



ANNALY[®]

First Quarter 2019
Investor Presentation

May 1, 2019

Safe Harbor Notice

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. Such statements include those relating to our 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 our assets; changes in business conditions and the general economy; our ability to grow our commercial real estate business; 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, commercial real estate assets and corporate debt; risks related to investments in mortgage servicing rights; 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 of 1940, as amended. 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. We do not undertake, and specifically disclaim 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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Past performance is no guarantee of future results. There is no guarantee that any investment strategy referenced herein will work under all market conditions. Prior to making any investment decision, you should evaluate your ability to invest for the long-term, especially during periods of downturns in the market. You alone assume the responsibility of evaluating the merits and risks associated with any potential investment or investment strategy referenced herein. To the extent that this material contains reference to any past specific investment recommendations or strategies which were or would have been profitable to any person, it should not be assumed that recommendations made in the future will be profitable or will equal the performance of such past investment recommendations or strategies.

Non-GAAP Financial Measures

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

Overview

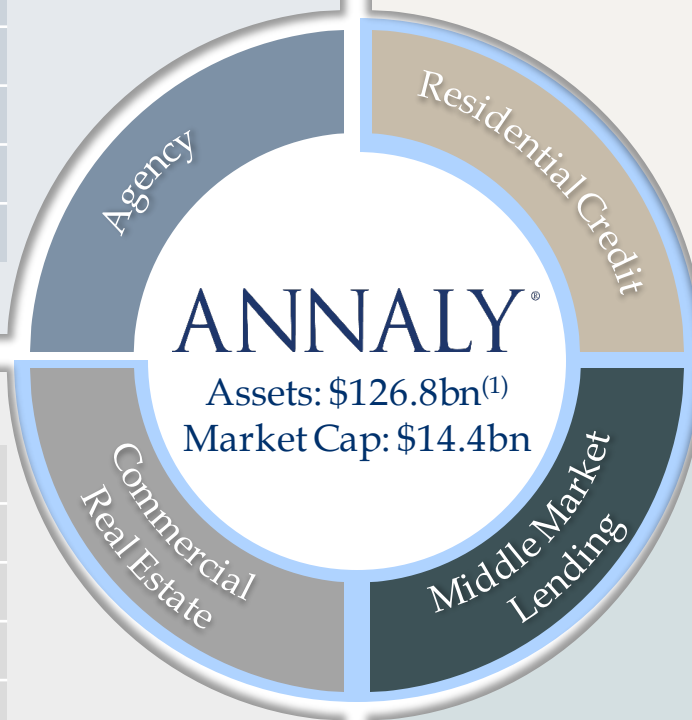
Annaly is a Leading Diversified Capital Manager

The **Annaly Agency Group** invests in Agency MBS collateralized by residential mortgages which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae

Assets ⁽¹⁾	\$119.5bn
Capital ⁽²⁾	\$11.3bn
Sector Rank ⁽³⁾	#1/7
Strategy	Countercyclical / Defensive
Levered Returns ⁽⁴⁾	10% - 12%

The **Annaly Residential Credit Group** invests in Non-Agency residential mortgage assets within the securitized product and whole loan markets

Assets ⁽¹⁾	\$3.4bn
Capital ⁽²⁾	\$1.3bn
Sector Rank ⁽³⁾	#8/14
Strategy	Cyclical / Growth
Levered Returns ⁽⁴⁾	9% - 12%



Assets ⁽¹⁾	\$2.1bn
Capital ⁽²⁾	\$0.9bn
Sector Rank ⁽³⁾	#8/16
Strategy	Cyclical / Growth
Levered Returns ⁽⁴⁾	9% - 11%

The **Annaly Commercial Real Estate Group** originates and invests in commercial mortgage loans, securities and other commercial real estate debt and equity investments

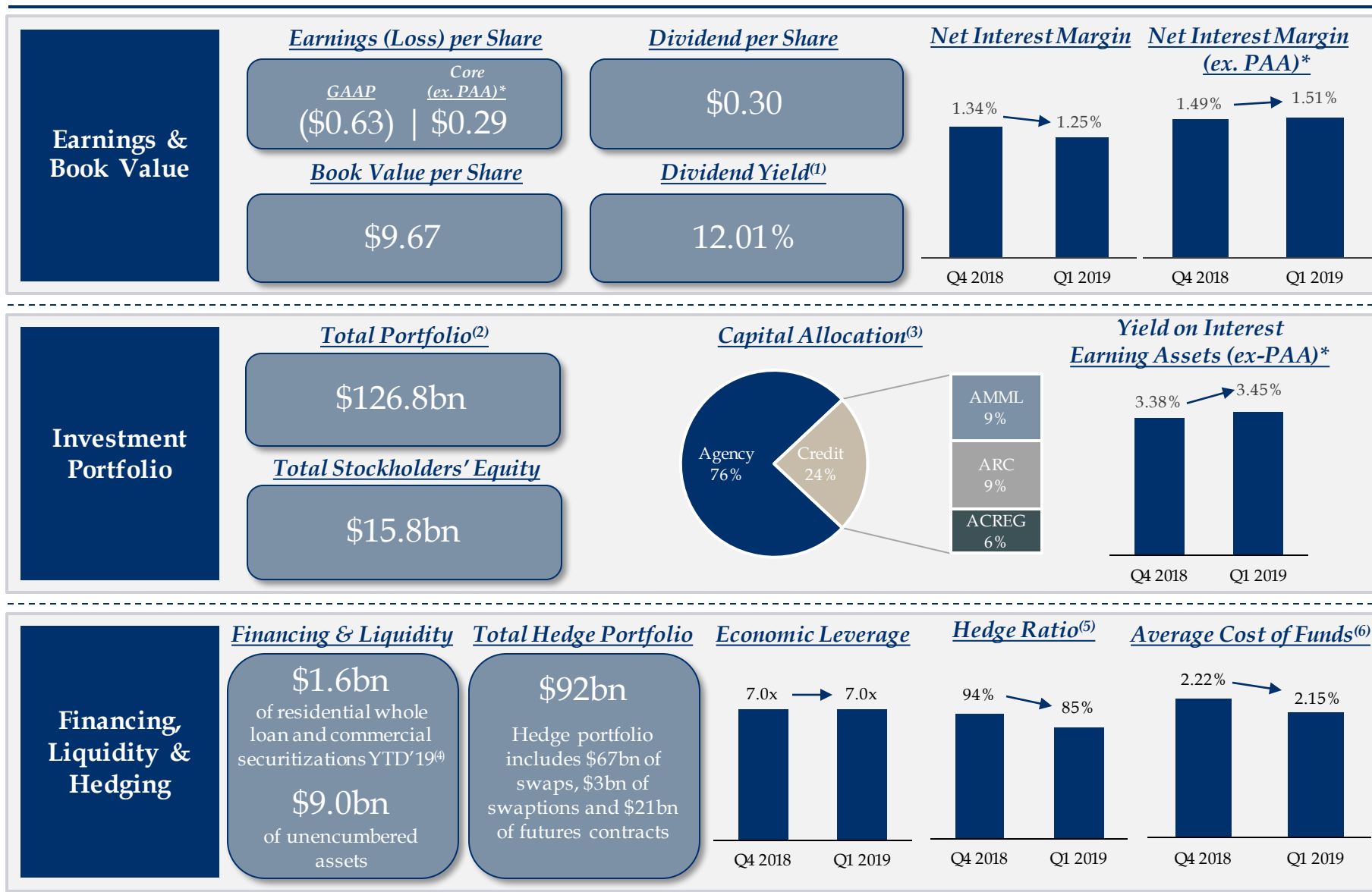
Assets	\$1.8bn
Capital ⁽²⁾	\$1.3bn
Sector Rank ⁽³⁾	#6/44
Strategy	Non-Cyclical / Defensive
Levered Returns ⁽⁴⁾	10% - 12%

The **Annaly Middle Market Lending Group** provides financing to private equity backed middle market businesses across the capital structure

Source: Bloomberg and Company filings. Market data as of March 29, 2019. Financial data as of March 31, 2019. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

 Represents credit business

First Quarter 2019 Financial Highlights



Source: Company filings. Financial data as of March 31, 2019, unless otherwise noted. * Represents a non-GAAP financial measure; see Appendix. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Investment Highlights

Annaly Advantages

The diversification, scale and liquidity of Annaly's established investment platform provide a unique opportunity in today's markets

ANNALY[®]

Size & Scale

~**13x** the market capitalization of the median mREIT

3 transformational acquisitions, with combined deal value of ~**\$3.3bn**⁽¹⁾

Diversification

37 available investment options is nearly **3x** more than Annaly had in 2013⁽²⁾ and over **4x** more than the current mREIT average

Operating Efficiency

Annaly operates at significantly lower expense levels than other Yield Sectors; **2x** more efficient than mREIT average⁽³⁾

Liquidity & Financing

Annaly utilizes a multitude of funding sources in each business and has **\$9.0bn** of unencumbered assets

ESG Focus

4 new Independent Directors added since the beginning of 2018; **2nd** social impact venture launched

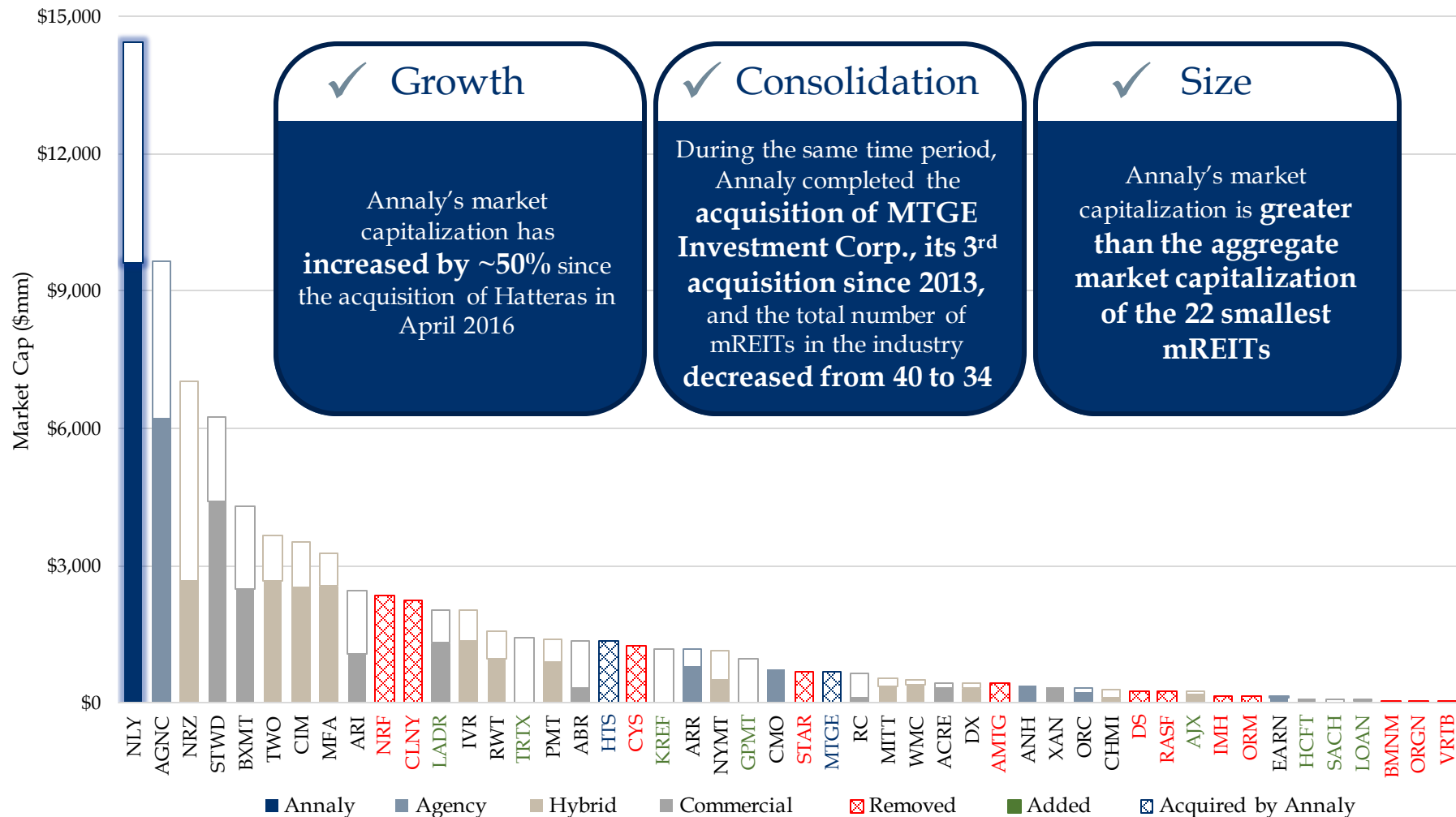
Strong Performance

Annaly's total return of **80%** since diversification strategy began is **2.0x** higher than Yield Sectors⁽⁴⁾ and **10%** higher than the S&P 500

