

ANNALY®

Fourth Quarter 2021 Investor Presentation

February 9, 2022

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This presentation includes certain non-GAAP financial measures, including earnings available for distribution. We believe the non-GAAP financial measures are useful for management, investors, analysts, and other interested parties in evaluating our performance but should not be viewed in isolation and are not a substitute for financial measures computed in accordance with U.S. generally accepted accounting principles ("GAAP"). In addition, we may calculate our non-GAAP metrics, such as earnings available for distribution, or the premium amortization adjustment, differently than our peers making comparative analysis difficult.

Recent Achievements and Performance Highlights

Financial Performance

Annaly's portfolio continued to generate strong earnings with ample dividend coverage in the fourth quarter

- Earnings available for distribution* of **\$0.28** per average common share for the quarter with dividend coverage of **+125%**
- Book value per common share of **\$7.97**
- Economic return (loss) and tangible economic return (loss) of **(2.4%)** for the fourth quarter
- Declared quarterly common stock cash dividend of **\$0.22 per share** with yield of **11.3%**

Financing & Liquidity

Annaly maintained a conservative leverage profile with significant liquidity throughout the fourth quarter

- Financing costs remained historically low with fourth quarter average economic cost of interest-bearing liabilities* of **0.75%**, down **12 basis points** year-over-year ("YoY")
- Economic leverage* of **5.7x**, down from **5.8x** quarter-over-quarter
- **\$9.3 billion** of unencumbered assets, including cash and unencumbered Agency MBS of **\$5.2 billion**
- Annaly's Residential Credit Group priced **seven residential whole loan securitizations** totaling **\$3.2 billion** since the start of the fourth quarter⁽¹⁾

Portfolio Performance

Annaly increased its capital allocation to credit in the fourth quarter given strong fundamentals and robust returns

- Total assets of **\$89.2 billion**⁽²⁾ with highly liquid Agency portfolio representing **91%** of total assets
- Capital allocation⁽³⁾ to credit increased by approximately **200 basis points** to **32%** driven by **\$2.2 billion** of credit originations⁽⁴⁾
- Annaly's **Mortgage Servicing Rights** ("MSR") platform grew **12%** in the fourth quarter and **over 350%** in 2021⁽⁵⁾
- Annaly's **Residential Credit Group** grew to **24%** of dedicated equity capital⁽³⁾ with **\$1.7 billion** of whole loans settled and **\$270 million** of CRT purchased during the quarter
- Proactively adjusted **hedge portfolio** toward the front end of the curve in anticipation of potential rate hikes

Shareholder Value

Annaly's focus on shareholder value is exemplified by the significant cost savings following its internalization and CRE divestiture

- Decreased full-year operating expense ratio by **20 basis points** to **1.35%**⁽⁶⁾ driven by savings following its management internalization and disposition of its Commercial Real Estate business⁽⁷⁾
- Raised **\$552 million** of accretive common equity through the Company's at-the-market sales program⁽⁸⁾
- Subsequent to quarter end, included in the **Bloomberg Gender-Equality Index** for the **fifth** consecutive year
- Appointed Ilker Ertas as **Chief Investment Officer**

Fourth Quarter 2021 Financial Highlights

Earnings & Book Value

Earnings per Share

GAAP

Earnings Available
for Distribution*

\$0.27 | \$0.28

Book Value per Share

\$7.97

Dividend per Share

\$0.22

Dividend Yield⁽¹⁾

11.3%

Net Interest Margin (ex. PAA)*

2.04%

2.03%

Q3 2021

Q4 2021

Investment Portfolio

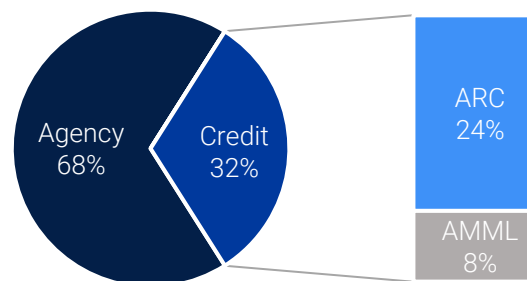
Total Portfolio⁽²⁾

\$89.2bn

Total Stockholders' Equity

\$13.2bn

Capital Allocation⁽³⁾



Average Yield on Interest Earning Assets (ex. PAA)*

2.63%

2.63%

Q3 2021

Q4 2021

Financing, Liquidity & Hedging

Liquidity Position

\$5.2bn

of cash and
unencumbered
Agency MBS

\$9.3bn

of total unencumbered
assets

Total Hedge Portfolio⁽⁴⁾

\$72bn

Hedge portfolio,
increased from \$64bn in
Q3'21 to reflect
conservative positioning
ahead of anticipated
rate hikes

Economic Leverage^{*(5)}

5.8x

5.7x

Q3 2021

Q4 2021

Hedge Ratio⁽⁶⁾

80%

95%

Q3 2021

Q4 2021

Average Economic Cost of Funds^{*(7)}

0.66%

0.75%

Q3 2021

Q4 2021

Annaly Investment Strategies

Total Portfolio: \$89.2 billion⁽¹⁾
Total Shareholders' Equity: \$13.2 billion

Assets ⁽¹⁾ :	\$81.5 billion
Capital ⁽²⁾ :	\$8.8 billion
Strategy:	Countercyclical / Defensive

Invests in Agency MBS collateralized by residential mortgages, which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae, and complementary investments within the Agency market, including mortgage servicing rights and Agency CMBS

The Annaly Agency Group

Assets:	\$2.0 billion
Capital ⁽²⁾ :	\$1.1 billion
Strategy:	Non-Cyclical / Defensive

Provides financing to private equity backed middle market businesses, focusing primarily on senior debt within select industries

The Annaly Residential Credit Group

The Annaly Middle Market Lending Group

Assets ⁽¹⁾ :	\$4.6 billion
Capital ⁽²⁾ :	\$3.1 billion
Strategy:	Cyclical / Growth

Invests in Non-Agency residential mortgage assets within the securitized product and whole loan markets

1. Market Environment & Annaly Positioning

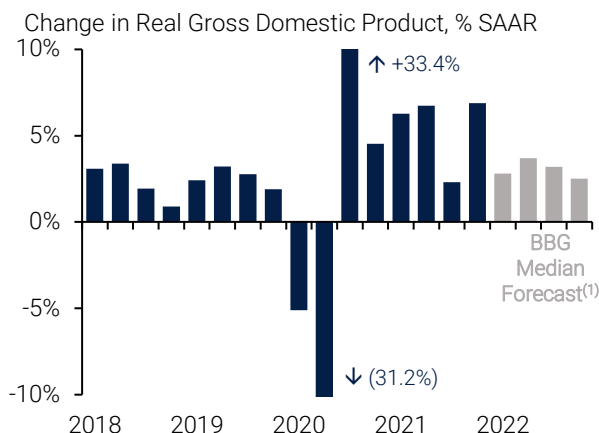
The Macroeconomic State of Affairs

The Federal Reserve has signaled steps toward policy normalization given concerns over persistent inflation and labor market tightness

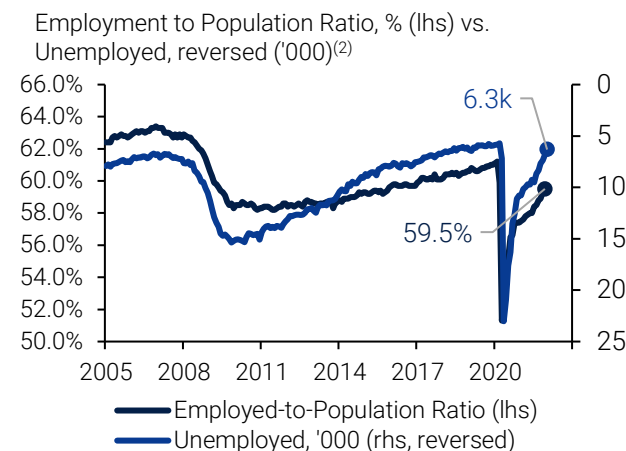
Market and Economic Developments

- Amidst strong fiscal and monetary policy support, the U.S. economy recovered sharply in 2021 despite the ongoing pandemic
 - Real GDP rose 5.7% YoY, marking the strongest year of economic output growth in 40 years
- This economic growth enabled a rapid recovery of the labor market, leading the unemployment rate to fall below 4% at year-end, while job openings remain near record levels
- Strong demand and pandemic-related disruptions to the supply chain have raised inflation to generational highs, with headline CPI rising 7.0% YoY in December 2021
- Given high inflation, the Federal Reserve has shifted towards a less accommodative monetary policy stance, signaling at least three 25 bps interest rate hikes and an earlier start to balance sheet runoff in 2022
- Financial markets have seen somewhat elevated volatility and wider spreads amidst the adjusted Fed guidance, though financing remains readily available for more attractive prospective returns

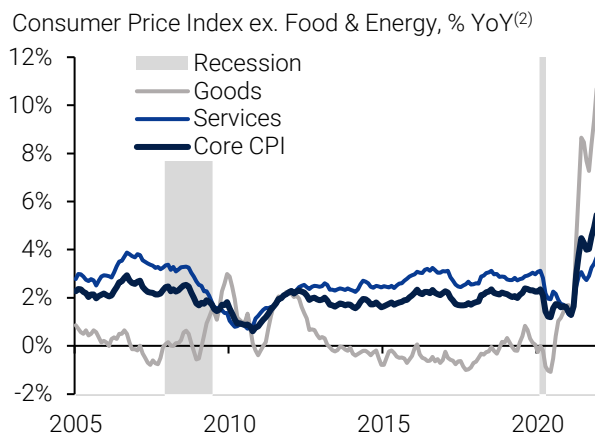
Economic growth expected to remain strong...



