

ANNALY®

2025

Annual Report

ANNALY®



THE LEADER
ACROSS RESIDENTIAL
MORTGAGE FINANCE

Annaly combines the power of capital together with disciplined strategy to best serve our shareholders. Proven over 25 years, we work relentlessly to optimize risk-adjusted returns throughout market cycles.

With \$16 billion in permanent capital⁽¹⁾, Annaly is a leading source of private capital for the U.S. housing sector.

2025 Financial Highlights

\$104.7bn

Total Assets Across Annaly's Diverse Investment Strategies⁽¹⁾

\$16.1bn

Permanent Capital⁽²⁾

20.2%

2025 Economic Return

1,180%

Total Shareholder Return Since IPO⁽³⁾

\$29bn

Common and Preferred Dividends Declared⁽⁴⁾

12.5%

Dividend Yield⁽⁵⁾

1.2mm

American Homes Financed⁽⁶⁾

\$9.4bn

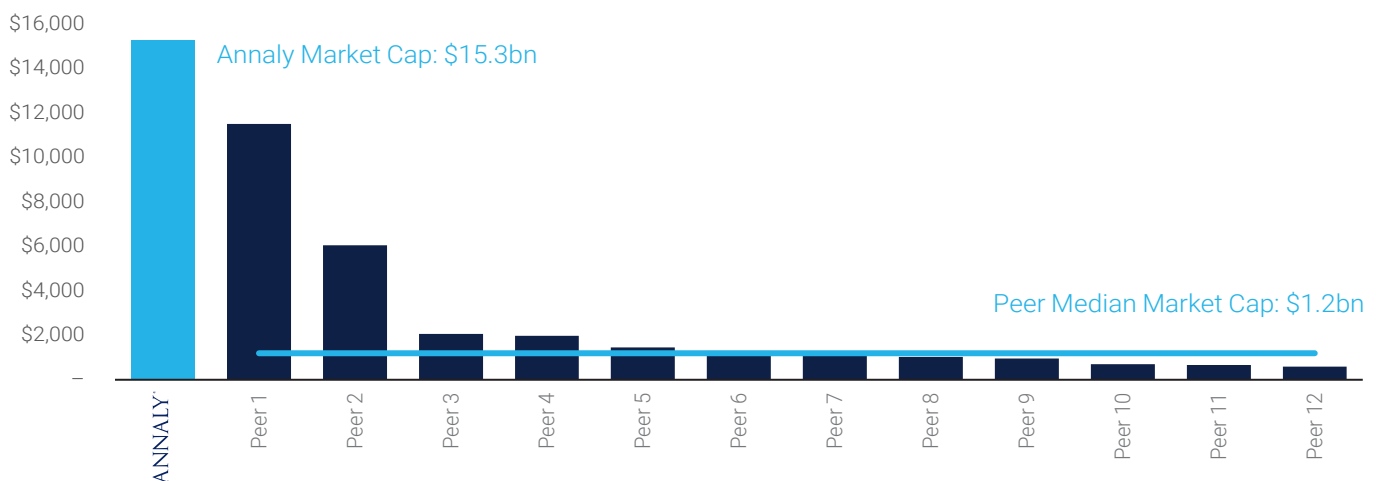
Total Assets Available for Financing⁽⁷⁾

Power of Annaly

The industry leading mREIT with a differentiated investing model

<p>Scale</p> <p>13x</p> <p>Larger than Median mREIT by Market Cap⁽¹⁾</p> <p><i>At 13x the size of the median mortgage REIT by market cap⁽¹⁾, we are a leader across the residential mortgage finance market.</i></p>	<p>Diversified</p> <p>\$16.1bn</p> <p>Permanent Capital⁽²⁾</p> <p><i>Annaly is able to efficiently diversify investments across our businesses through a rigorous shared capital model and capital allocation process.</i></p>	<p>Operating Efficiency</p> <p>1.42%</p> <p>Operating Expense as a Percent of Average Equity⁽³⁾</p> <p><i>Annaly operates a highly institutionalized platform and benefits from our scale and efficiency, operating at lower cost levels than peer averages.</i></p>	<p>Liquid</p> <p>\$9.4bn</p> <p>Total Assets Available for Financing⁽⁴⁾</p> <p><i>Our diversified, lower leveraged strategy supports enhanced liquidity, with \$9.4bn of total assets available for financing⁽⁴⁾ including \$6.1bn of cash and unencumbered Agency MBS.</i></p>
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Market Cap (\$mm) | Annaly vs. mREIT Peers⁽¹⁾

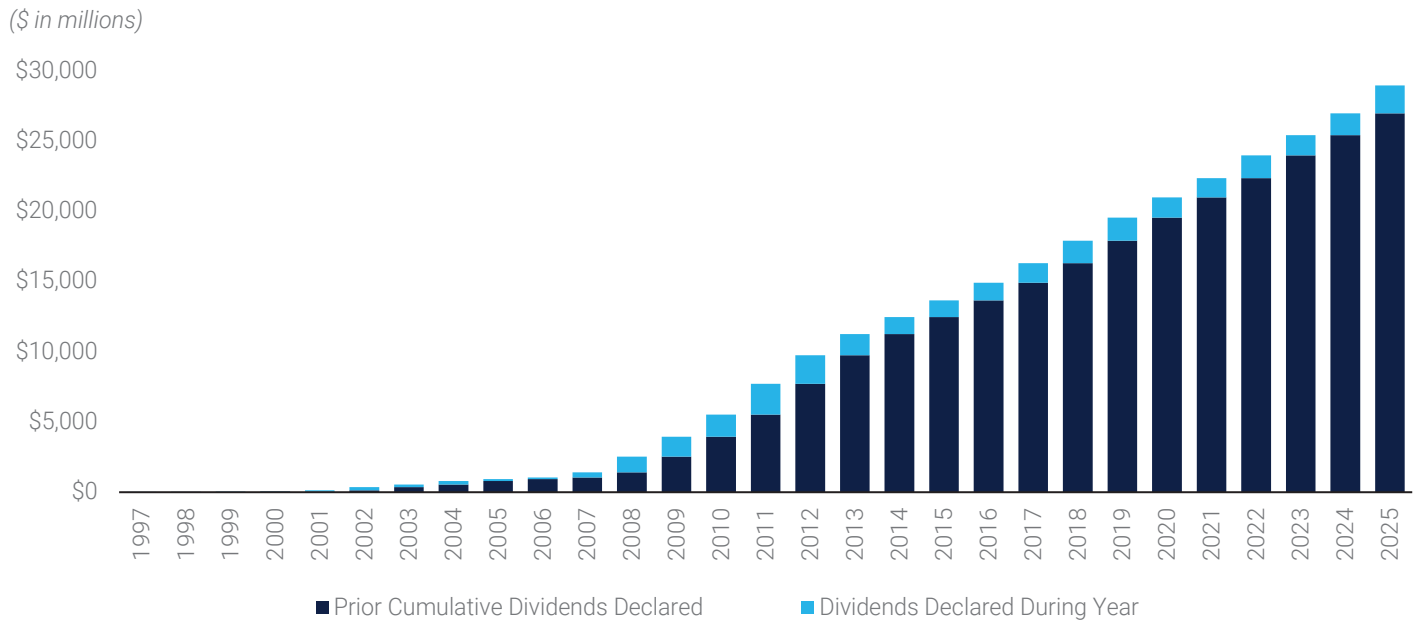


Note: Please refer to Glossary for defined terms and "Power of Annaly" in Endnotes section for footnoted information.

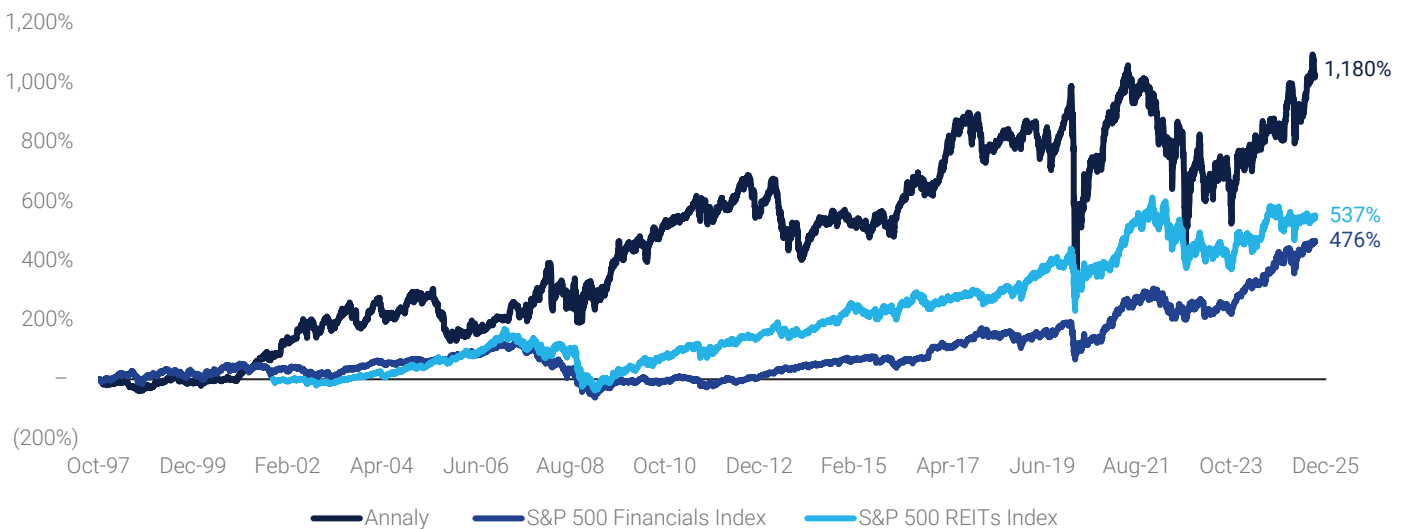
Proven Results

Proven over 25 years to be a competitive source of yield for shareholders

Since inception, Annaly has delivered \$29bn in dividends to shareholders⁽¹⁾



Annaly has delivered a total return of 1,180% since our IPO⁽²⁾



Note: Please refer to Glossary for defined terms and "Proven Results" in Endnotes section for footnoted information.

People First

212
Full-time Employees

Our greatest asset is our employees – highly skilled individuals with varying sets of professional experience across sectors, credit cycles and functions – who come to work every day committed to the long-term success and growth of our Company

Our People by the Numbers

37%

of employees identify as women



42%

of employees identify as racially / ethnically diverse



59%

of employees participated in community engagement events in 2025

4%

total voluntary turnover in 2025, representing roughly one quarter of the financial services sector average⁽¹⁾



52%

of employees participated in at least one of our 7 employee networks



Human Capital Initiatives & Recognitions

Employee Engagement, Satisfaction and Feedback



In 2025, we conducted our eighth annual employee engagement survey to identify our strengths and areas for improvement and to measure the impact of a multitude of initiatives



Learning & Development

Annaly provides opportunities for employees to learn in a multitude of ways. In 2025, we conducted over 60 employee training and development opportunities



Corporate Responsibility Report

In September 2025, we published our sixth annual Corporate Responsibility Report, titled Powering American Homeownership, demonstrating our continued focus on transparent disclosures and providing an update on our initiatives and priorities



MSCI ESG Rating

A Annaly received an "A" rating from MSCI, highlighting our commitment to management of financially relevant environmental, social and governance risks and opportunities

Note: Please refer to Glossary for defined terms and "People First" in Endnotes section for footnoted information.

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Message From Our CEO

Dear Fellow Shareholders,

2025 was an exceptional year for Annaly, marked by strong performance across our three investment strategies. We generated a 20% economic return and 40% total shareholder return (“TSR”) in 2025 – the highest TSR amongst our mortgage REIT peer group⁽¹⁾ and outperforming the S&P 500 by over 2x. Consistent with our focus on providing attractive income to our shareholders, we increased our common stock dividend to \$0.70 per share in the first quarter of 2025 and delivered over \$2 billion in common and preferred dividends during the year. We believe our results reinforce the value of our diversified housing finance model and the importance of active and disciplined portfolio management. As a leading provider of capital and liquidity to the residential real estate market, the successful execution of our strategy plays a meaningful role in supporting homeownership across the United States, with our portfolio financing over one million homes by the end of 2025.⁽²⁾

20%

economic return

40%

total shareholder return, 2x higher than the S&P 500

PORTFOLIO PERFORMANCE

Amidst a year characterized by material shifts on the policy and regulatory fronts, fixed income markets were remarkably resilient as demonstrated by the Bloomberg Aggregate U.S. Bond Market Index delivering a 7.3% total return in 2025, the strongest annual return in five years. Markets

benefited from 75 basis points of Federal Reserve rate cuts, robust fixed income fund flows and declining volatility. Agency MBS technical factors were the most supportive they have been in years as net supply was lighter than anticipated and demand broadened across investors. Of note, CMO issuance was elevated, mortgage REIT equity raises were healthy and the GSEs added to their retained portfolios for the first time in many years. Taken together, the lower volatility, steeper yield curve and highly supportive supply and demand picture drove meaningful Agency MBS spread tightening in the second half of the year.

With respect to the housing market, activity remained relatively subdued though stable with both existing and new home sales in line with 2024 levels. While inventory increased modestly, continued affordability constraints left home prices little changed on a national level, rising 0.10% year-over-year⁽³⁾ albeit with notable regional disparities.

Annaly’s diversified housing model achieved outstanding results in this environment, with each of our three investment strategies demonstrating double-digit growth, contributing robust returns and further cementing our market-leading positioning:

- **Agency MBS:** Our portfolio grew by \$22 billion, or 30%, as the majority of accretive capital raised throughout the year was deployed into the sector, **30%** primarily in higher coupon specified pool collateral. These securities provide attractive returns along

Agency MBS portfolio grew by 30% year-over-year

with significant call protection in a lower rate environment. We nearly doubled our Agency CMBS portfolio, which ended the year at \$6.4 billion and enhanced overall portfolio returns while providing a superior convexity profile. Our allocation to TBA securities remained modest at 4% and the weighted average coupon of the portfolio increased from 5.00% to 5.12%. With volatility declining to some of the lowest levels in recent years, we were able to maintain conservative interest rate exposure with minimal intervention and our duration management was largely focused on hedging new asset purchases through a combination of Treasury futures and interest rate swaps.

- **Residential Credit:** Onslow Bay had a milestone year in 2025 and our Residential Credit portfolio ended the year at \$8.0 billion in market value, a 15% increase year-over-year. With more than 300 originator partners, our correspondent channel has achieved significant scale and delivered a third straight record year of activity. We locked \$23 billion in loans this past year, funding \$16.5 billion, which supported continued programmatic issuance for our securitization platform.

OBX remains a top issuer in the Non-Agency market, surpassing

100 securitizations and structuring first-of-its-kind transactions that have quickly become the industry standard.

While we reached several all-time highs, we did so without sacrificing credit quality and notably 80% of the portfolio consisted of proprietary, organically created assets – across whole loans

100th

Onslow Bay completed its 100th securitization

and retained OBX securities – that meet our desired preferences with respect to FICO, LTV, counterparties and geography. As the largest non-bank issuer of Prime Jumbo and Expanded Credit MBS⁽⁴⁾, we are poised to benefit from the growth and liquidity of the Non-Agency market with 2026 expected to experience the highest issuance in nearly 20 years.⁽⁵⁾

- **Mortgage Servicing Rights:** Our MSR portfolio ended the year at \$3.8 billion in market value⁽⁶⁾, representing a 15% increase year-over-year as Onslow Bay was the second largest buyer of conventional MSR in 2025.⁽⁷⁾ We onboarded nearly \$60 billion in unpaid principal balance throughout the year and ranked as the sixth largest non-bank Agency servicer.⁽⁸⁾

\$60 billion

Onboarded \$60 billion of UPB in MSR throughout 2025

Expanding our recapture and subservicing partners remained a strategic priority, and we furthered our role as a preferred counterparty to the originator and servicer communities through several new partnerships. While we have been most partial to buying low note rate MSR via the bulk market, we enhanced our flow purchase capabilities and are now active across all GSE exchanges, providing access to current coupon MSR for opportunistic purchases. Finally, we were honored to be recognized once again for our team's dedicated efforts to support homeowners through high-quality servicing as the recipient of a 2025 Gold SHARP award from Freddie Mac.

FINANCING, CAPITAL & LIQUIDITY

Throughout the year, Annaly bolstered our financial strength through record securitization issuance, new and expanded credit facilities and opportunistic capital market transactions. Onslow Bay closed 29 securitizations totaling \$15.2 billion in proceeds in 2025, an increase of 38% year-over-year. We increased financing capacity for our Residential Credit and MSR businesses by \$1.2 billion and \$600 million, respectively, bringing total capacity to \$6.9 billion, with approximately 50% utilization across both businesses. Additionally, we raised \$2.9 billion of accretive capital during the year consisting of \$2.6 billion of common equity⁽⁹⁾ via our at-the-market sales program and \$275 million of Series J preferred stock⁽¹⁰⁾ – our first preferred issuance since 2019 and the first residential mortgage REIT issuance in multiple years.

We maintained our prudent leverage and liquidity profile with economic leverage remaining historically low, ending the year at 5.6x⁽¹¹⁾, and \$9.4 billion of total assets available for financing⁽¹²⁾, an increase of \$2.4 billion from 2024.

\$9.4 billion

Assets available for financing, up \$2.4 billion year-over-year

We continue to believe that this positioning allows us to be nimble as we pursue opportunities across our investment strategies.

OUTLOOK & CONCLUSION

Our outlook remains constructive and we believe that our diversified housing finance strategy is well-positioned to continue delivering attractive risk-adjusted returns for our shareholders. Looking ahead, the operating environment for each of our

three investment strategies remains supportive with macroeconomic and industry dynamics creating favorable conditions for disciplined growth.

With respect to our flagship Agency MBS strategy, as discussed earlier, the technical and fundamental backdrop for the sector is highly favorable.

While Agency MBS spreads have tightened since the beginning of 2025, levered returns remain compelling on both an absolute and relative basis. Further, the Administration is highly focused on supporting housing affordability – as demonstrated by the purchase of \$200 billion of Agency MBS by the GSEs announced earlier this year – which we believe improves the overall stability of the asset class.

Our credit businesses provide complementary and differentiated growth opportunities that enhance our overall platform. Our Residential Credit business is an established market leader with Onslow Bay continuing to expand market share through strategic initiatives, including the expansion of our correspondent network, the launch of non-delegated underwriting and the introduction of innovative securitization structures. Our MSR strategy supports overall portfolio returns and cash flow given our focus on low note rate collateral with high credit quality. We expect supply to stay healthy and we remain a synergistic buyer as a financial market participant and not a direct competitor to originators.

We continue to be responsible stewards of your capital and are mindful of the changing operating environment. We expect to maintain a disciplined approach to leverage and liquidity to protect our shareholders against an uncertain environment

in light of recent geopolitical risks and their effect on the macro backdrop, while preserving flexibility to capitalize on market dislocations.

Importantly, we have paid a dividend on our common stock to our shareholders for 117 consecutive quarters, with \$29 billion in common and preferred dividends paid since inception.⁽¹³⁾ Our commitment to providing our investors with durable and meaningful income is core to Annaly's mission and we believe our 12.5% yield on book value is highly attractive relative to our peer set and other fixed income benchmarks.⁽¹⁴⁾

Overall, we are confident that Annaly's differentiated and industry-leading business model should continue to outperform in the current environment – as demonstrated by our 36% economic return over the last three years, compared to 13.7% and 8.9% on average for Agency and Hybrid mREITs, respectively.⁽¹⁵⁾

On behalf of our Board and leadership team, we thank you for your continued trust and partnership and remain focused on creating long-term value for all of our stakeholders.

Best regards,



David Finkelstein

Chief Executive Officer & Co-Chief Investment Officer

117

Common stock dividend paid for 117 consecutive quarters



David L. Finkelstein is Chief Executive Officer and Co-Chief Investment Officer of Annaly. Mr. Finkelstein was elected to serve as a director of Annaly in March 2020. Mr. Finkelstein has over 25 years of experience in fixed income investments. Prior to joining Annaly in 2013, Mr. Finkelstein served for four years as an Officer in the Markets Group of the Federal Reserve Bank of New York where he was the primary strategist and policy advisor for the MBS Purchase Program. Prior to that, Mr. Finkelstein held senior Agency MBS trading positions at Salomon Smith Barney, Citigroup Inc. and Barclays PLC. Mr. Finkelstein is Vice Chair of the Treasury Market Practices Group sponsored by the Federal Reserve Bank of New York as well as a member of the Financial Sector Advisory Council of the Federal Reserve Bank of Dallas. Mr. Finkelstein received a B.A. in Business Administration from the University of Washington and a M.B.A. from the University of Chicago, Booth School of Business. Mr. Finkelstein also holds the Chartered Financial Analyst® designation.

ANNALY®

AT ANNALY,
WE LEAD WITH
PURPOSE

which means being
accountable for how
we drive durable value
for our stakeholders



Annaly Agency
Group



Annaly
Residential
Credit Group



Annaly Mortgage
Servicing Rights
Group

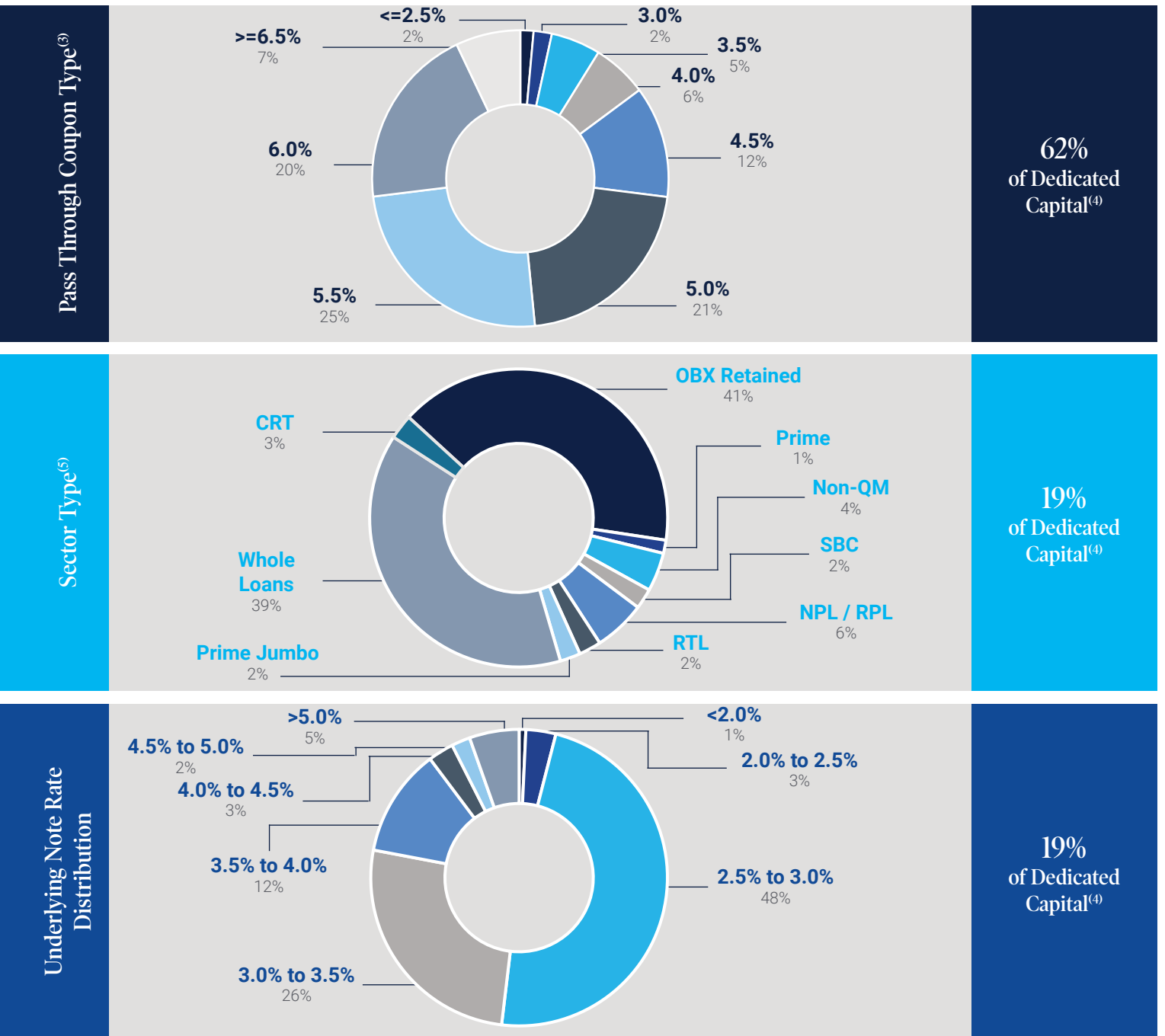
Annaly Investment Strategies

\$16.1bn

Permanent Capital⁽²⁾

WE ARE A LEADER ACROSS THE RESIDENTIAL MORTGAGE FINANCE MARKET

Portfolio Overview⁽¹⁾



Note: Please refer to Glossary for defined terms and "Annaly Investment Strategies" in Endnotes section for footnoted information.