Source: Bloomberg, SNL Financial and Company filings.
Note: Market data as of March 29, 2019. Financial data as of March 31, 2019 unless otherwise noted.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly Advantages | Size & Scale

Since Annaly announced the acquisition of Hatteras Financial Corp. in April 2016, the number of mREITs has decreased by 15% while the sector market capitalization has grown ~\$26 billion, or 53%⁽¹⁾



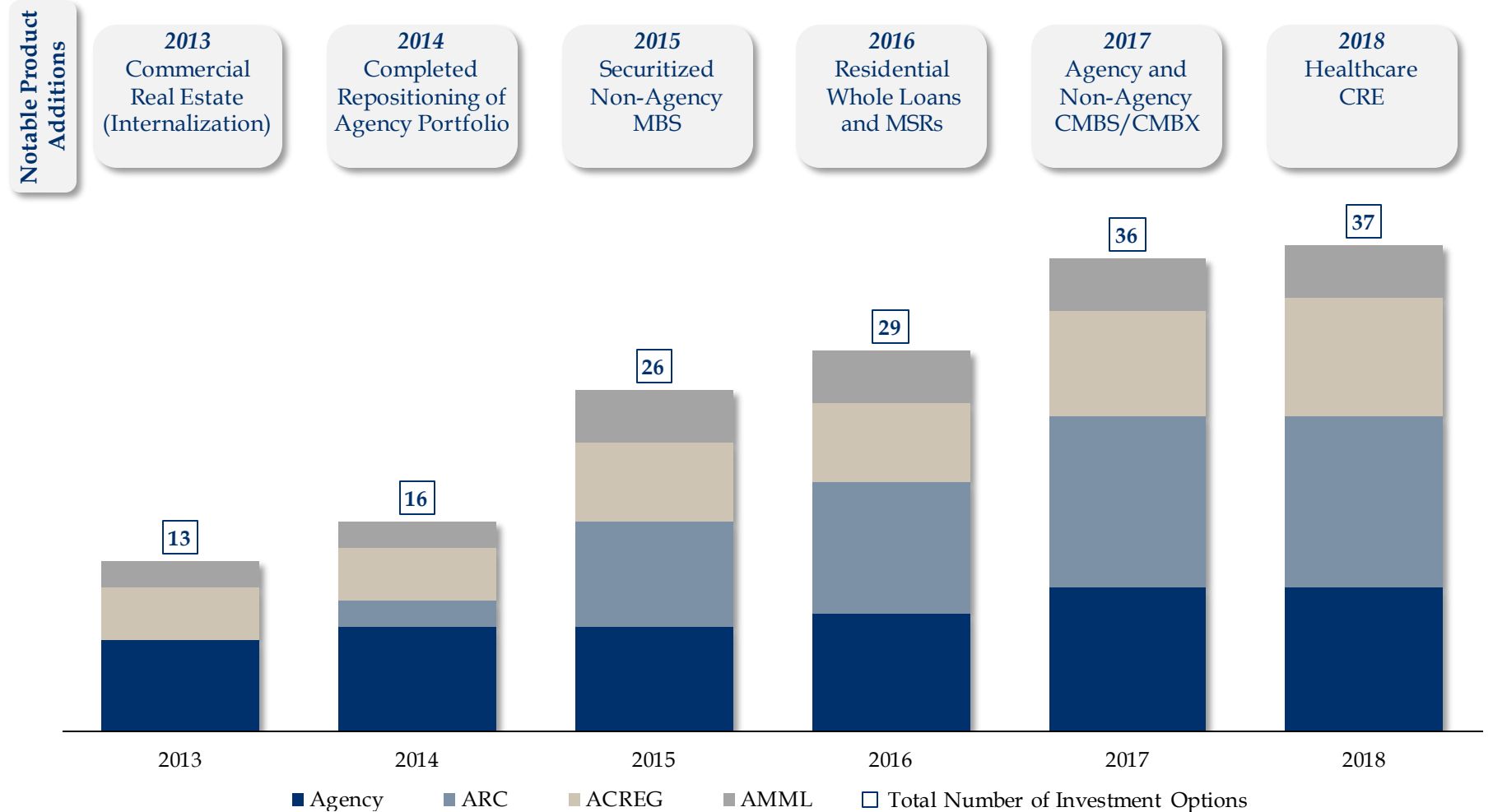
Source: Bloomberg and Company filings. Market data as of March 29, 2019.

Note: No outline denotes either a reduction in market cap or no change to market cap from April 8, 2016 to March 29, 2019. Removed companies include companies that have been acquired, are the subject of an announced acquisition or those that have been removed from the index. Companies that have been added to the BBREMTG Index from April 8, 2016 to March 29, 2019 include AJX, GPMT, HCFT, KREF, LADR, LOAN, SACH and TRTX and are shown in green.

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly Advantages | Diversification Allows for Optionality

Annaly's diversification strategy is made up of 37 investment options



Source: Company filings.

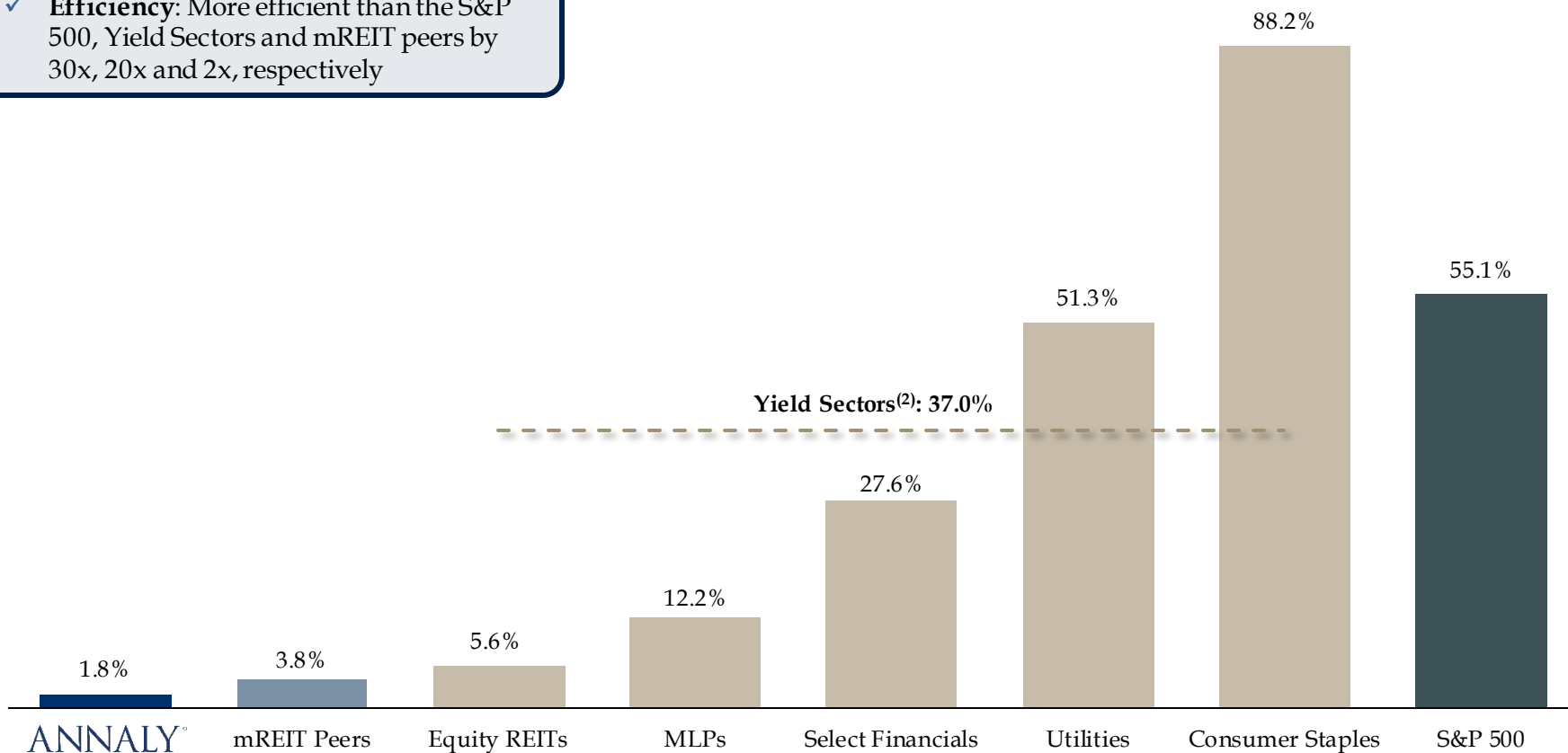
Note: Investment options are as of December 31 for each respective year.

Annaly Advantages | Efficiency of Annaly's Model Helps Drive Performance

Annaly continues to further scale its diversified platform while operating more efficiently than Yield Sectors and mREIT peers

OpEx as % of Average Equity⁽¹⁾

✓ **Efficiency:** More efficient than the S&P 500, Yield Sectors and mREIT peers by 30x, 20x and 2x, respectively



Source: Bloomberg and Company filings. Financial data as of December 31, 2018.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly Advantages | Diversified Financing Enhances Liquidity

Annaly's diversified financing sources and liquidity provide the Company with unique competitive advantages

- Deepened financing diversification through two residential whole loan securitizations for an aggregate \$782 million since the beginning of 2019⁽¹⁾
- Closed \$857 million managed commercial real estate collateralized loan obligation ("managed CRE CLO") during the quarter⁽²⁾
- Closed \$200 million AMML credit facility during the quarter
- \$3.6 billion line with FHLB⁽³⁾ provides attractive terms

51% less levered across our credit investment groups than the average of the five largest peers in each sector⁽⁴⁾

Total Capitalization		Financing Options				
3/31/2019: \$110.6bn ⁽⁵⁾		Available Financing Options	Agency	Residential Credit	Commercial Real Estate	Middle Market Lending
	Agency, Non-Agency & CMBS Repo \$88.4bn	In-House Broker-Dealer	✓			
		Street Repo	✓	✓	✓	
		Direct Repo	✓			
		FHLB	✓	✓	✓	
		Credit Facilities / Warehouse Financing			✓	✓
		Non-Recourse Term Financing ⁽⁷⁾		✓	✓	✓
		Syndication			✓	✓
		Mortgage Financing			✓	
		Preferred Equity	✓	✓	✓	✓
		Common Equity	✓	✓	✓	✓
	FHLB ⁽³⁾ \$3.6bn					
	Secured Financing ⁽⁶⁾ \$2.9bn					
	Preferred Equity \$1.8bn					
	Common Equity \$14.0bn					

Source: Company filings. Financial data as of March 31, 2019.

Note: Diagram is not representative of Annaly's entire list of financing options.