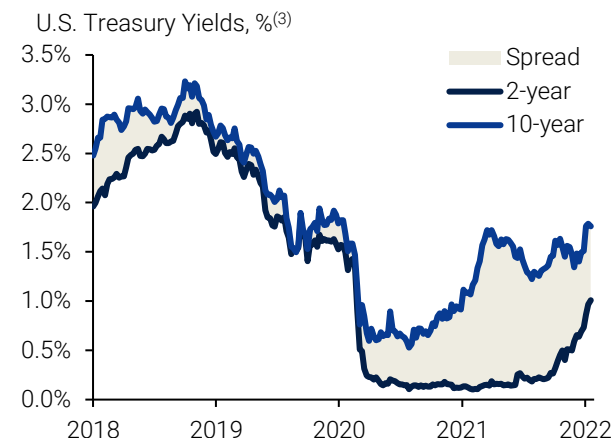
...while the labor market is recovering quickly



Inflation has risen sharply...



...while interest rates have risen as markets price Fed tightening



Strategic Milestones Throughout 2021

Annaly successfully executed on its strategic priorities throughout 2021, including driving value for shareholders at the corporate level

Key Milestones Within Annaly's Investment Strategies

Agency / MSR

- Efficiently built out **MSR Platform** including key hires and strategic partnerships
 - Grew MSR portfolio by over **\$500 million** in 2021 to **\$645 million**⁽¹⁾
 - Fifth largest buyer** of bulk MSR in 2021⁽²⁾
- Proactively managed **Agency MBS** portfolio, successfully balancing exposure between **TBAs** and **Spec Pools**

Residential Credit

- Purchased **\$4.5 billion** in whole loans throughout 2021
- Launched whole loan correspondent channel in April 2021
- Since the start of 2021, completed 13 whole loan securitizations for **\$5.3 billion**⁽³⁾
- Fourth largest non-bank issuer** of Prime Jumbo & Expanded Credit MBS from 2020 to 2021⁽⁴⁾

Middle Market Lending

- Completed over **\$1.5 billion** in gross originations throughout 2021
- AMML holds lead arranger/agent role in approximately **45%** of current portfolio
- Closed inaugural private closed-end fund, raising **\$371 million** of third-party capital
 - Fully deployed at **~\$450 million** in assets
- Added **\$230 million** in credit facility capacity

Continued Focus on Driving Shareholder Value at Corporate Level



CRE Divestiture

\$2.3 Billion

Divestiture of Commercial Real Estate Business



Dividends

\$1.4 Billion

Common and Preferred Dividends Declared; Common Dividend Yield of 11.3%⁽⁵⁾



Accretive ATM Sales

\$552 Million

At-the-Market Common Equity Offerings⁽⁶⁾



OpEx Improvement

20 Basis Points

Improvement in OpEx Ratio YoY to 1.35%⁽⁷⁾

Annaly Well-Positioned for Market Volatility

Annaly is well-prepared for volatility with diversified asset allocation, historically low leverage and a conservatively hedged portfolio

Diversified Capital Allocation



- Strategic diversification of portfolio since onset of COVID
 - Buildout of MSR platform and expansion of residential credit business intended to enhance stability of returns throughout various rate and macro environments
 - MML Private Credit Fund provides recurring fee revenue to REIT, while enhancing scalability of business
- High-quality, liquid Agency MBS remains foundation of portfolio

New Portfolio Initiatives Driving Growth

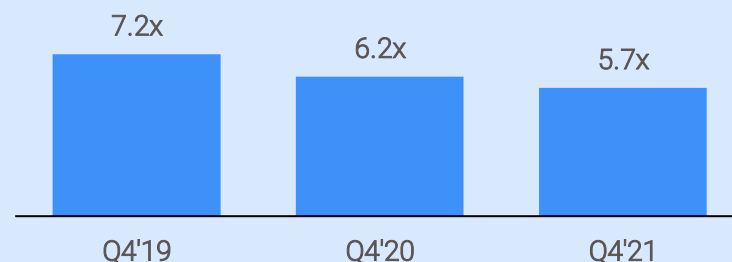
- 1 Mortgage Servicing Rights
- 2 Whole Loan Correspondent Channel
- 3 New Third-Party Partnerships (MSR, Residential Credit, MML)
- 4 Private Credit Fund (MML)

Prudent Leverage Profile



- Economic leverage* has decreased by ~1.5x since the onset of the pandemic
- Optimized capital structure with common stock representing 88% of total capital⁽¹⁾
- Low asset-level structural leverage with 90%+ of assets in highly liquid Agency MBS⁽²⁾
- \$9.3 billion of unencumbered assets and cash and unencumbered Agency MBS of \$5.2 billion

Economic Leverage* Down >20% Since Onset of COVID



Conservatively Hedged Portfolio



- Hedged throughout the curve to provide broad protection
- Diversified hedge portfolio incorporating swaptions and treasury futures
- Proactively adjusted hedges toward the front-end in anticipation of Fed hikes
- Extended swaption expiries for longer-term convexity coverage
- MSR portfolio provides natural hedge to Agency portfolio given negative duration and positive yield

Hedge Portfolio Designed to Protect Book

\$72bn

Hedge Portfolio⁽³⁾, up from \$53 billion in Q4'20

95%

Hedge Ratio⁽⁴⁾, up from 61% in Q4'20

2. Business Update

Agency | Business Update

Annaly continues to position its Agency portfolio for market volatility as the Fed tapers its MBS purchases with prudent asset allocation, conservative hedging and a strong funding profile

Strategic Approach

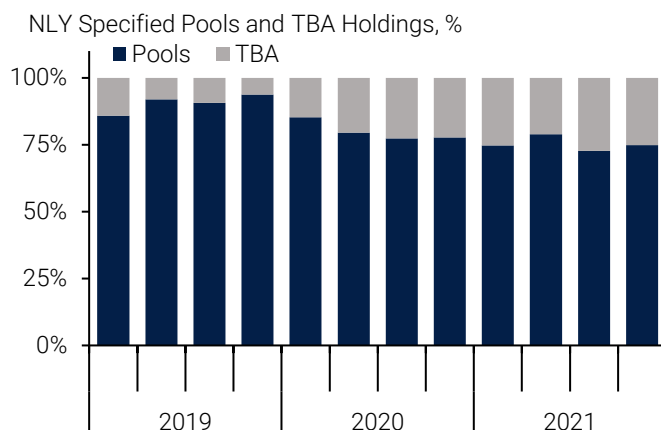
- Annaly's Agency Portfolio is made up of high quality and liquid securities, predominately specified pools, TBAs and derivatives
- Portfolio benefits from in-house proprietary analytics that identify emerging prepayment trends and a focus on durable cash flows
- Diverse set of investment options within Agency market, including MSR and Agency CMBS, that provide complementary duration and return profiles to Agency MBS
- Access to deep and varied financing sources, including traditional wholesale repo and proprietary broker-dealer repo
- MSR portfolio provides natural hedge to Agency portfolio given negative duration and positive yield

Market Trends

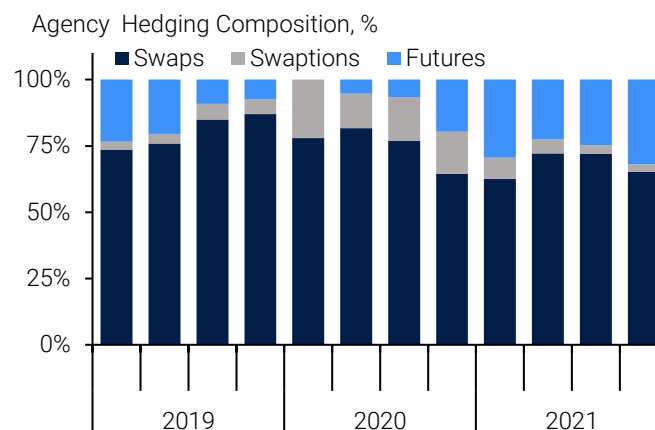
- Agency MBS underperformed during the fourth quarter amid challenging demand technicals given the initiation of Fed taper and a flattening yield curve
- Supply to the private market is expected to increase as the Fed shifts to a net seller in 2022; private capital is expected to emerge with improved investment returns and attractive and readily available financing
- Prepayment speeds have declined in recent months and are expected to continue to slow into a higher rate environment
- Potential for increased cashout refinancings given strong home-price appreciation should mitigate extension risk, resulting in improved asset convexity

Agency Portfolio Detail

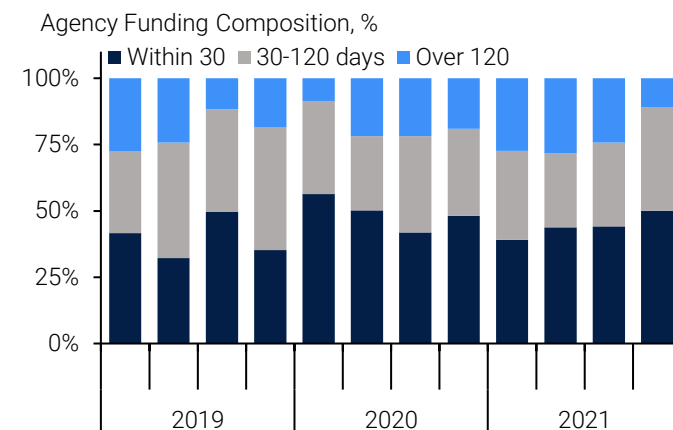
Assets



Hedges⁽¹⁾



Funding⁽²⁾



Source: Company filings. Financial data as of December 31, 2021.