Agency

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

\$92.9bn

Assets⁽¹⁾

\$9.9bn

Dedicated Capital

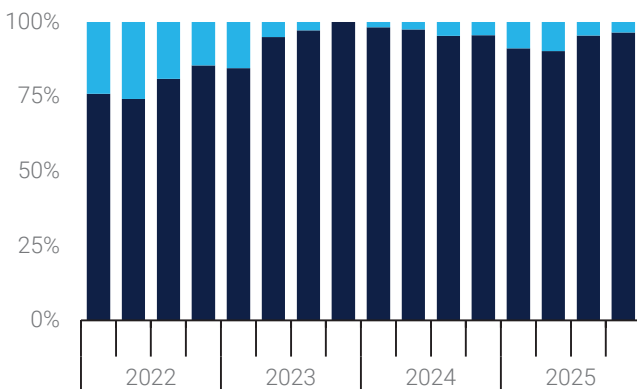
Strategic Approach

- Annaly’s Agency portfolio is made up of high-quality and liquid securities, predominantly 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 the Agency market, including Agency CMBS, which provides complementary duration and return profiles to Agency MBS
- Comprehensive hedging capabilities through an array of products (swaps, swaptions, Treasuries) enhance portfolio performance
- Access to deep and varied financing sources, including traditional bilateral repo, sponsored repo and proprietary broker-dealer repo

Agency Portfolio Detail

Assets

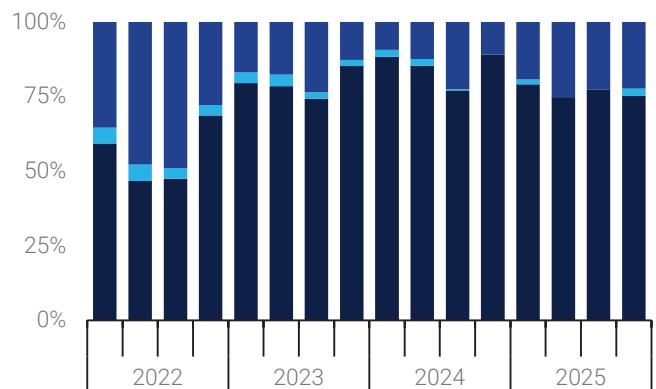
NLY Specified Pools and TBA Holdings, %



■ Pools ■ TBA

Hedges⁽²⁾

Agency Hedging Composition, %



■ Swaps ■ Swaptions ■ Treasuries

Note: Please refer to Glossary for defined terms and “Our Investment Strategies | Agency” in Endnotes section for footnoted information.

Residential Credit

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

\$8.0bn

Assets⁽¹⁾

\$3.1bn

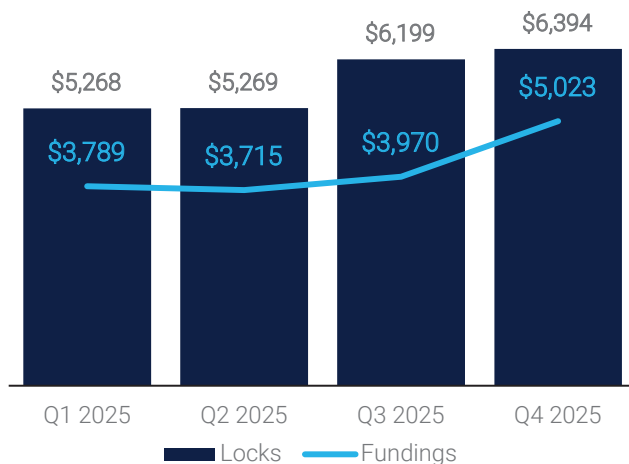
Dedicated Capital

Strategic Approach

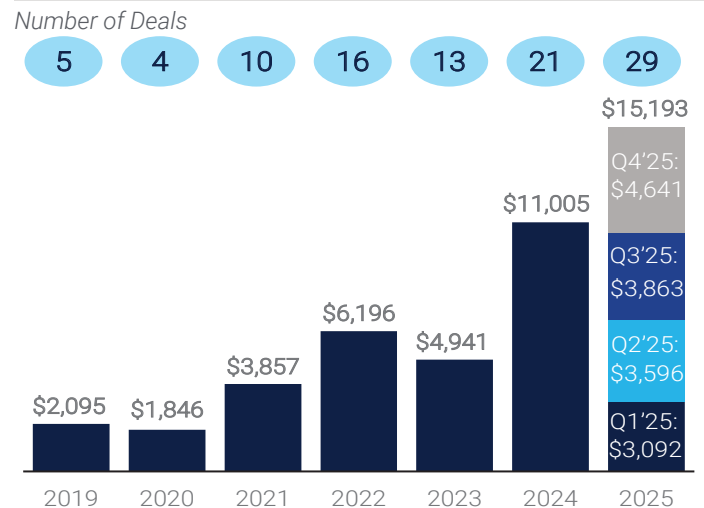
- Agile platform that can deploy capital across both the residential whole loan and Non-Agency securities markets
- Whole loan acquisition via Onslow Bay correspondent channel and securitization program provides the ability to create proprietary investments tailored to desired credit preferences with control over asset selection, counterparties and loss mitigation
- Programmatic securitization sponsor of new origination residential whole loans with 111 deals comprising \$52.2 billion of issuance since the beginning of 2018⁽²⁾
- Modest use of balance sheet leverage with whole loans predominantly financed through securitization

Onslow Bay Financial | Fully Scaled Correspondent Channel

Correspondent Channel Quarterly Lock and Funded Volumes (\$mm)



OBX Securitization History – UPB Issued (\$mm)



Note: Please refer to Glossary for defined terms and "Our Investment Strategies | Residential Credit" in Endnotes section for footnoted information.

Mortgage Servicing Rights

The **Annaly Mortgage Servicing Rights Group** invests in mortgage servicing rights, which provide the obligation to service residential loans in exchange for a fixed servicing fee

\$3.8bn

Assets⁽¹⁾

\$3.1bn

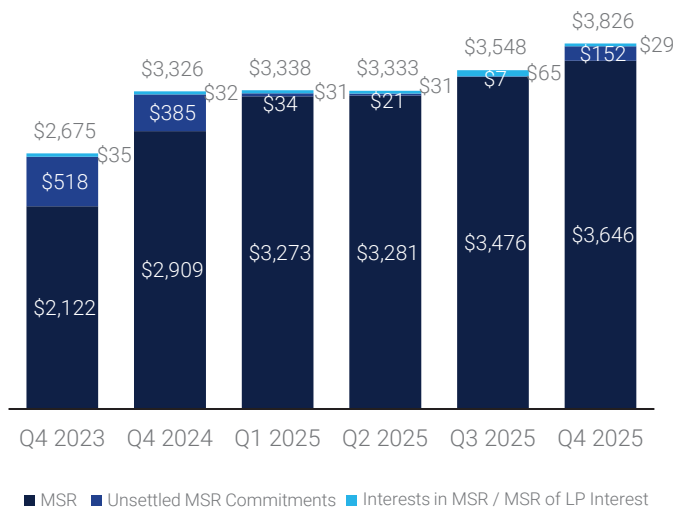
Dedicated Capital

Strategic Approach

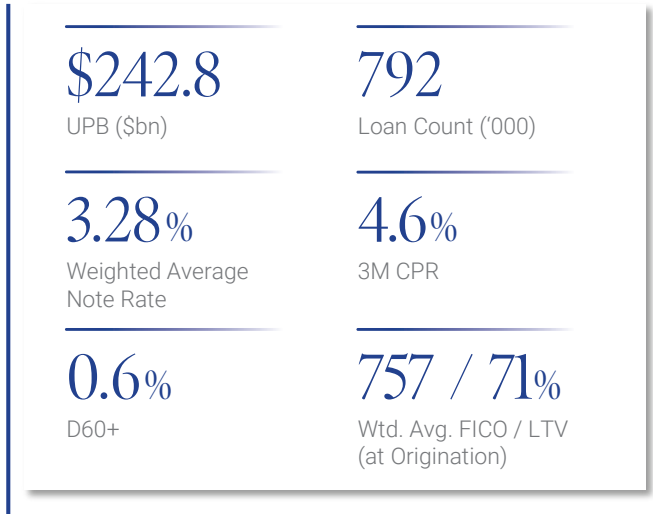
- MSR portfolio complements Annaly’s Agency MBS strategy by offering an attractive yield while providing a hedge to mortgage basis volatility and slower prepayment speeds on discount dollar-priced MBS
- As an established and scaled master servicer, Annaly is well-positioned for opportunistic growth in both the bulk and flow MSR markets
- Annaly serves as a strategic partner to originators given certainty of capital and complementary business strategy
- Dynamic recapture and servicing capabilities through the ability to allocate across several industry-leading recapture partners
- Portfolio predominantly consists of low coupon, high-quality conventional MSR⁽²⁾

MSR Portfolio Detail

MSR Holdings (Market Value, \$mm)



**Current MSR Portfolio by the Numbers⁽³⁾
(Excludes Interests in MSR / MSR of LP Interest)**



Note: Please refer to Glossary for defined terms and “Our Investment Strategies | Mortgage Servicing Rights” in Endnotes section for footnoted information.

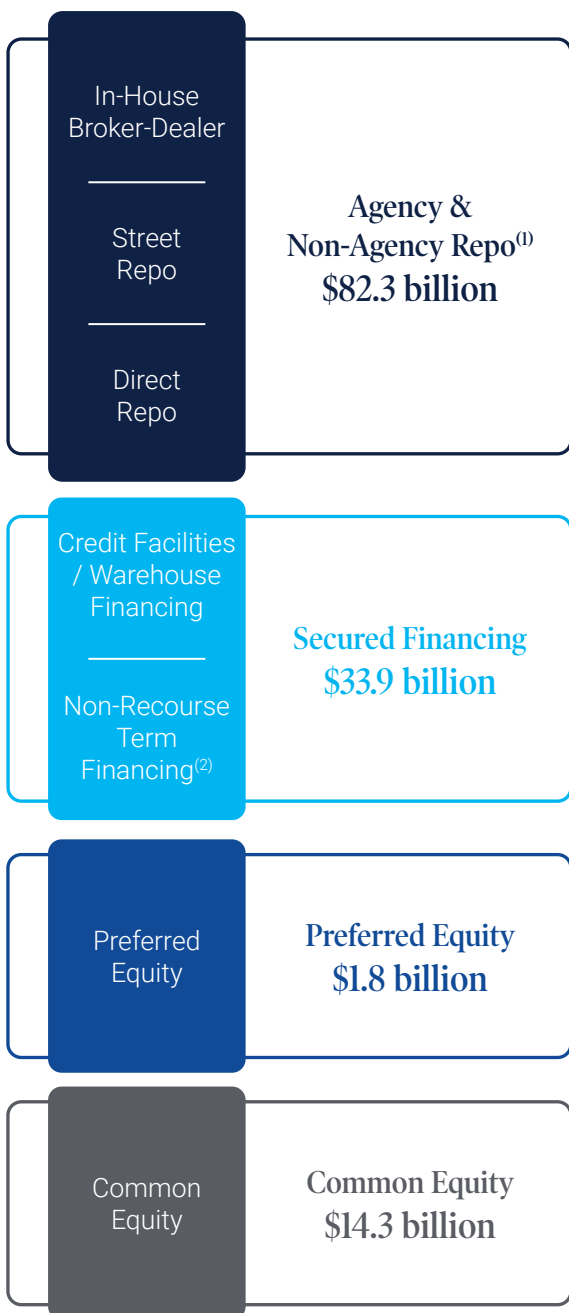


ANNALY®

Financing, Capital & Liquidity

Annaly's deep and diverse financing sources provide it with unique competitive advantages. Throughout the year, Annaly continued to enhance its leverage and liquidity position

Total Capitalization (as of December 31, 2025)



2025 Financial Highlights

- 2025 year-end average economic cost of interest-bearing liabilities* of **3.95%** and GAAP cost of interest-bearing liabilities of **4.49%**
- Closed **29** residential whole loan securitizations totaling **\$15.2 billion** throughout 2025
- Weighted average days to maturity for repurchase agreements of **35 days**
- Total warehouse capacity across both Annaly's Residential Credit and MSR businesses of **\$6.9 billion**, including **\$2.7 billion** of committed capacity
- Raised **\$2.9 billion** of accretive capital throughout 2025, which consisted of:
 - **\$2.6 billion**⁽³⁾ of common equity through the Company's at-the-market sales program
 - **\$275 million**⁽⁴⁾ of preferred stock
- Maintained significant liquidity throughout the year, enabling Annaly to be well-positioned for opportunistic growth
 - Ended the year with **\$9.4 billion** of total assets available for financing⁽⁵⁾, including cash and unencumbered Agency MBS of **\$6.1 billion**

Note: Please refer to Glossary for defined terms and "Financing, Capital & Liquidity" in Endnotes section for footnoted information.

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

Onslow Bay Strategic Milestones

Since the Beginning of 2025

Onslow Bay, Annaly's wholly owned subsidiary through which we purchase non-Agency loans, issue securitizations and own MSR, expanded its leadership across the Residential Credit and MSR markets with another year of substantial growth

Key Milestones Across Our Housing Finance Expansion Strategy

Residential Credit

- Onslow Bay has issued **111 securitizations** since 2018, totaling **\$52.2 billion** in issuance⁽¹⁾
 - Issued **\$15.2 billion** across **29 securitizations** in 2025
- 2025 was the third straight **record year** for OBX's **correspondent channel** with **\$23.1 billion** and **\$16.5 billion** in lock volume and fundings, respectively
 - 300+** originators in the correspondent channel network
 - Purchased **\$18 billion** of whole loans in 2025, up 38% year-over-year⁽²⁾
 - Demonstrated leadership in structuring innovative transactions, including **5** privately placed transactions
 - Redeemed first Non-QM securitization (OBX 2022-NQM8) and issued first relever securitization (OBX 2025-R1) with an attractive pipeline of callable deals

Leading Securitizer

#1

Non-Bank Issuer of Prime Jumbo & Expanded Credit MBS and #2 Issuer Overall⁽³⁾

Exceptional Credit Quality

761 / 67%

GAAP Whole Loan Portfolio Original FICO and Original LTV

Mortgage Servicing Rights

- MSR portfolio**, grew by nearly **15%** to **\$3.8 billion** in assets year-over-year⁽⁴⁾
- Second largest buyer** of conventional MSR in 2025⁽⁵⁾ onboarding nearly **\$60 billion** of **UPB** throughout the year
- Attractive portfolio with very **low note rate, stable cash flows** and **high credit quality** collateral
 - Lowest note rate of Top 20 Agency MBS servicers at **3.28%**
 - Original FICO of **757** and Original LTV of **71%**
 - 3 Month CPR of **4.6%**
- Recapture and subservicing relationships with industry leaders
- Sixth largest non-bank servicer of the Agency MBS market⁽⁶⁾

Portfolio Growth

#2

Largest Buyer of Conventional MSR in 2025⁽⁵⁾

Freddie Mac 2025 Gold SHARP Award Recipient



2025 Freddie Mac SHARPSM Award Winner

Board Composition & Shareholder Engagement Efforts

We are committed to having a Board representing a wide range of backgrounds and professional experiences that we believe benefits the long-term interest of our shareholders, whom we regularly engage with on corporate responsibility, governance and strategic matters

Board of Directors

9 Directors

5 Standing Board Committees

8 Directors are Independent

Tenure



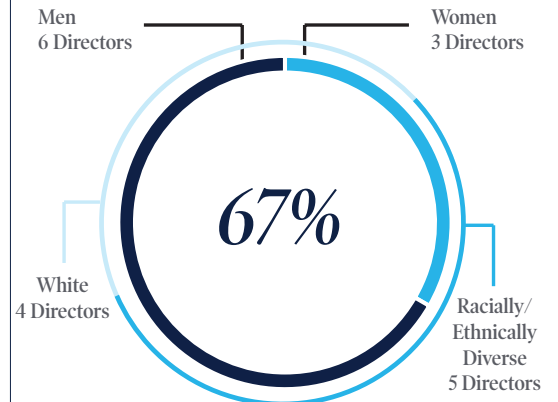
Represents the average tenure of Directors

Age



Represents the average age of Directors

Diversity



of Directors identify as women or racially / ethnically diverse



We take pride in our extensive outreach efforts and are committed to transparency, enhanced disclosure and continued engagement

2025–2026 Global Shareholder Engagement Efforts⁽¹⁾

Outreach Included
100%

of top 100 institutional investors

Investor Meeting Participation
180+

investor meetings in 2025

Note: Please refer to Glossary for defined terms and "Board Composition & Shareholder Engagement Efforts" in Endnotes section for footnoted information.

Board of Directors

Annaly's highly qualified Board of Directors possess a broad array of complementary skills and experience



David L. Finkelstein
*Chief Executive Officer and
 Co-Chief Investment Officer,
 Annaly Capital Mgmt., Inc.*



Thomas Hamilton
*Former Strategic Advisor to the Global
 Head of Fixed Income, Currencies and
 Commodities, Barclays Capital*
Independent Chair of the Board
Risk Committee
MDC Committee



Kathy Hopinkah Hannan
*Former National Managing Partner, Global
 Lead Partner, KPMG LLP*
NCG Committee (Chair)
Audit Committee
MDC Committee



Martin Laguerre
*Co-Head of Global Diversified
 Private Equity, GCM Grosvenor*
Audit Committee
NCG Committee
Risk Committee



Manon Laroche
*Former Managing Director, Head of
 Global Spread Products Securitized Sales,
 North America, Citigroup*
CR Committee
MDC Committee
Risk Committee



Eric A. Reeves
*Founder and Chief Executive Officer,
 Prospect Park LLC*
CR Committee (Chair)
MDC Committee
NCG Committee



Glenn A. Votek
*Former Chief Financial Officer,
 Annaly Capital Mgmt., Inc.*
Audit Committee (Chair)
CR Committee
Risk Committee



Scott Wede
*Former Global Head of Securitized
 Products and Municipal Finance,
 Barclays Capital*
Risk Committee (Chair)
Audit Committee
NCG Committee



Vicki Williams
*Chief Human Resources Officer,
 NBCUniversal*
MDC Committee (Chair)
NCG Committee

Note: Board composition as of April 28, 2026.



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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED: December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 1-13447

ANNALY[®]

ANNALY CAPITAL MANAGEMENT INC

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State or other jurisdiction of incorporation or organization)

22-3479661

(IRS Employer Identification No.)

1211 Avenue of the Americas

New York, New York

(Address of principal executive offices)

10036

(Zip Code)

(212) 696-0100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	NLY	New York Stock Exchange
6.95% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	NLY.F	New York Stock Exchange
6.50% Series G Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	NLY.G	New York Stock Exchange
6.75% Series I Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	NLY.I	New York Stock Exchange
8.875% Series J Fixed-Rate Cumulative Redeemable Preferred Stock	NLY.J	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At June 30, 2025, the aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately \$12.1 billion, based on the closing sales price of the registrant’s common stock on such date as reported on the New York Stock Exchange.

The number of shares of the registrant’s common stock outstanding on January 30, 2026 was 718,386,976.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2025. Portions of such proxy statement are incorporated by reference into Part III of this Form 10-K.

ANNALY CAPITAL MANAGEMENT, INC.
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Special Note Regarding 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 the Company’s future performance, macro outlook, the interest rate and credit environments, tax reform and future opportunities. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities (“MBS”) and other securities for purchase; the availability of financing and, if available, the terms of any financing; changes in the market value of the Company’s assets; changes in business conditions and the general economy; the Company’s ability to grow its residential credit business; the Company’s ability to grow its mortgage servicing rights business; credit risks related to the Company’s investments in credit risk transfer securities and residential mortgage-backed securities and related residential mortgage credit assets; risks related to investments in mortgage servicing rights; the Company’s ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting the Company’s business; the Company’s ability to maintain its qualification as a REIT for U.S. federal income tax purposes; the Company’s ability to maintain its exemption from registration under the Investment Company Act of 1940; and operational risks or risk management failures by us or critical third parties, including cybersecurity incidents. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in this Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as required by law.

Website and Social Media Disclosure

We use our website (www.annaly.com) and LinkedIn account (www.linkedin.com/company/annaly-capital-management) as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Annaly when you enroll your email address by visiting the “News & Insights” section of our website, then clicking on “Subscribe” and completing the email notification form. Our website, any alerts and social media channels are not incorporated into this annual report on Form 10-K.

PART I

ITEM 1. BUSINESS

“Annaly,” “we,” “us,” or “our” refers to Annaly Capital Management, Inc. and our wholly-owned subsidiaries, except where it is made clear that the term means only the parent company.

Refer to the section titled “Glossary of Terms” located at the end of Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” for definitions of certain of the commonly used terms in this annual report on Form 10-K.

The following description of our business should be read in conjunction with the Consolidated Financial Statements and the related Notes thereto, and the information set forth under the heading “Special Note Regarding Forward-Looking Statements” in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

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Business Overview

Introduction

We are a leading diversified capital manager with investment strategies across residential mortgage finance. Our principal business objective is to generate net income for distribution to our stockholders and optimize our returns through prudent management of our diversified investment strategies. We are an internally-managed Maryland corporation founded in 1997 that has elected to be taxed as a real estate investment trust (“REIT”). Our common stock is listed on the New York Stock Exchange under the symbol “NLY.”

We use our capital coupled with borrowed funds to invest primarily in real estate related investments, earning the spread between the yield on our assets and the cost of our borrowings and hedging activities.

We believe that our business objectives are supported by our size and conservative financial posture relative to the industry, the extensive experience of our employees, the diversity of our investment strategy, a comprehensive risk management approach, the availability and diversification of financing sources and our operational efficiencies.

Investment Groups

Our three investment groups are primarily comprised of the following:

Investment Groups	Description
Annaly Agency Group	Invests in Agency mortgage-backed securities (“MBS”) collateralized by residential mortgages which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae and complementary investments within the Agency market, including Agency commercial MBS.
Annaly Residential Credit Group	Invests primarily in non-Agency residential whole loans and securitized products within the residential and commercial markets.
Annaly Mortgage Servicing Rights Group	Invests in mortgage servicing rights (“MSR”), which provide the right to service residential mortgage loans in exchange for a portion of the interest payments made on the loans.

For more information refer to the Note titled “Segments” in the Notes to the Consolidated Financial Statements included in Item 15. “Exhibits, Financial Statement Schedules.”

Operating Platform

Our operating platform reflects our investments in systems, infrastructure and personnel. Our technology investments have led to the development of proprietary portfolio analytics, financial and capital allocation modeling, portfolio cash and accounting sub-ledger systems, and other risk and reporting tools, which, coupled with cutting-edge digital transformation applications, support the diversification and operating efficiency of our business and our ability to implement new investment strategies. Our operating platform supports our investments in Agency assets as well as residential credit assets, commercial real estate assets, residential mortgage loans, and mortgage servicing rights. We believe that the diversity of our investment alternatives provides us the flexibility to adapt to changes in market conditions and to take advantage of potential opportunities.

Business and Investment Strategy

Shared Capital Model

Our company is comprised of three investment groups, each of which has multiple investment options to capitalize on attractive relative returns and market opportunities. In aggregate, we maintain numerous investment options across our investment groups. Our shared capital model drives our capital allocation strategy allowing us to rotate our investments based on relative value while also managing risk.

Strategic Relationships

A key element of our strategy is to establish and grow strategic relationships with industry leading partners in order to develop and broaden access to quality originations flow as well as to leverage third party operations to efficiently manage operating costs, all in an effort to generate attractive risk-adjusted returns for our shareholders. Additionally, we have attracted capital partners to our business, augmenting our public capital markets efforts, which has resulted in increased scale without sacrificing balance sheet liquidity. Certain of our strategic relationships also afford us the opportunity to support communities through socially responsible investing.

We have created multiple strategic and capital partnerships across our investment groups including the following:

- Annaly Residential Credit Group has established relationships with key mortgage loan originators and aggregators including well-known money center banks, allowing us to efficiently source proprietary originations suited to our risk

parameters. In addition, our wholly-owned subsidiary Onslow Bay Financial LLC (“Onslow Bay”) partners directly with mortgage technology companies to enhance the operations of our correspondent channel.

- Annaly Mortgage Servicing Rights Group has established relationships with leading sub-servicing and recapture partners, allowing us to build and maintain a durable and high-quality MSR portfolio and benefit from our partners operational capabilities to enhance returns.
- We have partnered with GIC Private Limited (“GIC”), a leading sovereign wealth fund, through the creation of a joint venture with the purpose of investing in residential credit assets, including newly-originated residential loans and securities issued by our subsidiaries.
- We have partnered with Fifth Wall Ventures, the largest venture capital firm focused on technology for the real estate industry, through a commitment to invest in their funds that target investments in North American early- and late-stage real estate software and marketplace companies. The partnership aims to identify innovative platforms and services that provide efficiencies across our core investment strategies.

Our Portfolio and Capital Allocation Policy

Under our capital allocation policy and subject to oversight by our Board of Directors (“Board”), we may allocate our investments within our target asset classes as we determine to be appropriate from time to time.

Our Board may adopt changes to our capital allocation policy and targeted assets at its discretion.

The nature of our assets and our operations are intended to meet our REIT qualification requirements and our exemption from registration as an investment company under the Investment Company Act of 1940, as amended (“Investment Company Act”).

Our portfolio composition and capital allocation at December 31, 2025 and 2024 were as follows:

Asset Classes	December 31, 2025		December 31, 2024	
	Percentage of Portfolio	Capital Allocation ⁽²⁾	Percentage of Portfolio	Capital Allocation ⁽²⁾
Agency ⁽¹⁾⁽²⁾	89%	62%	87%	59%
Residential Credit ⁽²⁾	7%	19%	9%	22%
MSR ⁽²⁾	4%	19%	4%	19%

⁽¹⁾ Includes to-be-announced forward contracts (“TBAs”).

⁽²⁾ Assets exclude assets transferred or pledged to securitization vehicles, include TBA purchase contracts (market value), unsettled MSR commitments, and retained securities that are eliminated in consolidation and are shown net of participations issued.