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly's Opportunity

Annaly is positioned to capitalize on industry and macro trends

Industry / Macro Factors	Trend Overview	Annaly Positioning
State of the Market/ Economy	<ul style="list-style-type: none"> ▪ Economic growth is expected to slow⁽¹⁾ ▪ Investor appetite for defensive strategies has grown 	<ul style="list-style-type: none"> ✓ 35% lower beta than Yield Sectors and 50% lower than the S&P 500 ✓ Outperform cyclical sectors during periods of volatility⁽²⁾
Monetary Policy	<ul style="list-style-type: none"> ▪ Fed actions and sentiment are driving markets across asset classes and sectors 	<ul style="list-style-type: none"> ✓ Unique expertise in managing aspects of Fed policy
GSE Reform	<ul style="list-style-type: none"> ▪ Legislative reform unlikely near term but administrative reform is clear and present 	<ul style="list-style-type: none"> ✓ Annaly as a private capital solution ✓ Co-Published with NY Fed on CRT⁽³⁾ ✓ SIFMA Advisory Council on UMBS
Banks' Reduction in Mortgage Business	<ul style="list-style-type: none"> ▪ Banks' mortgage-related exposure has trended lower recently as non-banks have increased their market shares significantly 	<ul style="list-style-type: none"> ✓ Annaly's capital base, liquidity, REIT structure and expertise provides unique ability to own and finance mortgage assets
Consolidation	<ul style="list-style-type: none"> ▪ Consolidation among financial institutions to continue, putting pressure on smaller players 	<ul style="list-style-type: none"> ✓ We operate in fragmented industries ✓ 3 acquisitions for \$3.3 billion since Annaly's diversification strategy began⁽⁴⁾
Convergence	<ul style="list-style-type: none"> ▪ New entrants to the alternative investment arena (pensions, insurers, SWFs and family offices) 	<ul style="list-style-type: none"> ✓ Universe of shareholders and partners has broadened
ESG	<ul style="list-style-type: none"> ▪ Global sustainable investments reached a new peak of \$30.7 trillion in 2018, up 34% over the prior two years⁽⁵⁾ 	<ul style="list-style-type: none"> ✓ Industry leading corporate responsibility and governance practices ✓ Social impact joint ventures

Source: Company filings, Bloomberg and SNL Financial. Market data as of March 29, 2019.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly's Positioning & Impact

Annaly is Positioned to Play a Significant Role...

Annaly has permanent capital dedicated to housing in support of GSE reform

Assets

Annaly has a **broad investment mandate** – with ~\$126.8 billion in assets⁽¹⁾, our portfolio includes securities, loans and equity in both the residential and commercial markets

Capital

With a ~\$16 billion capital base, Annaly manages **permanent equity capital** that is **dedicated to producing attractive risk-adjusted returns** for shareholders

Liquidity

Annaly **provides liquidity and competes for investment returns** across mortgage products, thereby **helping to reduce mortgage rates to borrowers**

Structure

Election of REIT status requires that the **75% of investments are real estate-focused**, putting REITs at a critical nexus between real estate ownership and financial markets

Transparency & Disclosure

Annaly provides audited disclosure of its financial condition, which **includes mark-to-market value of certain assets**, and is subject to disclosure requirements as a public company listed on the NYSE

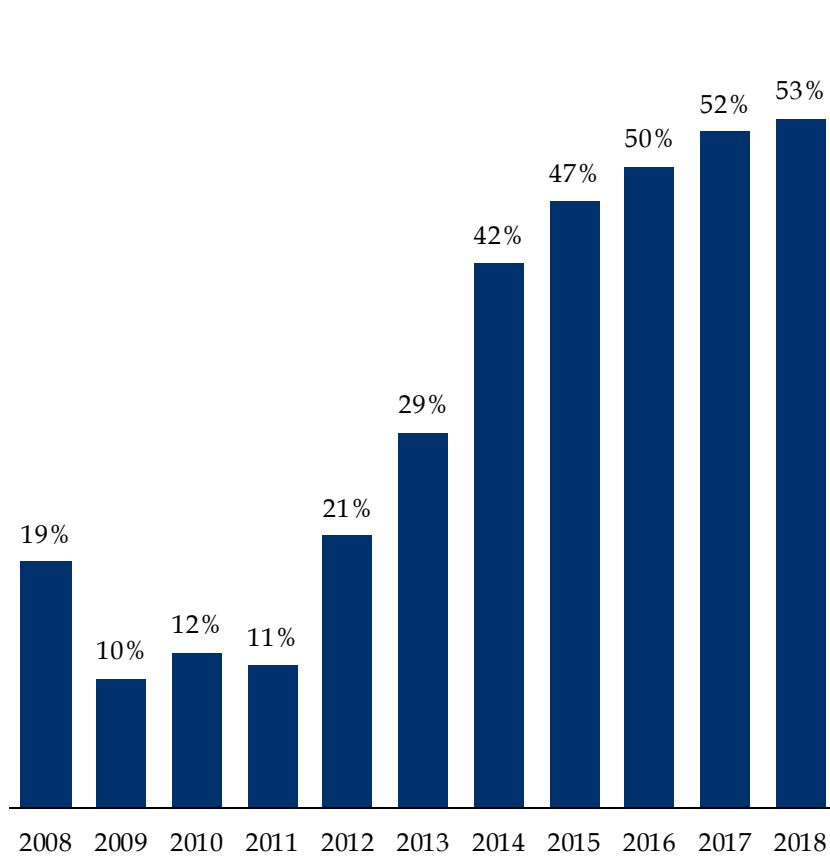
Governance & Risk Management

Annaly has a **corporate governance structure aligned with shareholders' interests** and has a risk management framework that facilitates a **holistic, enterprise wide view of risk**

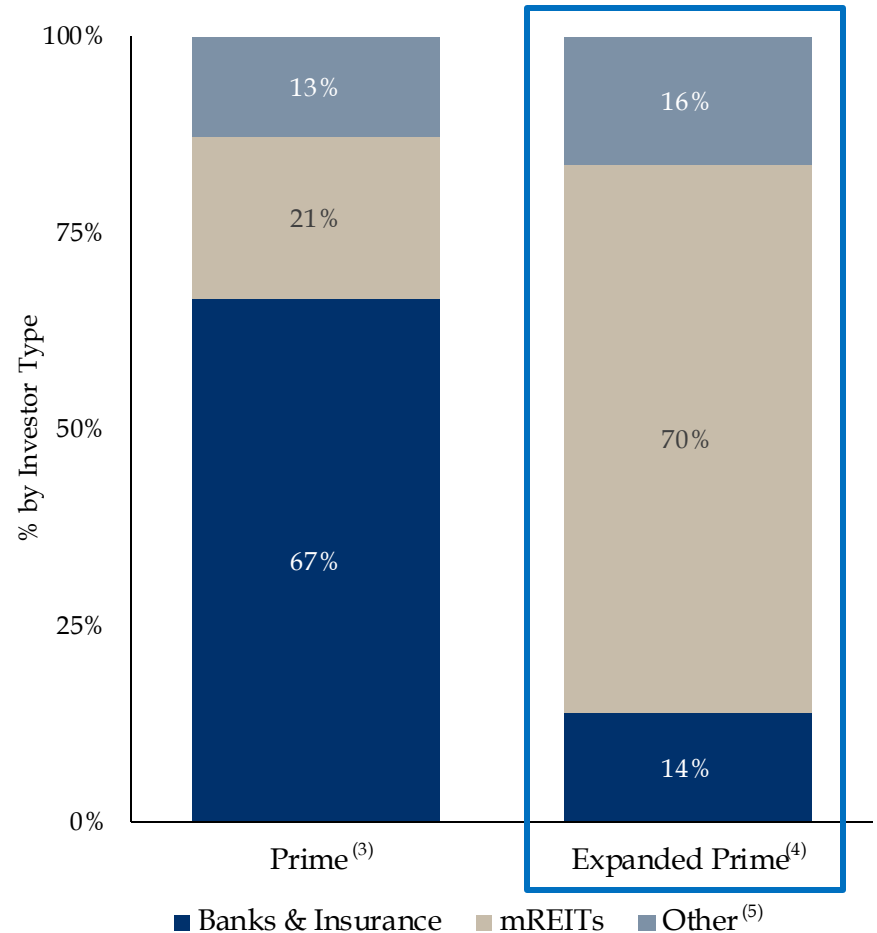
...in the Private Capital Solution to Housing Finance...

Annaly and other mREITs play a meaningful role in providing private capital to a broader set of borrowers amidst a backdrop where banks' mortgage related exposure is trending lower

Non-Bank Share of Mortgage Origination (%)⁽¹⁾



2018 Private Label Securitization by Loan Segment and Investor Type⁽²⁾



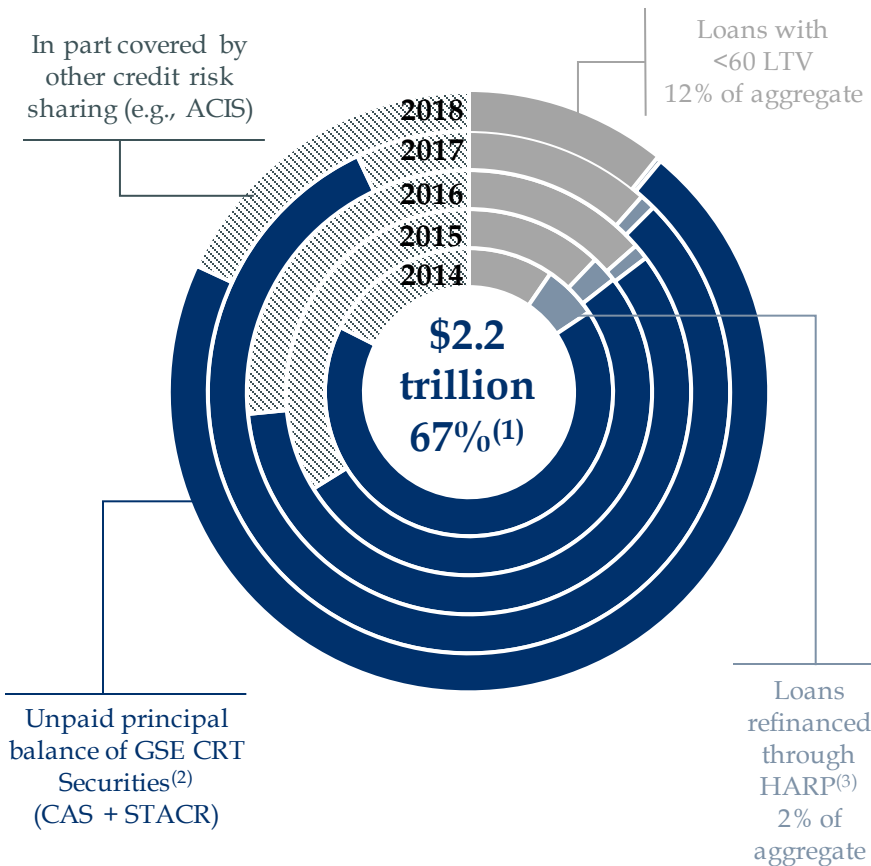
Source: Company filings, Inside Mortgage Finance, Intex and Annaly Calculations.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

...That is Well Underway as Evidenced by the Growth of the CRT Market

The GSEs' credit risk transfers have moved a substantial portion of credit risk to the private sector

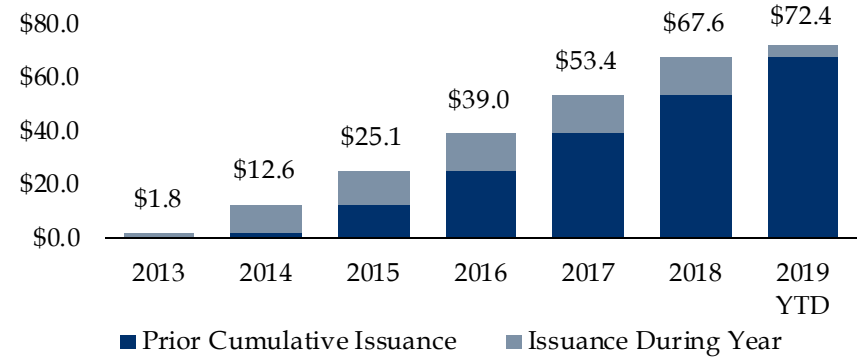
Using CRT, the GSEs have shed credit risk on 2/3rd of issuance over the last five years

30-year Loans Guaranteed by Fannie and Freddie by Year of issuance



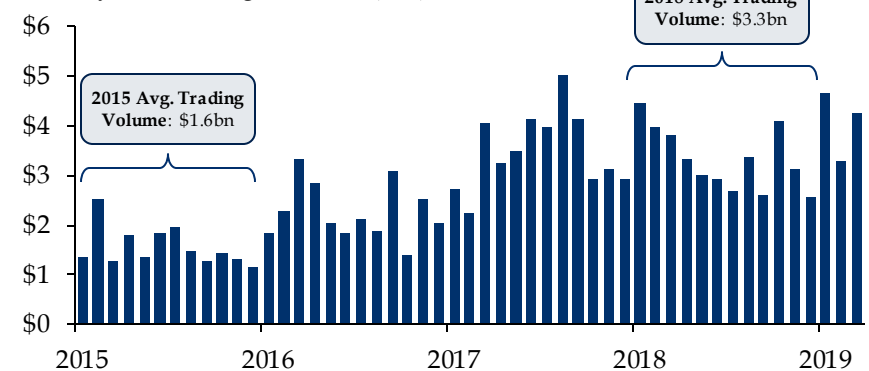
As the CRT market has developed...