Note: Portfolio data as of quarter end for each respective period.

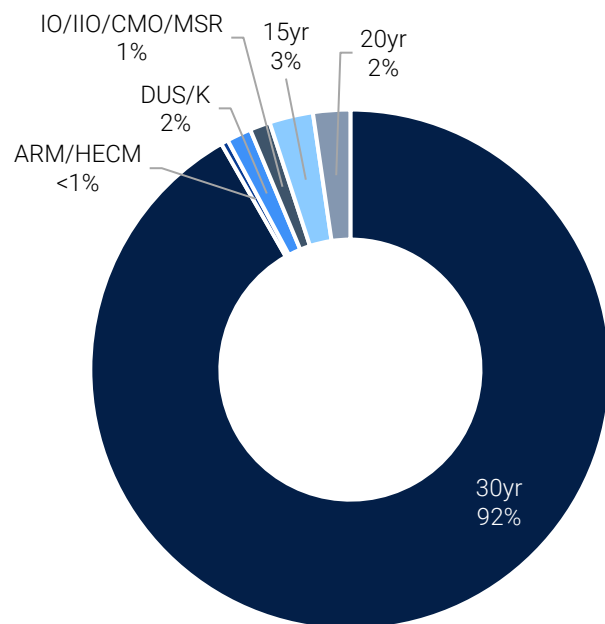
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Agency | Portfolio Summary

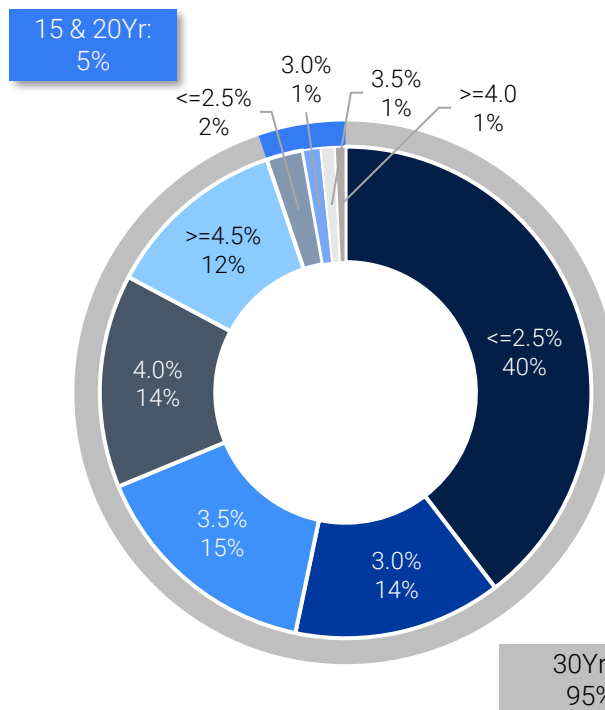
- Annaly Agency Portfolio: \$81.5 billion in assets at the end of Q4 2021, a decrease of 6% compared to Q3 2021, primarily in TBAs, in light of potential spread widening as the Fed reduces their footprint
 - Portfolio composition (by asset and coupon type) was relatively unchanged quarter-over-quarter with majority of portfolio remaining in medium-to-high quality pools
- Conservatively hedged across the yield curve to provide protection against higher interest rates; hedging activity was focused on Treasury futures, adding to front-end hedges in anticipation of Fed tightening, while also extending swaption expiries for longer-term convexity protection
- Annaly's MBS portfolio prepaid 21.4 CPR during the quarter, down from 23.1 CPR in the third quarter

Total Dedicated Capital: \$8.8 billion⁽¹⁾⁽²⁾

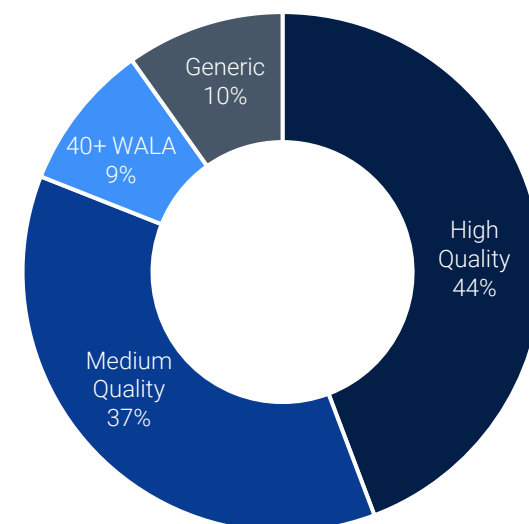
Asset Type⁽¹⁾



Pass Through Coupon Type⁽³⁾



Portfolio Quality⁽⁴⁾



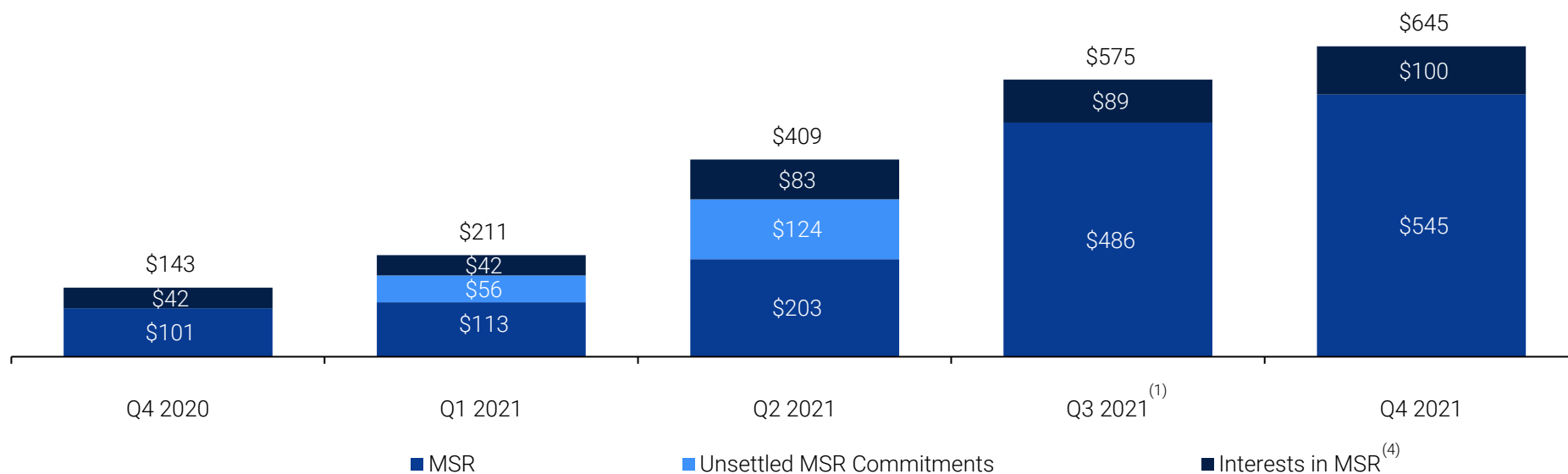
Note: Data as of December 31, 2021. Percentages based on fair market value and may not sum to 100% due to rounding. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Agency | Detail on MSR Portfolio

Annaly grew its complementary MSR portfolio by over \$500 million in 2021 through bulk and flow MSR purchases

- Annaly MSR Portfolio: \$645 million in assets at the end of Q4 2021, an increase of 12% compared to Q3 2021⁽¹⁾
 - Purchased \$82 million of MSR during the fourth quarter through bulk and flow MSR relationships
 - Acquired over \$500 million of MSR assets throughout 2021, increasing the total portfolio market value by over 350%
 - As of the end of the fourth quarter, MSR represented 5% of Annaly's dedicated equity capital
- Annaly was the 5th largest buyer of bulk MSR in 2021⁽²⁾
- Fourth quarter market activity slowed slightly relative to the third quarter, while spreads continued to tighten on strong demand
 - MSR market activity has accelerated in 2022 with approximately \$210mm of commitments in January⁽³⁾
- MSR is complementary to Annaly's Agency MBS strategy as it offers attractive unlevered yields and provides a hedge to interest rate and mortgage basis risk

Annaly MSR Holdings (Market Value, \$mm)



Residential Credit | Business Update

Annaly Residential Credit Group grew assets by nearly 90% throughout 2021 supported by a record year of securitization activity