Risk Appetite

We maintain a firm-wide risk appetite statement which defines the types and levels of risk we are willing to take in order to achieve our business objectives, and reflects our risk management philosophy. We engage in risk activities based on our core expertise that aim to enhance value for our stockholders. Our activities focus on income generation and capital preservation through proactive portfolio management, supported by a conservative liquidity and leverage posture.

The risk appetite statement asserts the following key risk parameters to guide our investment management activities:

Risk Parameter	Description
Portfolio Composition	We will maintain a portfolio comprised of target assets approved by our Board and in accordance with our capital allocation policy.
Leverage	We generally expect to maintain an economic leverage ratio no greater than 10:1 considerate of our overall capital allocation framework.
Liquidity Risk	We will seek to maintain an unencumbered asset portfolio sufficient to meet our liquidity needs under adverse market conditions.
Interest Rate Risk	We will seek to manage interest rate risk to protect the portfolio from adverse rate movements utilizing derivative instruments targeting both income and capital preservation.
Credit Risk	We will seek to manage credit risk by making investments which conform to our specific investment policy parameters and optimize risk-adjusted returns.
Capital Preservation	We will seek to protect our capital base through disciplined risk management practices.
Operational Risk	We will seek to limit impacts to our business through disciplined operational risk management practices addressing areas including but not limited to, management of key third party relationships (i.e. originators, sub-servicers), human capital management, cybersecurity and technology related matters, business continuity and financial reporting risk.
Compliance, Regulatory and Legal	We will seek to comply with regulatory requirements needed to maintain our REIT status and our exemption from registration under the Investment Company Act and the licenses and approvals of our regulated and licensed subsidiaries.

ITEM 1. BUSINESS

Our Board has reviewed and approved the investment and operating policies and strategies that support our risk appetite statement set forth in this Form 10-K. Our Board has the power to modify or waive these policies and strategies to the extent that our Board, in its discretion, determines that the modification or waiver is in our best interests. Among other factors, market developments that affect our policies and strategies or that change our assessment of the market may cause our Board to revise our policies and strategies.

We may seek to expand our capital base in order to further increase our ability to acquire new and different types of assets when the potential returns from new investments appear attractive relative to the targeted risk-adjusted returns. We may in the future acquire assets or companies by offering our debt or equity securities in exchange for such opportunities.

Target Assets

Within the confines of the risk appetite statement, we seek to generate the highest risk-adjusted returns on capital invested, after consideration of the following:

- The amount, nature and variability of anticipated cash flows from the asset across a variety of interest rate, yield, spread, financing cost, credit loss and prepayment scenarios;
- The liquidity of the asset;
- The ability to pledge the asset to secure collateralized borrowings;
- When applicable, the credit of the underlying borrower;
- The costs of financing, hedging and managing the asset;
- The impact of the asset to our REIT compliance and our exemption from registration under the Investment Company Act; and
- The capital and operational requirements associated with the purchase and financing of the asset.

We target the purchase and sale of the following assets as part of our investment strategy. Our targeted assets and asset acquisition strategy may change over time as market conditions change and as our business evolves.

Investment Group	Targeted Asset Class	Description
Annaly Agency Group	Agency MBS	Agency pass-through certificates issued or guaranteed by Agencies. Other Agency MBS include collateralized mortgage obligations (“CMOs”), interest-only securities and inverse floaters
	To-be-announced forward contracts (“TBAs”)	Forward contracts for Agency pass-through certificates
	Agency CMBS	Pass-through certificates collateralized by commercial mortgages guaranteed by the Agencies
Annaly Residential Credit Group	Residential mortgage loans	Residential mortgage loans that are not guaranteed by the Agencies
	Residential MBS	Securities collateralized by pools of residential loans that are not guaranteed by one of the Agencies
	Agency or private label credit risk transfer securities (“CRT”)	Risk sharing transactions issued by Freddie Mac and Fannie Mae and similarly structured transactions arranged by third party market participants, designed to synthetically transfer mortgage credit risk to private investors
Annaly Mortgage Servicing Rights Group	Mortgage Servicing Rights (“MSR”)	Rights to service a pool of residential mortgage loans in exchange for a portion of the interest payments made on the loans

We believe that future interest rates and mortgage prepayment rates are very difficult to predict. Therefore, we seek to acquire assets which we believe will provide attractive returns over a broad range of interest rate and prepayment scenarios.

Capital Structure and Financing

Our capital structure is designed to offer an efficient complement of funding sources to generate positive risk-adjusted returns for our stockholders while maintaining appropriate liquidity to support our business and meet our financial obligations under periods of market stress. To maintain our desired capital profile, we utilize a mix of debt and equity funding. Debt funding may include the use of repurchase agreements, loans, securitizations, participations issued, lines of credit, asset backed lending

ITEM 1. BUSINESS

facilities, corporate bond issuance, convertible bonds, or other liabilities. Equity capital primarily consists of common and preferred stock.

We finance our Agency mortgage-backed securities and residential credit securities primarily with repurchase agreements. We seek to diversify our exposure and limit concentrations by entering into repurchase agreements with multiple counterparties. We enter into repurchase agreements with broker-dealers, commercial banks and other lenders that typically offer this type of financing. We enter into collateralized borrowings with financial institutions meeting internal credit standards and we monitor the financial condition of these institutions on a regular basis. At December 31, 2025, we had \$81.9 billion of repurchase agreements outstanding.

Additionally, our wholly-owned subsidiary, Arcola Securities, Inc. (“Arcola”), provides direct access to third party funding as a member broker-dealer of the Financial Industry Regulatory Authority (“FINRA”). As an eligible institution, Arcola also raises funds through the General Collateral Finance Repo service offered by the Fixed Income Clearing Corporation (“FICC”), with FICC acting as the central counterparty. Arcola provides us greater depth and diversity of repurchase agreement funding while also limiting our counterparty exposure.

To reduce our liquidity risk, we maintain a laddered approach to our repurchase agreements. At December 31, 2025, the weighted average days to maturity was 35 days.

We also finance our investments in residential mortgage loans through the issuance of securitization transactions sponsored under the Onslow Bay private-label securitization program (“OBX”). We are a programmatic securitization sponsor of new origination, residential whole loans with 101 deals as of December 31, 2025 comprising \$46.2 billion of issuance since the beginning of 2018. During the year ended December 31, 2025, we issued 29 OBX securitizations backed by \$15.2 billion of residential whole loans.

We utilize leverage to enhance the risk-adjusted returns generated for our stockholders. We generally expect to maintain an economic leverage ratio of no greater than 10:1 considerate of our overall capital allocation framework. This ratio varies from time to time based upon various factors, including our management’s opinion of the level of risk of our assets and liabilities, our mix of assets, our liquidity position, our level of unused borrowing capacity, the availability of credit, over-collateralization levels required by lenders when we pledge assets to secure borrowings and, lastly, our assessment of domestic and international market conditions. Since the financial crisis beginning in 2007, we have maintained an economic leverage ratio below 8:1 and since the Coronavirus Disease 2019 (“COVID-19”) pandemic began, an economic leverage ratio closer to or below 7:1. For purposes of calculating this ratio, our economic leverage ratio is equal to the sum of Recourse Debt, cost basis of TBA derivatives outstanding, and net forward purchases (sales) of investments divided by total equity.

Our target economic leverage ratio is determined under our capital management policy. Should our actual economic leverage ratio increase above the target level, we will consider appropriate measures which may include asset sales, changes in asset mix, reductions in asset purchases or originations, issuance of capital or other capital enhancing or risk reduction strategies.

The following table presents our leverage and capital ratios as of the periods presented.

	December 31, 2025	December 31, 2024
GAAP leverage ratio	7.2:1	7.1:1
Economic leverage ratio *	5.6:1	5.5:1
GAAP capital ratio	11.9%	12.3%
Economic capital ratio *	14.9%	14.8%

* Represents a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information.

Operating Platform

We maintain a flexible and scalable operating platform to support the management and maintenance of our diverse asset portfolio. We have invested in our infrastructure to enhance resiliency, efficiency, cybersecurity and scalability while also ensuring coverage of our target assets. Our information technology applications span the portfolio life-cycle including pre-trade analysis, trade execution and capture, trade settlement and financing, monitoring, management and financial accounting and reporting.

Technology applications also support our control functions including risk, compliance, and middle- and back-offices. We have added breadth to our operating platform to accommodate diverse asset classes and drive automation-based efficiencies. Our business operations include a centralized collateral management function that permits in-house settlement and self-clearing, thereby creating greater control and management of our collateral. Through technology, we have also incorporated exception-based processing, critical data assurance and paperless workflows. Our infrastructure investment has driven operating

efficiencies while expanding the platform. Routine disaster recovery and penetration testing enhances our systems resiliency, security and recovery of critical systems throughout the computing estate.

Risk Management

Risk is a natural element of our business. Effective risk management is of critical importance to our business strategy. The objective of our risk management framework is to identify, measure, monitor and control the key risks to which we are subject. Our approach to risk management is comprehensive and has been designed to foster a holistic view of risk. For a full discussion of our risk management process and policies please refer to the section titled “Risk Management” of Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Information about our Executive Officers

The following table sets forth certain information as of February 12, 2026 concerning our executive officers:

Name	Age	Title
David L. Finkelstein	53	Chief Executive Officer and Co-Chief Investment Officer
Serena Wolfe	46	Chief Financial Officer
Steven F. Campbell	53	President and Chief Operating Officer

David L. Finkelstein has served as the Chief Executive Officer of Annaly since March 2020 and Co-Chief Investment Officer since January 2025. From November 2022 until January 2025, Mr. Finkelstein served as Annaly’s Chief Investment Officer, a role he also held from November 2016 until December 2021. Mr. Finkelstein also served as Annaly’s President from March 2020 until December 2022. Prior to that, Mr. Finkelstein served as Annaly’s Chief Investment Officer, Agency and RMBS beginning in February 2015 and as Annaly’s Head of Agency Trading beginning in August 2013. Prior to joining Annaly in 2013, Mr. Finkelstein served for four years as an Officer in the Markets Group of the Federal Reserve Bank of New York where he was the primary strategist and policy advisor for the MBS purchase program. Mr. Finkelstein has over 25 years of experience in fixed income investments. Prior to the Federal Reserve Bank of New York, Mr. Finkelstein held Agency MBS trading positions at Salomon Smith Barney, Citigroup Inc. and Barclays PLC. Mr. Finkelstein is a member of the Treasury Market Practices Group sponsored by the Federal Reserve Bank of New York, as well as a member of the Financial Sector Advisory Council of the Federal Reserve Bank of Dallas. Mr. Finkelstein received his B.A. in Business Administration from the University of Washington and his M.B.A. from the University of Chicago, Booth School of Business. Mr. Finkelstein also holds the Chartered Financial Analyst® designation.

Serena Wolfe has served as Chief Financial Officer of Annaly since December 2019. Prior to joining Annaly in 2019, Ms. Wolfe served as a Partner at Ernst & Young (“EY”) since 2011 and as its Central Region Real Estate Hospitality & Construction (“RHC”) leader from 2017 to November 2019, managing the go-to-market efforts and client relationships across the sector. Ms. Wolfe was previously also EY’s Global RHC Assurance Leader. Ms. Wolfe practiced with EY for over 20 years, including six years with EY Australia and 16 years with the U.S. practice. Ms. Wolfe currently serves on the board of Lennar Corporation. Ms. Wolfe graduated from the University of Queensland with a Bachelor of Commerce in Accounting. She is a Certified Public Accountant in the states of New York and California.

Steven F. Campbell has served as President of Annaly since December 2022 and Chief Operating Officer of Annaly since June 2020. Prior to these positions, Mr. Campbell served in a number of other senior roles at Annaly, including as Head of Business Operations from September 2019 to June 2020, Head of Credit Operations and Enterprise Risk from February 2018 to September 2019, Chief Operating Officer of Annaly Commercial Real Estate Group from December 2016 to February 2018 and Head of Credit Strategy from April 2015 to February 2018. Mr. Campbell has over 25 years of experience in financial services. Prior to joining Annaly in 2015, Mr. Campbell held various roles over six years at Fortress Investment Group LLC, including serving as a Managing Director in the Credit Funds business. Prior to that, Mr. Campbell held positions at General Electric Capital Corporation and D.B. Zwirn & Co., L.P. with a focus on credit and debt restructuring. Mr. Campbell currently serves on the Advisory Board for the Fitzgerald Institute of Real Estate at the University of Notre Dame. Mr. Campbell received a B.B.A. from the University of Notre Dame and a M.B.A. from the University of Chicago, Booth School of Business.

As previously disclosed, effective January 1, 2026, Anthony C. Green retired as the Company’s Chief Legal Officer, Chief Corporate Officer and Secretary and transitioned to the role of Senior Advisor to the Company, in which capacity he will serve through March 31, 2026.

ITEM 1. BUSINESS**Human Capital**

Our Human Capital team oversees our company's workforce management to ensure its objectives are strategically integrated with the firm's goals and business plans. We proactively review human capital management best practices to continually enhance our employee experience. In addition, the Management Development and Compensation ("MDC") Committee of the Board provides independent oversight of our policies and strategies related to human capital management. Further, the Chair of the MDC Committee liaises on certain human capital topics with the Chair of the Corporate Responsibility Committee of the Board as appropriate.

As of December 31, 2025, we had 212 employees.

Our People and Culture

Our employees are the driving force behind Annaly's success, and we are committed to promoting their well-being, engagement, and professional development. Our culture is focused on fostering an inclusive, empowering, and rewarding work environment for all employees.

Our culture is built on five core values: ownership, humility, accountability, collaboration and diversity and inclusivity. These values are embedded in our professional and personal conduct and are vital to the continued success of our company. All employees are responsible for upholding these values, which form the bedrock of our culture. Guided by these values, we are committed to attracting, developing and retaining the best talent, with diverse experiences, perspectives and backgrounds.

We utilize employee surveys, including an annual engagement survey, to create open and honest feedback channels that foster our ability to actively engage and involve our employees in the evolution of our culture. Our leaders review and incorporate survey feedback to enhance employee engagement and drive employee satisfaction. We remain committed to maintaining a growth-focused environment where employees feel encouraged to share honest, constructive feedback.

Diversity & Inclusivity

Across Annaly, our employees have a range of experiences that bring fresh perspectives, contribute to our agility, and foster ingenuity. We strive to create a work environment where all employees feel respected and empowered to contribute their unique vantage points. Our Human Capital Team, in coordination with an Inclusion Support Committee of Executive Sponsors, is responsible for overseeing and continuing to advance our diversity and inclusivity initiatives.

We value our diversity and promote an inclusive culture. With 57% of our Operating Committee and 60% of our overall population as of December 31, 2025 identifying as either female and/or racially/ethnically diverse, we are driven by the belief that having a diverse group of employees supports our continued long-term success. Hosting over 50 community building events in 2025, our seven employee network groups, which include the Women's Interactive Network ("WIN"), the Asian American and Pacific Islander Employee Network, the Black Employee Network, the Latin American Employee Network, the disAbility Network, the Veteran's Employee Network, and the Annaly Pride Network, continue to evolve and advance. These network groups promote allyship, celebrate the strengths that arise from our differences, and foster a sense of community. Further, they provide opportunities for development, information sharing, networking, mentoring, and community outreach.

Compensation, Benefits and Wellness

Our employee compensation program includes base salary, annual incentive bonuses, and stock-based awards. Employee compensation packages are designed to both align employee and stockholder interests and to provide incentives to attract, retain and motivate employees.

In addition, we invest in a wide range of benefits and wellness initiatives that support healthy lifestyles and choices for our employees. We offer benefits including health and insurance coverage, health savings and flexible spending accounts, telemedicine benefits, 401(k) plans, paid time off, and family care resources. We recognize that people's daily emotional lives and mental health play a key role in their overall wellness. As such, we continue to evaluate ways to promote and expand our mental health offerings. We sponsor a wide range of initiatives including access to talk therapy, health coaching, lifestyle management support as well as a dedicated Wellness Week that includes a number of health and wellness related activities and seminars. Over the last few years, we have also enhanced our parental and family care benefits to provide extended leave and fertility assistance. We remain committed to enhancing and promoting programs and practices that foster inclusivity and well-being both personally and professionally.

Learning and Development

We seek to advance and promote our employees' capabilities and full potential by investing in a number of targeted learning and development opportunities. By aligning with our overall business strategy, we design our learning and development objectives to meet our employees' needs and interests. Additionally, we have both tuition reimbursement and learning reimbursement plans that provide financial support toward the cost of furthering employee education in an area directly related to their job.

ITEM 1. BUSINESS

To promote a sense of purpose, accountability and broader exposure, we offer networking opportunities across our company, which include senior leader-led small group sessions as well as one-on-one employee knowledge share sessions. More broadly, we continue to offer firmwide learning sessions that focus on core business strategies and initiatives.

Corporate and Employee Philanthropy and Volunteerism

Through our corporate philanthropy, employee volunteerism, and employee charity match program, we partner with high-impact non-profit organizations to provide a meaningful contribution in the communities where we live, work, and invest. This work has included promoting housing stability through supportive and affordable housing, supporting the advancement and professional development of underrepresented populations in finance, and supporting employee donations, volunteerism, and engagement.

Regulatory Requirements

The financial services industry is subject to extensive regulation and supervision, and changes to regulations and supervisory practices are continuously being considered by regulators and policy makers worldwide. We continue to assess our business, risk management and compliance practices to conform to developments in the regulatory environment.

We have elected, organized and operated in a manner that qualifies us to be taxed as a REIT under the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder (the “Code”). So long as we qualify for taxation as a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that is distributed to our stockholders. Furthermore, substantially all of our assets, other than our taxable REIT subsidiaries (“TRSs”), consist of qualified REIT real estate assets (of the type described in Section 856(c)(5) of the Code).

We regularly monitor our investments and the income from these investments and, to the extent we enter into hedging transactions, we monitor income from our hedging transactions as well, so as to ensure at all times that we maintain our qualification as a REIT, our exemption from registration under the Investment Company Act and our exemption from registration as a commodity pool operator (“CPO”) with the U.S. Commodity Futures Trading Commission (“CFTC”).

Arcola is a member of FINRA, an SEC registered broker-dealer and is subject to regulations of the securities business that include but are not limited to trade practices, use and safekeeping of funds and securities, capital structure, recordkeeping and conduct of directors, officers and employees. As a self-clearing, registered broker-dealer, Arcola is required to maintain minimum net capital by the SEC and FINRA. Arcola consistently operates with capital in excess of its regulatory capital requirements as defined by SEC Rule 15c3-1.

We have a subsidiary that is registered with the SEC as an investment adviser under the Investment Advisers Act. As a result, we are subject to the anti-fraud provisions of the Investment Advisers Act and to fiduciary duties derived from these provisions that apply to our relationships with that subsidiary’s clients. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our subsidiary’s clients, including, for example, restrictions on agency, cross and principal transactions. Our registered investment adviser subsidiary is subject to periodic SEC examinations and other requirements under the Investment Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate to, among other things, maintaining an effective and comprehensive compliance program, recordkeeping and reporting requirements and disclosure requirements.

We also have a subsidiary that operates as a licensed mortgage aggregator and master servicer, which subjects it to individual state licensing laws and to supervision and examination by federal authorities, including the Consumer Financial Protection Bureau (“CFPB”), the U.S. Department of Housing and Urban Development (“HUD”), the SEC as well as various state licensing, supervisory and administrative agencies. We and our subsidiaries must also comply with a large number of federal, state and local consumer protection laws including, among others, the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, Real Estate Settlement Procedures Act, the Truth in Lending Act, and the Fair Credit Reporting Act, as well as state foreclosure laws and federal and local bankruptcy rules. These laws and regulations, which are frequently amended and adjusted, have, in recent years, led to an increase in both the scope of the requirements and the intensity of the supervision to which we are subject. The second Trump Administration has implemented significantly different policies from the Biden Administration, including new proposed regulations and rescissions or withdrawals of previous guidance. The cumulative impact of these changes, and whether they will last over time, is unclear.

The CFTC has jurisdiction over the regulation of swaps. The CFTC has asserted that this causes the operators of mortgage REITs that use swaps as part of their business model to fall within the statutory definition of CPO, and absent relief from the Market Participants Division of the CFTC, such operators generally must register as CPOs or qualify for an exemption from registration. On December 7, 2012, as a result of numerous requests for no-action relief from the CPO registration requirement for operators of mortgage REITs, the Division of Swap Dealer and Intermediary Oversight (the predecessor to the Market Participants Division) of the CFTC issued no-action relief entitled “No-Action Relief from the Commodity Pool Operator

ITEM 1. BUSINESS

Registration Requirement for Commodity Pool Operators of Certain Pooled Investment Vehicles Organized as Mortgage Real Estate Investment Trusts” that permits a CPO to receive relief from the requirement to register by filing a claim to perfect the use of the relief. A claim submitted by a CPO will be effective upon filing, so long as the claim is materially complete. The conditions that must be met relate to initial margin and premiums requirements, net income derived annually from commodity interest positions that are not qualifying hedging transactions, marketing of interests in the mortgage REIT to the public and identification of the entity as a mortgage real estate investment trust in its federal tax filings with the IRS. We have submitted a claim for the relief set forth in the no-action relief entitled “No-Action Relief from the Commodity Pool Operator Registration Requirement for Commodity Pool Operators of Certain Pooled Investment Vehicles Organized as Mortgage Real Estate Investment Trusts” and believe we meet the criteria for such relief set forth therein.

Competition

We operate in a highly competitive market for investment opportunities. Competition may limit our ability to acquire desirable investments in our target assets and could also affect the pricing of these investments. In acquiring our target assets, we will compete with financial institutions, institutional investors, other lenders, government entities and certain other REITs. For a full discussion of the risks associated with competition see the “Risks Related to Our Investing, Portfolio Management and Financing Activities” section in Item 1A. “Risk Factors.”

Corporate Governance

We strive to conduct our business in accordance with the highest ethical standards and in compliance with applicable governmental laws, rules and regulations. Our notable governance practices and policies include:

- Our Board is composed of a majority of independent directors, and our Audit, Management Development and Compensation, and Nominating/Corporate Governance Committees are composed exclusively of independent directors.
- We have separated the roles of Chair of the Board and Chief Executive Officer, and appointed an independent Chair of the Board.
- All directors are elected on an annual basis.
- We have adopted an enhanced director refreshment policy, which provides that an independent director may not stand for re-election at the next annual meeting of stockholders taking place at the end of his or her term following the earlier of his or her: (i) 15th anniversary of service on our Board or (ii) 73rd birthday.
- We have adopted a Code of Business Conduct and Ethics, which sets forth the basic principles and guidelines for resolving various legal and ethical questions that may arise in the workplace and in the conduct of our business. This code is applicable to our directors, officers and employees.
- We have adopted Corporate Governance Guidelines which, in conjunction with the charters of our Board committees, provide the framework for the governance of our company.
- We have procedures by which any of our employees, officers or directors may raise concerns confidentially about our company’s conduct, accounting, internal controls or auditing matters with the Chair of the Board, the independent directors, or the Chair of the Audit Committee or through our whistleblower phone hotline or e-mail inbox.
- We have adopted an Insider Trading Policy that prohibits our directors, officers and employees, as well as those of our subsidiaries from buying or selling our securities on the basis of material nonpublic information and prohibits communicating material nonpublic information about our company to others. Our Insider Trading Policy prohibits our directors, officers and employees, from (1) holding our stock in a margin account as eligible collateral, or otherwise pledging our stock as collateral for a loan, or (2) engaging in any hedging transactions with respect to our equity securities held by them.
- Our executive officers are subject to two clawback policies, one that covers financial restatements and another that covers misconduct.
- Our executive officers and directors are subject to stock ownership guidelines and holding restrictions.
- Stockholders holding 25% of our common stock have the right to call a special meeting.

ITEM 1. BUSINESS**Distributions**

In accordance with the requirements for maintaining REIT status, we intend to distribute to stockholders aggregate dividends equaling at least 90% of our REIT taxable income (determined without regard to the deduction of dividends paid and by excluding any net capital gain) for each taxable year and will endeavor to distribute at least 100% of our REIT taxable income so as not to be subject to tax. Distributions of economic profits from our enterprise could be classified as return of capital due to differences between book and tax accounting rules. We may make additional returns of capital when the potential risk-adjusted returns from new investments fail to exceed our cost of capital. Subject to the limitations of applicable securities and state corporation laws, we can return capital by making purchases of our own capital stock or through payment of dividends.

Available Information

Our website is www.annaly.com. We make available on this website under “Investors - SEC Filings,” free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Securities Exchange Act”). Our website and the information contained therein are not incorporated into this annual report on Form 10-K.

Also posted on our website, and available in print upon request of any stockholder to our Investor Relations Department, are charters for our Audit Committee, Management Development and Compensation Committee, Nominating/Corporate Governance Committee, Risk Committee and Corporate Responsibility Committee, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics. Within the time period required by the SEC, we will post on our website any amendment to the Code of Business Conduct and Ethics and any waiver applicable to any executive officer, director or senior financial officer.

Our Investor Relations Department can be contacted at:

Annaly Capital Management, Inc.

1211 Avenue of the Americas

New York, New York 10036

Attn: Investor Relations

Telephone: 888-8ANNALY

E-mail: investor@annaly.com

The SEC also maintains a website that contains reports, proxy and information statements and other information we file with the SEC at www.sec.gov.

Item 1A. Risk Factors**ITEM 1A. RISK FACTORS**

An investment in our stock involves a number of risks. Before making an investment decision, you should carefully consider all of the risks described in this annual report on Form 10-K. If any of the risks discussed in this annual report on Form 10-K actually occur, our business, financial condition and results of operations could be materially adversely affected. If this were to occur, the trading price of our stock could decline significantly and you may lose all or part of your investment. Readers should not consider any descriptions of these factors to be a complete set of all potential risks that could affect us.