Cumulative CRT Issuance Since 2013⁽⁴⁾ (\$bn)



...liquidity has increased and CRT is now the benchmark for residential credit pricing

Monthly CRT Trading Volume⁽⁵⁾ (\$bn)



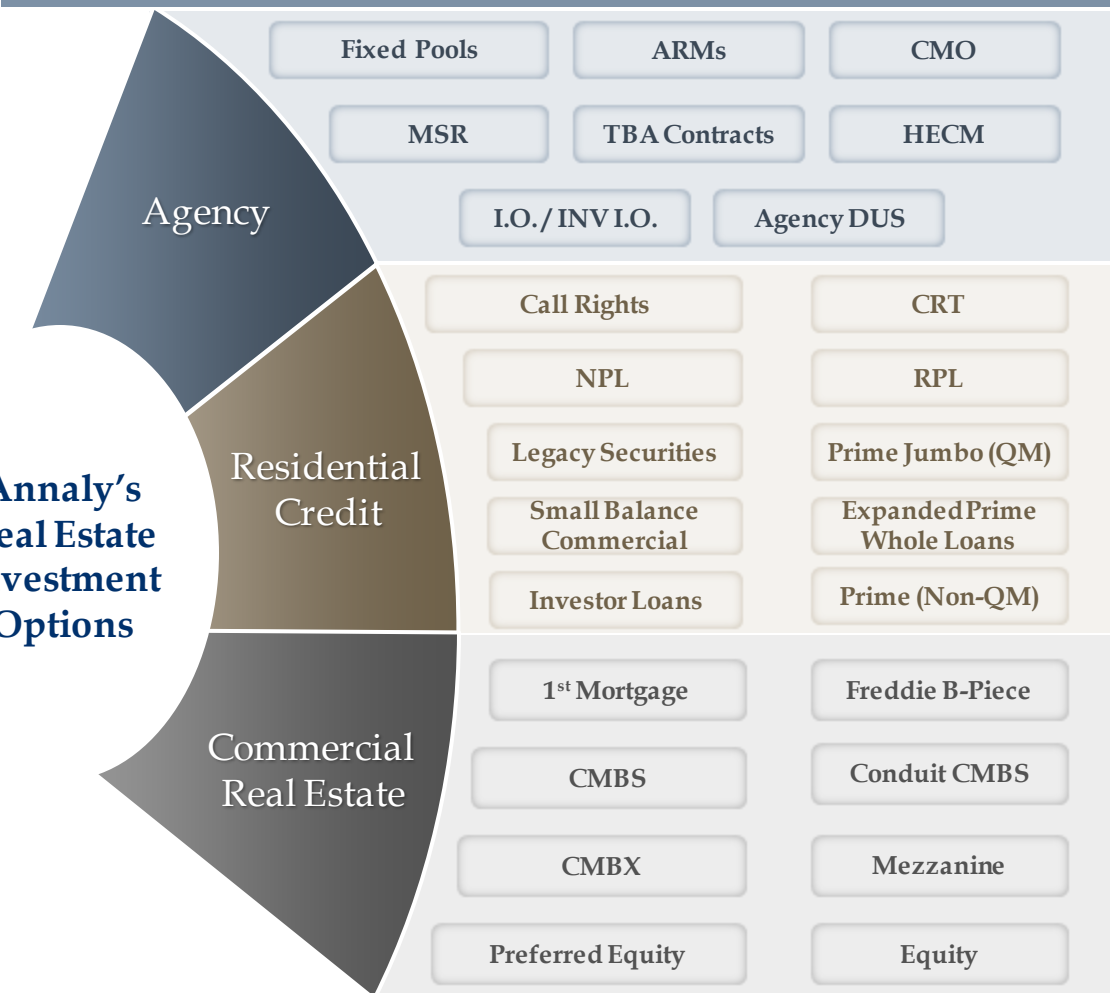
Source: TRACE, Bank of America, FHFA, eMBS and Annaly Calculations. Data as of March 31, 2019, unless otherwise noted. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly's Real Estate & Housing Investment Impact

Through our investment strategies, we finance housing across the country, support the vitality of local communities and contribute to strengthening the long-term growth of the economy in a number of different ways

Ability to invest across the capital structure in multiple real estate products...

... has led to flexible outcomes for borrowers



Financed **over 750,000 homes** for Americans and their families across 50 states⁽¹⁾

3.8 million additional homes supported through Annaly's investments in CRT securities⁽²⁾

190,000 loans totaling over \$15 billion to borrowers with lower loan balance mortgages, typically financing homes that are less than half the national house price average⁽³⁾

Nearly 850 loans totaling over \$550 million to self-employed, creditworthy borrowers, including small business owners that have challenges accessing mortgage credit from commercial banks due to non-traditional income sources⁽⁴⁾








Source: Company filings. Financial data as of March 31, 2019.

Note: Diagram is not representative of Annaly's entire list of investment and financing options. Shading does not correlate to the size of each portfolio. Annaly may not be invested in all investment or utilize all financing options at any one point in time.

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Leading Corporate Responsibility Practices

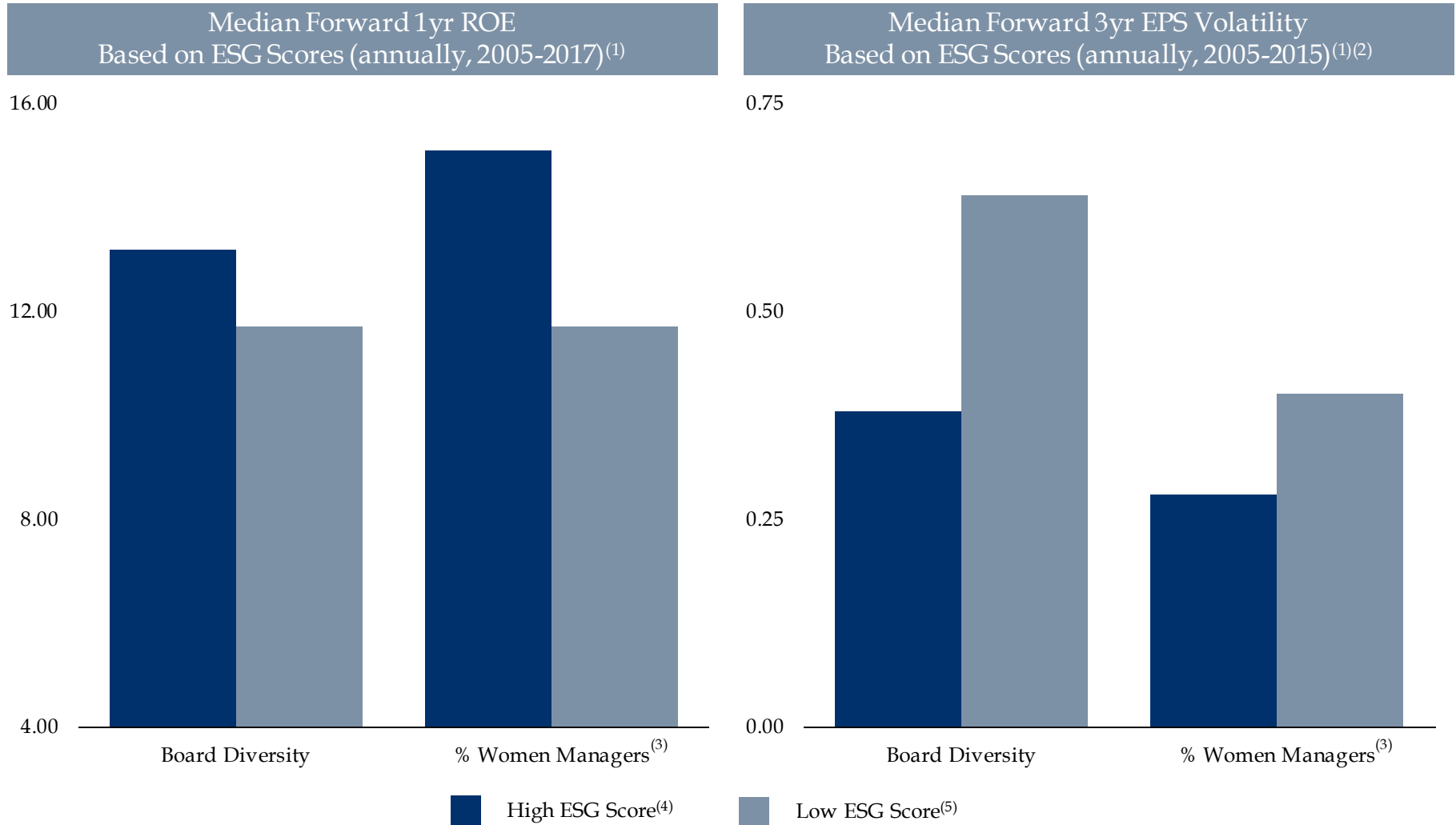
Recent initiatives and acknowledgements demonstrate Annaly's continued focus on Corporate Responsibility

Corporate Governance	Responsible Investments	Human Capital	
 <p>82% of Continuing Directors are Independent</p>	<p>Investing in rural and urban communities across the country through two joint venture partnerships totaling \$50 million with Capital Impact Partners, a national community development financial institution⁽³⁾</p>	 <p>54% of employees own Annaly Stock⁽⁵⁾</p>	 <p>39% of new hires in 2018 identify as female</p>
<p>Outreach to 96% of top 50 institutional investors including 79% of institutional ownership⁽¹⁾</p>	<p><i>Impact of Our 1st Joint Venture Financing⁽⁴⁾:</i></p> <p>500,000 square feet In community development projects employing 1,200 people</p>	 <p>100% of employees subject to our voluntary Stock Ownership Guidelines have met or are on track to meet the guidelines</p>	 <p>85% overall employee favorability score in 2018 employee engagement survey⁽⁶⁾, an increase of over 25% in since 2015</p>
<p>45% of the Continuing Directors are women, which compares to 26% on average for the S&P 500⁽²⁾</p>	<p>3,000 students Received education through charter schools</p>	 <p>47% of new hires in 2018 identify as racially diverse</p>	 <p>100% of employees are eligible to participate in 10 development programs</p>
<p>4 new Independent Directors added since 2018</p>	<p>30,000 patients Served in community health centers and eldercare residences</p> <p>40,000 people Secured access to healthy food sources</p>		

Note: Company statistics as of December 31, 2018, unless otherwise noted. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Market Research Suggests Benefits of ESG Commitment to Diversity

Studies suggest companies with gender diverse leadership and boards have higher ROEs and lower EPS volatility



Source: Thomson Reuters and BofAML U.S. Equity and Quant Strategy Research ("The She-economy". Bank of America Merrill Lynch Research. March 6, 2019). Financial data measured at the end of each one- or three-year respective period (through December 31, 2018) as applicable.

