\$ 918,452	\$ (911,304)	\$ 299,350	\$ 282,151	\$ 804,204

Income Statement Gains (Losses) Detail

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Other Income Statement Details					
Net gains (losses) on disposal of investments and other	(\$1,174,680)	(\$616,525)	(\$610,397)	(\$521,592)	(\$1,289,865)
Net unrealized gains (losses) on instruments measured at fair value through earnings	3,069,424	(2,096,601)	(698,551)	523,304	164,941
Net gains (losses) on investments and other	\$1,894,744	(\$2,713,126)	(\$1,308,948)	\$1,712	(\$1,124,924)
Net interest component of interest rate swaps	\$379,377	\$394,677	\$425,293	\$385,706	\$286,600
Realized gains (losses) on termination or maturity of interest rate swaps	6,498	16,416	48,148	(145,819)	(183,018)
Unrealized gains (losses) on interest rate swaps	(2,176,607)	1,475,547	841,702	(956,272)	8,382
Net gains (losses) on other derivatives	(511,179)	240,790	160,182	(184,367)	(27,701)
Net gains (losses) on derivatives	(\$2,301,911)	\$2,127,430	\$1,475,325	(\$900,752)	\$84,263

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 ("EAD"), or the premium amortization adjustment ("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, 2023, September 30, 2023, June 30, 2023, March 31, 2023 and December 31, 2022, is provided on page 9 of this supplemental information.

[Earnings available for distribution, earnings available for distribution attributable to common stockholders, earnings available for distribution per average common share and annualized EAD return on average equity](#)

The Company's principal business objective is to generate net income for distribution to its stockholders and to preserve capital through prudent selection of investments and continuous management of its portfolio. The Company generates net income by earning a net interest spread on its investment portfolio, which is a function of interest income from its investment portfolio less financing, hedging and operating costs. Earnings available for distribution, which is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) net servicing income less realized amortization of MSR, (d) other income (loss) (excluding 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 is used by the Company's management and, the Company believes, used by analysts and investors to measure its progress in achieving its principal business objective.

The Company seeks to fulfill this objective through a variety of factors including portfolio construction, the degree of market risk exposure and related hedge profile, and the use and forms of leverage, all while operating within the parameters of the Company's capital allocation policy and risk governance framework.

The Company believes these non-GAAP measures provide management and investors with additional details regarding the Company's underlying operating results and investment portfolio trends by (i) making adjustments to account for the disparate reporting of changes in fair value where certain instruments are reflected in GAAP net income (loss) while others are reflected in other comprehensive income (loss) and (ii) by excluding certain unrealized, non-cash or episodic components of GAAP net income (loss) in order to provide additional transparency into the operating performance of the Company's portfolio. In addition, EAD serves as a useful indicator for investors in evaluating the Company's performance and ability to pay dividends. Annualized EAD return on average equity, which is calculated by dividing earnings available for distribution over average stockholders' equity, provides investors with additional detail on the earnings available for distribution generated by the Company's invested equity capital.

[Premium Amortization Expense](#)

In accordance with GAAP, the Company amortizes or accretes premiums or discounts into interest income for its Agency mortgage-backed securities, excluding interest-only securities, multifamily and reverse mortgages, taking into account estimates of future principal prepayments in the calculation of the effective yield. The Company recalculates the effective yield as differences between anticipated and actual prepayments occur. Using third-party model and market information to project future cash flows and expected remaining lives of securities, the effective interest rate determined for each security is applied as if it had been in place from the date of the security's acquisition. The amortized cost of the security is then adjusted to the amount that would have existed had the new effective yield been applied since the acquisition date. The adjustment to amortized cost is offset with a charge or credit to interest income. Changes in interest rates and other market factors will impact prepayment speed projections and the amount of premium amortization recognized in any given period.

The Company's GAAP metrics include the unadjusted impact of amortization and accretion associated with this method. Certain of the Company's non-GAAP metrics exclude the effect of the PAA, which quantifies the component of premium amortization representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term CPR.