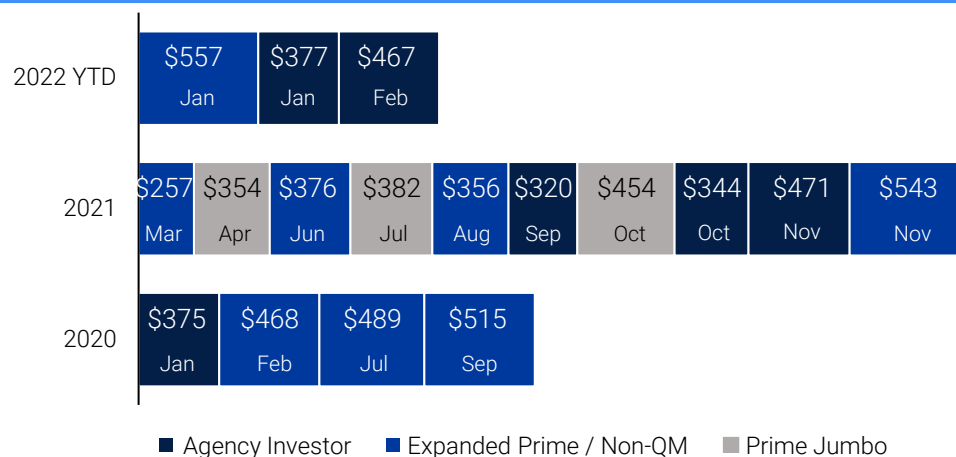
Strategic Approach

- Programmatic securitization sponsor of new origination, residential whole loans with twenty-five deals comprising over \$10 billion of issuance priced since the beginning of 2018⁽¹⁾
- Securitization program gives Annaly the ability to create proprietary investments tailored to desired credit preferences with control over diligence, origination partners, servicers and loss mitigation
- Nimble platform that can deploy capital across both the residential whole loan and the Non-Agency securities markets depending on relative value
- Expanded whole loan sourcing capabilities through introduction of the Onslow Bay correspondent channel
- Modest use of balance sheet leverage with most positions term financed through securitization

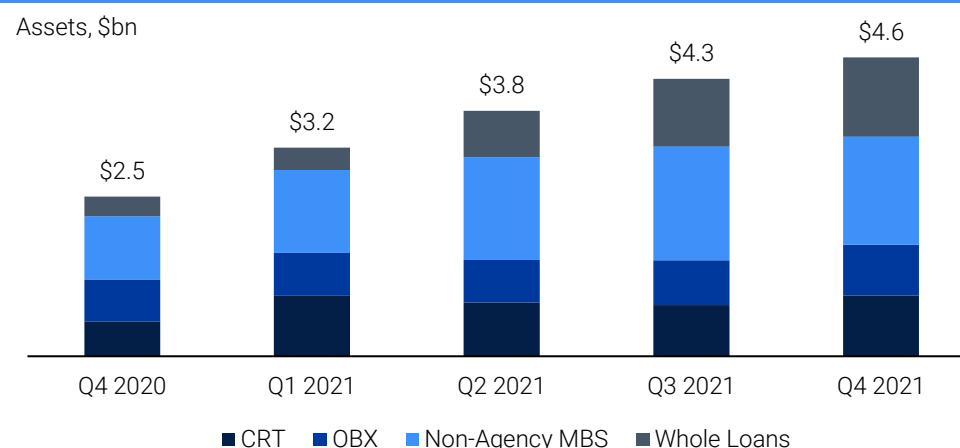
Market Trends

- Housing market fundamentals remain strong, though growth has decelerated slightly in recent months
 - The Case-Shiller and FHFA home price indices grew by 19% and 18% respectively YoY in November 2021⁽²⁾
- Non-Agency MBS issuance of over \$50 billion reached a post-global financial crisis high in the fourth quarter of 2021⁽³⁾
- Significant increase in Agency-eligible investor loans securitized in the private market throughout 2021 (\$22 billion versus \$3 billion in 2020)⁽⁴⁾
- Market forbearances continue to decline; 86% of non-QM loans that entered forbearance have subsequently cured⁽⁴⁾
 - Annaly's total GAAP loan portfolio D60+ delinquencies declined to 0.57% in December 2021, down from 3.56% at year-end 2020

Recent Annaly Securitization History (\$mm)



Continued Portfolio Growth Throughout 2021



Residential Credit | Portfolio Summary

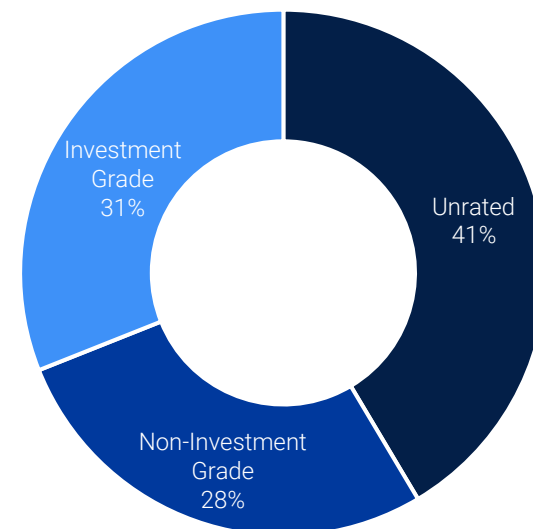
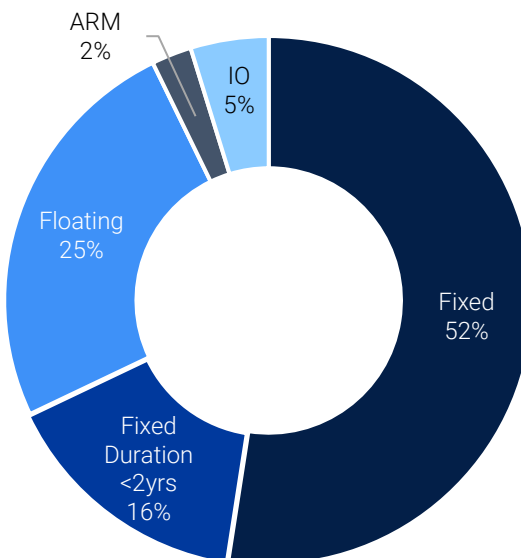
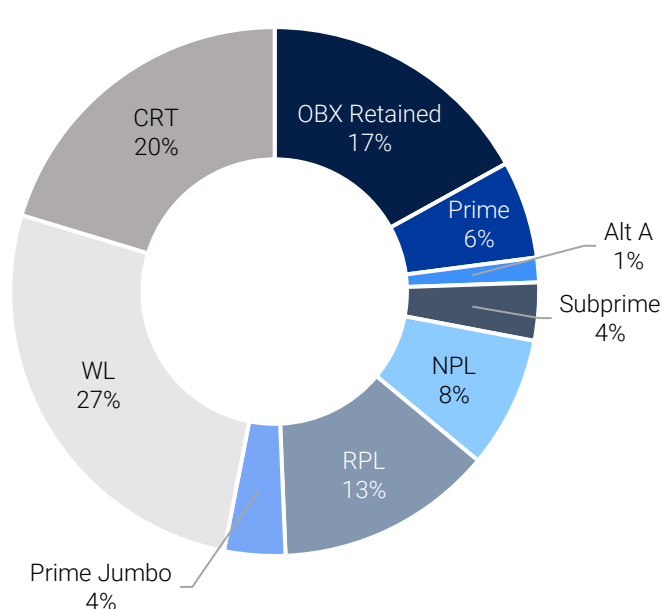
- Annaly Residential Credit Portfolio: \$4.6 billion in assets at the end of Q4 2021, an increase of 8% compared to Q3 2021
 - The composition consists of a \$3.4 billion securities portfolio and \$1.2 billion whole loan portfolio ⁽¹⁾
 - Settled \$1.7 billion of whole loans and added approximately \$270 million of shorter spread duration seasoned CRT assets⁽²⁾
- Economic portfolio up nearly 90% throughout 2021
- Annaly continues to be a large programmatic issuer in the residential whole loan space, pricing seven securitizations since the beginning of the fourth quarter totaling \$3.2 billion⁽³⁾
 - In addition to our existing whole loan acquisition channels, we also engaged strategic partnerships to opportunistically securitize loans through the OBX shelf, which were utilized for two Q4 2021 securitizations (\$454 million Prime Jumbo deal (OBX 2021-J3) & \$344 million Agency Investor deal (OBX 2021-INV2)) and one securitization priced in February 2022 (\$467 million Agency Investor deal (OBX 2022-INV2))
 - Annaly was the fourth largest non-bank issuer of Prime Jumbo & Expanded Credit MBS in 2021⁽⁴⁾

Total Dedicated Capital: \$3.1 billion

Sector Type⁽⁵⁾⁽⁶⁾

Coupon Type⁽⁵⁾

Rating



Note: Data as of December 31, 2021, unless otherwise noted. Portfolio statistics and percentages are based on fair market value, reflect economic interest in securitizations and are net of participations issued. OBX Retained classification includes the fair market value of the economic interest of certain positions that are classified as Assets transferred or pledged to securitization vehicles 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.