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Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Annaly Strives for Best-in-Class Corporate Responsibility & Governance Practices

While ESG disclosure is emergent, the benchmarking below demonstrates Annaly's industry leading disclosures and metrics

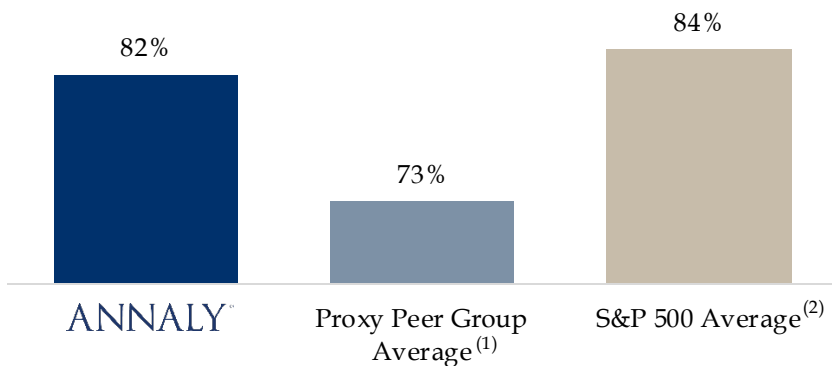
	Metric	Disclosure	ANNALY [®]	% of Proxy Peer Group Disclosing ⁽¹⁾
G	Board Refreshment Policy	Director age and/or tenure limit	Yes	
	Corporate Responsibility Board Committee	Dedicated committee established	Yes	
	Shareholder Outreach	Quantifiable disclosure of shareholder engagement	Yes	
S	Gender Diversity - Leadership	% of leadership/executives who are women ⁽²⁾	33% ⁽³⁾	
	Gender Diversity - Workforce	% of employees who are women	32% ⁽³⁾	
	Racial Diversity - Workforce	% of employees who identify as racially diverse	32% ⁽³⁾	
	Employee Engagement Survey	Quantifiable disclosure of survey results	Yes	
	Employee Turnover	Quantifiable disclosure of turnover	Yes	
	Employee Stock Purchases	% of employees who purchase stock in open market	54% ⁽⁴⁾	
	Socially Responsible Investing	Dedicated social impact investments or products ⁽⁵⁾	Yes ⁽⁶⁾	
E	Efforts to measure, reduce environmental impact	Disclosure of efforts	Yes	

Source: Company filings and company websites. Data reflects most recently available disclosure, unless otherwise noted. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

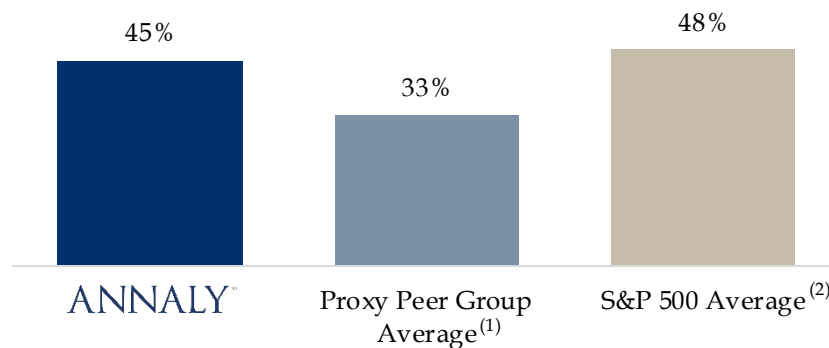
Annaly is Committed to a Strong, Diverse and Independent Board

Annaly's key Board composition metrics compare favorably to the average of peers as well as the broader market

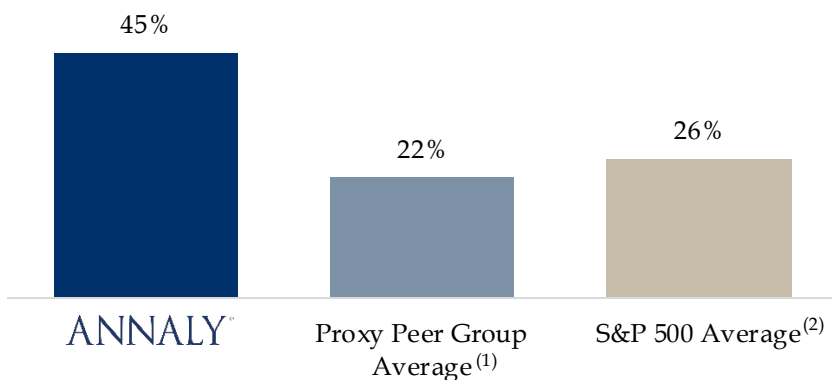
Board Independence



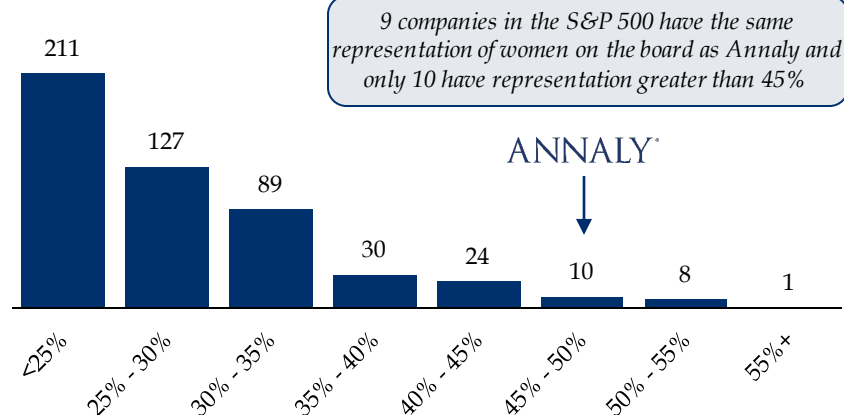
Percent of Board with Tenure of 5 Years or Less



Representation of Women on Board



Distribution of S&P 500 Companies by % Women on the Board⁽³⁾



Source: ISS Corporate Solutions, company filings and Bloomberg. Data reflects most recently available disclosure, unless otherwise noted.

Note: Annaly Board metrics reflect Continuing Directors. Proxy Peer Group board metrics reflect expected composition of board following each company's 2019 annual meeting (and assumes all nominees are elected).

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

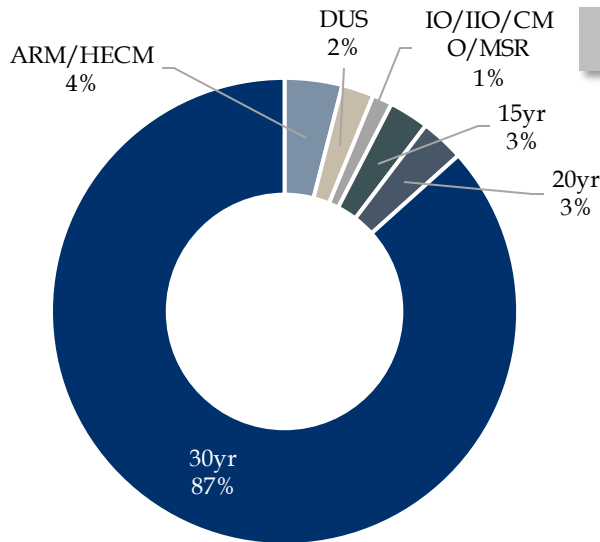
Business Update

Agency | Portfolio Summary

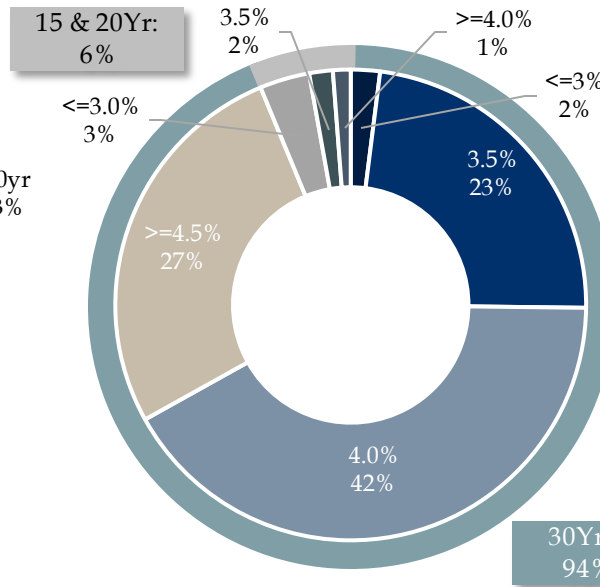
- Annaly Agency Portfolio: \$119.5 billion in assets at the end of Q1 2019, an increase of 13% from Q4 2018
- The portfolio mix is comprised of predominately 30-year fixed rate securities, as we believe these offer the most attractive risk-adjusted returns in the Agency MBS market
- Agency MBS risk adjusted returns remain attractive as the sector will require additional capital to absorb supply
- ~82% of the portfolio positioned in securities with attractive convexity profiles at the end of Q1 2019
 - Specified pool collateral performed materially better than To-Be-Announced (“TBA”) securities during the quarter, as market participants grew concerned about increased refinancing activity in TBA securities

Total Dedicated Capital: \$11.3 billion⁽¹⁾

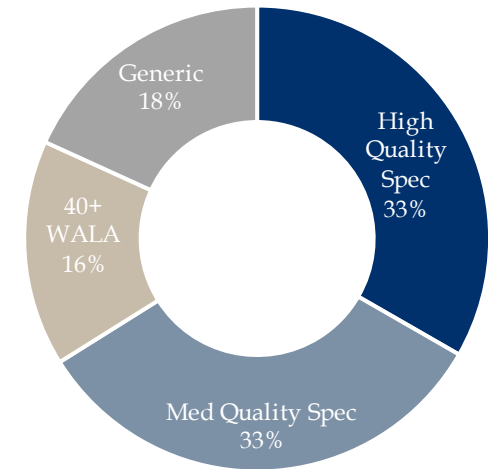
Asset Type⁽¹⁾



Pass Through Coupon Type



Portfolio Quality⁽²⁾



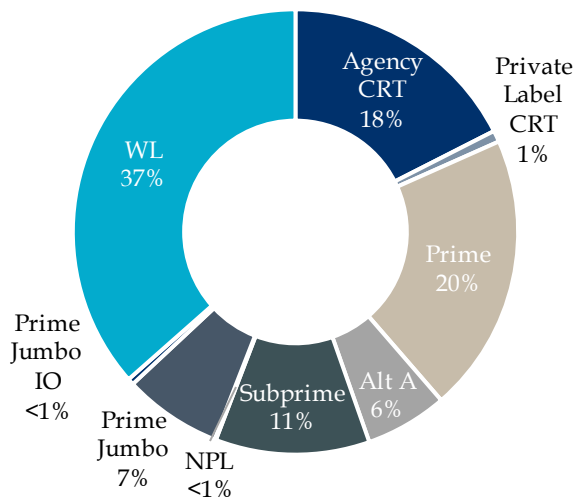
Note: Data as of March 31, 2019. Percentages based on fair market value and may not sum to 100% due to rounding. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Residential Credit | Portfolio Summary

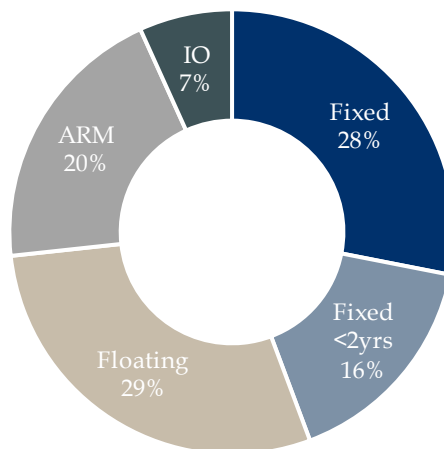
- Annaly Residential Credit Portfolio: \$3.4 billion at the end of Q1 2019, an increase of 2% from Q4 2018
- Closed a \$394 million Agency Investor Securitization in January
 - Subsequent to quarter end, priced an additional \$388 million Securitization backed by expanded prime collateral; represents Annaly's fifth non-Agency Securitization in 13 months
 - These transactions demonstrate Annaly's ability to optimize funding and solidify our reputation as a programmatic MBS issuer
- Whole loans continue to be the largest area of growth, with Q1 2019 acquisitions increasing more than 100% compared to Q1 2018
 - Purchased \$376 million of residential whole loans in Q1 2019 through unique partnership channels
 - Total acquisitions of \$1.6 billion over the last twelve months