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Item 1A. Risk Factors**Summary of Risk Factors*****Risks Related to Our Liquidity and Funding***

- Our strategy involves the use of leverage, which increases the risk that we may incur substantial losses.
- Our use of leverage may result in margin calls and defaults and force us to sell assets under adverse market conditions.
- We may exceed our overall Company target leverage ratios.
- We may not be able to consistently achieve our optimal leverage.
- Failure to procure or renew funding on favorable terms, or at all, affects our results and financial condition.
- Effectively managing our liquidity affects our results and financial condition.
- Volatile market conditions for our assets can result in contraction in liquidity for those assets and the related financing.
- An increase in the interest payments on our borrowings relative to the interest we earn on our interest earning assets adversely affects our profitability.
- Differences in timing of interest rate adjustments on our interest earning assets and our borrowings affect our profitability.
- It may be uneconomical to “roll” our TBA dollar roll transactions or we may be unable to meet margin calls on our TBA contracts.
- Our use of derivatives exposes us to counterparty and liquidity risks.
- Securitizations expose us to additional risks.
- Our use of non-recourse securitizations exposes us to risks which could result in losses to us.
- Counterparties may require us to enter into restrictive covenants.
- We may be unable to profitably execute or participate in future securitization transactions.

Risks of Ownership of Our Common Stock

- Our charter does not permit ownership of over 9.8% in number of shares or value of our common stock or any class of our preferred stock.
- Provisions contained in Maryland law have anti-takeover effects, potentially preventing investors from receiving a “control premium” for their shares.
- We have not established a minimum dividend payment level and cannot assure stockholders of our ability to pay dividends in the future.
- Our reported GAAP financial results may not be an accurate indicator of future taxable income and dividend distributions.

Compliance, Regulatory & Legal Risks

- Accounting rules related to certain of our transactions are highly complex and involve significant judgment and assumptions. Our application of GAAP produces financial results that fluctuate from one period to another.
- Any new laws, regulations or administrative actions modifying the relationship between Fannie Mae, Freddie Mac and the federal government could affect our business model or business operations.
- The Truth in Lending Act or other similar consumer protection laws and regulations expose an owner of whole mortgage loans and mortgage servicing rights to potential civil and administrative liability.
- Our Residential Credit and MSR businesses are subject to complex and evolving legal and regulatory requirements, including how we oversee and are responsible for the actions of our third-party service providers, which exposes us to increased compliance, legal, and regulatory risk.
- Changes in laws or regulations governing our operations or our failure to comply with those laws or regulations affects our business.
- Evolving environmental, social and governance-related disclosure requirements and climate-related risks could adversely affect our business and results of operations.
- We are subject to complex and evolving laws, regulations, rules, standards and contractual obligations regarding data privacy and security, which increases the cost of doing business, compliance risks and potential liability.
- We are subject to risks and liabilities in connection with sponsoring, investing in and managing new funds and other investment accounts, including potential regulatory risks.
- Loss of our Investment Company Act exemption from registration would adversely affect us.

Risks Related to Our Taxation as a REIT

- Our failure to maintain our qualification as a REIT would have adverse tax consequences.
- Our distribution requirements could adversely affect our ability to execute our business plan.
- Distributions to tax-exempt investors may be classified as unrelated business taxable income.
- We have flexibility to pay dividends in our own stock.
- Our TRSs cannot constitute more than 25% of our total assets.
- TRSs are subject to tax at the regular corporate rates, are not required to distribute dividends, and the amount of dividends a TRS can pay to its parent REIT may be limited by REIT gross income tests.
- If transactions between a REIT and a TRS are entered into on other than arm’s-length terms, the REIT may be subject to a penalty tax.
- Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.
- Complying with REIT requirements may cause us to forgo otherwise attractive opportunities and may force us to liquidate otherwise attractive investments.
- Liquidation of assets may jeopardize our REIT qualification or create additional tax liability for us.

Item 1A. Risk Factors

- The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to remain qualified as a REIT.
- Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.
- Qualifying as a REIT involves highly technical and complex provisions of the Code.
- The tax on prohibited transactions limits our ability to engage in certain transactions.
- Certain financing activities may subject us to U.S. federal income tax and could have negative tax consequences for our stockholders.
- Uncertainty exists with respect to the treatment of our TBAs for purposes of the REIT asset and income tests.
- Dividends payable by REITs generally receive different tax treatment than dividend income from regular corporations.
- New legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to remain qualified as a REIT.

Counterparty Risks

- The soundness of our counterparties and other financial institutions affects us.
- We are subject to counterparty risk and may be unable to seek indemnity or require counterparties to repurchase residential whole loans if they breach representations and warranties, which could cause us to suffer losses.
- Our rights under our repurchase and derivative agreements are subject to the effects of the bankruptcy laws in the event of the bankruptcy or insolvency of us or our lenders.

Investment and Market Related Risks

- We may experience declines in the market value of our assets.
- Investments in MSR expose us to additional risks.
- A prolonged economic slowdown or declining real estate values could impair the assets we may own.
- An increase in interest rates adversely affects the market value of our interest earning assets and, therefore, also our book value.
- Actions by the Federal Reserve may affect the price and returns of our assets.
- We invest in securities that are subject to mortgage credit risk.
- Our investments in real estate and other securities are subject to changes in credit spreads as well as available market liquidity, which affect our ability to realize gains on the sale of such investments.
- Geographic concentration exposes investors to greater risk of default and loss.
- Inadequate property insurance coverage impacts on our operating results.
- Our assets may become non-performing or sub-performing assets in the future.
- We may be required to repurchase residential mortgage loans or indemnify investors if we breach representations and warranties.
- Our and our third party service providers' and servicers' due diligence of potential assets may not reveal all of the weaknesses in such assets.
- When we foreclose on an asset, we may come to own the property securing the loan.
- Proposals to acquire mortgage loans by eminent domain affect the value of our assets.
- Subordinated tranches of non-Agency mortgage-backed securities are subordinate in right of payment to more senior securities.
- Our hedging strategies may be costly, and may not hedge our risks as intended.
- We are subject to risks of loss from weather conditions, man-made or natural disasters and the direct and indirect effects of climate change.

Operational and Cybersecurity Risks

- Reliance on inaccurate models or the data used by models exposes us to risk.
- We are highly dependent on information systems and networks, many of which are operated by third parties.
- Cyberattacks or other information security breaches of our Company's, service providers' or counterparties' systems or networks affect our business, reputation and financial condition.
- We may utilize artificial intelligence, which could expose us to liability and affect our business.
- We depend on third party service providers, including mortgage loan servicers and sub-servicers, for a variety of services related to our business.
- Our investments in residential whole loans subject us to servicing-related risks.
- The performance of loans underlying our MSR related assets is affected by the performance of the related mortgage servicer.
- We are subject to prepayment rate risk.
- We are subject to reinvestment risk.
- Competition may affect availability and pricing of our target assets.
- We may enter into new lines of business, acquire other companies or engage in other strategic initiatives.
- Some of our investments, including those related to non-prime loans, involve credit risk.
- Any inability to attract, motivate and retain qualified talent, including our key personnel, affects us.

Other Risks

- The market price and trading volume of our shares of common stock may be volatile.
- We may change our policies without stockholder approval.

Item 1A. Risk Factors**Risks Related to Our Liquidity and Funding**

Our strategy involves the use of leverage, which increases the risk that we may incur substantial losses.

We expect our leverage to vary with market conditions and our assessment of risk/return on investments. We incur this leverage by borrowing against a substantial portion of the market value of our assets. Leverage, which is fundamental to our investment strategy, creates significant risks. The risks associated with leverage are more acute during periods of economic slowdown or recession.

Because of our leverage, we have in the past and may in the future incur substantial losses if our borrowing costs increase, and we may be unable to execute our investment strategy if leverage is unavailable or is unavailable on attractive terms. The reasons our borrowing costs may increase or our ability to borrow may decline include, but are not limited to, the following:

- short-term interest rates increase;
- the market value of our investments available to collateralize borrowings decreases;
- the “haircut” applied to our assets under the repurchase agreements or other secured financing arrangements increases;
- interest rate volatility increases;
- disruption in the repo market generally or the infrastructure, including technology infrastructure, that supports it; or
- the availability of financing in the market decreases.

Our use of leverage may result in margin calls and defaults and force us to sell assets under adverse market conditions.

Because of our leverage, a decline in the value of our interest earning assets has in the past and may in the future result in our lenders initiating margin calls. A margin call means that the lender requires us to pledge additional collateral to re-establish the ratio of the value of the collateral to the amount of the borrowing. Borrowings secured by our fixed-rate mortgage-backed securities generally are more susceptible to margin calls as increases in interest rates tend to more negatively affect the market value of fixed-rate securities. Margin calls are most likely in market conditions in which the unencumbered assets that we would use to meet the margin calls have also decreased in value. The risks associated with margin calls are more acute during periods of economic slowdown or recession.

If we are unable to satisfy margin calls, our lenders may foreclose on our collateral. This could force us to sell our interest earning assets under adverse market conditions, or allow lenders to sell those assets on our behalf at prices that could be below our estimation of their value. Additionally, in the event of our bankruptcy, our borrowings, which are generally made under repurchase agreements, may qualify for special treatment under the U.S. Bankruptcy Code. This special treatment would allow the lenders under these agreements to avoid the automatic stay provisions of the U.S. Bankruptcy Code and to liquidate the collateral under these agreements without delay.

We may exceed our overall Company target leverage ratios.

We generally expect to maintain an overall Company economic leverage ratio of less than 10:1. However, we are not required to stay below this economic leverage ratio. We may exceed this ratio by incurring additional debt without increasing the amount of equity we have. For example, if we increase the amount of borrowings under our master repurchase agreements or other borrowing arrangements with our existing or new counterparties or the market value of our portfolio declines, our economic leverage ratio would increase. If we increase our economic leverage ratio, the adverse impact on our financial condition and results of operations from the types of risks associated with the use of leverage would likely be more severe. Our target economic leverage ratio is set for the portfolio as a whole, rather than separately for each asset type. The economic leverage ratio on Agency mortgage-backed securities has in the past and may in the future exceed the target ratio for the portfolio as a whole. Because credit assets are generally less levered than Agency mortgage-backed securities, at a given economic leverage ratio an increased allocation to credit assets generally means an increase in economic leverage on Agency mortgage-backed securities. The economic leverage on our Agency mortgage-backed securities is the primary driver of the risk of being unable to meet margin calls discussed above.

We may not be able to consistently achieve our optimal leverage.

We use leverage as a strategy to increase the return to our investors. However, we may not be able to consistently achieve our desired leverage if we determine that the leverage would expose us to excessive risk, our lenders do not make funding available to us at acceptable rates, or our lenders require that we provide additional collateral to cover our borrowings.

Item 1A. Risk Factors***Failure to procure or renew funding on favorable terms, or at all, affects our results and financial condition.***

One or more of our lenders could be unwilling or unable to provide us with financing. This potentially increases our financing costs and reduces our liquidity. Furthermore, if any of our potential lenders or existing lenders are unwilling or unable to provide us with financing or if we are not able to renew or replace maturing borrowings, we could be forced to sell our assets at an inopportune time when prices are depressed. Our business, results of operations and financial condition have in the past and may in the future be materially affected by disruptions in the financial markets. We cannot assure you that these markets will remain an efficient source of financing for our assets. If our strategy is not viable, we will have to find alternative forms of financing for our assets, which may not be available. Further, as a REIT, we are required to distribute annually at least 90% of our REIT taxable income (subject to certain adjustments) to our stockholders and are, therefore, not able to retain significant amounts of our earnings for new investments. We cannot assure you that any, or sufficient, funding or capital will be available to us in the future on terms that are acceptable to us. If we cannot obtain sufficient funding on acceptable terms, there may be a negative impact on the market price of our common stock and our ability to make distributions to our stockholders. Moreover, our ability to grow will be dependent on our ability to procure additional funding. To the extent we are not able to raise additional funds through the issuance of additional equity or borrowings, our growth will be constrained.

Effectively managing our liquidity affects our results and financial condition.

Our ability to meet cash needs depends on many factors, several of which are beyond our control. Ineffective management of liquidity levels could cause us to be unable to meet certain financial obligations. Potential conditions that could impair our liquidity include: unwillingness or inability of any of our potential lenders to provide us with or renew financing, margin calls, additional capital requirements applicable to our lenders, a disruption in the financial markets or declining confidence in our creditworthiness or in financial markets in general. These conditions have in the past and may in the future force us to sell our assets at inopportune times or otherwise cause us to potentially revise our strategic business initiatives.

Volatile market conditions for our assets can result in contraction in liquidity for those assets and the related financing.

Our results of operations are materially affected by conditions in the markets for mortgages and mortgage-related assets, including Agency mortgage-backed securities, as well as the broader financial markets and the economy generally.

Significant adverse changes in financial market conditions can result in a deleveraging of the global financial system and the forced sale of large quantities of mortgage-related and other financial assets. Concerns over economic recession, pandemic diseases, geopolitical issues, trade wars, unemployment, inflation, government actions to combat inflation, rising interest rates, the availability and cost of financing, the mortgage market, the repurchase agreement market, a declining real estate market or prolonged government shutdown may contribute to increased volatility and diminished expectations for the economy and markets.

For example, as a result of the financial crises beginning in the summer of 2007 and through the subsequent credit and housing crisis, many traditional mortgage investors suffered severe losses in their residential mortgage portfolios and several major market participants failed or were impaired, resulting in a significant contraction in market liquidity for mortgage-related assets. This illiquidity negatively affected both the terms and availability of financing for all mortgage-related assets.

Volatility and deterioration in the markets for mortgages and mortgage-related assets as well as the broader financial markets may adversely affect the performance and market value of our Agency mortgage-backed securities. If these conditions exist, institutions from which we seek financing for our investments may tighten their lending standards or become insolvent, which could make it more difficult for us to obtain financing on favorable terms or at all. Our profitability and financial condition may be adversely affected if we are unable to obtain cost-effective financing for our investments.

An increase in the interest payments on our borrowings relative to the interest we earn on our interest earning assets adversely affects our profitability.

We generally earn money based upon the spread between the interest payments we earn on our interest earning assets and the interest payments we must make on our borrowings. Our profitability is affected if the interest payments on our borrowings increase relative to the interest we earn on our interest earning assets. A significant portion of our assets are longer-term, fixed-rate interest earning assets, and a significant portion of our borrowings are shorter-term, floating-rate borrowings. Periods of rising interest rates or a relatively flat or inverted yield curve could decrease or eliminate the spread between the interest payments we earn on our interest earning assets and the interest payments we must make on our borrowings.

Item 1A. Risk Factors***Differences in timing of interest rate adjustments on our interest earning assets and our borrowings affect our profitability.***

We rely primarily on short-term borrowings to acquire interest earning assets with long-term maturities. Some of the interest earning assets we acquire are adjustable-rate interest earning assets. This means that their interest rates may vary over time based upon changes in an objective index, such as:

- Treasury Rate. A monthly or weekly average yield of benchmark U.S. Treasury securities, as published by the Federal Reserve Board.
- Secured Overnight Financing Rate (“SOFR”). A measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities, as published by the Federal Reserve Bank of New York.
- Term SOFR. A benchmark based on Secured Overnight Financing Rate futures, administered by CME Group.

These indices generally reflect short-term interest rates. The interest rates on our borrowings similarly reflect short-term interest rates. Nevertheless, the interest rates on our borrowings generally adjust more frequently than the interest rates on our adjustable-rate interest earning assets, which are also typically subject to periodic and lifetime interest rate caps. Accordingly, in a period of rising interest rates, we could experience a decrease in net income or a net loss because the interest rates on our borrowings adjust faster than the interest rates on our adjustable-rate interest earning assets.

It may be uneconomical to “roll” our TBA dollar roll transactions or we may be unable to meet margin calls on our TBA contracts.

From time to time, we enter into TBAs as an alternate means of investing in and financing Agency mortgage-backed securities. A TBA contract is an agreement to purchase or sell, for future delivery, an Agency mortgage-backed security with a specified issuer, term and coupon. A TBA dollar roll represents a transaction where TBA contracts with the same terms but different settlement dates are simultaneously bought and sold. The TBA contract settling in the later month typically prices at a discount to the earlier month contract with the difference in price commonly referred to as the “drop”. The drop is a reflection of the expected net interest income from an investment in similar Agency mortgage-backed securities, net of an implied financing cost, that would be foregone as a result of settling the contract in the later month rather than in the earlier month. The drop between the current settlement month price and the forward settlement month price occurs because in the TBA dollar roll market, the party providing the implied financing is the party that would retain all principal and interest payments accrued during the financing period. Accordingly, TBA dollar roll income generally represents the economic equivalent of the net interest income earned on the underlying Agency mortgage-backed security less an implied financing cost. Consequently, dollar roll transactions and such forward purchases of Agency securities represent a form of off-balance sheet financing and increase our “at risk” leverage.

The economic return of a TBA dollar roll generally equates to interest income on a generic TBA-eligible security less an implied financing cost, and there may be situations in which the implied financing cost exceeds the interest income, resulting in a negative carry on the position. If we roll our TBA dollar roll positions when they have a negative carry, the positions would decrease net income and amounts available for distributions to shareholders.

There have in the past and may in the future be situations in which we are unable or unwilling to roll our TBA dollar roll positions. The TBA transaction could have a negative carry or otherwise be uneconomical, we may be unable to find counterparties with whom to trade in sufficient volume, or we may be required to collateralize the TBA positions in a way that is uneconomical. Because TBA dollar rolls represent implied financing, an inability or unwillingness to roll has effects similar to any other loss of financing. If we do not roll our TBA positions prior to the settlement date, we would have to take physical delivery of the underlying securities and settle our obligations for cash. We may not have sufficient funds or alternative financing sources available to settle such obligations. Counterparties may also make margin calls as the value of a generic TBA-eligible security (and therefore the value of the TBA contract) declines. Margin calls on TBA positions or failure to roll TBA positions could have the effects described in the liquidity risks described above.

Our use of derivatives exposes us to counterparty and liquidity risks.

Most swaps that we enter into must be executed on a Swap Extension Facility and/or be cleared by a Derivatives Clearing Organization (“DCO”), both of which are regulated by the CFTC. DCOs are subject to regulatory oversight and use extensive risk management processes, which result in expenses and collateral requirements for our swaps. We access the DCO through several Futures Commission Merchants (“FCMs”). For any cleared swap, we bear the credit risk of both the DCO and the relevant FCM, in the form of potential late or unrecoverable payments, potential difficulty or delay in accessing collateral that we have posted, and potential loss of any positive market value of the swap position. In the event of a default by the DCO or FCM, we also bear market risk, if the asset or liability being hedged is no longer effectively hedged.

Item 1A. Risk Factors

We also bear fees for use of the DCO and Swap Execution Facility, as well as risks associated with trade errors. Because the standardized swaps available on Swap Execution Facilities and cleared through DCOs are not fully customizable, we may bear basis risk from hedge positions that do not exactly reflect the interest rate risk on the asset being hedged.

Futures transactions are subject to risks analogous to those of cleared swaps, except that for futures transactions we bear a higher risk that collateral we have posted is unavailable to us if the FCM defaults.

Some derivatives transactions, such as swaptions, are not currently required to be cleared through a DCO. Therefore, we bear the credit risk of the dealer with which we executed the swaption or other uncleared transaction. TBA contracts and swaps on CMBX indexes are also not cleared, and we bear the credit risk of the dealer.

Certain derivative transactions are subject to margin requirements. The relevant contract or clearinghouse rules dictate the method of determining the required amount of margin, the types of collateral accepted and the timing required to meet margin calls. Additionally, for cleared swaps and futures, FCMs may have the right to require more margin than the clearinghouse requires. The requirement to meet margin calls can create liquidity risks, and we bear the cost of funding the margin that we post. Also, as discussed above, we bear credit risk if a dealer, FCM, or clearinghouse is holding collateral we have posted.

Generally, we attempt to retain the ability to close out of a hedging position or create an offsetting position. However, in some cases we may not be able to do so at economically viable prices, or we may be unable to do so without consent of the counterparty. Therefore, in some situations a derivative position can be illiquid, forcing us to hold it to its maturity or scheduled termination date.

It is possible that new regulations could be issued governing the derivatives market, including requiring additional types of derivatives to be executed on Swap Execution Facilities or cleared through a DCO. Ongoing regulatory change in this area could increase costs, increase risks, and adversely affect our business and results of operations.

Securitizations expose us to additional risks.

In a securitization structure, we convey a pool of assets to a special purpose vehicle, the issuing entity, and in turn the issuing entity issues one or more classes of non-recourse notes pursuant to the terms of an indenture. The notes are secured by the pool of assets. In exchange for the transfer of assets to the issuing entity, we receive the cash proceeds of the sale of non-recourse notes and a 100% interest in certain subordinate interests of the issuing entity. The securitization of all or a portion of our residential loan portfolio might magnify our exposure to losses because any subordinate interest we retain in the issuing entity would be subordinate to the notes issued to investors and we would, therefore, absorb all of the losses sustained with respect to a securitized pool of assets before the owners of the notes experience any losses. Moreover, we cannot assure you that we will be able to access the securitization market or be able to do so at favorable rates. The inability to securitize our portfolio could adversely affect our performance and our ability to grow our business.

Our use of non-recourse securitizations exposes us to risks which could result in losses to us.

We utilize non-recourse securitizations of our assets in mortgage loans, especially loans that we originate, when they are available. Prior to any such financing, we have in the past sought and may in the future seek to finance assets with relatively short-term facilities until a sufficient portfolio is accumulated. As a result, we would be subject to the risk that we would not be able to acquire, during the period that any short-term facilities are available, sufficient eligible assets to maximize the efficiency of a securitization. We also would bear the risk that we would not be able to obtain a new short-term facility or would not be able to renew any short-term facilities after they expire should we need more time to seek and acquire sufficient eligible assets for a securitization. In addition, conditions in the capital markets, including potential volatility and disruption in the capital and credit markets, may not permit a non-recourse securitization at any particular time or may make the issuance of any such securitization less attractive to us even when we do have sufficient eligible assets. While we would intend to retain the non-investment grade tranches of securitizations and, therefore, still have exposure to any assets included in such securitizations, our inability to enter into such securitizations would increase our overall exposure to risks associated with direct ownership of such assets, including the risk of default. Our inability to refinance any short-term facilities would also increase our risk because borrowings thereunder would likely be recourse to us as an entity. If we are unable to obtain and renew short-term facilities or to consummate securitizations to finance our assets on a long-term basis, we may be required to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price. To the extent that we are unable to obtain financing for our assets, and to the extent that we retain such assets in our portfolio, our returns on investment and earnings will be negatively impacted.

Item 1A. Risk Factors***Counterparties may require us to enter into restrictive covenants.***

Certain lenders and counterparties impose restrictions on us that would affect our ability to incur additional debt, make certain allocations or acquisitions, allow liquidity or stockholders' equity to fall below certain levels, increase leverage, make distributions to our stockholders, or redeem debt or equity securities, and may impact our flexibility to determine our operating policies and strategies. In some situations, these restrictions could be breached due to changes in the market value of our assets or liabilities. One way to avoid breaching certain of these restrictions is to sell assets or reduce leverage at an inopportune time. Failing to meet or satisfy any of these covenants is a default under these agreements, and our lenders or counterparties could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral. A default under one agreement can trigger cross-default rights under other agreements. A default and resulting repayment acceleration could significantly reduce our liquidity, which could require us to sell our assets to repay amounts due and outstanding. This could also significantly harm our business, financial condition, results of operations and ability to make distributions, which could cause our share price to decline. A default could also significantly limit our financing alternatives such that we would be unable to pursue our leverage strategy, which could adversely affect our returns.

We may be unable to profitably execute or participate in future securitization transactions.

There are a number of factors that can have a significant impact on whether we are able to execute or participate in a securitization transaction, and whether such a transaction is profitable to us or results in a loss. One of these factors is the price we pay for the mortgage loans that we securitize, which, in the case of residential mortgage loans, is impacted by the level of competition in the marketplace for acquiring mortgage loans and the relative desirability to originators of retaining mortgage loans as investments or selling them to third parties such as us. As such, we can provide no assurance that we will be able to identify and make investments in residential mortgage loans at attractive levels and pricing, which could adversely affect our ability to execute future securitizations in this space. Another factor that impacts the profitability of a securitization transaction is the cost to us of the short-term warehouse financing facilities that we use to finance our holdings of mortgage loans prior to securitization, which cost is affected by a number of factors including the availability of this type of financing to us, the interest rate on this type of financing, the duration of the financing we incur, and the percentage of our mortgage loans for which third parties are willing to provide short-term financing. After we acquire mortgage loans that we intend to securitize, we can also suffer losses if the value of those loans declines prior to securitization. Declines in the value of a mortgage loan, for example, can be due to, among other things, changes in interest rates, changes in the credit quality of the loan, and changes in the projected yields required by investors to invest in securitization transactions. To the extent we seek to hedge against a decline in loan value due to changes in interest rates, there is a cost of hedging that also affects whether a securitization is profitable. Other factors that can significantly affect whether a securitization transaction is profitable to us include the criteria and conditions that rating agencies apply and require when they assign ratings to the mortgage-backed securities issued in our securitization transactions, including the percentage of mortgage-backed securities issued in a securitization transaction that the rating agencies will assign a triple-A rating to, which is also referred to as a rating agency subordination level. Rating agency subordination levels can be impacted by numerous factors, including, without limitation, the credit quality of the loans securitized, the geographic distribution of the loans to be securitized, the structure of the securitization transaction and other applicable rating agency criteria. All other factors being equal, the greater the percentage of the mortgage-backed securities issued in a securitization transaction that the rating agencies will assign a triple-A rating to, the more profitable the transaction will be to us.