Middle Market Lending | Business Update

AMML's differentiated strategy was bolstered by the close of its private, closed-end fund in 2021

Strategic Approach

- Execute on a disciplined credit focused investment strategy comprised predominantly of 1st and 2nd lien loans
- Maintain strong relationships with top U.S. based private equity firms to generate repeat deal flow
- Experienced investment team with a history of allocating capital through multiple economic cycles
- Utilize a credit intensive investment process and long-established relationships to build a defensive portfolio with a stringent focus on non-discretionary, niche industries
- Deal types include leveraged buyouts, acquisition financing, refinancings and dividend recapitalizations

AMML by the Numbers⁽¹⁾

Current Portfolio

28

Private Equity
Sponsors

46

Portfolio Borrowers

\$44mm

Avg. Investment
Size⁽²⁾

\$76mm

Median EBITDA at
Underwriting

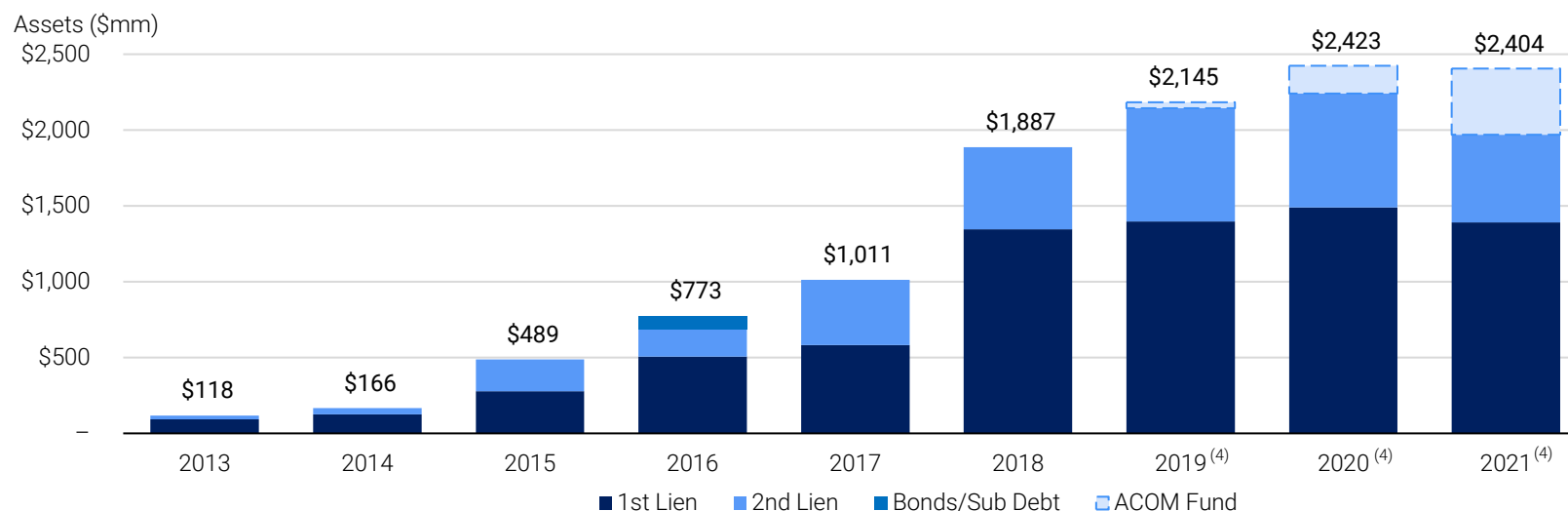
5.0% / 8.1%

Weighted Avg. 1st/2nd
Lien LIBOR Spread

0.8x

Leverage on
Portfolio⁽³⁾

Portfolio Evolution



**\$2.4bn in MML
Strategy Assets⁽⁴⁾**

\$2.0bn AMML | \$0.4bn ACOM

Institutional third-party
capital enhances long-term
growth potential of the
middle market lending
strategy

Source: Company filings. Financial data as of year end for each respective period, unless otherwise noted. Current portfolio data as of December 31, 2021. Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Middle Market Lending | Portfolio Summary

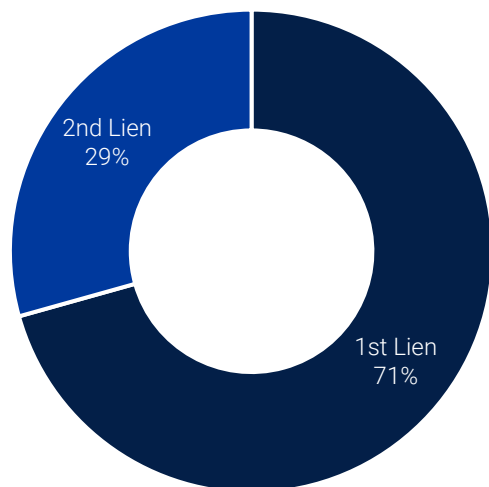
- Middle Market Lending Strategy: \$2.4 billion in assets at the end of Q4 2021, comprised of \$2.0 billion⁽¹⁾ at AMML and \$0.4bn at ACOM Fund
 - AMML closed nine deals in Q4 2021 totaling over \$325 million in commitments while five borrowers repaid outstanding loans
 - ACOM Fund provides additional capital to enable growth in the strategy and ability to facilitate larger transactions

AMML Portfolio Highlights⁽²⁾

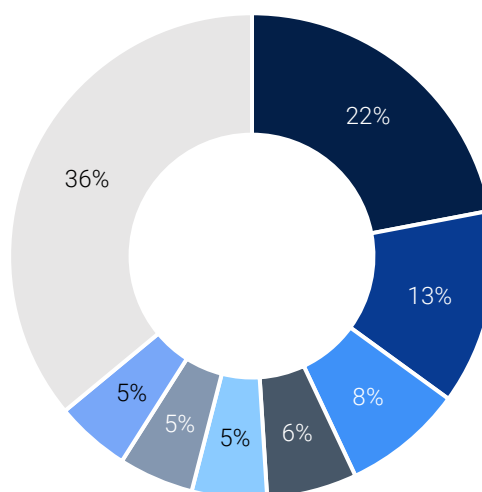
- AMML holds the lead arranger/agent role in 45% of current portfolio given our ability to provide customized debt financing to middle market businesses combined with deep, long-standing relationships with our private equity sponsors
- AMML's concentrated, non-discretionary and defensive industry specific approach has differentiated our performance with no borrowers on non-accrual, in comparison to peers that utilize broader AUM gathering investment strategies
- As of Q4 2021, the portfolio consisted of 76% acquisition financings alongside average sponsor cash equity contributions of 40% at close, with the remaining portfolio comprised of 15% refinancings and 8% dividend recapitalizations⁽³⁾

Total Dedicated Capital: \$1.1 billion

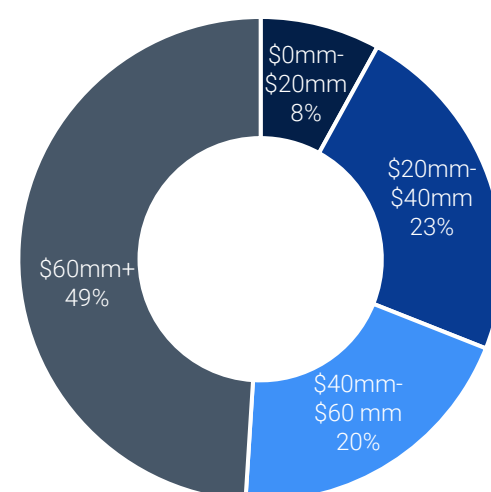
Lien Position⁽⁴⁾



Industry⁽⁵⁾



Loan Size⁽⁶⁾



■ Computer Programming, Data Processing & Other Computer Related Services
 ■ Industrial Inorganic Chemicals
 ■ Public Warehousing & Storage
 ■ Electronic Components & Accessories

■ Management & Public Relations Services
 ■ Metal Cans & Shipping Containers
 ■ Miscellaneous Industrial & Commercial
 ■ Other

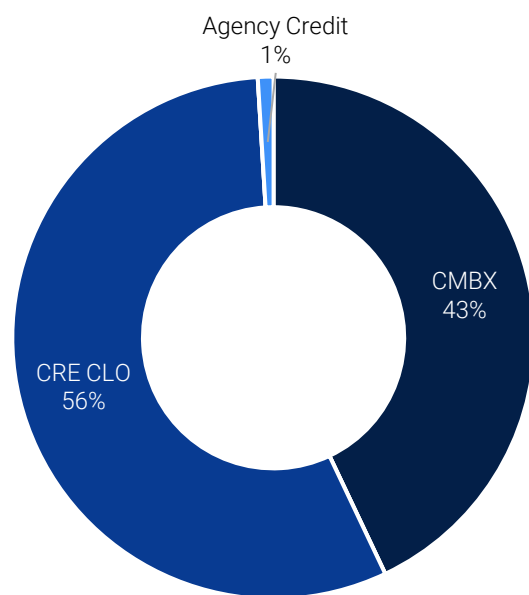
Note: Data as of December 31, 2021. Percentages based on amortized cost and may not sum to 100% due to rounding.
 Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

CMBX & CMBS | Portfolio Summary

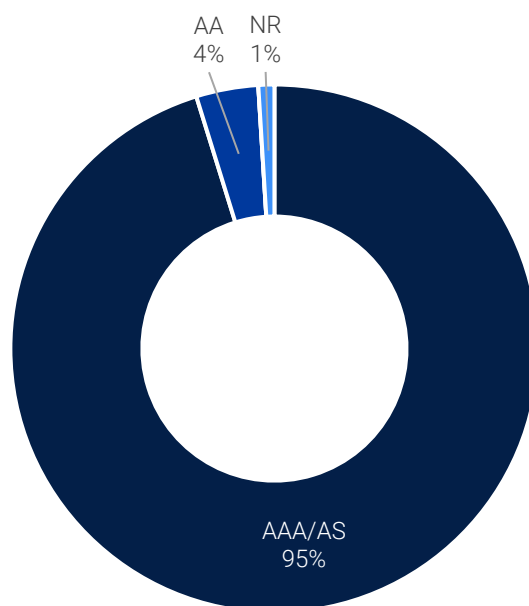
Annaly grew its CMBX & CMBS portfolio during the fourth quarter, which continues to provide an accretive and efficient complement to its broader securitized products portfolio