Non-GAAP Reconciliations *(cont'd)*

[Economic leverage and economic capital ratios](#)

The Company uses capital coupled with borrowed funds to invest primarily in real estate related investments, earning the spread between the yield on its assets and the cost of its borrowings and hedging activities. The Company's capital structure is designed to offer an efficient complement of funding sources to generate positive risk-adjusted returns for its stockholders while maintaining appropriate liquidity to support its business and meet the Company's financial obligations under periods of market stress. To maintain its desired capital profile, the Company utilizes a mix of debt and equity funding. Debt funding may include the use of repurchase agreements, loans, securitizations, participations issued, lines of credit, asset backed lending facilities, corporate bond issuance, convertible bonds or other liabilities. Equity capital primarily consists of common and preferred stock.

The Company's economic leverage ratio is computed as the sum of recourse debt, cost basis of TBA and CMBX derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements, other secured financing, and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles and participations issued are non-recourse to the Company and are excluded from economic leverage.

[Interest income \(excluding PAA\), economic interest expense and economic net interest income \(excluding PAA\)](#)

Interest income (excluding PAA) represents interest income excluding the effect of the PAA, and serves as the basis for deriving average yield on interest earning assets (excluding PAA), net interest spread (excluding PAA) and net interest margin (excluding PAA), which are discussed below. The Company believes this measure provides management and investors with additional detail to enhance their understanding of the Company's operating results and trends by excluding the component of premium amortization expense 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 (other than interest-only securities, multifamily and reverse mortgages), which can obscure underlying trends in the performance of the portfolio.

Economic interest expense includes GAAP interest expense and the net interest component of interest rate swaps. The Company uses interest rate swaps to manage its exposure to changing interest rates on its repurchase agreements by economically hedging cash flows associated with these borrowings. Accordingly, adding the net interest component of interest rate swaps to interest expense, as computed in accordance with GAAP, reflects the total contractual interest expense and thus, provides investors with additional information about the cost of the Company's financing strategy. The Company may use market agreed coupon ("MAC") interest rate swaps in which the Company may receive or make a payment at the time of entering into such interest rate swap to compensate for the off-market nature of such interest rate swap. In accordance with GAAP, upfront payments associated with MAC interest rate swaps are not reflected in the net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss).

[Average yield on interest earning assets \(excluding PAA\), net interest spread \(excluding PAA\), net interest margin \(excluding PAA\) and average economic cost of interest bearing liabilities](#)

Net interest spread (excluding PAA), which is the difference between the average yield on interest earning assets (excluding PAA) and the average economic cost of interest bearing liabilities, which represents annualized economic interest expense divided by average interest bearing liabilities, and net interest margin (excluding PAA), which is calculated as the sum of 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, provide management with additional measures of the Company's profitability that management relies upon in monitoring the performance of the business.

Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<i>Economic leverage ratio reconciliation</i>					
Repurchase agreements	\$62,201,543	\$64,693,821	\$61,637,600	\$60,993,018	\$59,512,597
Other secured financing	500,000	500,000	500,000	250,000	250,000
Debt issued by securitization vehicles	11,600,338	9,983,847	9,789,282	8,805,911	7,744,160
Participations issued	1,103,835	788,442	492,307	673,431	800,849
U.S. Treasury securities sold, not yet purchased	2,132,751	—	—	—	—
Total GAAP debt	\$77,538,467	\$75,966,110	\$72,419,189	\$70,722,360	\$68,307,606
Less non-recourse debt:					
Debt issued by securitization vehicles	(\$11,600,338)	(\$9,983,847)	(\$9,789,282)	(\$8,805,911)	(\$7,744,160)
Participations issued	(1,103,835)	(788,442)	(492,307)	(673,431)	(800,849)
Total recourse debt	\$64,834,294	\$65,193,821	\$62,137,600	\$61,243,018	\$59,762,597
Plus / (Less):					
Cost basis of TBA and CMBX derivatives	(\$555,221)	\$1,965,117	\$3,625,443	\$12,241,647	\$11,050,351
Payable for unsettled trades	3,249,389	2,214,319	4,331,315	3,259,034	1,157,846
Receivable for unsettled trades	(2,710,224)	(1,047,566)	(787,442)	(679,096)	(575,091)
Economic debt *	\$64,818,238	\$68,325,691	\$69,306,916	\$76,064,603	\$71,395,703
Total equity	\$11,345,091	\$10,677,057	\$11,887,345	\$11,909,033	\$11,369,426
Economic leverage ratio *	5.7x	6.4x	5.8x	6.4x	6.3x

* Represents a non-GAAP financial measure.