The price that investors in mortgage-backed securities will pay for securities issued in our securitization transactions also has a significant impact on the profitability of the transactions to us, and these prices are impacted by numerous market forces and factors. In addition, the underwriter(s) or placement agent(s) we select for securitization transactions, and the terms of their engagement, impacts the profitability of our securitization transactions. Also, transaction costs incurred in executing transactions impact the profitability of our securitization transactions and any liability that we may incur, or may be required to reserve for, in connection with executing a transaction can cause a loss to us. To the extent that we are not able to profitably execute future securitizations of residential mortgage loans or other assets, including for the reasons described above or for other reasons, it could have a material adverse impact on our business and financial results.

Item 1A. Risk Factors**Risks of Ownership of Our Common Stock**

Our charter does not permit ownership of over 9.8% in number of shares or value of our common stock or any class of our preferred stock.

To maintain our qualification as a REIT for U.S. federal income tax purposes, not more than 50% in value of the outstanding shares of our capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the federal tax laws to include certain entities). For the purpose of preserving our REIT qualification and for other reasons, our charter prohibits direct or constructive ownership by any person of more than 9.8% of the total number or value of any class of our outstanding common stock or any class of our preferred stock. Our charter's constructive ownership rules are complex and may cause the outstanding stock owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of the outstanding shares of any class of common stock or any class of our preferred stock by an individual or entity could cause that individual or entity to own constructively in excess of 9.8% of the outstanding shares of such class of stock and thus be subject to our charter's ownership limit. Any attempt to own or transfer shares of our common stock or preferred stock in excess of the ownership limit without the consent of the Board shall be void, or, alternatively, will result in the shares being transferred by operation of law to a charitable trust. Our Board, in its sole and absolute discretion, may waive or modify the ownership limit with respect to one or more persons who would not be treated as "individuals" if it is satisfied that ownership in excess of this limit will not otherwise jeopardize our status as a REIT for U.S. federal income tax purposes. The ownership limit may have the effect of delaying, deferring or preventing a change in control and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for our stock in connection with a change in control.

Provisions contained in Maryland law have anti-takeover effects, potentially preventing investors from receiving a "control premium" for their shares.

Provisions contained in our charter and bylaws, as well as the Maryland General Corporation Law (the "MGCL"), have anti-takeover effects that could delay, defer or prevent a takeover attempt, which may prevent stockholders from receiving a "control premium" for their shares. For example, these provisions may defer or prevent tender offers for our common stock or purchases of large blocks of our common stock, thereby limiting the opportunities for our stockholders to receive a premium for their common stock over then-prevailing market prices. These provisions include the following:

- **Ownership limit.** The ownership limit in our charter limits related investors including, among other things, any voting group, from acquiring over 9.8% of any class our common stock or of our preferred stock, in each case, in number of shares or value, without the consent of our Board.
- **Preferred Stock.** Our charter authorizes our Board to issue preferred stock in one or more classes and to establish the preferences and rights of any class of preferred stock issued. These actions can be taken without soliciting stockholder approval.
- **Maryland Business Combination Act.** The Maryland Business Combination Act provides that, subject to certain exceptions and limitations, certain business combinations between a Maryland corporation and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares of stock) or an affiliate of any interested stockholder are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super-majority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their shares of stock and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of stock. We have opted out of the Maryland Business Combination Act in our charter. However, if we amend our charter to opt back in to the statute, subject to stockholder approval, the Maryland Business Combination Act could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if our acquisition would be in our stockholders' best interests.
- **Maryland Control Share Acquisition Act.** The Maryland Control Share Acquisition Act provides that, subject to certain exceptions, holders of "control shares" (defined as voting shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding

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shares owned by the acquirer, by our officers, or by our employees who are also directors of our company. We are currently subject to the Maryland Control Share Acquisition Act.

- Title 3, Subtitle 8 of the MGCL: These provisions of the MGCL permit our Board of Directors, without

stockholder approval and regardless of what is provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director.

We have not established a minimum dividend payment level and cannot assure stockholders of our ability to pay dividends in the future.

We intend to pay quarterly dividends and to make distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year (subject to certain adjustments) is distributed. This enables us to qualify for the tax benefits accorded to a REIT under the Code. We have not established a minimum dividend payment level and our ability to pay dividends may be adversely affected for the reasons described in this section. All distributions will be made at the discretion of our Board and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board may deem relevant from time to time.

Our reported GAAP financial results may not be an accurate indicator of future taxable income and dividend distributions.

Generally, the cumulative net income we report over the life of an asset will be the same for GAAP and tax purposes, although the timing of this income recognition over the life of the asset could be materially different. Differences exist in the accounting for GAAP net income and REIT taxable income that have in the past and may in the future lead to significant variances in the amount and timing of when income and losses are recognized under these two measures. Due to these differences, our reported GAAP financial results could materially differ from our determination of taxable income.

Compliance, Regulatory & Legal Risks

Accounting rules related to certain of our transactions are highly complex and involve significant judgment and assumptions. Our application of GAAP produces financial results that fluctuate from one period to another.

Accounting rules for valuations of investments, mortgage loan sales and securitizations, investment consolidations, acquisitions of real estate and other aspects of our operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our stockholders. Changes in accounting interpretations or assumptions have in the past and may in the future impact our financial statements and our ability to prepare our financial statements in a timely fashion. Our inability to prepare our financial statements in a timely fashion in the future would likely adversely affect our share price significantly. The fair value at which our assets may be recorded may not be an indication of their realizable value. Ultimate realization of the value of an asset depends to a great extent on economic and other conditions. Further, fair value is only an estimate based on good faith judgment of the price at which an investment can be sold since market prices of investments can only be determined by negotiation between a willing buyer and seller. If we were to liquidate a particular asset, the realized value may be more than or less than the amount at which such asset was recorded. Accordingly, the value of our common shares has in the past and may in the future be adversely affected by our determinations regarding the fair value of our investments, whether in the applicable period or in the future. Additionally, such valuations may fluctuate over short periods of time.

We have made certain accounting elections which may result in volatility in our periodic net income, as computed in accordance with GAAP. For example, changes in fair value of certain instruments are reflected in GAAP net income (loss) while others are reflected in Other comprehensive income (loss).

Any new laws, regulations or administrative actions modifying the relationship between Fannie Mae, Freddie Mac and the federal government could affect our business model or business operations.

The interest and principal payments we expect to receive on the Agency mortgage-backed securities in which we invest are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. Principal and interest payments on Ginnie Mae certificates are directly guaranteed by the U.S. government. Principal and interest payments relating to the securities issued by Fannie Mae and Freddie Mac are only guaranteed by each respective Agency.

In September 2008, Fannie Mae and Freddie Mac were placed into the conservatorship of the FHFA. In addition to the conservatorships, the U.S. Department of the Treasury has entered into, and from time to time modified, Preferred Stock

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Purchase Agreements and related arrangements with the FHFA and has taken various actions intended to provide Fannie Mae and Freddie Mac with additional liquidity in an effort to ensure their financial stability. In January 2025, the FHFA and the U.S. Department of the Treasury under the Biden Administration announced modifications to the Preferred Stock Purchase Agreements to help ensure that the eventual release of Fannie Mae and Freddie Mac from conservatorship will be orderly and reflect certain existing practices, and the FHFA indicated that it would solicit public input before releasing either Fannie Mae or Freddie Mac from conservatorship. We cannot predict if, when or how the conservatorships will end, or what associated changes, if any, may be made to the structure, mandate or overall business practices of Fannie Mae and Freddie Mac.

The U.S. housing finance system, including the role of Fannie Mae and Freddie Mac and the nature and structure of their guaranty obligations, remains subject to significant uncertainty and may be affected by legislative action, regulatory action or administrative initiatives. The Trump Administration has publicly discussed significant potential changes to Fannie Mae and Freddie Mac that could affect their roles, which could be significantly modified, and the nature and structure of their guarantees, which could be eliminated or considerably reduced. The U.S. Treasury could also alter the amount or nature of the credit support provided to Fannie Mae and Freddie Mac in the future. Any changes to the nature and structure of the guarantees provided by Fannie Mae and Freddie Mac could redefine what constitutes an Agency mortgage-backed security and could have broad adverse market implications, including potentially adversely affecting the types of assets we can buy, the costs of these assets, the terms on which we can finance them and our business operations. A potential reduction in the ability of mortgage loan originators to access Fannie Mae and Freddie Mac to sell their mortgage loans may adversely affect the mortgage markets generally and adversely affect the ability of mortgagors to refinance their mortgage loans. In addition, any decline in the value of securities issued by Fannie Mae and Freddie Mac may affect the value of MBS in general. If Fannie Mae or Freddie Mac was eliminated, or their structures were to change in a material manner that is not compatible with our business model, we would not be able to acquire Agency mortgage-backed securities from these entities, which could adversely affect our business operations.

The Truth in Lending Act or other similar consumer protection laws and regulations expose an owner of whole mortgage loans and mortgage servicing rights to potential civil and administrative liability.

Residential mortgage loan originators and servicers are required to comply with various federal, state and local laws and regulations, including anti-predatory lending laws and laws and regulations imposing certain restrictions on requirements on high-cost loans. If loans in our portfolio are found to have been originated in violation of predatory or abusive lending laws, we could incur losses that would materially adversely affect our business.

Our business is subject to, or affected by, numerous regulations, including regulations regarding mortgage loan servicing, underwriting, and loan originator compensation and others that could be issued in the future. The CFPB, among other federal and state regulators, historically had broad authority to promulgate rules, supervise compliance and bring enforcement actions under these laws and regulations. Many mortgage lending and servicing standards that affect market practices and disclosures were adopted through CFPB rulemaking and guidance.

Recent developments have resulted in significant agency-level changes at the CFPB, including the withdrawal of a substantial number of interpretative rules, policy statements and other guidance documents and uncertainty regarding the CFPB's funding, examination activity and enforcement capacity. These changes may reduce the volume and predictability of regulatory activity led by the CFPB, shift enforcement emphasis away from certain priorities established under prior administrations or otherwise alter how consumer financial laws are interpreted and enforced. As a result, compliance expectations are more uncertain, and enforcement of the Truth in Lending Act or related laws may shift to other federal agencies, state regulators or state attorneys general, potentially leading to inconsistent regulatory approaches across jurisdictions and increased litigation and compliance costs. It is also possible that expected changes in regulation and enforcement do not occur, or are reversed by a subsequent administration.

We are unable to fully predict how laws or regulations that may be adopted in the future will affect our business, results of operations and financial condition, or the environment for repurchase financing and other forms of borrowing, the investing environment for Agency MBS, non-Agency MBS and/or residential mortgage, and MSR.

Our Residential Credit and MSR businesses are subject to complex and evolving legal and regulatory requirements, including how we oversee and are responsible for the actions of our third-party service providers, which exposes us to increased compliance, legal, and regulatory risk.

While we are not required to obtain licenses to purchase mortgage-backed securities, the purchase of residential mortgage loans and certain business purpose mortgage loans in the secondary market requires us to maintain various state licenses. Acquiring the right to service residential mortgage loans and certain business purpose mortgage loans also requires us to maintain various state licenses, even though we currently do not expect to directly engage in loan servicing ourselves. Furthermore, we are

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required to comply with various information reporting and other regulatory requirements to maintain our licenses, and there is no assurance that we will be able to satisfy those requirements or other regulatory requirements applicable to our businesses of acquiring and servicing mortgage loans on an ongoing basis. Our failure to obtain or maintain required licenses or our failure to comply with regulatory requirements that are applicable to our businesses of acquiring and servicing mortgage loans may restrict our Residential Credit and MSR businesses and investment options and could harm our businesses and expose us to penalties or other claims.

Although we utilize unaffiliated servicing companies to carry out the actual servicing of MSR and the loans we purchase together with the related MSR (including all direct interface with the borrowers), we are ultimately responsible, vis-à-vis the borrowers and state and federal regulators, for ensuring that the loans and MSR are serviced in accordance with the terms of the related loans and mortgages and applicable law and regulation. To manage this risk, we have a robust process that monitors the activities of the third party servicers. This oversight process is also subject to regulatory requirements and expectations that we are expected to meet.

Changes in laws or regulations governing our operations or our failure to comply with those laws or regulations affects our business.

We are subject to regulation by laws at the local, state and federal level, including securities and tax laws and financial accounting and reporting standards. These laws and regulations, as well as their interpretation, may be changed from time to time and result in enhanced disclosure obligations. These regulations are complex, and there is no assurance that a court or regulator will not determine that we have materially failed to comply.

Accordingly, any change in these laws or regulations or the failure to comply with these laws or regulations could have a material adverse impact on our business. Certain of these laws and regulations pertain specifically to REITs.

Evolving environmental, social and governance-related disclosure requirements and climate-related risks could adversely affect our business and results of operations.

We are subject to complex and evolving laws, regulations and reporting frameworks regarding environmental and climate-related matters. These requirements may differ across jurisdictions and may change over time, which could increase our compliance costs, require additional data collection and internal controls and expose us to regulatory scrutiny, litigation or reputational risk if our disclosures are challenged as inaccurate, incomplete or misleading. Moreover, we may be subject to expectations regarding environmental, social and governance matters by investors or other stakeholders. At the same time, practices relating to environmental, social and governance matters have become the target of evolving federal and state laws, regulations and policy initiatives aimed at restricting or discouraging the considerations of such matters in business or investment decisions. These diverging standards and expectations may subject us to increased scrutiny from stakeholders and governmental bodies with respect to business practices and company activities related to environmental, social and governance topics and climate change, which could result in reputational harm, litigation and other adverse consequences. In addition, actual or perceived effects of climate change could negatively impact house prices, housing-related costs, and borrower behavior. The timing and financial impact of these matters remain uncertain, but they could materially adversely affect our business, financial condition and results of operations.

We are subject to complex and evolving laws, regulations, rules, standards and contractual obligations regarding data privacy and security, which increases the cost of doing business, compliance risks and potential liability.

We are subject to complex and evolving laws, regulations, rules, standards and contractual obligations relating to data privacy and the security of personal information, and any failure to comply with these laws, regulations, rules, standards and contractual obligations could expose us to liability and/or reputational damage. The legal and regulatory environment surrounding data privacy and security in the U.S. and international jurisdictions is constantly evolving. New business initiatives have increased, and may continue to increase, the extent to which we are subject to such U.S. and international data privacy and security regulations. As new data privacy and security-related laws, regulations, rules and standards are implemented, the time and resources needed for us to comply with such laws, regulations, rules and standards, as well as our potential liability for non-compliance and reporting obligations in the case of cyberattacks, information security breaches or other similar incidents, may significantly increase. Compliance with these laws, regulations, rules and standards may require us to change our policies, procedures and technology for information security, which could, among other things, make us more vulnerable to operational failures and to monetary penalties for breach of such laws, regulations, rules and standards.

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In the U.S., there are numerous federal, state and local data privacy and security laws and regulations governing the collection, sharing, use, retention, disclosure, security, storage, transfer and other processing of personal information. At the federal level, we are subject to, among other laws and regulations, the Gramm Leach Bliley Act (which regulates the confidentiality and security of customer information obtained by financial institutions and certain other types of financial services businesses) and regulations under it. Additionally, numerous states have enacted, or are in the process of enacting or considering, comprehensive state-level data privacy and security laws and regulations. Moreover, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach.

Further, when required by applicable laws, regulations, rules and industry standards, we strive to provide or cause our service providers to provide privacy policies which are accurate and comprehensive. We cannot, however, ensure that the disclosure of these privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy and security or with respect to the legally permissible sharing of data. Although we endeavor to comply with our privacy policies and to ensure our service providers do the same, occurrence or allegations of noncompliance are possible and could subject us to potential government or legal action, including action based on arguments that the publication of these policies were deceptive, unfair, or misrepresentative of our actual practices. Any concerns about our data privacy and security practices, even if unfounded, could damage our reputation and adversely affect our business.

Any failure or perceived failure by us to comply with our privacy policies, or applicable data privacy and security laws, regulations, rules, standards or contractual obligations, or any compromise of security that results in unauthorized access to, or unauthorized loss, destruction, use, modification, acquisition, disclosure, release or transfer of personal information, may result in requirements to modify or cease certain operations or practices, the expenditure of substantial costs, time and other resources, proceedings or actions against us, legal liability, governmental investigations, enforcement actions, claims, fines, judgments, awards, penalties, sanctions and costly litigation (including class actions). Any of the foregoing could harm our reputation, distract our management and technical personnel, increase our costs of doing business, adversely affect the demand for our products and services, and ultimately result in the imposition of liability, any of which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks and liabilities in connection with sponsoring, investing in and managing new funds and other investment accounts, including potential regulatory risks.

We have, and may in the future, sponsor, manage and serve as general partner and/or manager of new funds or investment accounts. Such sponsorship and management of, and investment in, such funds and accounts may involve risks not otherwise present with a direct investment in such funds' and accounts' target investments, including, for example:

- the possibility that investors in the funds/accounts might become bankrupt or otherwise be unable to meet their capital commitment obligations;
- that operating and/or management agreements of a fund/account may restrict our ability to transfer or liquidate our interest when we desire or on advantageous terms;
- that our relationships with the investors will be generally contractual in nature and may be terminated or dissolved under the terms of the agreements, or we may be removed as general partner and/or manager (with or without cause), and
- in such event, we may not continue to manage or invest in the applicable fund/account;
- that disputes between us and the investors may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the investments owned by the applicable fund/account to additional risk; and
- that we may incur liability for obligations of a fund/account by reason of being its general partner or manager.

We have a subsidiary that is registered with the SEC as an investment adviser under the Investment Advisers Act. As a result, we are subject to the anti-fraud provisions of the Investment Advisers Act and to fiduciary duties derived from these provisions that apply to our relationships with that subsidiary's clients. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our subsidiary's clients, including, for example, restrictions on agency, cross and principal transactions. Our registered investment adviser subsidiary is subject to periodic SEC examinations and other requirements under the Investment Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate to, among other things, maintaining an effective and comprehensive compliance program, recordkeeping and reporting requirements and disclosure requirements. The Investment Advisers Act generally grants the SEC broad administrative powers, including the power to limit or restrict an investment adviser from conducting advisory activities in the event it fails to comply with federal securities laws. Additional sanctions that may be imposed for failure to comply with

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applicable requirements under the Investment Advisers Act include the prohibition of individuals from associating with an investment adviser, the revocation of registrations and other censures and fines. We may in the future be required to register one or more entities as a commodity pool operator or commodity trading adviser, subjecting those entities to the regulations and oversight of the Commodity Futures Trading Commission and the National Futures Association. We may also become subject to various international regulations on the asset management industry.

Loss of our Investment Company Act exemption from registration would adversely affect us.

We intend to conduct our business so as not to become regulated as an investment company under the Investment Company Act. We currently rely on the exemption from registration provided by Section 3(c)(5)(C) of the Investment Company Act. Section 3(c)(5)(C), as interpreted by the staff of the SEC, requires us to invest at least 55% of our assets in “mortgages and other liens on and interest in real estate” (“Qualifying Real Estate Assets”) and at least 80% of our assets in Qualifying Real Estate Assets plus our other real estate related assets. The assets that we acquire, therefore, are limited by this provision of the Investment Company Act and the rules and regulations promulgated under the Investment Company Act.

We rely on an SEC interpretation that “whole pool certificates” that are issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae (“Agency Whole Pool Certificates”) are Qualifying Real Estate Assets under Section 3(c)(5)(C). This interpretation was promulgated by the SEC staff in a no-action letter in the 1980s, was reaffirmed by the SEC in 1992 and has been commonly relied upon by mortgage REITs.

On August 31, 2011, the SEC issued a concept release titled “Companies Engaged in the Business of Acquiring Mortgages and Mortgage-Related Instruments” (SEC Release No. IC-29778). In this concept release, the SEC announced it was reviewing interpretive issues related to the Section 3(c)(5)(C) exemption. Among other things, the SEC requested comments on whether it should revisit whether Agency Whole Pool Certificates may be treated as interests in real estate (and presumably Qualifying Real Estate Assets) and whether companies, such as us, whose primary business consists of investing in Agency Whole Pool Certificates are the type of entities that Congress intended to be encompassed by the exclusion provided by Section 3(c)(5)(C).

If the SEC changes its views regarding which securities are Qualifying Real Estate Assets or real estate related assets, adopts a contrary interpretation with respect to Agency Whole Pool Certificates or otherwise believes we do not satisfy the exemption under Section 3(c)(5)(C), we could be required to restructure our activities or sell certain of our assets. The net effect of these factors will be to lower our net interest income, which could negatively affect the market price of shares of our capital stock and our ability to distribute dividends. If we fail to qualify for exemption from registration as an investment company, our ability to use leverage would be substantially reduced, and we would not be able to conduct our business as described. Our business will be materially and adversely affected if we fail to qualify for this exemption.

Risks Related to Our Taxation as a REIT***Our failure to maintain our qualification as a REIT would have adverse tax consequences.***

We believe that since 1997 we have qualified for taxation as a REIT for U.S. federal income tax purposes under Sections 856 through 860 of the Code. We plan to continue to meet the requirements for taxation as a REIT. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to maintain our qualification as a REIT, at least 75% of our gross income must come from real estate sources and 95% of our gross income must come from real estate sources and certain other sources that are itemized in the REIT tax laws. Additionally, our ability to satisfy the REIT asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to precise determination, and for which we will not obtain independent appraisals. The proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. We are also required to distribute to stockholders at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain). Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service (“IRS”) might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult or impossible for us to remain qualified as a REIT.

We also indirectly own interests in entities that have elected to be taxed as REITs under the U.S. federal income tax laws, or “Subsidiary REITs.” Subsidiary REITs are subject to the various REIT qualification requirements that are applicable to us. If any Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to regular U.S. federal, state, and local corporate income tax, (ii) our interest in such Subsidiary REIT would cease to be a qualifying asset for purposes of the REIT asset tests, and (iii) it is possible that we would fail certain of the REIT asset tests, in which event we also would fail to maintain our qualification as a REIT unless we could avail ourselves of certain relief provisions. While we believe that the Subsidiary REITs have qualified as REITs under the Code, we have joined each Subsidiary REIT in filing “protective”

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TRS elections under Section 856(l) of the Code. We cannot assure you that such “protective” TRS elections would be effective to avoid adverse consequences to us. Moreover, even if the “protective” TRS elections were to be effective, the Subsidiary REITs would be subject to regular corporate income tax, and we cannot assure you that we would not fail to satisfy the requirement that not more than 25% of the value of our total assets may be represented by the securities of one or more TRSs. If we fail to maintain our qualification as a REIT, we would be subject to U.S. federal income tax at regular corporate rates. Also, unless the IRS were to grant us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first fail to qualify. If we fail to maintain our qualification as a REIT, we would have to pay significant income taxes and would therefore have less money available for investments or for distributions to our stockholders. This would likely have a significant adverse effect on the value of our equity. In addition, the tax law would no longer require us to make distributions to our stockholders.

A REIT that fails the quarterly asset tests for one or more quarters will not lose its REIT status as a result of such failure if either (i) the failure is regarded as a de minimis failure under standards set out in the Code, or (ii) the failure is greater than a de minimis failure but is attributable to reasonable cause and not willful neglect. In the case of a greater than de minimis failure, however, the REIT must pay a tax and must remedy the failure within six months of the close of the quarter in which the failure was identified. In addition, the Code provides relief for failures of other tests imposed as a condition of REIT qualification, as long as the failures are attributable to reasonable cause and not willful neglect. A REIT would be required to pay a penalty of \$50,000, however, in the case of each failure.

Our distribution requirements limit our flexibility and could affect our ability to execute our business plan.

As a REIT, we must distribute at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain). The required distribution limits the amount we have available for other business purposes, including amounts to fund our growth. Also, it is possible that because of the differences between the time we actually receive revenue or pay expenses and the period we report those items for distribution purposes, we may have to borrow funds on a short-term basis to meet the 90% distribution requirement.

To the extent that we satisfy this distribution requirement, but distribute less than 100% of our taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a non-deductible 4% excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. We intend to make distributions to our stockholders to comply with the REIT qualification requirements of the Code.

From time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, if we purchase Agency or non-Agency securities at a discount, we generally are required to accrete the discount into taxable income prior to receiving the cash proceeds of the accreted discount at maturity, and in some cases, potentially recognize the discount in taxable income once such amounts are reflected in our financial statements. If we do not have other funds available in these situations we could be required to (i) borrow funds on unfavorable terms, (ii) sell investments at disadvantageous prices, (iii) distribute our own stock, or (iv) distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid the corporate income tax and 4% excise tax in a particular year. Also, we or our subsidiaries may hold debt investments that could require subsequent modifications. If an amendment to an outstanding debt is a “significant modification” for U.S. federal income tax purposes, the modified debt may be deemed to have been reissued in a debt-for-debt taxable exchange with the borrower. This deemed reissuance could result in a portion of the modified debt not qualifying as a good REIT asset if the underlying security has declined in value, and would cause us to recognize income to the extent the principal amount of the modified debt exceeds our adjusted tax basis in the unmodified debt. These scenarios could increase our costs or reduce our stockholders’ equity. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our stock.

Conversely, from time to time, we may generate taxable income less than our income for financial reporting purposes due to GAAP and tax accounting differences or, as mentioned above, the timing between the recognition of taxable income and the actual receipt of cash. In such circumstances we may make distributions according to our business plan that are within our wherewithal from an economic or cash management perspective, but that are labeled as return of capital for tax reporting purposes, as they are in excess of taxable income in that period.