Total Dedicated Capital: \$1.3 billion

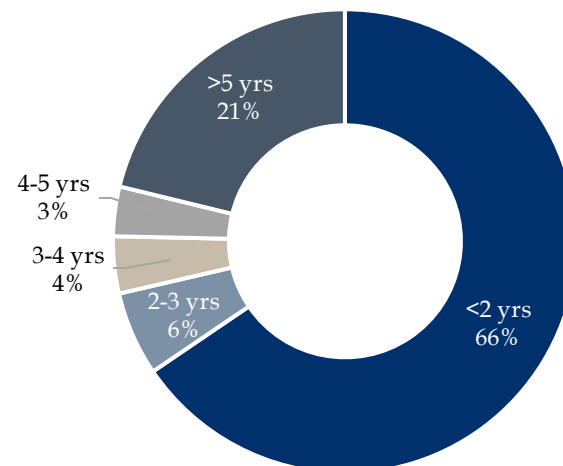
Sector Type⁽¹⁾⁽²⁾



Coupon Type⁽¹⁾



Effective Duration⁽¹⁾



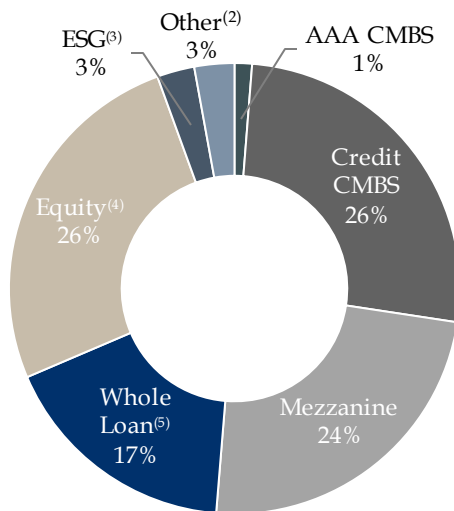
Note: Data as of March 31, 2019, unless otherwise noted. Portfolio statistics and percentages are based on fair market value and reflect economic interest in securitizations. Prime Jumbo and Prime classifications include the economic interest of certain positions that are classified as Residential Mortgage Loans within our Consolidated Financial Statements. Percentages may not sum to 100% due to rounding. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Commercial Real Estate | Portfolio Summary

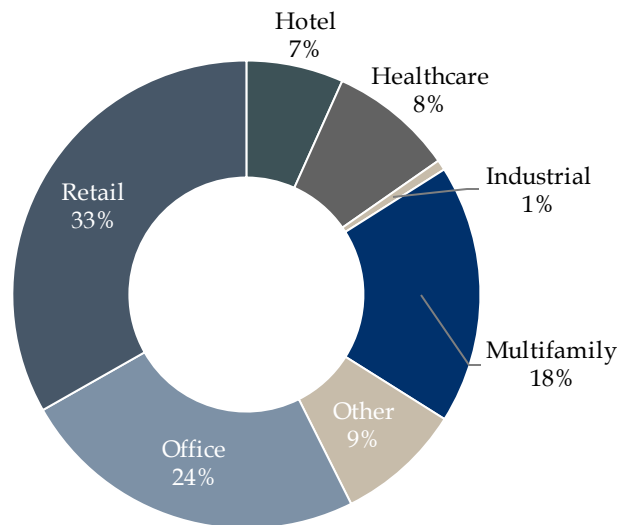
- Annaly Commercial Real Estate Portfolio: \$2.1 billion in assets at the end of Q1 2019⁽¹⁾, calculated net of the managed CRE CLO issued during the quarter, reflecting a decrease of 15% from Q4 2018
- Issued \$857 million actively managed CRE CLO, providing 79.25% advance rate for non-recourse, non-mark-to-market financing
 - ~\$1 billion of available financing capacity, inclusive of CRE credit facilities
- Continue to enhance regional origination presence by opening a Chicago office
- New investment activity outpaced paydowns during the quarter
 - \$290 million of new investment activity, with an average direct origination commitment of \$55 million
 - \$128 million of payoffs/paydowns received

Total Dedicated Capital: \$0.9 billion

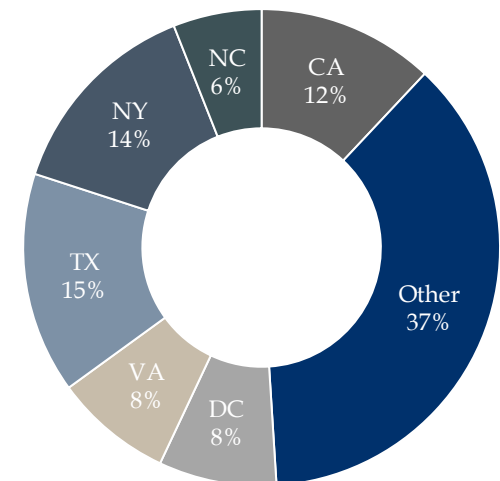
Asset Type



Sector Type



Geographic Concentration⁽⁶⁾



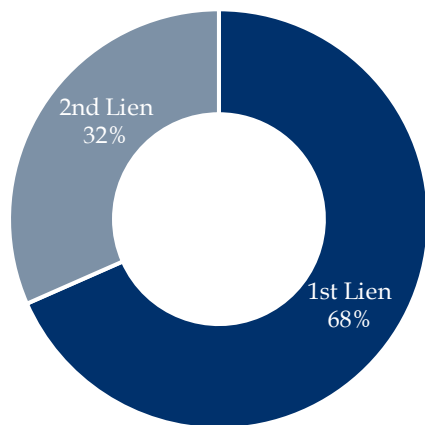
Note: Data as of March 31, 2019. Portfolio statistics and percentages are based on fair market value and reflect economic interest in securitizations. Percentages may not sum to 100% due to rounding. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Middle Market Lending | Portfolio Summary

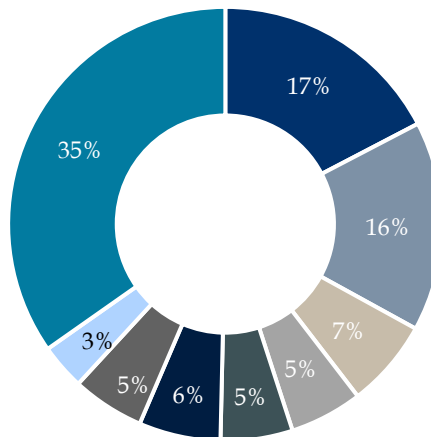
- Annaly Middle Market Lending Portfolio: \$1.8 billion in assets at the end of Q1 2019, a decrease of 4% from Q4 2018
 - Executed successful syndication of \$242 million of a unitranche loan across six lenders⁽¹⁾, driving modest decline in portfolio balance
- AMML remains disciplined in our credit intensive approach, focusing on top private equity sponsor relationships in defensive, non-discretionary, niche industries
- Given evolving market conditions, the portfolio is more heavily geared towards first lien investments with outsized returns
- Improved terms and access to financing through additional \$200 million credit facility that closed in Q1 2019

Total Dedicated Capital: \$1.3 billion

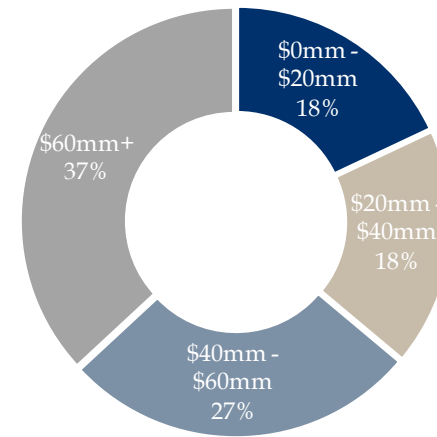
Lien Position



Industry⁽²⁾



Loan Size⁽³⁾



- Management & Public Relations Services
- Metal Cans & Shipping Containers
- Surgical, Medical and Dental Instruments & Supplies
- Public Warehousing & Storage
- Other
- Computer Programming & Data Processing
- Offices & Clinics of Doctors
- Engineering, Architectural, and Surveying
- Telephone Communications

Note: Data as of March 31, 2019. Percentages based on amortized cost and may not sum to 100% due to rounding. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Performance Highlights and Trends

Unaudited

	For the quarters ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
GAAP net income (loss) per average common share ⁽¹⁾	(\$0.63)	(\$1.74)	\$0.29	\$0.49	\$1.12
Core earnings (excluding PAA) per average common share* ⁽¹⁾	\$0.29	\$0.29	\$0.30	\$0.30	\$0.30
Core earnings per average common share* ⁽¹⁾	\$0.23	\$0.26	\$0.29	\$0.30	\$0.41
PAA cost (benefit) per average common share ⁽²⁾	\$0.06	\$0.03	\$0.01	\$0.00	(\$0.11)
Dividends declared per common share	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
Book value per common share ⁽³⁾	\$9.67	\$9.39	\$10.03	\$10.35	\$10.53
Annualized GAAP return (loss) on average equity	(22.72%)	(62.05%)	10.73%	17.20%	36.86%
Annualized core return on average equity (excluding PAA)*	11.59%	11.48%	10.85%	11.05%	10.70%
Net interest margin	1.25%	1.34%	1.49%	1.53%	1.94%
Net interest margin (excluding PAA)*	1.51%	1.49%	1.50%	1.56%	1.52%
Leverage, at period-end ⁽⁴⁾	6.1x	6.3x	5.9x	6.0x	6.1x
Economic leverage, at period-end ⁽⁵⁾	7.0x	7.0x	6.7x	6.4x	6.5x
Credit portfolio as a percentage of stockholders' equity ⁽⁶⁾	24%	28%	30%	28%	26%

* Represents a non-GAAP financial measure; see Appendix.

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Performance Highlights and Trends (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Agency mortgage-backed securities	\$103,093,526	\$90,752,995	\$89,290,128	\$86,593,058	\$88,579,097
Credit risk transfer securities	607,945	552,097	688,521	563,796	628,942
Non-Agency mortgage-backed securities	1,116,569	1,161,938	1,173,467	1,006,785	1,066,343
Commercial mortgage-backed securities	175,231	156,758	186,495	315,050	264,810
Total Securities	\$104,993,271	\$92,623,788	\$91,338,611	\$88,478,689	\$90,539,192
Residential mortgage loans	\$1,311,720	\$1,359,806	\$1,217,139	\$1,142,300	\$974,577
Commercial real estate debt and preferred equity	722,962	1,296,803	1,435,865	1,251,138	1,081,295
Corporate debt	1,758,082	1,887,182	1,528,874	1,256,276	1,152,745
Loans held for sale	86,560	42,184	42,325	42,458	-
Total Loans, net	\$3,879,324	\$4,585,975	\$4,224,203	\$3,692,172	\$3,208,617
Mortgage servicing rights	\$500,745	\$557,813	\$588,833	\$599,014	\$596,378
Residential mortgage loans transferred or pledged to securitization vehicles	\$1,425,668	\$1,094,831	\$765,876	\$523,857	\$561,108
Commercial real estate debt investments transferred or pledged to securitization vehicles	2,939,632	2,738,369	3,521,945	2,542,413	2,695,513
Assets transferred or pledged to securitization vehicles	\$4,365,300	\$3,833,200	\$4,287,821	\$3,066,270	\$3,256,621
Real estate, net	\$734,239	\$739,473	\$753,014	\$477,887	\$480,063
Total residential and commercial investments	\$114,472,879	\$102,340,249	\$101,192,482	\$96,314,032	\$98,080,871

Appendix: Non-GAAP Reconciliations

Non-GAAP Reconciliations

Beginning with the quarter ended September 30, 2018, the Company updated its calculation of core earnings and related metrics to reflect changes to its portfolio composition and operations, including the acquisition of MTGE in September 2018. Compared to prior periods, the revised definition of core earnings includes coupon income (expense) on CMBX positions (reported in Net gains (losses) on other derivatives) and excludes depreciation and amortization expense on real estate and related intangibles (reported in Other income (loss)), non-core income (loss) allocated to equity method investments (reported in Other income (loss)) and the income tax effect of non-core income (loss) (reported in Income taxes). Prior period results have not been adjusted to conform to the revised calculation as the impact in each of those periods is not material.

The Company calculates “core earnings”, a non-GAAP measure, as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) realized amortization of MSRs, (d) other income (loss) (excluding depreciation and amortization expense on real estate and related intangibles, non-core income allocated to equity method investments and other non-core components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items) and (f) income taxes (excluding the income tax effect of non-core income (loss) items), and core earnings (excluding PAA), which is defined as core earnings excluding 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 (cont'd)

Unaudited, dollars in thousands except per share amounts

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. 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. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP results are provided below and on the next page.