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

Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<u>Economic capital ratio reconciliation</u>					
Total GAAP assets	\$93,227,236	\$89,648,423	\$89,330,477	\$86,832,017	\$81,850,712
Less:					
Gross unrealized gains on TBA derivatives ⁽¹⁾	(20,689)	(7,232)	(21,460)	(167,065)	(17,056)
Debt issued by securitization vehicles	(11,600,338)	(9,983,847)	(9,789,282)	(8,805,911)	(7,744,160)
Plus:					
Implied market value of TBA derivatives	(573,602)	1,925,614	3,627,716	12,020,810	10,578,676
Total economic assets *	\$81,032,607	\$81,582,958	\$83,147,451	\$89,879,851	\$84,668,172
Total equity	\$11,345,091	\$10,677,057	\$11,887,345	\$11,909,033	\$11,369,426
Economic capital ratio ^{*(2)}	14.0%	13.1%	14.3%	13.2%	13.4%
<u>Premium Amortization Reconciliation</u>					
Premium amortization expense	\$51,247	\$24,272	\$33,105	\$56,534	\$38,829
Less:					
PAA cost (benefit)	19,148	(6,062)	(11,923)	491	(8,136)
Premium amortization expense (excluding PAA)	\$32,099	\$30,334	\$45,028	\$56,043	\$46,965
<u>Interest Income (excluding PAA) Reconciliation</u>					
GAAP interest income	\$990,352	\$1,001,485	\$921,494	\$818,250	\$798,934
PAA cost (benefit)	19,148	(6,062)	(11,923)	491	(8,136)
Interest income (excluding PAA) *	\$1,009,500	\$995,423	\$909,571	\$818,741	\$790,798
<u>Economic Interest Expense Reconciliation</u>					
GAAP interest expense	\$1,043,902	\$1,046,819	\$953,457	\$798,787	\$663,847
Add:					
Net interest component of interest rate swaps	(379,377)	(394,677)	(425,293)	(385,706)	(286,600)
Economic interest expense *	\$664,525	\$652,142	\$528,164	\$413,081	\$377,247
<u>Economic Net Interest Income (excluding PAA) Reconciliation</u>					
Interest income (excluding PAA) *	\$1,009,500	\$995,423	\$909,571	\$818,741	\$790,798
Less:					
Economic interest expense *	664,525	652,142	528,164	413,081	377,247
Economic net interest income (excluding PAA) *	\$344,975	\$343,281	\$381,407	\$405,660	\$413,551

* Represents a non-GAAP financial measure.

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

Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<i>Economic Metrics (excluding PAA)</i>					
Average interest earning assets	\$87,020,120	\$89,300,922	\$86,254,955	\$82,644,998	\$82,859,799
Interest income (excluding PAA) *	\$1,009,500	\$995,423	\$909,571	\$818,741	\$790,798
Average yield on interest earning assets (excluding PAA) *	4.64%	4.46%	4.22%	3.96%	3.82%
Average interest bearing liabilities	\$76,010,247	\$77,780,989	\$75,424,564	\$70,635,632	\$69,981,694
Economic interest expense *	\$664,525	\$652,142	\$528,164	\$413,081	\$377,247
Average economic cost of interest bearing liabilities *	3.42%	3.28%	2.77%	2.34%	2.11%
Economic net interest income (excluding PAA)*	\$344,975	\$343,281	\$381,407	\$405,660	\$413,551
Net interest spread (excluding PAA) *	1.22%	1.18%	1.45%	1.62%	1.71%
Interest income (excluding PAA) *	\$1,009,500	\$995,423	\$909,571	\$818,741	\$790,798
TBA dollar roll income and CMBX coupon income	1,720	(1,016)	1,734	18,183	34,767
Economic interest expense *	(664,525)	(652,142)	(528,164)	(413,081)	(377,247)
Subtotal	\$346,695	\$342,265	\$383,141	\$423,843	\$448,318
Average interest earning assets	\$87,020,120	\$89,300,922	\$86,254,955	\$82,644,998	\$82,859,799
Average TBA contract and CMBX balances, implied cost basis	829,571	2,960,081	6,303,202	13,949,884	11,499,881
Subtotal	\$87,849,691	\$92,261,003	\$92,558,157	\$96,594,882	\$94,359,680
Net interest margin (excluding PAA) *	1.58%	1.48%	1.66%	1.76%	1.90%

* Represents a non-GAAP financial measure.