Item 1A. Risk Factors***Distributions to tax-exempt investors may be classified as unrelated business taxable income.***

Neither ordinary nor capital gain distributions with respect to our stock nor gain from the sale of our stock are anticipated to constitute unrelated business taxable income to a tax-exempt investor. However, there are certain exceptions to this rule. In particular:

- part of the income and gain recognized by certain qualified employee pension trusts with respect to our stock may be treated as unrelated business taxable income if shares of our stock are predominantly held by qualified employee pension trusts, and we are required to rely on a special look-through rule for purposes of meeting one of the REIT ownership tests, and we are not operated in a manner to avoid treatment of such income or gain as unrelated business taxable income;
- part of the income and gain recognized by a tax-exempt investor with respect to our stock would constitute unrelated business taxable income if the investor incurs debt in order to acquire the stock;
- part or all of the income or gain recognized with respect to our stock by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from U.S. federal income taxation under the Code may be treated as unrelated business taxable income;
- to the extent that we (or a part of us, or a disregarded subsidiary of ours) are a “taxable mortgage pool,” or if we hold residual interests in a real estate mortgage investment conduit or a CLO;
- a portion of the distributions paid to a tax-exempt stockholder that is allocable to excess inclusion income may be treated as unrelated business taxable income.

We have flexibility to pay dividends in our own stock.

We have in the past and may in the future distribute taxable dividends that are payable in cash or shares of our stock at the election of each stockholder. Taxable stockholders receiving such dividends will be required to include the full amount of such dividends as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect to all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

Our TRSs cannot constitute more than 25% of our total assets.

A TRS is a corporation, other than a REIT or a qualified REIT subsidiary, in which a REIT owns stock and with which the REIT jointly elects TRS status. The term also includes a corporate subsidiary in which the TRS owns more than a 35% interest.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may earn income that would not be qualifying income if it was earned directly by the parent REIT. Overall, at the close of any calendar quarter, no more than 25% (20% for the taxable years beginning before January 1, 2026) of the value of a REIT’s assets may consist of stock or securities of one or more TRSs.

The stock and securities of our TRSs are expected to represent less than 25% of the value of our total assets. Furthermore, we intend to monitor the value of our investments in the stock and securities of our TRSs to ensure compliance with the above-described limitation. We cannot assure you, however, that we will always be able to comply with the limitation so as to maintain REIT status.

TRSs are subject to tax at the regular corporate rates, are not required to distribute dividends, and the amount of dividends a TRS can pay to its parent REIT may be limited by REIT gross income tests.

A TRS must pay income tax at regular corporate rates on any income that it earns. In certain circumstances, the ability of our TRSs to deduct interest expenses for U.S. federal income tax may be limited. Such income, however, is not required to be distributed. Our TRSs will pay corporate income tax on their taxable income, and their after-tax net income will be available for distribution to us.

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Moreover, the annual gross income tests that must be satisfied to maintain our REIT qualification may limit the amount of dividends that we can receive from our TRSs. Generally, not more than 25% of our gross income can be derived from non-real estate related sources, such as dividends from a TRS. If, for any taxable year, the dividends we receive from our TRSs, when added to our other items of non-real estate related income, were to represent more than 25% of our total gross income for the year, we could be denied REIT status, unless we were able to demonstrate, among other things, that our failure of the gross income test was due to reasonable cause and not willful neglect.

The limitations imposed by the REIT gross income tests may impede our ability to distribute assets from our TRSs to us in the form of dividends. Certain asset transfers may, therefore, have to be structured as purchase and sale transactions upon which our TRSs recognize a taxable gain.

If transactions between a REIT and a TRS are entered into on other than arm's-length terms, the REIT may be subject to a penalty tax.

If interest accrues on an indebtedness owed by a TRS to its parent REIT at a rate in excess of a commercially reasonable rate, then the REIT would be subject to tax at a rate of 100% on the excess of (i) interest payments made by a TRS to its parent REIT over (ii) the amount of interest that would have been payable had interest accrued on the indebtedness at a commercially reasonable rate. A tax at a rate of 100% is also imposed on any transaction between a TRS and its parent REIT to the extent the transaction gives rise to deductions to the TRS that are in excess of the deductions that would have been allowable had the transaction been entered into on arm's-length terms. While we scrutinize all of our transactions with our TRSs in an effort to ensure that we do not become subject to these taxes, there is no assurance that we will be successful. We may not be able to avoid application of these taxes.

Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if we remain qualified for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, excise taxes, state or local income, property and transfer taxes, such as mortgage recording taxes, and other taxes. In addition, in order to meet the REIT qualification requirements, prevent the recognition of certain types of non-cash income, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we may hold some of our assets through our TRSs or other subsidiary corporations that will be subject to corporate level income tax at regular rates.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities and may force us to liquidate otherwise attractive investments.

To remain qualified as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our stockholders and the ownership of our stock. Our ability to acquire and hold our investments is subject to the applicable REIT qualification tests. We must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, U.S. Government securities and qualified real estate assets. The remainder of our investment in securities (other than U.S. Government securities, qualified real estate assets and securities issued by a TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than U.S. Government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25% of the value of our total assets can be represented by securities of one or more TRSs.

Changes in the values or other features of our assets could cause inadvertent violations of the REIT requirements. If we fail to comply with the REIT requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. Additionally, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution.

Accordingly we may be unable to pursue investments that would be otherwise advantageous to us or be required to liquidate from our investment portfolio otherwise attractive investments if we feel it is necessary to satisfy the source-of-income, asset-diversification or distribution requirements for qualifying as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

Item 1A. Risk Factors***Liquidation of assets may jeopardize our REIT qualification or create additional tax liability for us.***

To remain qualified as a REIT, we must comply with requirements regarding the composition of our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to remain qualified as a REIT.

We enter into certain financing arrangements that are structured as sale and repurchase agreements pursuant to which we nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase these assets at a later date in exchange for a purchase price. Economically, these agreements are financings that are secured by the assets sold pursuant thereto, and we treat them as such for U.S. federal income tax purposes. We believe that we would be treated for REIT asset and income test purposes as the owner of the assets that are the subject of any such sale and repurchase agreement notwithstanding that such agreement may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the sale and repurchase agreement, in which case we could fail to remain qualified as a REIT.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code could substantially limit our ability to hedge our liabilities. Any income from a properly designated hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets generally does not constitute “gross income” for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may have to limit our use of advantageous hedging techniques or implement those hedges through our TRSs. This could increase the cost of our hedging activities because our TRSs would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRSs generally will not provide any tax benefit, except for being carried forward potentially to offset taxable income in the TRSs for future periods.

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our continued qualification as a REIT depends on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. In addition, our ability to satisfy the REIT qualification requirements depends in part on the actions of third parties over which we have no control or limited influence, if any, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

The tax on prohibited transactions limits our ability to engage in certain transactions.

The 100% tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of structuring CMOs, which would be treated as prohibited transactions for U.S. federal income tax purposes.

The term “prohibited transaction” generally includes a sale or other disposition of property (including mortgage loans, but other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of a trade or business by us or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to us. We could be subject to this tax if we were to dispose of or structure CMOs in a manner that was treated as a prohibited transaction for U.S. federal income tax purposes.

We intend to conduct our operations at the REIT level so that no asset that we own (or are treated as owning) will be treated as or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. As a result, we may choose not to engage in certain transactions at the REIT level, and may limit the structures we utilize for our CMO transactions, even though the sales or structures might otherwise be beneficial to us. In addition, whether property is held “primarily for sale to customers in the ordinary course of a trade or business” depends on the

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particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with certain safe-harbor provisions of the Code that would prevent such treatment. The 100% tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to structure our activities to avoid the prohibited transaction tax.

Certain financing activities may subject us to U.S. federal income tax and could have negative tax consequences for our stockholders.

We may enter into securitization transactions and other financing transactions that could result in us, or a portion of our assets, being treated as a taxable mortgage pool for U.S. federal income tax purposes. If we enter into such a transaction in the future, we could be taxable at the highest corporate income tax rate on a portion of the income arising from a taxable mortgage pool, referred to as “excess inclusion income,” that is allocable to the percentage of our shares held in record name by disqualified organizations (generally tax-exempt entities that are exempt from the tax on unrelated business taxable income, such as state pension plans and charitable remainder trusts and government entities). In that case, we could reduce distributions to such stockholders by the amount of tax paid by us that is attributable to such stockholders’ ownership.

If we were to realize excess inclusion income, IRS guidance indicates that the excess inclusion income would be allocated among our stockholders in proportion to the dividends paid. Excess inclusion income cannot be offset by losses of a stockholder. If the stockholder is a tax-exempt entity and not a disqualified organization, then this income would be fully taxable as unrelated business taxable income under Section 512 of the Code. If the stockholder is a foreign person, it would be subject to U.S. federal income tax at the maximum tax rate and withholding will be required on this income without reduction or exemption pursuant to any otherwise applicable income tax treaty.

Uncertainty exists with respect to the treatment of our TBAs for purposes of the REIT asset and income tests.

We purchase and sell Agency mortgage-backed securities through TBAs and recognize income or gains from the disposition of those TBAs, through dollar roll transactions or otherwise, and may continue to do so in the future. While there is no direct authority with respect to the qualification of TBAs as real estate assets or U.S. Government securities for purposes of the 75% asset test or the qualification of income or gains from dispositions of TBAs as gains from the sale of real property (including interests in real property and interests in mortgages on real property) or other qualifying income for purposes of the 75% gross income test, we treat our TBAs as qualifying assets for purposes of the REIT asset tests, and we treat income and gains from our TBAs as qualifying income for purposes of the 75% gross income test, based on an opinion of counsel substantially to the effect that (i) for purposes of the REIT asset tests, our ownership of a TBA should be treated as ownership of real estate assets, and (ii) for purposes of the 75% REIT gross income test, any gain recognized by us in connection with the settlement of our TBAs should be treated as gain from the sale or disposition of an interest in mortgages on real property. Opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not successfully challenge the conclusions set forth in such opinions. In addition, it must be emphasized that the opinion of counsel is based on various assumptions relating to our TBAs and is conditioned upon fact-based representations and covenants made by our management regarding our TBAs. No assurance can be given that the IRS would not assert that such assets or income are not qualifying assets or income. If the IRS were to successfully challenge the opinion of counsel, we could be subject to a penalty tax or we could fail to remain qualified as a REIT if a sufficient portion of our assets consists of TBAs or a sufficient portion of our income consists of income or gains from the disposition of TBAs.

Dividends payable by REITs generally receive different tax treatment than dividend income from regular corporations.

Qualified dividend income payable to U.S. stockholders that are individuals, trusts and estates is subject to the reduced maximum tax rate applicable to capital gains. Dividends payable by REITs, however, generally are not eligible for the reduced qualified dividend rates. Non-corporate taxpayers may deduct up to 20% of certain pass-through business income, including “qualified REIT dividends” (generally, dividends received by a REIT shareholder that are not designated as capital gain dividends or qualified dividend income), subject to certain limitations, resulting in an effective maximum U.S. federal income tax rate of 29.6% on such income. Although the reduced U.S. federal income tax rate applicable to qualified dividend income does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our stock. Tax rates could be changed in future legislation.

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New legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to remain qualified as a REIT.

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in us. The U.S. federal income tax rules dealing with REITs are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury, which results in statutory changes as well as frequent revisions to regulations and interpretations. Future revisions in federal tax laws and interpretations thereof could affect or cause us to change our investments and commitments and affect the tax considerations of an investment in us.

Counterparty Risks

The soundness of our counterparties and other financial institutions affects us.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, borrower, or other relationships. We have exposure to many different counterparties, and routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, mortgage companies, mortgage servicers, and other financial institutions. Many of these transactions expose us to credit or counterparty risk in the event of default of our counterparty or, in certain instances, our counterparty's customers. There is no assurance that any such losses would not materially and adversely impact our revenues, financial condition and earnings.

We are subject to counterparty risk and may be unable to seek indemnity or require counterparties to repurchase residential whole loans if they breach representations and warranties, which could cause us to suffer losses.

When selling or securitizing mortgage loans, sellers typically make customary representations and warranties about such loans. Residential mortgage loan purchase agreements may entitle the purchaser of the loans to seek indemnity or demand repurchase or substitution of the loans in the event the seller of the loans breaches a representation or warranty given to the purchaser. There can be no assurance that a mortgage loan purchase agreement will contain appropriate representations and warranties, that we or the trust that purchases the mortgage loans would be able to enforce a contractual right to repurchase or substitution, or that the seller of the loans will remain solvent or otherwise be able to honor its obligations under its mortgage loan purchase agreements. The inability to obtain or enforce an indemnity or require repurchase of a significant number of loans could adversely affect our results of operations, financial condition and business.

Our rights under our repurchase and derivative agreements are subject to the effects of the bankruptcy laws in the event of the bankruptcy or insolvency of us or our lenders.

In the event of our insolvency or bankruptcy, certain repurchase and derivative agreements may qualify for special treatment under the U.S. Bankruptcy Code, the effect of which, among other things, would be to allow the lender to avoid the automatic stay provisions of the U.S. Bankruptcy Code and to foreclose on and/or liquidate the collateral pledged under such agreements without delay. In the event of the insolvency or bankruptcy of a lender during the term of a repurchase or derivative agreement, the lender may be permitted, under applicable insolvency laws, to repudiate the contract, and our claim against the lender for damages (after any permitted collateral liquidation and setoff) may be treated as an unsecured claim. Net claims in our favor after application of setoff would be subject to significant delay and costs to us and, if and when received, may be substantially less than the damages we actually incur.

Investment and Market Related Risks

We may experience declines in the market value of our assets.

We have in the past and may in the future experience declines in the market value of our assets due to interest rate changes, deterioration of the credit of the borrower or counterparty, or other reasons described in other risk factors. These declines may result in fair value adjustments, impairments, decreases in reported asset and earnings, margin calls, liquidity risks, and other adverse impacts.

Investments in MSR expose us to additional risks.

We invest in MSR and financial instruments whose cash flows are considered to be largely dependent on underlying MSR that either directly or indirectly act as collateral for the investment. We expect to increase our exposure to MSR-related investments

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in 2026. Generally, we have the right to receive certain cash flows from the MSR that are generated from the servicing fees and/or excess servicing spread associated with the MSR. Our investments in MSR-related assets have in the past and may in the future expose us to risks associated with MSR, including the following:

- Investments in MSR are highly illiquid and subject to numerous restrictions on transfer and, as a result, there is risk that we would be unable to locate a willing buyer or get required approval to sell MSR in the future should we desire to do so.
- Our rights to the excess servicing spread are subordinate to the interests of Fannie Mae, Freddie Mac and Ginnie Mae, and are subject to extinguishment. Fannie Mae and Freddie Mac each require approval of the sale of excess servicing spreads pertaining to their respective MSR. We have entered into acknowledgment agreements or subordination of interest agreements with them, which acknowledge our subordinated rights.
- Changes in minimum servicing compensation for agency loans could occur at any time and could negatively impact the value of the income derived from MSR.
- The value of MSR is highly sensitive to changes in prepayment rates. Decreasing market interest rates are generally associated with increases in prepayment rates as borrowers are able to refinance their loans at lower costs. Prepayments result in the partial or complete loss of the cash flows from the related MSR. Accordingly, an increase in prepayments can result in a reduction in the value and income we may earn of our MSR related assets and negatively affect our profitability.
- While we have executed recapture agreements with our subservicers to attempt to retain the MSR investment resulting from a refinance transaction, the effectiveness of these efforts is impacted by borrower, subservicer, and unaffiliated lender behavior.
- Servicers are responsible for advancing the payment of principal, interest, and escrow items on mortgage loans when those payments are not timely made by the borrower (including during periods of forbearance) and the timing and amount of recovery of those advances is unpredictable.

If we are not able to successfully manage these and other risks related to investing in MSR, it may adversely affect the value of our MSR-related assets.

A prolonged economic slowdown or declining real estate values could impair the assets we may own.

Our non-Agency mortgage-backed securities, mortgage loans, and MSR are affected by economic slowdowns or recessions, which could lead to financial losses in our assets and a decrease in revenues, net income and asset values.

Owners of Agency mortgage-backed securities are protected from the risk of default on the underlying mortgages by guarantees from Fannie Mae, Freddie Mac or, in the case of the Ginnie Mae, the U.S. Government. A default on those underlying mortgages exposes us to prepayment risk described below, but not a credit loss. However, we also acquire CRTs, non-Agency mortgage-backed securities and residential loans, which are backed by residential real property but, in contrast to Agency mortgage-backed securities, the principal and interest payments are not guaranteed by GSEs or the U.S. Government. Our CRT, non-Agency mortgage-backed securities and residential loan investments are therefore particularly sensitive to recessions and declining real estate values.

In the event of a default on one of the residential mortgage loans that we hold in our portfolio or a mortgage loan underlying CRT or non-Agency mortgage-backed securities in our portfolio, we bear the risk of loss as a result of the potential deficiency between the value of the collateral and the debt owed, as well as the costs and delays of foreclosure or other remedies, and the costs of maintaining and ultimately selling a property after foreclosure. Delinquencies and defaults on mortgage loans for which we own the servicing rights will adversely affect the amount of servicing fee income we receive and may result in increased servicing costs and operational risks due to the increased complexity of servicing delinquent and defaulted mortgage loans.

An increase in interest rates adversely affects the market value of our interest earning assets and, therefore, also our book value.

Increases in interest rates have in the past and may in the future negatively affect the market value of our interest earning assets because in a period of rising interest rates, the value of certain interest earning assets may fall and reduce our book value. For example, our fixed-rate interest earning assets are generally negatively affected by increases in interest rates because in a period of rising rates, the coupon we earn on our fixed-rate interest earning assets would not change. Our book value would be reduced by the amount of a decline in the market value of our interest earning assets.

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The Federal Reserve (the “Fed”) owns approximately \$2.0 trillion of Agency mortgage-backed securities as of December 31, 2025. Certain actions taken by the U.S. government, including the Fed, may impact our results. For example, rising short-term interest rates if the Fed lifts its monetary policy rate to slow an elevated rate of inflation may have a negative impact on our results. Meanwhile, any potential future reduction of the Fed’s balance sheet might lead to higher interest rate volatility and wider mortgage-backed security spreads that could negatively impact Annaly’s portfolio.

We invest in securities that are subject to mortgage credit risk.

We invest in securities in the credit risk transfer CRT sector. The CRT sector is comprised of the risk sharing transactions issued by Fannie Mae (“CAS”) and Freddie Mac (“STACR”), and similarly structured transactions arranged by third party market participants. The securities issued in the CRT sector are designed to synthetically transfer mortgage credit risk from Fannie Mae and Freddie Mac to private investors. The holder of the securities in the CRT sector has the risk that the borrowers may default on their obligations to make full and timely payments of principal and interest. Investments in securities in the CRT sector have in the past and may in the future cause us to incur losses of income from, and/or losses in market value relating to, these assets if there are defaults of principal and/or interest on the pool of mortgages referenced in the transaction. The holder of the CRT may also bear the risk of the default of the issuer of the security.

Our investments in real estate and other securities are subject to changes in credit spreads as well as available market liquidity, which affect our ability to realize gains on the sale of such investments.

A significant component of the fair value of CRT and non-Agency securities and other credit risk-oriented investments is attributable to the credit spread, or the difference between the value of the credit instrument and the value of a financial instrument with similar interest rate exposure, but with no credit risk, such as a U.S. Treasury note. Credit spreads can be highly volatile and have in the past and may in the future fluctuate due to changes in economic conditions, liquidity, investor demand and other factors. Credit spreads typically widen in times of increased market uncertainty or when economic conditions have or are expected to deteriorate. Credit spreads may also widen due to actual or anticipated rating downgrades on the securities or similar securities. Hedging fair value changes associated with credit spreads may be inefficient and our hedging strategies are not primarily designed to mitigate credit spread risk. Widening credit spreads could cause net unrealized gains to decrease or result in net losses.

Geographic concentration exposes investors to greater risk of default and loss.

Repayments by borrowers and the market value of the related assets could be affected by economic conditions generally or specific to geographic areas or regions of the United States, and concentrations of mortgaged residential properties in particular geographic areas may increase the risk that adverse economic or other developments or natural or man-made disasters affecting a particular region of the country could increase the frequency and severity of losses on mortgage loans or other real estate debt secured by those properties. From time to time, regions of the United States experience significant real estate downturns when others do not. Regional economic declines or conditions in regional real estate markets could adversely affect the income from, and market value of, the mortgaged properties. In addition, local or regional economies may be adversely affected to a greater degree than other areas of the country by developments affecting industries concentrated in such area. A decline in the general economic condition in the region in which mortgaged properties securing the related mortgage loans are located would result in a decrease in consumer demand in the region, and the income from and market value of the mortgaged properties may be adversely affected.

Other regional factors – e.g., rising sea levels, earthquakes, floods, forest fires, hurricanes or changes in governmental rules or fiscal policies – have in the past and may in the future adversely affect the mortgaged properties. Assets in certain regional areas are more susceptible to certain hazards (such as earthquakes, widespread fires, floods or hurricanes) than properties in other parts of the country and collateral properties located in coastal states may be more susceptible to hurricanes than properties in other parts of the country. Furthermore, increasing financial losses related to climate change have caused, and may continue to cause, insurers to reassess their presence in certain impacted areas. As a result, areas affected by such events often experience disruptions in travel, transportation and tourism, loss of jobs and an overall decrease in consumer activity, and often a decline in real estate-related investments. These types of occurrences may increase over time or become more severe due to changes in weather patterns and other climate changes. There can be no assurance that the economies in such impacted areas will recover sufficiently to support income producing real estate at pre-event levels or that the costs of the related clean-up will not have a material adverse effect on the local or national economy.

Item 1A. Risk Factors***Inadequate property insurance coverage impacts on our operating results.***

Residential real estate assets may suffer casualty losses due to risks (including acts of terrorism) that are not covered by insurance or for which insurance coverage requirements have been contractually limited by the related loan documents. Moreover, if reconstruction or major repairs are required following a casualty, changes in laws that have occurred since the time of original construction may materially impair the borrower's ability to effect such reconstruction or major repairs or may materially increase the cost thereof.

There is no assurance that borrowers have maintained or will maintain the insurance required under the applicable loan documents or that such insurance will be adequate. In addition, the effects of climate change have made, and may continue to make, certain types of insurance, such as flood insurance, increasingly difficult and/or expensive to obtain in certain areas. In addition, since the residential mortgage loans generally do not require maintenance of terrorism insurance, we cannot make assurances that any property will be covered by terrorism insurance. Therefore, damage to a collateral property that is not adequately insured or damage to a collateral property caused by acts of terror may not be covered by insurance and may result in substantial losses to us.

Our assets may become non-performing or sub-performing assets in the future.

Our assets may in the near or the long term become non-performing or sub-performing assets, which are subject to increased risks relative to performing assets. Residential mortgage loans have in the past and may in the future become non-performing or sub-performing for a variety of reasons that result in the borrower being unable to meet its debt service and/or repayment obligations, such as the underlying property being too highly leveraged or the financial distress of the borrower. Such non-performing or sub-performing assets may require a substantial amount of workout negotiations and/or restructuring, which may involve substantial cost and divert the attention of our management from other activities and may entail, among other things, a substantial reduction in interest rate, the capitalization of interest payments and/or a substantial write-down of the principal of the loan. Even if a restructuring were successfully accomplished, the borrower may not be able or willing to maintain the restructured payments or refinance the restructured loan upon maturity.

From time to time, we may find it necessary or desirable to foreclose the liens of loans we acquire or originate, and the foreclosure process may be lengthy and expensive. Borrowers may resist foreclosure actions by asserting numerous claims, counterclaims and defenses to payment against us (such as lender liability claims and defenses) even when such assertions may have no basis in fact or law, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the resolution of our claims. Foreclosure may create a negative public perception of the related property, resulting in a diminution of its value. Depending on the results of the foreclosure process, we may assume direct ownership of the underlying real estate. Even if we are successful in foreclosing on a loan, and irrespective of whether we assume ownership of the property, the liquidation proceeds upon sale of the underlying real estate are not always sufficient to recover our cost basis in the loan, resulting in a loss to us. Furthermore, any costs or delays involved in the foreclosure of a loan or a liquidation of the underlying property will further reduce the proceeds and thus increase our loss. Any such reductions could materially and adversely affect the value of the residential mortgage loans in which we invest.

Whether or not we have participated in the negotiation of the terms of a loan, there can be no assurance as to the adequacy of the protection of the terms of the loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims have in the past and may in the future be asserted that might interfere with enforcement of our rights.

Whole loan mortgages are also subject to "special hazard" risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower's mortgage debt by a bankruptcy court). In addition, claims have in the past and may in the future be assessed against us on account of our position as mortgage holder or property owner, as applicable, including responsibility for tax payments, environmental hazards and other liabilities, which could have a material adverse effect on our results of operations, financial condition and our ability to make distributions to our stockholders.

We may be required to repurchase residential mortgage loans or indemnify investors if we breach representations and warranties.

When we sell or securitize loans, we will be required to make customary representations and warranties about such loans to the loan purchaser. Our mortgage loan sale agreements will require us to repurchase or substitute loans in the event we breach a representation or warranty given to the loan purchaser. In addition, we have in the past and may in the future be required to

Item 1A. Risk Factors

repurchase loans as a result of borrower fraud or in the event of early payment default on a mortgage loan. Likewise, we are not always required to repurchase or substitute loans if we breach a representation or warranty in connection with our securitizations. The remedies available to a purchaser of mortgage loans are generally broader than those available to us against the originating broker or correspondent. Further, if a purchaser enforces its remedies against us, we have in the past and may in the future not be able to enforce the remedies we have against the sellers. The repurchased loans typically can only be financed at a steep discount to their repurchase price, if at all. They are also typically sold at a significant discount to the unpaid principal balance. Significant repurchase activity could adversely affect our cash flow, results of operations, financial condition and business prospects.