	For the quarters ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
GAAP to Core Reconciliation					
GAAP net income (loss)	(\$849,251)	(\$2,254,872)	\$385,429	\$595,887	\$1,327,704
Net income (loss) attributable to non-controlling interests	(101)	17	(149)	(32)	(96)
Net income (loss) attributable to Annaly	(\$849,150)	(\$2,254,889)	\$385,578	\$595,919	\$1,327,800
Adjustments to excluded reported realized and unrealized (gains) losses:					
Realized (gains) losses on termination of interest rate swaps	\$588,256	-	(575)	-	(834)
Unrealized (gains) losses on interest rate swaps	390,556	1,313,882	(417,203)	(343,475)	(977,285)
Net (gains) losses on disposal of investments	93,916	747,505	324,294	66,117	(13,468)
Net (gains) losses on other derivatives	115,159	484,872	(94,827)	(34,189)	47,145
Net unrealized (gains) losses on instruments measured at fair value through earnings	(47,629)	18,169	39,944	48,376	51,593
Loan loss provision	5,703	3,496	-	-	-
Adjustments to exclude components of other (income) loss:					
Depreciation and amortization expense related to commercial real estate ⁽¹⁾	10,114	11,000	9,278	-	-
Non-core (income) loss allocated to equity method investments ⁽²⁾	9,496	(10,307)	(2,358)	-	-
Non-core other (income) loss ⁽³⁾	-	-	44,525	-	-
Adjustments to exclude components of general and administrative expenses and income taxes:					
Transaction expenses and non-recurring items ⁽⁴⁾	9,982	3,816	60,081	-	1,519
Income tax effect on non-core income (loss) items	726	3,334	886	-	-
Adjustments to add back components of realized and unrealized (gains) losses:					
TBA dollar roll income and CMBX coupon income ⁽⁵⁾	38,134	69,572	56,570	62,491	88,353
MSR amortization ⁽⁶⁾	(13,979)	(18,753)	(19,913)	(19,942)	(21,156)
Core earnings*	351,284	371,697	386,280	375,297	503,667
Less:					
Premium amortization adjustment (PAA) cost (benefit)	81,871	45,472	3,386	7,516	(118,395)
Core Earnings (excluding PAA)*	\$433,155	\$417,169	\$389,666	\$382,813	\$385,272
Dividends on preferred stock	32,494	32,494	31,675	31,377	33,766
Core Earnings attributable to common shareholders *	\$318,790	\$339,203	\$354,605	\$343,920	\$469,901
Core Earnings (excluding PAA) attributable to common shareholders *	\$400,661	\$384,675	\$357,991	\$351,436	\$351,506
GAAP net income (loss) per average common share ⁽⁷⁾	(\$0.63)	(\$1.74)	\$0.29	\$0.49	\$1.12
Core earnings per average common share ^{(7)*}	\$0.23	\$0.26	\$0.29	\$0.30	\$0.41
Core earnings (excluding PAA) per average common share ^{(7)*}	\$0.29	\$0.29	\$0.30	\$0.30	\$0.30
Annualized GAAP return (loss) on average equity	(22.72%)	(62.05%)	10.73%	17.20%	36.86%
Annualized core return on average equity (excluding PAA)*	11.59%	11.48%	10.85%	11.05%	10.70%

* Represents a non-GAAP financial measure.

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
<u>Premium Amortization Reconciliation</u>					
Premium amortization expense	\$247,446	\$220,131	\$187,537	\$202,426	\$95,832
Less:					
PAA cost (benefit)	\$81,871	\$45,472	\$3,386	\$7,516	(\$118,395)
Premium amortization expense (excluding PAA)	\$165,575	\$174,659	\$184,151	\$194,910	\$214,227
<u>Interest Income (excluding PAA) Reconciliation</u>					
GAAP interest income	\$866,186	\$859,674	\$816,596	\$776,806	\$879,487
PAA cost (benefit)	\$81,871	\$45,472	\$3,386	\$7,516	(\$118,395)
Interest income (excluding PAA)*	\$948,057	\$905,146	\$819,982	\$784,322	\$761,092
<u>Economic Interest Expense Reconciliation</u>					
GAAP interest expense	\$647,695	\$586,774	\$500,973	\$442,692	\$367,421
Add:					
Net interest component of interest rate swaps ⁽¹⁾	(134,035)	(65,889)	(51,349)	(31,475)	48,160
Economic interest expense ⁽¹⁾	\$513,660	\$520,885	\$449,624	\$411,217	\$415,581
<u>Economic Net Interest Income (excluding PAA) Reconciliation</u>					
Interest income (excluding PAA)	\$948,057	\$905,146	\$819,982	\$784,322	\$761,092
Less:					
Economic interest expense ⁽¹⁾	513,660	520,885	449,624	411,217	415,581
Economic net interest income (excluding PAA) ⁽¹⁾	\$434,397	\$384,261	\$370,358	\$373,105	\$345,511
<u>Economic Metrics (excluding PAA)</u>					
Average interest earning assets	\$109,946,527	\$107,232,861	\$101,704,957	\$102,193,435	\$101,979,042
Interest income (excluding PAA)*	\$948,057	\$905,146	\$819,982	\$784,322	\$761,092
Average yield on interest earning assets (excluding PAA)*	3.45%	3.38%	3.22%	3.07%	2.99%
Average interest bearing liabilities	\$95,529,819	\$91,746,160	\$86,638,082	\$87,103,807	\$87,376,452
Economic interest expense ⁽¹⁾	\$513,660	\$520,885	\$449,624	\$411,217	\$415,581
Average cost of interest bearing liabilities ⁽¹⁾	2.15%	2.22%	2.08%	1.89%	1.90%
Economic net interest income (excluding PAA) ⁽¹⁾	\$434,397	\$384,261	\$370,358	\$373,105	\$345,511
Net interest spread (excluding PAA)*	1.30%	1.16%	1.14%	1.18%	1.09%
<u>Interest Income (excluding PAA)*</u>					
Interest income (excluding PAA)*	\$948,057	\$905,146	\$819,982	\$784,322	\$761,092
TBA dollar roll income and CMBX coupon income ⁽²⁾	38,134	69,572	56,570	62,491	88,353
Interest expense	(647,695)	(586,774)	(500,973)	(442,692)	(367,421)
Net interest component of interest rate swaps	134,035	65,889	51,349	31,475	(48,160)
Subtotal	\$472,531	\$453,833	\$426,928	\$435,596	\$433,864
Average interest earning assets	\$109,946,527	\$107,232,861	\$101,704,957	\$102,193,435	\$101,979,042
Average TBA contract and CMBX balances ⁽²⁾	14,927,490	14,788,453	12,216,863	9,407,819	12,050,341
Subtotal	\$124,874,017	\$122,021,314	\$113,921,820	\$111,601,254	\$114,029,383
Net interest margin (excluding PAA)*	1.51%	1.49%	1.50%	1.56%	1.52%

* Represents a non-GAAP financial measure.

Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Glossary

ACREG: Refers to Annaly Commercial Real Estate Group

Agency Peers: Represents companies comprising the Agency sector within the BBREMTG Index*

AMML: Refers to Annaly Middle Market Lending Group

ARC: Refers to Annaly Residential Credit Group

BBREMTG: Represents the Bloomberg Mortgage REIT Index*

Beta: Represents Bloomberg's 'Overridable Adjusted Beta' which estimates the degree to which a stock's price will fluctuate based on a given movement in the representative market index, calculated from December 31, 2013 to March 29, 2019 with daily periodicity. S&P 500 is used as the relative index for the calculation

Commercial Peers: Represents companies comprising the commercial sector within the BBREMTG Index*

Consumer Staples: Represents the S5CONS Index*

Continuing Directors: Represents the eleven members of the Board following the 2019 Annual Meeting (assuming all nominees are elected)

CRT: Refers to credit risk transfer securities

Equity REITs: Represents the RMZ Index*

ESG: Refers to Environmental, Social and Governance

FHLB: Refers to the Federal Home Loan Bank

GSE: Refers to government sponsored enterprise

Hybrid Peers: Represents companies comprising the hybrid sector within the BBREMTG Index*

MLPs: Represents the Alerian MLP Index*

mREITs or mREIT Peers: Represents the BBREMTG Index*

Proxy Peer Group: Represents the 23 companies defined as the "Peer Group" in the Company's 2019 proxy statement⁽¹⁾

S&P 500: Represents the S&P 500 Index*

Select Financials: Represents an average of companies in the S5FINL Index with dividend yields greater than 50 basis points higher than the S&P 500 dividend yield as of March 29, 2019

Unencumbered Assets: Represents Annaly's excess liquidity and defined as assets that have not been pledged or securitized (generally including cash and cash equivalents, Agency MBS, CRT, Non-Agency MBS, residential mortgage loans, MSRs, reverse repurchase agreements, CRE debt and preferred equity, corporate debt, other unencumbered financial assets and capital stock)

Utilities: Represents the Russell 3000 Utilities Index*

Yield Sectors or Yield Sector Peers: Representative of Consumer Staples, Equity REITs, MLPs, Select Financials and Utilities

*Represents constituents as of March 29, 2019.

1. Affiliated Managers Group, Inc., AGNC Investment Corp., Apollo Global Management, LLC, Ameriprise Financial, Inc., Ares Capital Corporation, Ares Management Corp., ARMOUR Residential REIT, Inc., E*TRADE Financial Corporation, Eaton Vance Corp., Franklin Resources, Inc., Invesco Ltd., Jefferies Financial Group Inc., KKR & Co. L.P., Lazard Ltd, Legg Mason, Inc., New Residential Investment Corp., Northern Trust Corporation, Raymond James Financial, Inc., Starwood Property Trust, Inc., T. Rowe Price Group, Inc., The Blackstone Group L.P., The Carlyle Group L.P. and Waddell & Reed Financial, Inc.

Endnotes

Page 4

1. Agency assets include to be announced (“TBA”) purchase contracts (market value) and mortgage servicing rights (“MSRs”). Residential Credit assets exclude securitized debt of consolidated variable interest entities (“VIEs”). Commercial Real Estate assets exclude securitized debt of consolidated VIEs and include \$118mm of unused proceeds collateral to be deployed through the managed CRE CLO during the six month, post-close ramp-up period.
2. Represents the capital allocation for each of the four investment groups and is calculated as the difference between assets and related financing. Includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders’ equity.
3. Sector rank compares Annaly dedicated capital in each of its four investment groups as of March 31, 2019 (adjusted for P/B as of March 29, 2019) to the market capitalization of the companies in each respective comparative sector as of March 29, 2019. Comparative sectors used for Agency, Commercial Real Estate and Residential Credit ranking are their respective sector within the BBREMTG Index as of March 29, 2019. Comparative sector used for Middle Market Lending ranking is the S&P BDC Index as of March 29, 2019.
4. Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or of a substantially similar, nature in each respective group.

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1. Based on annualized Q1 2019 dividend of \$0.30 and a closing price of \$9.99 on March 31, 2019.
2. Includes TBA purchase contracts and \$118mm of unused proceeds collateral to be deployed through the managed CRE CLO during the six month, post-close ramp-up period, and excludes securitized debt of consolidated VIEs.
3. Capital allocation includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders’ equity.
4. Includes a \$394mm residential whole loan securitization and a \$857mm commercial securitization (managed CRE CLO) closed during the first quarter 2019, and a \$388mm residential whole loan securitization closed subsequent to quarter end in April 2019.
5. Measures total notional balances of interest rate swaps, interest rate swaptions and futures relative to repurchase agreements, other secured financing and TBA derivative and CMBX notional outstanding; excludes MSRs 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.
6. Includes GAAP interest expense and the net interest component of interest rate swaps.

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1. Includes Annaly’s \$876mm acquisition of CreXus Investment Corp. (closed May 2013), \$1,519mm acquisition of Hatteras Financial Corp. (closed July 2016) and \$906mm acquisition of MTGE Investment Corp. (closed September 2018).
2. Data shown since December 31, 2013, which marks the beginning of Annaly’s diversification efforts, through March 29, 2019.
3. Represents Annaly’s operating expense as a percentage of average equity compared to the BBREMTG Index as of December 31, 2018. Operating expense is defined as: (i) for internally-managed peers, the sum of compensation and benefits, G&A and other operating expenses, less any one-time or transaction related expenses and (ii) for externally-managed peers, the sum of net management fees, compensation and benefits (if any), general and administrative expenses (“G&A”) and other operating expenses, less any one-time or transaction related expenses.
4. Total return represents total shareholder return for the period beginning December 31, 2013 to March 29, 2019.

Page 8

1. Compares companies in the BBREMTG Index as of March 29, 2019 to the same list of companies as of April 8, 2016 (the last trading day prior to the announcement of the acquisition of Hatteras Financial Corp.).