Endnotes

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- (1) Net of dividends on preferred stock.
- (2) Annualized GAAP return (loss) on average equity annualizes realized and unrealized gains and (losses) which may not be indicative of full year performance, unannualized GAAP return (loss) on average equity is (3.55%) and (5.04%) for the quarters ended December 31, 2023 and September 30, 2023, respectively.
- (3) GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued and U.S. Treasury securities sold, not yet purchased 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, other secured financing, and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles and participations issued are non-recourse to the Company and are excluded from economic leverage.
- (4) 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.
- (5) Excludes \$518 million of unsettled commitments as of December 31, 2023. There were no unsettled commitments as of September 30, 2023. MSR commitments represent the market value of deals where Annaly has executed a letter of intent. There can be no assurance whether these deals will close or when they will close.
- (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.
- (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.

Page 5 (continued)

- (4) Measures total notional balances of interest rate swaps, interest rate swaptions (excluding receiver swaptions), futures and U.S. Treasury securities sold, not yet purchased, at fair value relative to repurchase agreements, other secured financing, cost basis of TBA derivatives outstanding and net forward purchases (sales) of investments; 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.

Page 7

- (1) Includes dividend equivalents on share-based awards.
- (2) Annualized GAAP return (loss) on average equity annualizes realized and unrealized gains and (losses) which may not be indicative of full year performance, unannualized GAAP return (loss) on average equity is (3.55%), (5.04%), 1.35%, (7.21%) and (7.95%) for the quarters ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023 and December 31, 2022, respectively.

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- (1) Includes write-downs or recoveries on investments which are reported in Other, net in the Company's Consolidated Statement of Comprehensive Income (Loss).
- (2) The adjustment to add back Net (gains) losses on derivatives does not include the net interest component of interest rate swaps which is reflected in earnings available for distribution. The net interest component of interest rate swaps totaled \$379.4 million, \$394.7 million, \$425.3 million, \$385.7 million and \$286.6 million for the quarters ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023 and December 31, 2022, respectively.
- (3) Includes losses (gains) related to the sale of the Company's Middle Market Lending portfolio for the quarter ended December 31, 2022.
- (4) 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 reported in Other, net in the Company's Consolidated Statement of Comprehensive Income (Loss).
- (5) All quarters presented include costs incurred in connection with securitizations of residential whole loans.
- (6) TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on derivatives. CMBX coupon income totaled \$0.0 million, \$0.0 million, \$0.5 million, \$1.1 million and \$1.1 million for the quarters ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023 and December 2022, respectively.
- (7) MSR amortization utilizes purchase date cash flow assumptions and actual unpaid principal balances and is calculated as the difference between projected MSR yield income and net servicing income for the period.

Endnotes *(cont'd)*

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- (1) Includes gains (losses) related to the sale of the Company's Middle Market Lending portfolio for the quarter ended December 31, 2022.
- (2) Includes other, net, general and administrative expenses and income taxes.
- (3) Includes other, net (excluding non-EAD items), MSR amortization (a component of net gains (losses) on investments and other), general and administrative expenses (excluding transaction related expenses) and income taxes (excluding non-EAD income tax).

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- (1) Excludes TBA contracts with a notional value of (\$503.0) million.
- (2) Includes fixed-rate collateralized mortgage obligations with an estimated fair value of \$83.0 million.
- (3) Weighted by current face value.
- (4) 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.

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- (1) Investment characteristics exclude the impact of interest-only securities.
- (2) Represents the 3 month voluntary prepayment rate.

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- (1) Current notional is presented net of receiver swaps.
- (2) As of December 31, 2023, 94% and 6% of the Company's interest rate swaps were linked 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) Less than 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.

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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, 2022.
- (2) 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. 6.75% Series I Preferred Stock - Includes 17,700,000 shares authorized, issued and outstanding.
- (3) Includes 1,468,250,000 shares authorized. Includes 500,080,287 shares issued and outstanding at December 31, 2023, 494,814,038 shares issued and outstanding at September 30, 2023, 493,893,288 shares issued and outstanding at June 30, 2023, 493,880,938 shares issued and outstanding at March 31, 2023, 468,309,810 shares issued and outstanding at December 31, 2022.

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- (1) Included in Derivative assets in the Company's Consolidated Statements of Financial Condition.
- (2) Economic capital ratio is computed as total equity divided by total economic assets.