- Annaly CMBX & CMBS Portfolio: \$931 million in assets at the end of Q4 2021, an increase of 32% compared to Q3 2021
- 2021 was characterized by increased new issue supply, particularly in Q3 and Q4, that was initially met with robust investor demand
 - Spreads widened throughout Q4 as macro headwinds and market technicals led to supply outpacing demand across primary and secondary markets
- Portfolio activity during the quarter was driven by CRE CLO AAA purchases and sales of CMBX tranches resulting in a net \$225 million increase in market value
- Subsequent to quarter end, Annaly sold approximately \$170 million of CRE CLO AAAs given strong market activity in early January

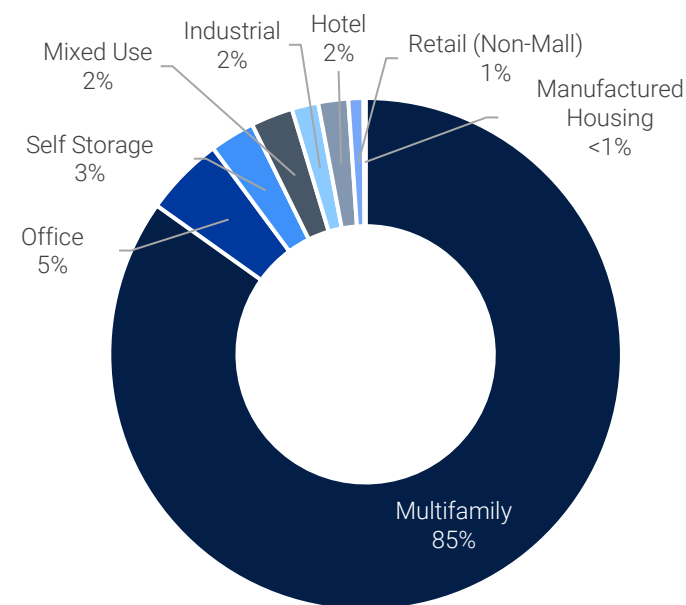
Asset Type



Portfolio Rating Composition⁽¹⁾



CRE CLO Portfolio by Property Type⁽¹⁾



Source: Company filings. Financial data as of December 31, 2021. Percentages may not sum to 100% due to rounding.

Note: Includes legacy positions that were previously part of the Annaly Commercial Real Estate Group portfolio and excludes held for sale assets.

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

3. ESG Leadership

Annaly | ESG Impact

Annaly is committed to driving a positive impact through its people, policies and portfolio

650k+



American Homes
Financed⁽¹⁾

\$3bn+



of loans to self-employed,
creditworthy borrowers that
have challenges accessing
mortgage credit⁽²⁾

50%



of Annaly Employees
Identify as Women or
Racially/Ethnically Diverse

100%



of our Scope 2 GHG
Emissions Offset⁽³⁾

\$330mm+



Investments Supporting
Communities⁽⁴⁾

25+



Community Developments
Financed through a Social
Impact Joint Venture

7



Employee Sponsored
Affinity Groups

64%



of Board of Directors
identify as women and/or
racially/ethnically diverse

Annaly | Delivering on Our Commitments

Annaly continued to make progress across its ESG commitments throughout 2021



Environmental

- ✓ Committed to further assess climate change risks and opportunities through the Task Force on Climate-related Financial Disclosures ("TCFD")
- ✓ Continued to track, measure and disclose our total GHG emissions and energy consumption at our headquarters
- ✓ Purchased carbon credits to offset 100% of Scope 2 GHG emissions



Social

- ✓ Annaly became a signatory of the CEO Action for Diversity and Inclusion
- ✓ Expanded employee-sponsored affinity groups
- ✓ Published recent EEO-1 Reports & committed to ongoing disclosure of workforce diversity statistics
- ✓ Continued support for community organizations with a focus on housing, food security and workforce development



Governance

- ✓ Amended governance documents to reflect integrated oversight of ESG across the Board and its Committees
- ✓ Formalized Board's commitment to seeking out highly qualified candidates of diverse gender and race/ethnicity
- ✓ Disclosed demographic composition of the Board on an individual basis for the first time
- ✓ Significantly enhanced compensation disclosures in our 2021 proxy to reflect internalized structure

Awards & Recognitions



Bloomberg Gender-Equality Index

Annaly was acknowledged in 2022 for its fifth consecutive year as a member of the Bloomberg Gender-Equality Index



50/50 Women on Boards

With 45% female representation among our Directors, Annaly is considered a company with a "Gender-Balanced Board" by 50/50 Women on Boards



FTSE4Good

FTSE4Good Index

In 2019, 2020 and 2021, Annaly was included in the FTSE4Good Index, an equity index measuring strong corporate ESG practices



CEO Action for Diversity & Inclusion

Annaly is proud to have become a signatory of the CEO Action for Diversity & Inclusion in 2021



NACD DE&I Award Nominee

Annaly's Board of Directors was selected as a finalist for the 2021 NACD Diversity, Equity, Inclusion Awards

4. Financial Highlights and Trends

Financial Highlights and Trends

Unaudited

	For the quarters ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
GAAP net income (loss) per average common share ⁽¹⁾	\$0.27	\$0.34	(\$0.23)	\$1.23	\$0.60
Earnings available for distribution per average common share ^{*(1)}	\$0.28	\$0.28	\$0.30	\$0.29	\$0.30
Dividends declared per common share	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
Book value per common share	\$7.97	\$8.39	\$8.37	\$8.95	\$8.92
Annualized GAAP return (loss) on average equity	12.44%	15.25%	(8.51%)	49.87%	24.91%
Annualized EAD return on average equity *	13.10%	12.81%	13.05%	12.53%	13.03%
Net interest margin ⁽²⁾	1.97%	2.01%	1.66%	3.39%	2.14%
Average yield on interest earning assets ⁽³⁾	2.31%	2.29%	1.97%	3.76%	2.61%
Average GAAP cost of interest bearing liabilities ⁽⁴⁾	0.38%	0.32%	0.35%	0.42%	0.51%
Net interest margin (excluding PAA) ^{(2)*}	2.03%	2.04%	2.09%	1.91%	1.98%
Average yield on interest earning assets (excluding PAA) ^{(3)*}	2.63%	2.63%	2.76%	2.71%	2.80%
Average economic cost of interest bearing liabilities ^{(4)*}	0.75%	0.66%	0.83%	0.87%	0.87%
GAAP leverage, at period-end ⁽⁵⁾	4.7x	4.4x	4.7x	4.6x	5.1x
Economic leverage, at period-end ^{(5)*}	5.7x	5.8x	5.8x	6.1x	6.2x
Credit portfolio as a percentage of stockholders' equity ⁽⁶⁾	32%	30%	29%	27%	22%

* Represents a non-GAAP financial measure; see Appendix.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Financial Highlights and Trends (cont'd)

Unaudited (dollars in thousands)

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

5. Appendix | Non-GAAP Reconciliations

Non-GAAP Reconciliations

Beginning with the quarter ended June 30, 2021, the Company has relabeled “Core Earnings (excluding PAA)” as “Earnings Available for Distribution” (“EAD”). The definition of Earnings Available for Distribution is identical to the definition of Core Earnings (excluding PAA) from prior reporting periods. As such, Earnings Available for Distribution, a non-GAAP measure, is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) realized amortization of MSR, (d) other income (loss) (excluding depreciation expense related to commercial real estate and amortization of intangibles, non-EAD income allocated to equity method investments and other non-EAD components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items) and (f) income taxes (excluding the income tax effect of non-EAD income (loss) items) and excludes (g) the premium amortization adjustment (“PAA”) representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term prepayment speeds related to the Company’s Agency mortgage-backed securities.