Our and our third party service providers' and servicers' due diligence of potential assets may not reveal all weaknesses in such assets.

Before acquiring a residential real estate debt asset, we will assess the strengths and weaknesses of the borrower, originator or issuer of the asset as well as other factors and characteristics that are material to the performance of the asset. In making the assessment and otherwise conducting customary due diligence, we will rely on resources available to us, including our third party service providers and servicers. This process is particularly important with respect to newly formed originators or issuers because there may be little or no information publicly available about these entities and assets. There can be no assurance that our due diligence process will uncover all relevant facts or that any asset acquisition will be successful.

When we foreclose on an asset, we may come to own the property securing the loan.

When we foreclose on a residential real estate asset, we have in the past and may in the future take title to the property securing that asset, and if we do not or cannot sell the property, we would then come to own and operate it as "real estate owned." Owning and operating real property involves risks that are different (and in many ways more significant) than the risks faced in owning a debt instrument secured by that property. In addition, we have in the past and may in the future end up owning a property that we would not otherwise have decided to acquire directly at the price of our original investment or at all. If we foreclose on and come to own property, our financial performance and returns to investors could suffer.

Proposals to acquire mortgage loans by eminent domain may adversely affect the value of our assets.

Local governments have taken steps to consider how the power of eminent domain could be used to acquire residential mortgage loans. There can be no certainty whether any mortgage loans sought to be purchased will be mortgage loans held in securitization trusts and what purchase price would be paid for any such mortgage loans. Any such actions could have a material adverse effect on the market value of our mortgage-backed securities, mortgage loans and MSR. There is also no certainty as to whether any such action without the consent of investors would face legal challenge, and, if so, the outcome of any such challenge.

Subordinated tranches of non-Agency mortgage-backed securities are subordinate in right of payment to more senior securities.

Our investments may include subordinated tranches of non-Agency mortgage-backed securities, which are subordinated classes of securities in a structure of securities collateralized by a pool of mortgage loans and, accordingly, are the first or among the first to bear the loss upon a restructuring or liquidation of the underlying collateral and the last to receive payment of interest and principal. Additionally, estimated fair values of these subordinated interests tend to be more sensitive to changes in economic conditions than more senior securities. As a result, such subordinated interests generally are not actively traded and may not be liquid investments.

Our hedging strategies may be costly, and may not hedge our risks as intended.

Our policies permit us to enter into interest rate swaps, caps and floors, interest rate swaptions, interest rate futures, and other derivative transactions to help us mitigate our interest rate and prepayment risks described in other risk factors subject to maintaining our qualification as a REIT and our Investment Company Act exemption. We have used interest rate swaps and options to enter into interest rate swaps (commonly referred to as interest rate swaptions) to provide a level of protection against interest rate risks. We may also purchase or sell TBAs on Agency mortgage-backed securities, purchase or write put or call options on TBAs, invest in other types of mortgage derivatives, such as interest-only securities, and hold short positions in U.S. Treasury securities. No hedging strategy can protect us completely. Interest rate hedging may fail to protect or could adversely

Item 1A. Risk Factors

affect us because, among other things: interest rate hedging can be expensive, particularly during periods of volatile interest rates; available hedges may not correspond directly with the risk for which protection is sought; and the duration of the hedge may not match the duration of the related asset or liability.

We are subject to risks of loss from weather conditions, man-made or natural disasters and the direct and indirect effects of climate change.

Assets in which we hold a direct or indirect interest have in the past and may in the future experience severe weather, including hurricanes, severe winter storms, wildfires and flooding (including as a result of sea level rise), all of which may become more severe as a result of climate change, which among other effects could impact house prices and housing-related costs and/or disrupt borrowers' ability to pay their mortgage and or loan. In addition, such events, particularly if they are not adequately covered by insurance or have a broader negative impact on the local economy, may decrease the value of land and property secured by mortgages. Moreover, long-term climate change could trigger extreme weather conditions that result in macroeconomic and demographic shifts. Over time, these conditions could result in repricing of the assets (land, property, securities) that we hold. There can be no assurance that climate change and severe weather will not have a material adverse effect on our financial performance.

Item 1A. Risk Factors**Operational and Cybersecurity Risks*****Reliance on inaccurate models or the data used by models exposes us to risk.***

Given our strategies and the complexity of the valuation of our assets, we must rely heavily on analytical models (both proprietary models developed by us and those supplied by third parties) and information and data supplied by our third party vendors and servicers. Models and data are used to value assets or potential asset purchases and also in connection with hedging our assets. Some of these models may use artificial intelligence. When models and data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose us to potential risks. For example, by relying on models and data, especially valuation models, we may be induced to buy certain assets at prices that are too high, to sell certain other assets at prices that are too low or to miss favorable opportunities altogether. Similarly, any hedging based on faulty models and data may prove to be unsuccessful. Furthermore, despite our valuation validation processes our models may nevertheless prove to be incorrect.

Some of the risks of relying on analytical models and third party data are particular to analyzing tranches from securitizations, such as commercial or residential mortgage-backed securities. These risks include, but are not limited to, the following: (i) collateral cash flows and/or liability structures may be incorrectly modeled in all or only certain scenarios, or may be modeled based on simplifying assumptions that lead to errors; (ii) information about collateral may be incorrect, incomplete, or misleading; (iii) collateral or bond historical performance (such as historical prepayments, defaults, cash flows, etc.) may be incorrectly reported, or subject to interpretation (e.g., different issuers may report delinquency statistics based on different definitions of what constitutes a delinquent loan); or (iv) collateral or bond information may be outdated, in which case the models may contain incorrect assumptions as to what has occurred since the date information was last updated.

Some of the analytical models used by us, such as mortgage prepayment models or mortgage default models, are predictive in nature. The use of predictive models has inherent risks. For example, such models have in the past and may in the future incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, the predictive models used by us may differ substantially from those models used by other market participants, with the result that valuations based on these predictive models may be substantially higher or lower for certain assets than actual market prices. Furthermore, since predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data and the ability of these historical models to accurately reflect future periods.

All valuation models rely on correct market data inputs. If incorrect market data is entered into even a well-founded valuation model, the resulting valuations will be incorrect. However, even if market data is inputted correctly, “model prices” will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative instruments or structured notes.

We are highly dependent on information systems and networks, many of which are operated by third parties.

Our business is highly dependent on communications and information systems and networks. Any failure or interruption of our or our counterparties’ systems or networks or cyberattacks or other information security breaches of our networks or systems may cause delays or other problems in our securities trading activities, including mortgage-backed securities trading activities. In addition, we also face the risk of operational failure, termination or capacity constraints of any of the third parties with which we do business or that facilitate our business activities, including clearing agents or other financial intermediaries we use to facilitate our securities transactions, if their respective systems experience failure, interruption, cyberattacks, or other information security breaches, including those caused by software bugs or errors, network failures, computer and telecommunication failures, usage errors, power, communications or other service outages or failures, fires, earthquakes, severe weather conditions or other catastrophic events. Certain third parties provide information needed for our financial statements that we cannot obtain or verify from other sources. If one of those third parties experiences a system or network failure or cybersecurity incident, we may not have access to that information or may not have confidence in its accuracy. There is a risk that our operational safeguards, business contingency plans, and information security protocols, including those implemented by our vendors, could prove insufficient.

Any failure to maintain performance, reliability and security of our technical infrastructure, systems or networks, or any such failure by third parties upon whom we rely, could materially and adversely affect our business.

Item 1A. Risk Factors***Cyberattacks or other information security breaches of our Company's, service providers' or counterparties' systems or networks affect our business, reputation and financial condition.***

Cybersecurity risks for financial services businesses are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect, in part because of the proliferation of new technologies, including generative artificial intelligence (“GenAI”), and the increased sophistication and activities of organized crime, hackers, terrorists, nation-states, state-sponsored actors and other external parties. Cyberattacks could include wrongful conduct by hostile foreign governments, industrial espionage, wire fraud and other forms of cyber fraud, the deployment of harmful malware, ransomware, denial-of-service, social engineering fraud or other means to threaten data security, confidentiality, integrity and availability. Cybersecurity risks also may derive from fraud or malice on the part of our employees or third parties, or may result from human error, software bugs, server malfunctions, software or hardware failure or other technological failure. Such threats may be difficult to detect for long periods of time and also may be further enhanced in frequency or effectiveness through threat actors’ use of artificial intelligence. Further, cybersecurity risks may be heightened as a result of ongoing global conflicts.

We rely heavily on our financial, accounting and other data processing systems. A cyberattack or other information security breach of such systems could lead to unauthorized access to and release, misuse, alteration, exfiltration, theft, loss, damage or destruction of our confidential information or personal or confidential information of our clients, employees or third parties, which could lead to regulatory fines, costs of remediating the breach, reputational harm, financial losses, litigation and increased difficulty doing business with third parties that rely on us to meet their own data protection requirements.

While we generally perform cybersecurity diligence on our key service providers, we do not control our service providers and our ability to monitor their cybersecurity is limited. Some of our service providers may store or have access to our data and may not have effective controls, processes, or practices to protect our information from loss, unauthorized disclosure, unauthorized use or misappropriation, cyberattacks or other information security breach. A vulnerability in our service providers’ software or systems, a failure of our service providers’ safeguards, policies or procedures, or a cyberattack or other information security breach affecting any of these third parties could harm our business.

Although we have not detected a material cybersecurity breach to date, other financial institutions have reported material breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that we have experienced an undetected breach. There is no assurance that we have not or will not experience a breach. There is no assurance that our cybersecurity incident response plan will allow us to successfully mitigate or recover from potential attacks. In addition, certain third parties that facilitate our business activities have reported breaches in the past and may experience breaches in the future, and there is no assurance that the third parties that have not reported breaches or will not experience a breach in the future. We may be held responsible if certain third parties that facilitate our business activities experience a breach. Additionally, we cannot be certain that our insurance coverage will be adequate for cybersecurity liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim.

We may face increased costs as we continue to evolve our cyber defenses in order to contend with changing risks, and possible increased costs of complying with cybersecurity laws and regulations. These costs and losses associated with these risks are difficult to predict and quantify, but could have a significant adverse effect on our operating results.

It is difficult to determine what, if any, negative impact may directly result from any specific interruption or cyberattacks or other information security breaches of our networks or systems (or the networks or systems of third parties that facilitate our business activities), but any cyberattack or other information security breach may negatively affect our operations. Further, we could be exposed to litigation, regulatory enforcement, investigations or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, injunctive relief requiring costly compliance measures, and reputational damage.

We may utilize artificial intelligence, which exposes us to liability and affects our business.

We use, or may in the future use, artificial intelligence, GenAI, machine learning and similar tools and technologies (collectively, “AI”) in connection with our business, including in our business or through third-party service providers. The use of GenAI, a relatively new and emerging technology in the early stages of commercial use, exposes us to additional risks, such as damage to our reputation, competitive position, and business, legal and regulatory risks and additional costs. For example, GenAI has been known to produce false or “hallucinatory” inferences or output, and certain GenAI uses machine learning and predictive analytics, which can create inaccurate, incomplete, or misleading content, unintended biases and other discriminatory or unexpected results, errors or inadequacies, any of which may not be easily detectable by us or any of our related service providers. While AI systems may help automate processes or provide more tailored or personalized user experiences, if the content, analyses, or recommendations that AI systems assist in producing are, or are perceived to be, deficient, inaccurate, biased, unethical or otherwise flawed, our reputation, competitive position and business may be materially and adversely affected.

Item 1A. Risk Factors

Additionally, if any of our employees, contractors, consultants, vendors or service providers use any third-party AI-powered software in connection with our business or the services they provide to us, it may lead to the inadvertent disclosure or incorporation of our confidential information into publicly available training sets, which may impact our ability to realize the benefit of, or adequately maintain, protect and enforce our intellectual property or confidential information, harming our competitive position and business. Any output created by us using AI tools may not be subject to copyright protection, which may adversely affect our intellectual property rights in, or ability to commercialize or use, any such content. In the United States, a number of civil lawsuits have been initiated related to the foregoing and other concerns, any one of which may, among other things, affect our ability to develop our own AI-powered products and solutions. To the extent that we do not have sufficient rights to use the data or other material or content used in or produced by the AI tools used in our business, or if we experience cybersecurity incidents in connection with our use of AI, it could adversely affect our reputation and expose us to legal liability or regulatory risk, including with respect to third-party intellectual property, privacy, data protection and cybersecurity, publicity, contractual or other rights. Further, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

In addition, the regulatory framework for AI and similar technologies, and automated decision making, is changing rapidly. It is possible that new laws and regulations will be adopted in the United States and in non-U.S. jurisdictions, or that existing laws and regulations may be interpreted, in ways that would affect the operation of our products and solutions and the way in which we use AI and similar technologies. For example, in Europe, on August 1, 2024, the European Union's Artificial Intelligence Act (the "AI Act") was entered into force. The AI Act establishes, among other things, a risk-based governance framework for regulating AI systems operating in the European Union. This framework would categorize AI systems, based on the risks associated with such AI systems' intended purposes, as creating unacceptable or high risks, with all other AI systems being considered limited or minimal risk. We may not be able to adequately anticipate or respond to these evolving laws and regulations, and we may need to expend additional resources to adjust our offerings in certain jurisdictions if applicable legal frameworks are inconsistent across jurisdictions. Moreover, because these technologies are themselves highly complex and rapidly developing, it is not possible to predict all of the legal or regulatory risks that may arise relating to our use of such technologies. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations.

As the utilization of AI becomes more prevalent, we anticipate that it will continue to present new or unanticipated ethical, reputational, technical, operational, legal, competitive and regulatory issues, among others. We expect that our incorporation of AI in our business will require additional resources, including the incurrence of additional costs, to develop and maintain our products and solutions and features to minimize potentially harmful or unintended consequences, to comply with applicable and emerging laws and regulations, to maintain or extend our competitive position, and to address any ethical, reputational, technical, operational, legal, competitive or regulatory issues which may arise as a result of any of the foregoing. As a result, the challenges presented with our use of AI could adversely affect our business, financial condition and results of operations.

We depend on third party service providers, including mortgage loan servicers and sub-servicers, for a variety of services related to our business.

We depend on a variety of services provided by third party service providers related to our investments in mortgage loans and MSR as well as for general operating purposes. For example, we rely on the mortgage servicers who service the mortgage loans in our portfolio and those underlying our MSR to, among other things, collect principal and interest payments on such mortgage loans and perform loss mitigation services in accordance with applicable laws and regulations. Mortgage servicers and other service providers, such as trustees, bond insurance providers, due diligence vendors and document custodians, have in the past and may in the future fail to perform or otherwise not perform in a manner that promotes our interests.

For example, any legislation or regulation intended to reduce or prevent foreclosures through, among other things, loan modifications may reduce the value of mortgage loans, including those in our portfolio and those underlying our MSR. Mortgage servicers have in the past and may in the future be required or otherwise incentivized by the Federal or state governments to pursue actions designed to assist mortgagors, such as loan modifications, forbearance plans and other actions intended to prevent foreclosure even if such loan modifications and other actions are not in the best interests of the beneficial owners of the mortgage loans. Similarly, legislation delaying the initiation or completion of foreclosure proceedings on specified types of residential mortgage loans or otherwise limiting the ability of mortgage servicers to take actions that may be essential to preserve the value of the mortgage loans may also reduce the value of mortgage loans in our portfolio and those underlying our MSR. Any such limitations are likely to cause delayed or reduced collections from mortgagors and generally increase servicing costs. As a consequence of the foregoing matters, our business, financial condition and results of operations could be adversely affected.

Item 1A. Risk Factors***Our investments in residential whole loans subject us to servicing-related risks.***

In connection with the acquisition and securitization of residential whole loans, we rely on unaffiliated servicing companies to service and manage the mortgages underlying our non-Agency mortgage-backed securities and our residential whole loans. If a servicer is not vigilant in seeing that borrowers make their required monthly payments, borrowers may be less likely to make these payments, resulting in a higher frequency of default. If a servicer takes longer to liquidate non-performing mortgages, our losses related to those loans may be higher than originally anticipated.

Any failure by servicers to service these mortgages and related real estate owned (“REO”) properties impacts the value of these investments and our financial performance. In addition, while we have contracted, and will continue to contract, with unaffiliated servicing companies to carry out the actual servicing of the loans we purchase together with the related MSR (including all direct interface with the borrowers), we are nevertheless ultimately responsible, *vis-à-vis* the borrowers and state and federal regulators, for ensuring that the loans are serviced in accordance with the terms of the related notes and mortgages and applicable law and regulation. In light of the current regulatory environment, such exposure could be significant even though we might have contractual claims against our servicers for any failure to service the loans to the required standard.

A default by the mortgage servicer in its capacity as servicer and/or failure of the mortgage servicer to perform its obligations related to any MSR have in the past and may in the future result in a loss of value of servicing fees and/or excess servicing spread. Mortgage servicers are subject to extensive federal, state and local laws, regulations and administrative decisions and failure to comply with such regulations can expose the servicer to fines, damages and losses. In the capacity of servicer, mortgage servicers operate in a highly litigious industry that subject it to potential lawsuits related to billing and collections practices, modification protocols or foreclosure practices.

When a residential whole loan we own is foreclosed upon, title to the underlying property would be taken by one of our subsidiaries. The foreclosure process, especially in judicial foreclosure states such as New York, Florida and New Jersey can be lengthy and expensive, and the delays and costs involved in completing a foreclosure, and then liquidating the property through sale, may materially increase any related loss. Finally, at such time as title is taken to a foreclosed property, it may require more extensive rehabilitation than we estimated at acquisition or a previously unknown environmental liability may be discovered that would require expensive and time-consuming remediation.

Additionally, given the magnitude of the 2008-2009 housing crisis, and in response to the well-publicized failures of many servicers to follow proper foreclosure procedures, mortgage servicers are being held to much higher foreclosure-related documentation standards than they previously were. However, because many mortgages have been transferred and assigned multiple times (and by means of varying assignment procedures) throughout the origination, warehouse, and securitization processes, mortgage servicers have generally had much more difficulty furnishing the requisite documentation to initiate or complete foreclosures. In addition, unexpected macro-level events such as the COVID-19 pandemic or natural disasters have led, and could continue to lead, to delays in the foreclosure process, both by operation of state law (e.g., foreclosure moratoriums in certain states) and by delays in the judicial system. These circumstances have led to stalled or suspended foreclosure proceedings, and ultimately additional foreclosure-related costs. Foreclosure-related delays also tend to increase ultimate loan loss severities as a result of property deterioration, amplified legal and other costs, and other factors. Many factors delaying foreclosure, such as borrower lawsuits and judicial backlog and scrutiny, are outside of a servicer's control and have delayed, and will likely continue to delay, foreclosure processing in both judicial states (where foreclosures require court involvement) and non-judicial states. The concerns about deficiencies in foreclosure practices of servicers and related delays in the foreclosure process may impact our loss assumptions and has affected and may continue to affect the values of, and our returns on, our investments in residential whole loans.

The performance of loans underlying our MSR related assets is affected by the performance of the related mortgage servicer.

The performance of the loans underlying our MSR related assets is subject to risks associated with inadequate or untimely servicing. If our mortgage servicers commit a material breach of their obligations as a servicer, we may be subject to damages if the breach is not cured within a specified period of time following notice. In addition, poor performance by a mortgage servicer have in the past and may in the future result in greater than expected delinquencies and foreclosures and losses on the mortgage loans underlying our MSR related assets. A substantial increase in our delinquency or foreclosure rate or the inability to process claims could adversely affect our ability to access the capital and secondary markets for our financing needs.

Similar to the way in which we service residential whole loans, we have also contracted, and will continue to contract, with unaffiliated servicing companies to carry out the actual servicing activities (including all direct interface with the borrowers). However, we are nevertheless ultimately responsible, *vis-à-vis* the borrowers and state and federal regulators, for ensuring that these activities are performed in accordance with the terms of the related notes and mortgages and applicable laws and

Item 1A. Risk Factors

regulations. In light of the current regulatory environment, such exposure could be significant even though we might have contractual claims against our servicers for any failure to service the loans to the required standard.

A default by the mortgage servicer in its capacity as servicer and/or failure of the mortgage servicer to perform its obligations related to any MSR could result in a loss of value of servicing fees and/or excess servicing spread. Mortgage servicers are subject to extensive federal, state and local laws, regulations and administrative decisions and failure to comply with such regulations can expose the servicer to fines, damages and losses. In the capacity of servicer, mortgage servicers operate in a highly litigious industry that subject them to potential lawsuits related to billing and collections practices, modification protocols or foreclosure practices.

We are subject to prepayment rate risk.

The mortgage-backed securities we acquire are backed by pools of mortgage loans. We receive payments, generally, from the payments that are made on the underlying mortgage loans. We often purchase mortgage-backed securities that have a higher coupon rate than the prevailing market interest rates. In exchange for a higher coupon rate, we typically pay a premium over par value to acquire these mortgage-backed securities. In accordance with U.S. GAAP, we amortize the premiums on our mortgage-backed securities over the expected life of the related mortgage-backed securities. If the mortgage loans securing these mortgage-backed securities prepay at a more rapid rate than anticipated, we will have to amortize our premiums on an accelerated basis that may adversely affect our profitability.

Defaults on mortgage loans underlying Agency mortgage-backed securities typically have the same effect as prepayments because of the underlying Agency guarantee.

Prepayment rates generally increase when interest rates fall and decrease when interest rates rise, but changes in prepayment rates are difficult to predict. Prepayment rates also have in the past and may in the future be affected by conditions in the housing and financial markets, general economic conditions and the relative interest rates on fixed-rate and adjustable-rate mortgage loans. We seek to minimize prepayment risk to the extent practical, and in selecting investments we must balance prepayment risk against other risks and the potential returns of each investment. No strategy can completely insulate us from prepayment risk. We have in the past and may in the future choose to bear increased prepayment risk if we believe that the potential returns justify the risk.

Conversely, a decline in prepayment rates on our investments will reduce the amount of principal we receive and therefore reduce the amount of cash we otherwise could have reinvested in higher yielding assets at that time, which could negatively impact our future operating results.

We are subject to reinvestment risk.

We are subject to reinvestment risk as a result of changes in interest rates. Declines in interest rates are generally accompanied by increased prepayments of mortgage loans, which in turn results in a prepayment of the related mortgage-backed securities. An increase in prepayments has in the past and may in the future result in the reinvestment of the proceeds we receive from such prepayments into lower yielding assets. Conversely, increases in interest rates are generally accompanied by decreased prepayments of mortgage loans, which have in the past and may in the future reduce our capital available to reinvest into higher-yielding assets.

Competition may affect availability and pricing of our target assets.

We operate in a highly competitive market for investment opportunities. Our profitability depends, in large part, on our ability to acquire our target assets at attractive prices. In acquiring our target assets, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, government entities, commercial and investment banks, commercial finance and insurance companies and other financial institutions. Many of our competitors are substantially larger and have considerably greater financial, technical, technological, marketing and other resources than we do. Other REITs with investment objectives that overlap with ours may elect to raise significant amounts of capital, which have in the past and may in the future create additional competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. Many of our competitors are not subject to the operating constraints associated with REIT compliance or maintenance of an exemption from the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, competition for investments in our target assets may lead to the price of such assets increasing, which may further limit our ability to generate desired returns. We cannot provide assurance that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, desirable investments in our target assets may

Item 1A. Risk Factors

be limited in the future and we may not be able to take advantage of attractive investment opportunities from time to time, as we can provide no assurance that we will be able to identify and make investments that are consistent with our investment objectives.

We may enter into new lines of business, acquire other companies or engage in other strategic initiatives, each of which may result in additional risks and uncertainties in our businesses.

We have in the past and may in the future pursue growth through acquisitions of other companies or other strategic initiatives. To the extent we pursue strategic investments or acquisitions, undertake other strategic initiatives or consider new lines of business, we will face numerous risks and uncertainties, including risks associated with:

- the availability of suitable opportunities;
- the level of competition from other companies that may have greater financial resources;
- our ability to assess the value, strengths, weaknesses, liabilities and potential profitability of potential acquisition opportunities accurately and negotiate acceptable terms for those opportunities;
- the required investment of capital and other resources;
- the lack of availability of financing and, if available, the terms of any financings;
- the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk;
- the diversion of management's attention from our core businesses;
- the potential loss of key personnel of an acquired business;
- assumption of liabilities in any acquired business;
- the disruption of our ongoing businesses;
- the increasing demands on or issues related to the combining or integrating operational and management systems and controls;
- compliance with additional regulatory requirements;
- costs associated with integrating and overseeing the operations of the new businesses;
- failure to realize the full benefits of an acquisition, including expected synergies, cost savings, or growth opportunities, within the anticipated timeframe or at all; and
- post-acquisition deterioration in an acquired business that could result in lower or negative earnings contribution and/or goodwill impairment charges.

Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. The decision to increase or decrease investments within a line of business may lead to additional risks and uncertainties. In addition, if a new or acquired business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected. Our strategic initiatives have in the past and may in the future include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability for, losses or reputational damage relating to systems, controls and personnel that are not under our control.

Some of our investments, including those related to non-prime loans, involve credit risk.