Page 10

1. Represents operating expense as a percentage of average equity for the year ended December 31, 2018. For Annaly and mREIT Peers, operating expense is defined as: (i) for internally-managed peers, the sum of compensation and benefits, G&A and other operating expenses, less any one-time or transaction related expenses and (ii) for externally-managed peers, the sum of net management fees, compensation and benefits (if any), G&A and other operating expenses, less any one-time or transaction related expenses. Excludes companies with negative equity or operating expenses as a percent of average equity in excess of 250%.
2. Represents the average of the Yield Sectors.

Page 11

1. Includes a \$394mm securitization closed during the first quarter 2019 and a \$388mm securitization closed subsequent to quarter end in April 2019.
2. \$857 million represents the total collateral contributed to the CLO, comprised of \$739 million of mortgage asset principal balance and \$118 million of unused proceeds available to purchase additional mortgage assets during the six month, post-close ramp-up period.
3. Reflects Annaly’s 5-year FHLB financing, which sunsets in February 2021.
4. Does not include structural leverage.
5. Does not include synthetic financing for TBA contracts.
6. Excludes securitized debt of investments in Freddie Mac securitizations and securitized debt of a subordinated tranche in a securitization trust. Total does not include middle market loan syndications.
7. Includes Residential Credit securitizations and the managed CRE CLO.

Page 12

1. “Survey: Half of business economists see recession by 2020”; M. Crutsinger; The Associated Press; February 25, 2019.
2. Compares Annaly’s aggregate daily total shareholder returns on days in which the Chicago Board Options Exchange Volatility Index (“VIX Index”) closes above 15 from December 31, 2013 to March 29, 2019 to the average of Yield Sectors during the same time period.
3. “Credit Risk Transfer and De Facto GSE Reform”; D. Finkelstein, A. Strzodka, and J. Vickery; Federal Reserve Bank of New York Staff Reports, no. 838; February 2018. For more information please refer to: <https://www.annaly.com/investors/news/thought-leadership>.
4. Includes Annaly’s \$876mm acquisition of CreXus Investment Corp. (closed May 2013), \$1,519mm acquisition of Hatteras Financial Corp. (closed July 2016) and \$906mm acquisition of MTGE Investment Corp. (closed September 2018).
5. “2018 Global Sustainable Investment Review”; Global Sustainable Alliance; April 1, 2019.

Page 14

1. Includes TBA purchase contracts and \$118mm of unused proceeds collateral to be deployed through the managed CRE CLO during the six month, post-close ramp-up period, and excludes securitized debt of consolidated VIEs.

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1. Non-bank percent of total based on top 50 mortgage originators.
2. Chart represents private label securitizations closed in 2018 in which deals were categorized either as prime or expanded-prime securitizations.
3. Securitization shelves are generally representative of borrowers with credit scores above the national average (average credit of selected shelves is 769), where nearly all borrowers have documented income via W2 (100% of borrowers have full documentation). These borrowers generally receive relatively attractive mortgage rates (average gross WAC of 4.30%).
4. Securitization shelves are generally representative of borrowers with credit scores above the national average (average credit of selected shelves is 754), but some of the borrowers are either lacking full documentation (89% of borrowers have full documentation), are non-QM, are financing investor properties, are higher LTV borrowers, or are a combination of these risk factors. These borrowers received an average gross WAC of 5.01%.
5. Includes private equity, hedge funds and other alternative investors.

Endnotes (cont'd)

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1. Represents the share of CRT reference pool unpaid principal balance as disclosed in the FHFA Credit Risk Transfer Progress Reports relative to total conventional 30-year issuance guaranteed by Fannie Mae and Freddie Mac. All data is through December 2018 only.
2. Unpaid principal balance at the time of issuance as per FHFA Credit Risk Transfer Progress Reports. Of note, percentages might vary slightly to percentages discussed in FHFA reports given timing difference (e.g., loans guaranteed in December of 2018 might only be slated for risk transfer in calendar year 2019).
3. Represents the amount of loans financed under HARP according to the October 2018 FHFA refi report. Excludes Q4 2018 HARP refinancings.
4. Annual STACR and CAS gross issuance. Does not reflect current outstanding universe as it does not account for paydowns.
5. Monthly trading volumes in CAS and STACR securities reported in TRACE. Assumes trades reported with capped \$5mm reporting trade size were on average \$9mm.

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1. Represents the estimated number of homes financed by Annaly's holdings of Agency MBS, residential whole loans and securities, as well as multi-family commercial real estate loans, securities and equity investments. The number includes all homes related to securities and loans wholly-owned by Annaly or one of its subsidiaries and a pro-rata share of homes in securities or equity investments that are partially owned by Annaly.
2. CRTs include the loans in the CRT reference pool for CRT securities partially-owned by Annaly. In rare cases, some individual borrowers may be counted multiple times if they are present in Annaly's holdings of multiple asset types.
3. Represents all of the loans included in low loan balance (<\$85,000) and medium loan balance (\$85,000-\$110,000) Agency MBS pools wholly-owned by Annaly and a pro-rata share of loans in low loan balance and medium loan balance Agency MBS pools partially-owned by Annaly. Based on FHFA's December 31, 2018 seasonally adjusted House Price Index, which is calculated using home sales price information from mortgages sold to, or guaranteed by, Fannie Mae and Freddie Mac.
4. Represents residential whole loans owned by Annaly or one of its subsidiaries.

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1. Representative of outreach during 2018-2019 proxy season and shareholder base as of December 31, 2018. Shareholder data per Ipreo.
2. S&P 500 board composition per ISS Corporate Solutions as of March 31, 2019.
3. First joint venture announced November 2017: Annaly's investment represents \$20mm and Capital Impact Partners' investment represents \$5mm. Second Joint Venture announced January 2019: Annaly's commitment represents \$20mm and Capital Impact Partners' commitment represents \$5mm.
4. Data provided by Capital Impact Partners.
5. Based on December 31, 2018 Annaly employee constituency (which excludes new hires since January 2018).
6. Survey results based on 2018 internal surveys conducted by Perceptyx.

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1. Universe of companies consists of the BofAML U.S. research coverage universe each year for which Thomson Reuters ESG data is available.
2. EPS volatility based on volatility in quarterly EPS over the subsequent 3 years.
3. Data from 2010 on for % Women Managers. "Women Managers" based on Thomson Reuters' Social sub-pillar score.
4. High ESG Score based on >50 score on Board Diversity and >30% women in management.
5. Low ESG Score based on <50 score on Board Diversity and <30% women in management.

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1. Represents the companies included in the Proxy Peer Group with such disclosure.
2. Leadership/executives as defined by each company per their respective public disclosure.
3. Employee constituency statistics as of December 31, 2018.
4. Based on December 31, 2018 Annaly employee constituency (which excludes new hires since January 2018).
5. Represents allocations in socially responsible investments or products that make socially responsible investments available to clients (e.g., ESG focused funds or ETFs), based on a review of each company's respective public disclosure.
6. Represents Annaly's two joint venture partnerships with Capital Impact Partners.

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1. Represents average of the companies included in the Proxy Peer Group.
2. Represents average of the S&P 500 as of March 31, 2019.
3. Represents S&P 500 constituents as of March 31, 2019.

Page 23

1. Includes TBA purchase contracts and MSRs.
2. Includes fixed-rate pass-through certificates only. "High Quality Spec" protection is defined as pools backed by original loan balances of up to \$125k, highest LTV pools (CR>125% LTV), geographic concentrations (NY/PR). "Med Quality Spec" includes \$200k loan balance, \$175k loan balance, \$150k loan balance, high LTV (CQ 105-125% LTV), and 40-year pools. "40+ WALA" is defined as weighted average loan age greater than 40 months and treated as seasoned collateral.

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1. Shown exclusive of securitized residential mortgage loans of a consolidated VIE and loans held by an affiliated master servicer.
2. Prime classification includes \$22.1mm of Prime IO.

Page 25

1. Total CRE assets include the \$223mm economic interest in the Annaly issued managed CRE CLO, including the \$118mm of unused proceeds collateral to be deployed through the CLO during the six month, post-close ramp-up period. Total CRE assets, inclusive of the carrying value of the mortgage loans contributed to the managed CRE CLO, would be \$2.7bn, which would be a 14% increase from Q4 2018.
2. Reflects limited and general partnership interests in a commercial loan investment fund that is accounted for under the equity method for GAAP.
3. Reflects joint venture interests in a social impact loan investment fund that is accounted for under the equity method for GAAP.
4. Includes equity investment in health care assets.
5. Includes mezzanine loans for which Commercial Real Estate is also the corresponding first mortgage lender, B-Notes held for investment and a B-Note held for sale.
6. Other includes 45 states, none of which represents more than 5% of total portfolio value. The Company looked through to the collateral characteristics of securitizations and equity method investments.

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1. \$217mm was syndicated in Q1 2019 and \$24mm was previously syndicated in Q4 2018.
2. Based on Standard Industrial Classification industry categories.
3. Breakdown based on aggregate dollar amount of individual investments made within the respective loan size buckets. Multiple investment positions with a single obligor shown as one individual investment.

Endnotes (cont'd)

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1. Net of dividends on preferred stock.
2. The Company separately calculates core earnings per average common share and core earnings (ex-PAA) per average common share, with the difference between these two per share amounts attributed to the PAA cost (benefit) per average common share. As such, the reported value of the PAA cost (benefit) per average common share may not reflect the result of dividing the PAA cost (benefit) by the weighted average number of common shares outstanding due to rounding.
3. Book value per common share includes 10.6mm shares of the Company's common stock that were pending issuance to shareholders of MTGE Investment Corp. ("MTGE") at September 30, 2018 in connection with the MTGE acquisition.
4. Debt consists of repurchase agreements, other secured financing, securitized debt and mortgages payable. Certain credit facilities (included within other secured financing), securitized debt and mortgages payable are non-recourse to the Company.
5. Computed as the sum of recourse debt, TBA derivative and CMBX notional outstanding and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements and other secured financing (excluding certain non-recourse credit facilities). Securitized debt, certain credit facilities (included within other secured financing) and mortgages payable are non-recourse to the Company and are excluded from this measure.
6. Represents CRT securities, non-Agency mortgage-backed securities, residential mortgage loans, commercial real estate debt investments and preferred equity investments, loans held for sale, investments in commercial real estate and corporate debt, net of financing.

Non-GAAP Reconciliations

Page 31

1. Includes depreciation and amortization expense related to equity method investments.
2. Beginning with the quarter ended September 30, 2018, the Company excludes non-core (income) loss allocated to equity method investments, which represents the unrealized (gains) losses allocated to equity interests in a portfolio of MSR, which is a component of Other income (loss). The quarter ended December 31, 2018 also includes a realized gain on sale within an unconsolidated joint venture, which is a component of Other income (loss).
3. The quarter ended September 30, 2018 reflects the amount of consideration paid for the acquisition of MTGE in excess of the fair value of net assets acquired. This amount is primarily attributable to a decline in portfolio valuation between the pricing and closing dates of the transaction and is consistent with changes in market values observed for similar instruments over the same period.
4. Represents costs incurred in connection with a securitization of commercial loans and a securitization of residential whole loans for the quarter ended March 31, 2019. Represents costs incurred in connection with the MTGE transaction and costs incurred in connection with a securitization of residential whole loans for the quarters ended September 30, 2018 and December 31, 2018. Represents costs incurred in connection with a securitization of residential whole loans for the quarter ended March 31, 2018.
5. TBA dollar roll income and CMBX coupon income each represent a component of net gains (losses) on other derivatives. CMBX coupon income totaled \$1.1mm, \$1.2mm and \$1.2mm for the quarters ended March 31, 2019, December 31, 2018 and September 30, 2018, respectively. There were no adjustments for CMBX coupon income prior to September 30, 2018.
6. MSR amortization represents the portion of changes in fair value that is attributable to the realization of estimated cash flows on the Company's MSR portfolio and is reported as a component of Net unrealized gains (losses) on instruments measured at fair value.
7. Net of dividends on preferred stock.

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1. Average cost of interest bearing liabilities represents annualized economic interest expense divided by average interest bearing liabilities. Average interest bearing liabilities reflects the average amortized cost during the period. Economic interest expense is comprised of GAAP interest expense and the net interest component of interest rate swaps.
2. CMBX coupon income and average CMBX balances have only been applied to the quarters ended March 31, 2019, December 31, 2018 and September 30, 2018. The impact to net interest margin (ex-PAA) in prior periods was immaterial.