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				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
<u>GAAP Net Income to Earnings Available for Distribution Reconciliation</u>					
GAAP net income (loss)	\$418,460	\$521,534	(\$294,848)	\$1,751,134	\$878,635
Net income (loss) attributable to non-controlling interests	2,979	2,290	794	321	1,419
Net income (loss) attributable to Annaly	415,481	519,244	(295,642)	1,750,813	877,216
Adjustments to excluded reported realized and unrealized (gains) losses:					
Realized (gains) losses on termination of interest rate swaps	39,932	1,196,417	-	-	(2,092)
Unrealized (gains) losses on interest rate swaps	(186,345)	(1,380,946)	141,067	(772,262)	(258,236)
Net (gains) losses on disposal of investments and other	25,144	(12,002)	(16,223)	65,786	(9,363)
Net (gains) losses on other derivatives and financial instruments	(47,843)	45,168	357,808	(476,868)	(209,647)
Net unrealized (gains) losses on instruments measured at fair value through earnings	15,329	(90,817)	(3,984)	(104,191)	(51,109)
Loan loss provision ⁽¹⁾	1,931	(6,771)	1,078	(144,870)	469
Business divestiture-related (gains) losses	16,514	14,009	(1,527)	249,563	-
Other adjustments:					
Depreciation expense related to commercial real estate and amortization of intangibles ⁽²⁾	1,144	1,122	5,635	7,324	11,097
Non-EAD (income) loss allocated to equity method investments ⁽³⁾	(2,345)	(2,046)	3,141	(9,680)	28
Transaction expenses and non-recurring items ⁽⁴⁾	1,533	2,201	1,150	695	172
Income tax effect on non-EAD income (loss) items	8,380	(6,536)	7,147	4,334	(10,984)
TBA dollar roll income and CMBX coupon income ⁽⁵⁾	119,657	115,586	111,592	98,933	99,027
MSR amortization ⁽⁶⁾	(25,864)	(17,884)	(13,491)	(15,488)	(26,633)
Plus:					
Premium amortization adjustment (PAA) cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Earnings Available for Distribution *	440,043	437,471	451,358	439,519	459,046
Dividends on preferred stock	26,883	26,883	26,883	26,883	35,509
Earnings available for distribution attributable to common shareholders *	\$413,160	\$410,588	\$424,475	\$412,636	\$423,537
GAAP net income (loss) per average common share ⁽⁷⁾	\$0.27	\$0.34	(\$0.23)	\$1.23	\$0.60
Earnings available for distribution per average common share ^{(7)*}	\$0.28	\$0.28	\$0.30	\$0.29	\$0.30
Annualized GAAP return (loss) on average equity	12.44%	15.25%	(8.51%)	49.87%	24.91%
Annualized EAD return on average equity (excluding PAA)*	13.10%	12.81%	13.05%	12.53%	13.03%

* 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				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
<u>Premium Amortization Reconciliation</u>					
Premium amortization expense	\$219,172	\$233,429	\$320,108	(\$11,891)	\$239,118
Less:					
PAA cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Premium amortization expense (excluding PAA)	\$161,777	\$172,703	\$166,501	\$202,679	\$200,017
<u>Interest Income (excluding PAA) Reconciliation</u>					
GAAP interest income	\$422,780	\$412,972	\$383,906	\$763,378	\$527,344
PAA cost (benefit)	57,395	60,726	153,607	(214,570)	39,101
Interest income (excluding PAA)*	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
<u>Economic Interest Expense Reconciliation</u>					
GAAP interest expense	\$61,785	\$50,438	\$61,047	\$75,973	\$94,481
Add:					
Net interest component of interest rate swaps	58,897	54,411	83,087	79,747	66,807
Economic interest expense*	\$120,682	\$104,849	\$144,134	\$155,720	\$161,288
<u>Economic Net Interest Income (excluding PAA) Reconciliation</u>					
Interest income (excluding PAA)	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
Less:					
Economic interest expense*	120,682	104,849	144,134	155,720	161,288
Economic net interest income (excluding PAA)*	\$359,493	\$368,849	\$393,379	\$393,088	\$405,157
<u>Economic Metrics (excluding PAA)</u>					
Average interest earning assets	\$73,134,966	\$72,145,283	\$77,916,766	\$81,121,340	\$80,973,433
Interest income (excluding PAA)*	480,175	473,698	537,513	548,808	566,445
Average yield on interest earning assets (excluding PAA)* ⁽¹⁾	2.63%	2.63%	2.76%	2.71%	2.80%
Average interest bearing liabilities	\$63,342,740	\$62,614,042	\$68,469,413	\$72,002,031	\$72,233,239
Economic interest expense*	120,682	104,849	144,134	155,720	161,288
Average economic cost of interest bearing liabilities ⁽²⁾	0.75%	0.66%	0.83%	0.87%	0.87%
Interest income (excluding PAA)*	\$480,175	\$473,698	\$537,513	\$548,808	\$566,445
TBA dollar roll income and CMBX coupon income ⁽³⁾	119,657	115,586	111,592	98,933	99,027
Economic interest expense	(120,682)	(104,849)	(144,134)	(155,720)	(161,288)
Subtotal	\$479,150	\$484,435	\$504,971	\$492,021	\$504,184
Average interest earning assets	\$73,134,966	\$72,145,283	\$77,916,766	\$81,121,340	\$80,973,433
Average TBA contract and CMBX balances	21,159,120	22,739,226	18,761,062	21,865,969	20,744,672
Subtotal	\$94,294,086	\$94,884,509	\$96,677,828	\$102,987,309	\$101,718,105
Net interest margin (excluding PAA)*	2.03%	2.04%	2.09%	1.91%	1.98%

* Represents a non-GAAP financial measure.

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

* Represents a non-GAAP financial measure.

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

Glossary and Endnotes

Glossary

ACOM: Refers to Annaly Credit Opportunities Management

AMML: Refers to Annaly Middle Market Lending Group

ARC: Refers to Annaly Residential Credit Group

CRE CLO: Refers to Commercial Real Estate Collateralized Loan Obligation

CRT: Refers to Credit Risk Transfer Securities

EAD: Refers to Earnings Available for Distribution (formerly Core Earnings (excluding PAA))

Economic Return: Refers to the Company's change in book value plus dividends declared divided by the prior period's book value

ESG: Refers to Environmental, Social and Governance

Ginnie Mae: Refers to the Government National Mortgage Association

GSE: Refers to Government Sponsored Enterprise

Middle Market Lending ("MML") Strategy: Refers to the combination of the AMML portfolio and the third-party middle market lending assets managed by ACOM

MSR: Refers to Mortgage Servicing Rights

NIM: Refers to Net Interest Margin

Non-Performing Loan ("NPL"): A loan that is close to defaulting or is in default

Non-QM: Refers to a Non-Qualified Mortgage

OBX: Refers to Onslow Bay Securities

Re-Performing Loan ("RPL"): A type of loan in which payments were previously delinquent by at least 90 days but have resumed

Tangible Book Value: Calculated as common equity less goodwill and intangibles divided by total common shares outstanding

Tangible Economic Return: Calculated as change in tangible book value plus dividends divided by the prior period's tangible book value

TBA Securities: Refers to To-Be-Announced Securities

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, MSR, reverse repurchase agreements, corporate debt, other unencumbered financial assets and capital stock)

Endnotes

Page 3

1. Includes a \$454mm residential whole loan securitization in October 2021, a \$344mm residential whole loan securitization in October 2021, a \$471mm residential whole loan securitization in November 2021, a \$543mm residential whole loan securitization in November 2021, a \$557mm residential whole loan securitization in January 2022, a \$377mm residential whole loan securitization in January 2022 and a \$467mm residential whole loan securitization in February 2022.
2. Total portfolio represents Annaly's investments that are on-balance sheet as well as investments that are off-balance sheet in which Annaly has economic exposure. Assets include TBA purchase contracts (market value) of \$20.3bn, CMBX derivatives (market value) of \$0.4bn and \$0.8bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.0bn.
3. Capital allocation for each of the investment strategies is calculated as the difference between each investment strategy's allocated assets, which include TBA purchase contracts, and liabilities. Dedicated capital allocations as of December 31, 2021 assume capital related to held for sale assets will be redeployed within the Agency business. Dedicated capital allocations as of December 31, 2021 exclude commercial real estate assets.
4. Credit assets represent whole loan and corporate debt originated or purchased across Annaly's Residential Credit and Middle Market Lending Groups and exclude unfunded commitments.
5. MSR assets include limited partnership interests in two MSR funds, one of which is reported in Other Assets. Q3 2021 MSR assets exclude \$86mm of legacy MSR holdings that were held for sale as of September 30, 2021 and sold in Q4 2021.
6. Represents operating expenses as a percentage of average equity and excludes transaction expenses and nonrecurring items for the year ended December 31, 2021.
7. The platform and the significant majority of the assets were transferred in 2021, with remaining assets expected to be transferred in the first quarter of 2022, subject to regulatory approvals.
8. Represents \$552mm raised through the Company's at-the-market sales program for its common stock net of sales agent commissions and other offering expenses. Does not include 2022 year-to-date activity.

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1. Dividend yield is based on annualized Q4 2021 dividend of \$0.22 and a closing price of \$7.82 on December 31, 2021.
2. Total portfolio represents Annaly's investments that are on-balance sheet as well as investments that are off-balance sheet in which Annaly has economic exposure. Assets include TBA purchase contracts (market value) of \$20.3bn, CMBX derivatives (market value) of \$0.4bn and \$0.8bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.0bn.
3. Capital allocation for each of the investment strategies is calculated as the difference between each investment strategy's allocated assets, which include TBA purchase contracts, and liabilities. Dedicated capital allocations as of December 31, 2021 assume capital related to held for sale assets will be redeployed within the Agency business. Dedicated capital allocations as of December 31, 2021 exclude commercial real estate assets.
4. Hedge portfolio excludes receiver swaptions.
5. 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 and other secured financing (excluding certain non-recourse credit facilities). Certain credit facilities (included within other secured financing), debt issued by securitization vehicles, participations issued and mortgages payable are non-recourse to the Company and are excluded from this measure.
6. Hedge ratio measures total notional balances of interest rate swaps, interest rate swaptions (excluding receiver swaptions) and futures relative to repurchase agreements, other secured financing and cost basis of TBA derivatives outstanding; excludes MSR and the effects of term financing, both of which serve to reduce interest rate risk. Additionally, the hedge ratio does not take into consideration differences in duration between assets and liabilities.
7. Average economic cost of funds includes GAAP interest expense and the net interest component of interest rate swaps.

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1. Total portfolio represents Annaly's investments that are on-balance sheet as well as investments that are off-balance sheet in which Annaly has economic exposure. Total assets include commercial real estate related assets, including CMBX derivatives (market value) of \$0.4bn, which are excluded from capital allocation calculations. Agency assets include TBA purchase contracts (market value) of \$20.3bn and \$44mm of retained securities that are eliminated in consolidation. Residential Credit assets include \$781mm of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.0bn.
2. Represents the capital allocation for each of the investment strategies and is calculated as the difference between each investment strategy's allocated assets, which include TBA purchase contracts, and liabilities. Dedicated capital allocations as of December 31, 2021 assume capital related to held for sale assets will be redeployed within the Agency business. Dedicated capital allocations as of December 31, 2021 exclude commercial real estate assets.

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1. Based on the latest median economist forecast retrieved via Bloomberg as of January 23, 2022.
2. Based on January 23, 2021 data from the U.S. Bureau of Labor Statistics retrieved via Haver Analytics.
3. Based on January 23, 2021 market rates retrieved via Bloomberg.

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1. MSR assets include limited partnership interests in two MSR funds, one of which is reported in Other Assets.
2. Purchaser ranking data sourced from eMBS as of December 31, 2021.
3. Includes 10 whole loan securitizations totaling \$3.9bn in 2021, a \$557mm residential whole loan securitization in January 2022, a \$377mm residential whole loan securitization in January 2022 and a \$467mm residential whole loan securitization in February 2022.
4. Issuer ranking data from Inside Conforming Markets as of January 9, 2022.
5. Dividend yield is based on annualized Q4 2021 dividend of \$0.22 and a closing price of \$7.82 on December 31, 2021.
6. Represents \$552mm raised through the Company's at-the-market sales program for its common stock net of sales agent commissions and other offering expenses. Does not include 2022 year-to-date activity.
7. Represents operating expenses as a percentage of average equity and excludes transaction expenses and nonrecurring items for the year ended December 31, 2021.

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1. Represents share of total stockholders' equity attributable to common stockholders.
2. Represents Annaly's investments that are on-balance sheet as well as investments that are off-balance sheet in which Annaly has economic exposure. Assets include TBA purchase contracts (market value) of \$20.3bn, CMBX derivatives (market value) of \$0.4bn and \$0.8bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.0bn.
3. Hedge portfolio excludes receiver swaptions.
4. Hedge ratio measures total notional balances of interest rate swaps, interest rate swaptions (excluding receiver swaptions) and futures relative to repurchase agreements, other secured financing and cost basis of TBA derivatives outstanding; excludes MSR and the effects of term financing, both of which serve to reduce interest rate risk. Additionally, the hedge ratio does not take into consideration differences in duration between assets and liabilities.

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1. Represents Agency's hedging profile and does not reflect Annaly's full hedging activity.
2. Represents Agency's funding profile and does not reflect Annaly's full funding activity.

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1. Includes TBA purchase contracts and MSR.
2. Includes capital related to held for sale assets.
3. Includes TBA purchase contracts and fixed-rate pass-through certificates.
4. 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.

Endnotes (cont'd)

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1. MSR assets include limited partnership interests in two MSR funds, one of which is reported in Other Assets. Q3 2021 MSR assets exclude \$86mm of legacy MSR holdings that were held for sale as of September 30, 2021 and sold in Q4 2021.
2. Purchaser ranking data sourced from eMBS as of December 31, 2021.
3. 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.
4. Represents limited partnership interests in two MSR funds, one of which is reported in Other Assets.

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1. Includes three deals that priced in 2022: a \$557mm residential whole loan securitization in January 2022, a \$377mm residential whole loan securitization in January 2022 and a \$467mm residential whole loan securitization in February 2022.
2. Based on data from the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index and the Federal Housing Finance Agency ("FHFA") House Price Index for the period ended November 30, 2021.
3. Based on data from Inside Mortgage Finance in January 2022.
4. Based on data from Wall Street Research sourced on January 26, 2022.

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1. Excludes participations issued totaling \$1.0bn
2. Whole loans settled include loans from a joint venture with a sovereign wealth fund.
3. Includes three deals that priced in 2022: a \$557mm residential whole loan securitization in January 2022, a \$377mm residential whole loan securitization in January 2022 and a \$467mm residential whole loan securitization in February 2022.
4. Issuer ranking data from Inside Conforming Markets as of January 9, 2022.
5. Shown exclusive of securitized residential mortgage loans of consolidated variable interest entities.
6. Prime classification includes \$0.3mm of Prime IO, OBX Retained contains \$87.6mm of Prime IO and Prime Jumbo IO and Prime Jumbo includes \$0.7mm of Prime Jumbo IO.

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1. Represents current AMML portfolio data as of December 31, 2021 and does not include ACOM assets.
2. Average Investment Size based on AMML principal balance outstanding as of December 31, 2021.
3. Represents leverage rather than economic leverage and includes non-recourse debt.
4. Represents MML Strategy, which is inclusive of the AMML portfolio and the third-party middle market lending assets managed by ACOM. For the periods ended December 31, 2021 and December 31, 2020, AMML includes \$27.9mm and \$39.6mm of general reserves on funded exposures under CECL, respectively.

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1. Includes \$27.9mm of general reserves on funded exposures under CECL at December 31, 2021.
2. Current portfolio data as of December 31, 2021 and inclusive of the AMML portfolio only.
3. New financing is inclusive of change of control transactions, or add-ons with an existing borrower. A refinancing transaction represents amended terms under an existing or new credit agreement with a borrower, whereby our initial involvement is part of a facility exchanging the newly issued debt from that facility for a like amount of debt being refunded. Recapitalizations involve no new change in ownership or new cash equity, constituting a change of control as defined in a credit agreement, with proceeds from any debt facility in which we originate involving use of debt proceeds that return money to ownership of the borrower.
4. 2nd Lien is inclusive of one mezzanine position in the portfolio, which is less than \$3mm.
5. Based on Standard Industrial Classification industry categories. Other represents industries with less than 5% exposure in the current portfolio.
6. Breakdown based on aggregate dollar amount of individual investments made within the respective loan size categories. Multiple investment positions with a single obligor shown as one individual investment.

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1. Portfolio rating composition and CRE CLO portfolio sector composition are based on percentages at issuance.

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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 and a pro-rata share of homes in securities or equity investments that are partially owned by Annaly.
2. Represents the cumulative amount of current and prior residential whole loans owned by Annaly.
3. Based on carbon footprint analysis conducted by CodeGreen and certified renewable energy credits sourced from the United States by Schneider Electric.
4. Represents the cumulative commitment value of Annaly's commercial investments, including current and prior investments in our middle market and commercial real estate businesses.

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1. Net of dividends on preferred stock.
2. 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.
3. 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).
4. 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.
5. GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued and mortgages payable divided by total equity. Economic leverage is computed as the sum of recourse debt, cost basis of to-be-announced ("TBA") and CMBX derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements and other secured financing (excluding certain non-recourse credit facilities). Certain credit facilities (included within other secured financing), debt issued by securitization vehicles, participations issued, and mortgages payable are non-recourse to the Company and are excluded from economic leverage.
6. Represents CRT securities, non-Agency mortgage-backed securities, residential mortgage loans, loans held for sale and corporate debt, net of financing. Assumes capital related to held for sale assets will be redeployed within the Agency business for the quarters ended December 31, 2021, September 30, 2021 and June 30, 2021. Excludes commercial real estate related assets.

Endnotes (cont'd)

Non-GAAP Reconciliations

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1. Includes a loan loss (reversal)/provision of \$1.7mm, (\$0.6mm), \$0.6mm, (\$5.3mm) and (\$1.0mm) on the Company's unfunded loan commitments for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, respectively, which is reported in Other income (loss) in the Company's Consolidated Statement of Comprehensive Income (Loss).
2. Amount includes depreciation and amortization expense related to equity method investments.
3. The Company excludes non-EAD (income) loss allocated to equity method investments, which represents the unrealized (gains) losses allocated to equity interests in a portfolio of MSR, which is a component of Other income (loss).
4. All quarters presented include costs incurred in connection with securitizations of residential whole loans.
5. TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on other derivatives and financial instruments. CMBX coupon income totaled \$1.1mm, \$1.2mm, \$1.4mm, \$1.5mm and \$1.5mm for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, respectively.
6. MSR amortization represents the portion of changes in fair value that is attributable to the realization of estimated cash flows on the Company's MSR portfolio and is reported as a component of Net unrealized gains (losses) on instruments measured at fair value.
7. Net of dividends on preferred stock.

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1. Average yield on interest earning assets (excluding PAA) represents annualized interest income (excluding PAA) divided by average interest earning assets. Average interest earning assets reflects the average amortized cost of our investments during the period.
2. Average economic cost of interest-bearing liabilities represents annualized economic interest expense divided by average interest-bearing liabilities. Average interest-bearing liabilities reflects the average balances during the period. Economic interest expense is comprised of GAAP interest expense and the net interest component of interest rate swaps.
3. TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on other derivatives and financial instruments. CMBX coupon income totaled \$1.1mm, \$1.2mm, \$1.4mm, \$1.5mm and \$1.5mm for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, respectively.

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1. Included in other secured financing in the Company's Consolidated Statements of Financial Condition.