Our current investment strategy includes seeking growth in our residential credit business. The holder of a mortgage or mortgage-backed securities assumes the risk that the related borrowers may default on their obligations to make full and timely payments of principal and interest. Under our investment policy, we have the ability to acquire non-Agency mortgage-backed securities, residential whole loans, MSR and other investment assets of lower credit quality. In general, non-Agency mortgage-backed securities carry greater investment risk than Agency mortgage-backed securities because they are not guaranteed as to principal or interest by the U.S. Government, any federal agency or any federally chartered corporation. Non-investment grade, non-Agency securities tend to be less liquid, may have a higher risk of default and may be more difficult to value than investment grade bonds. Higher-than-expected rates of default and/or higher-than-expected loss severities on the mortgages underlying our non-Agency mortgage-backed securities, MSR or on our residential whole loan investments may adversely affect the value of those assets. Accordingly, defaults in the payment of principal and/or interest on our non-Agency mortgage-backed securities, residential whole loan investments, MSR and other investment assets of lower credit quality have in the past and may in the future result in our incurring losses of income from, and/or losses in market value relating to, these assets.

Item 1A. Risk Factors

We have certain investments in non-Agency mortgage-backed securities backed by collateral pools containing mortgage loans that were originated under underwriting standards that were less strict than those used in underwriting “prime mortgage loans.” These lower standards permitted mortgage loans, often with LTV ratios in excess of 80%, to be made to borrowers having impaired credit histories, lower credit scores, higher debt-to-income ratios and/or unverified income. Difficult economic conditions, including increased interest rates and lower home prices, have in the past and may in the future result in non-prime and subprime mortgage loans having increased rates of delinquency, foreclosure, bankruptcy and loss (including such as during the credit crisis of 2007-2008 and the housing crisis that followed), and are likely to otherwise experience delinquency, foreclosure, bankruptcy and loss rates that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. Thus, because of higher delinquency rates and losses associated with non-prime and subprime mortgage loans, the performance of our non-Agency mortgage-backed securities that are backed by these types of loans could be correspondingly adversely affected, which could materially adversely impact our results of operations, financial condition and business.

Any inability to attract, motivate and retain qualified talent, including our key personnel, affects us.

Our success and our ability to manage anticipated future growth depend, in large part, upon the efforts of our highly skilled employees, and particularly on our key personnel, including our executive officers. Our executive officers have extensive experience and strong reputations in the sectors in which we operate and have been instrumental in setting our strategic direction, operating our business, identifying, recruiting, and training our other key personnel, and arranging necessary financing. The departure of any of our executive officers or other key personnel, or our inability to attract, motivate and retain highly qualified employees at all levels of the firm in light of the intense competition for talent, could adversely affect our business, operating results or financial condition; diminish our investment opportunities; or weaken our relationships with lenders, business partners and industry personnel.

Other Risks***The market price and trading volume of our shares of common stock may be volatile and issuances of large amounts of shares of our common stock could cause the market price of our common stock to decline.***

If we issue a significant number of shares of common stock or securities convertible into common stock in a short period of time, there could be a dilution of the existing common stock and a decrease in the market price of the common stock.

The market price of our shares of common stock has in the past and may in the future be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our shares of common stock may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our shares of common stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our shares of common stock include those set forth under “Special Note Regarding Forward-Looking Statements” as well as:

- actual or anticipated variations in our quarterly operating results or business prospects;
- changes in our earnings estimates or publication of research reports about us or the real estate industry;
- an inability to meet or exceed securities analysts’ estimates or expectations;
- increases in market interest rates;
- hedging or arbitrage trading activity in our shares of common stock;
- capital commitments;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of management personnel;
- actions by institutional stockholders or activist investors;
- speculation in the press or investment community;
- changes in our distribution policy;
- government action or regulation;
- general market and economic conditions; and
- future sales of our shares of common stock or securities convertible into, or exchangeable or exercisable for, our shares of common stock.

Holders of our shares of common stock will be subject to the risk of volatile market prices and wide fluctuations in the market price of our shares of common stock. These factors have in the past and may in the future cause the market price of our shares

Item 1A. Risk Factors

of common stock to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to assure you that the market prices of our shares of common stock will not fall in the future.

Under our charter, we have 1,531,750,000 authorized shares of capital stock, par value of \$0.01 per share. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market, or any hedging or arbitrage trading activity that may develop involving our common stock, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

We may change our policies without stockholder approval.

Our Board has established very broad investment guidelines that may be amended from time to time. Our Board and management determine all of our significant policies, including our investment, financing, capital and asset allocation and distribution policies. They have in the past and may in the future amend or revise these policies at any time without a vote of our stockholders, or otherwise initiate a change in asset allocation. Policy changes could adversely affect our financial condition, results of operations, the market price of our common stock or our ability to pay dividends or distributions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

For a full discussion of our cybersecurity risk management process and policies, please refer to the subsection titled “Operational Risk Management” within the “Risk Management” section of Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

ITEM 2. PROPERTIES

Our executive and administrative office is located at 1211 Avenue of the Americas New York, New York 10036, telephone 212-696-0100. This office is leased under a non-cancelable lease expiring May 31, 2042.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in various claims and legal actions arising in the ordinary course of business. As of December 31, 2025, we were not party to any pending material legal proceedings and we are not aware of any contemplated material proceedings by governmental authorities.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock began trading publicly on October 8, 1997 and is traded on the New York Stock Exchange under the trading symbol "NLY." As of January 30, 2026, we had 718,386,976 shares of common stock issued and outstanding which were held by approximately 650,445 beneficial holders. The equity compensation plan information called for by Item 201(d) of Regulation S-K is set forth in Item 12 of Part III of this Form 10-K under the heading "Equity Compensation Plan Information."

Dividends

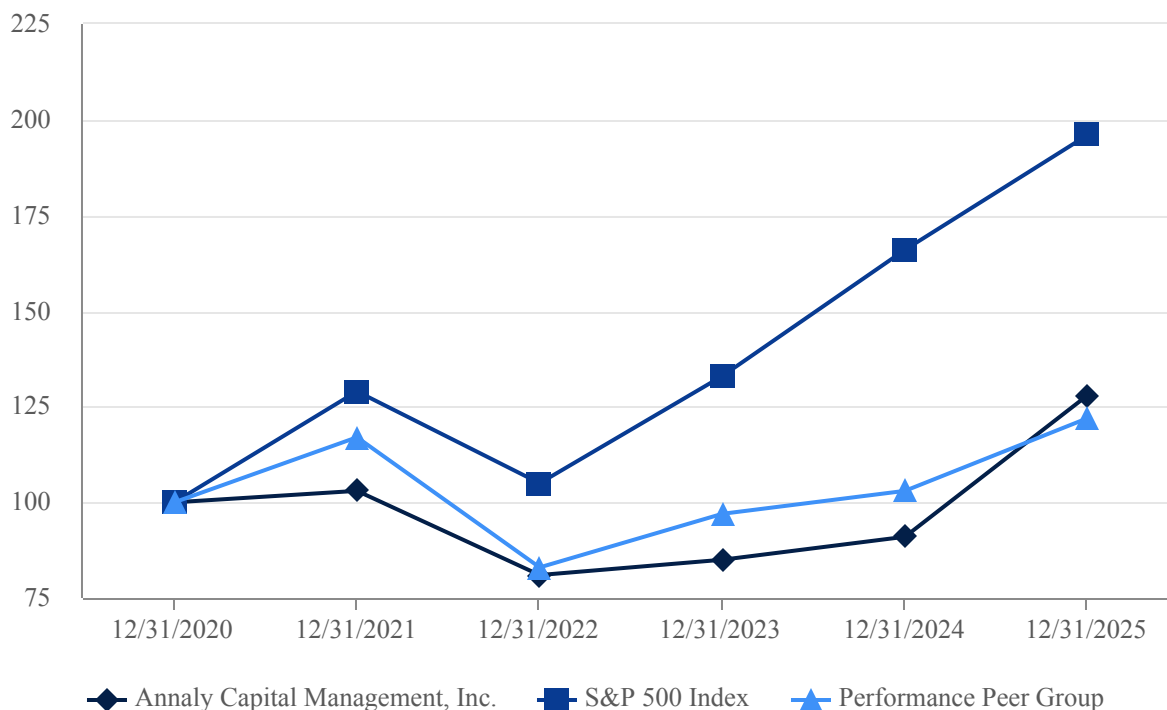
We intend to pay quarterly dividends and to distribute to our stockholders all or substantially all of our taxable income in each year (subject to certain adjustments) consistent with the distribution requirements applicable to REITs. This will enable us to qualify for the tax benefits accorded to a REIT under the Code. We have not established a minimum dividend payment level and our ability to pay dividends may be adversely affected by factors beyond our control. In addition, unrealized changes in the estimated fair value of available-for-sale investments may have a direct effect on dividends. All distributions will be made at the discretion of our Board and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board may deem relevant from time to time. See also Item 1A. "Risk Factors." No dividends can be paid on our common stock unless we have paid full cumulative dividends on our preferred stock. From the date of issuance of our preferred stock through December 31, 2025, we have paid full cumulative dividends on our preferred stock.

Share Performance Graph

The following graph and table set forth certain information comparing the yearly percentage change in cumulative total return on our common stock to the cumulative total return of the Standard & Poor's Composite 500 stock Index or S&P 500 Index, and a select group of peers operating within the mortgage REIT industry, or Performance Peer Group. The comparison is for the five-year period ended December 31, 2025 and assumes the reinvestment of dividends. The graph and table assume that \$100 was invested in our common stock, the S&P 500 Index and the Performance Peer Group on the last trading day of the initial year shown in the graph.

In previous filings, we included the Bloomberg Mortgage REIT Index, or BBG REIT Index, in the share performance graph and table. As a result of the discontinuation of the BBG REIT Index in 2024, we replaced the BBG REIT Index with the Performance Peer Group. The Performance Peer Group represents a group of mortgage REIT peers used by the Management Development and Compensation Committee of our Board of Directors to evaluate our performance and to inform certain elements of our executive compensation program. We believe that companies included in the Performance Peer Group have portfolios and investment strategies that most closely resemble our focus on residential mortgage assets. Companies comprising the Performance Peer Group include Adamas Trust, Inc., AGNC Investment Corp., ARMOUR Residential REIT, Inc., Chimera Investment Corporation, Dynex Capital, Inc., Ellington Financial Inc., Invesco Mortgage Capital, Inc., MFA Financial, Inc., Orchid Island Capital, Inc., Redwood Trust, Inc., Rithm Capital Corp., and Two Harbors Investment Corp. The cumulative total return of the Performance Peer Group was weighted according to the respective issuer's stock market capitalization at the beginning of the performance period.

Five-Year Share Performance



	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
Annaly Capital Management, Inc.	100	103	81	85	91	128
S&P 500 Index	100	129	105	133	166	196
Performance Peer Group	100	117	83	97	103	122

The information in the share performance graph and table has been obtained from sources believed to be reliable, but neither the accuracy nor completeness can be guaranteed. The historical information set forth above is not necessarily indicative of future performance. Accordingly, we do not make or endorse any predictions as to future share performance.

The above performance graph and related information shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act or to the liabilities of Section 18 of the Securities Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act, except to the extent that we specifically incorporate it by reference into such a filing.

Share Repurchase

In January 2025, we announced that our Board authorized the repurchase of up to \$1.5 billion of our outstanding shares of common stock through December 31, 2029 (the “Common Stock Repurchase Program”). The Common Stock Repurchase Program replaces our previous \$1.5 billion share repurchase program, which expired on December 31, 2024. No shares were repurchased with respect to the Common Stock Repurchase Program during the year ended December 31, 2025.

Purchases made pursuant to the Common Stock Repurchase Program will be made in either the open market or in privately negotiated transactions from time to time as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by us in our discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate us to acquire any particular amount of common stock and the program may be suspended or discontinued at our discretion without prior notice.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities

In January 2025, we announced that our Board authorized a repurchase plan for all of our existing outstanding Preferred Stock (as defined below, the "Preferred Stock Repurchase Program"). Under the terms of the plan, we are authorized to repurchase up to an aggregate of 63,500,000 shares of Preferred Stock, comprised of up to (i) 28,800,000 shares of our 6.95% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series F Preferred Stock"), (ii) 17,000,000 shares of our 6.50% Series G Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series G Preferred Stock"), and (iii) 17,700,000 shares of our 6.75% Series I Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series I Preferred Stock", and together with Series F Preferred Stock and Series G Preferred Stock, the "Preferred Stock"). The aggregate liquidation value of the Preferred Stock that may be repurchased by us pursuant to the Preferred Stock Repurchase Program, as of December 31, 2024, was approximately \$1.6 billion. The Preferred Stock Repurchase Program replaces our previous repurchase plan for all of our existing outstanding Preferred Stock, which expired on December 31, 2024. The Preferred Stock Repurchase Program became effective on January 1, 2025, and will expire on December 31, 2029. No shares were repurchased with respect to the Preferred Stock Repurchase Program during the year ended December 31, 2025.

Purchases made pursuant to the Preferred Stock Repurchase Program will be made in either the open market or in privately negotiated transactions from time to time as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by us in our discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate us to acquire any particular amount of Preferred Stock and the program may be suspended or discontinued at our discretion without prior notice.

Item 6. Selected Financial Data

ITEM 6. [Reserved]

Item 7. Management's Discussion and Analysis

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references to "Annaly," "we," "us," or "our" mean Annaly Capital Management, Inc. and all entities owned by us, except where it is made clear that the term means only the parent company. Refer to the section titled "Glossary of Terms" located at the end of this Item 7 for definitions of commonly used terms in this annual report on Form 10-K.

This section of our Form 10-K generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2023 items and year-to-year comparisons between 2024 and 2023 that are not included in this Form 10-K can be found in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the year ended December 31, 2024.

Item 7. Management's Discussion and Analysis

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Item 7. Management’s Discussion and Analysis**Overview**

We are a leading diversified capital manager with investment strategies across mortgage finance. Our principal business objective is to generate net income for distribution to our stockholders and optimize our returns through prudent management of our diversified investment strategies. We are an internally-managed Maryland corporation founded in 1997 that has elected to be taxed as a REIT. Our common stock is listed on the New York Stock Exchange under the symbol “NLY.”

We use our capital coupled with borrowed funds to invest primarily in real estate related investments, earning the spread between the yield on our assets and the cost of our borrowings and hedging activities.

Our three investment groups are primarily comprised of the following:

Investment Groups	Description
Annaly Agency Group	Invests in Agency mortgage-backed securities (“MBS”) collateralized by residential mortgages which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae and complementary investments within the Agency market, including Agency commercial MBS.
Annaly Residential Credit Group	Invests primarily in non-Agency residential whole loans and securitized products within the residential and commercial markets.
Annaly Mortgage Servicing Rights Group	Invests in mortgage servicing rights (“MSR”), which provide the right to service residential mortgage loans in exchange for a portion of the interest payments made on the loans.

For a full discussion of our business, refer to the section titled “Business Overview” of Part I, Item 1. “Business” and see the Note titled “Segments” in the Notes to the Consolidated Financial Statements included in Item 15. “Exhibits, Financial Statement Schedules.”

Business Environment

The year 2025 saw a meaningful shift in U.S. policy by the second Trump Administration, though the economy saw less impact in aggregate than many had expected early in the year. The Trump Administration pushed changes in several different areas, most notably tariffs on U.S. goods imports, which led to \$288 billion in U.S. customs revenues in 2025, nearly three times the average customs revenues of prior years. In addition, Congress passed the One Big Beautiful Bill Act (“OBBA”), effectively extending the majority of the 2017 Tax Cuts and Jobs Act provisions, while offering some additional benefits, including an elimination of taxes on tips and Social Security for some taxpayers. The tax reform passage has buoyed business sentiment and is expected to support investment growth and consumption, mainly through higher tax refunds in the first part of 2026. Finally, the Administration strictly enforced immigration laws and drove efforts to deport more immigrants without proper documentation, which appears to have been one of the factors weighing on the labor market. U.S. employment growth slowed meaningfully in 2025, while the unemployment rate rose slightly to 4.4%.

U.S. economic growth, however, remained robust, with the economy growing 2.5% at a seasonally adjusted annualized rate (“SAAR”) in the first three quarters, above expectations for growth coming into the year. Growth was once again driven by consumption, as consumers showed little pause amid declining sentiment and higher prices from tariffs. Of note, the tariff pass-through to consumers has been slower than most economists expected, though goods inflation increased over the year. Aggregate inflation, as measured by the Consumer Price Index excluding food and energy prices, has moderated somewhat over the course of 2025, with the year-over-year (“yoy”) rate falling from 3.21% to 2.65%.

Meanwhile, the housing market remained relatively weak as measured by aggregate activity levels, with existing home sales averaging 4.1 million annualized units per month in 2025, essentially in line with 2024 activity levels, while new home sales remained subdued. In an environment of modest increases in supply, but continued challenged affordability, home prices were little changed for the U.S. in aggregate, rising 0.10% yoy according to Zillow albeit with meaningful regional disparities. For example, many southern and western states saw continued rise in supply on top of already elevated inventory levels, leading to larger declines in home prices. Meanwhile central states typically saw steadier inventory levels and therefore enjoyed price appreciation above the national average.

Similar to 2024, when the Fed lowered the Federal Funds Target Rate (“Fed Funds Rate”) in the second half of the year, a weaker labor market and rangebound inflation allowed the Fed to further reduce monetary policy rates. With the Fed Funds Rate reaching a range of 3.50-3.75% at the December Federal Open Market Committee (“FOMC”) meeting, officials have signaled a more gradual approach going forward, waiting for additional economic data to lower the rate further. Regarding its balance sheet policy, the Fed ended the \$2.4 trillion decline in its securities portfolio in December 2025 by announcing purchases of Treasury bills starting at \$40 billion per month. The purchases are designed to maintain a stable ratio of reserves to nominal gross domestic product (“GDP”) of around 10% and alleviate funding rate volatility, which had occurred around quarter end and Treasury security settlement dates.

Fixed income markets ultimately saw a rangebound trading environment that allowed for strong returns, with the Bloomberg Aggregate U.S. Bond Market Index registering a 7.3% total return in 2025, the strongest annual return since 2020. The stellar

Item 7. Management's Discussion and Analysis

performance was driven by the 75 basis points (“bps”) of Fed rate cuts that resulted in (i) interest rates close to levels at which monetary policy is no longer deemed restrictive, (ii) robust fixed income fund flows, and (iii) declining interest rate volatility, which has returned to levels not seen since 2021. Markets initially saw a spike in volatility following the Trump Administration’s April tariff announcement that were surprising both in scale and charged rates. However, softer tariff implementation than initially threatened, legal challenges, less volatile economic data than in recent years, and more predictable monetary policy ultimately led to a gradual and meaningful decline in implied and realized volatility between May 2025 and the end of the year. Meanwhile, Treasury yields declined across nearly all maturities – with yields falling between 77 bps in 2-year Treasuries and 40 bps in 10-year Treasuries – apart from the 30-year Treasury bond, which saw a modest rise in yields. The yield changes were primarily driven by expectations for easier monetary policy.

The market and economic environment were beneficial to Annaly’s portfolio and strategy, helping the company deliver a 20.2% aggregate economic return for the year, including a 5.5% book value gain. The strong economic return was achieved while maintaining conservative leverage over the course of the year, with economic leverage increasing modestly to 5.6x on December 31, 2025 from 5.5x a year earlier. Given strong investor demand for mortgage REITs, Annaly was able to raise \$2.6 billion in common equity capital through its at-the-market sales program at accretive levels and issued a Series J preferred stock in what marked the first sizeable non-rated preferred stock issuance in several years. Most of the capital was allocated to the Agency business, which saw portfolio assets rise by \$22.3 billion yoy to \$92.9 billion on December 31, 2025. In line with the asset growth, the Agency business saw its capital allocation increase marginally from 59% on December 31, 2024 to 62% a year later.

Annaly’s Agency MBS portfolio benefited from meaningful tailwinds throughout most of 2025 as Agency MBS supply and demand moved into much better balance. For one, the slow housing market activity reduced MBS supply relative to recent years. Meanwhile, demand broadened across investors as demonstrated by mortgage REIT equity raises and strong collateralized mortgage obligation creation. Mutual fund inflows remained strong as well, maintaining money managers as the anchor buyer. Finally, the Government-sponsored enterprises (“GSEs”) added to their retained portfolios for the first time in many years, a factor that was boosted further early in 2026 by the Administration’s directive to the GSEs to buy \$200 billion in Agency MBS to support housing affordability.

Our Agency MBS investment activity focused on deploying capital raised primarily in higher coupon specified pool collateral, which offered attractive prospective returns and protection against potential higher prepayment speeds. Annaly’s holdings of 5.0% and higher coupon specified pools rose by \$17.7 billion notional over the course of the year, while some of the increase was offset by smaller balances in to-be-announced (“TBA”) securities in these coupons. In addition, the Agency commercial mortgage-backed security portfolio grew by \$3.2 billion market value, nearly doubling on the year, as Agency CMBS offered an attractive substitute for lower coupons, while trading at more attractive valuations for most of the year.

Annaly’s residential credit business grew its portfolio by \$1.0 billion in market value over the course of 2025, while the business represents 19% of the firm’s capital on December 31, 2025. Growth in the portfolio focused nearly entirely on our asset creation strategy, as the portfolio reduced its holdings of third-party securities by \$589 million over the course of the year. Meanwhile, holdings of retained Onslow Bay securities grew \$990 million over the same period. Annaly’s wholly-owned subsidiary Onslow Bay priced 29 securitizations for an aggregate \$15.2 billion, and settled \$18 billion of whole loans, representing a 38% increase in both loan acquisitions and securitization volumes yoy. These securitizations further cemented Onslow Bay’s position as the largest non-bank issuer of Prime Jumbo and Expanded Credit MBS. Among the securitizations issued in 2025, five were private transactions in which Onslow Bay tailored securities to meet our partners’ target durations. In addition, OBX introduced a number of innovative deal structures, which have since been adopted by numerous other market participants. Despite the high volumes, the underlying credit quality of Onslow Bay’s loan production is little changed, as the aggregate borrowers’ original FICO score was 761 and the original loan-to-value ratio was 67%.

Finally, we also continued to grow our MSR business, increasing the portfolio by 15% yoy to \$3.8 billion in market value, or 19% of the firm’s equity capital on December 31, 2025. Notably, our acquisitions made us the second largest buyer of conventional MSR in 2025, onboarding nearly \$60 billion in unpaid principal balance throughout the year, and ranked as the sixth largest non-bank Agency servicer. Bulk supply remained ample in 2025, and we expect the pace of activity to continue in 2026 due to rising origination volumes coupled with compressed gain on sale margins necessitating MSR sales from mortgage originators. In addition to the bulk channel, we focused on expanding our flow purchase capabilities and are now active across all GSE platforms, providing access to current coupon MSR, which we plan to purchase opportunistically. Finally, we further expanded our strong network of subservicing and recapture partners and are well-positioned to deepen our role as a preferred partner to the originator and servicer community.

Our MSR valuation multiple was relatively rangebound over the course of the year, increasing marginally during the fourth quarter given the steeper yield curve, modest spread tightening and lower volatility. Finally, fundamental performance within the MSR portfolio continues to be strong – benefitting from declining subservicing costs driven by industry consolidation and ongoing technological innovation – and cash flows remain durable. The portfolio paid 4.6% Constant Prepayment Rate

Item 7. Management’s Discussion and Analysis

(“CPR”) in Q4, unchanged quarter-over-quarter, while serious delinquencies remain relatively muted at 55 bps. With a weighted average note rate of 3.28%, our portfolio is still 250 bps out of the money to refinance.

Economic Environment

Through the third quarter of 2025, the U.S. economy has continued to perform strongly with real GDP rising by 2.5% SAAR. Moreover, economic activity indicators suggest the growth momentum persisted in the fourth quarter. This would mark a fourth consecutive year of robust economic growth, following a 2.8% yoy increase in real GDP in 2024 and a 2.7% average annual gain since 2022 despite elevated interest rates as well as high policy uncertainty in 2025. The U.S. economic resilience continues to be driven by high personal spending levels as consumers have benefitted from healthy real income growth, albeit at a slower pace than last year, and robust financial market performance. Nominal personal consumption expenditures rose at an average of 4.8% SAAR per month through November, slightly below the 6.4% on average in 2024. Moreover, slower price gains resulted in stronger inflation-adjusted spending thus far in 2025 than in 2024. In addition, private nonresidential investment was robust at 6.5% SAAR while net trade has offered a rare boost to headline growth through the third quarter of 2025.

The labor market weakened gradually throughout 2025 given an anticipated slowdown in labor supply. However, labor demand also slowed, with employers adding 584,000 jobs, compared to employment growth of 2.6 million and 2.0 million in 2023 and 2024, respectively. Thus, the supply and demand for labor remained in a fragile balance. The unemployment rate ended the year at 4.4%, increasing 0.3 percentage points compared to a year earlier. This increase has been driven by a faster increase in the labor force than the employed, suggesting the lower hiring is not solely a function of the reduction to labor supply from immigration. Job openings trended lower but remained above pre-pandemic averages, while layoffs stayed low. As a result of the softer labor market, wage growth, as measured by the Employment Cost Index, decelerated from a pace of 3.8% yoy at the end of 2024 to a still healthy 3.5% yoy at the end of the third quarter of 2025.

Inflation was little changed on a yoy rate in 2025 and progress towards the Fed’s 2% target remained slow. The headline Personal Consumption Expenditure Chain Price Index, the Fed’s preferred inflation gauge, measured 2.8% yoy in November 2025, essentially unchanged from the 2.7% yoy pace in December 2024. The core measure, which does not include price changes in food and energy sectors, measured 2.8% yoy as of November – slightly slower than at the end of 2024. Despite the firmness in the overall rate, there were some positive developments. Service sector inflation continued to slow, with core services in the Consumer Price Index falling from 4.4% yoy in December 2024 to 3.0% yoy at the end of 2025. The moderation in service sector inflation was driven by housing due to slower rent growth and home price appreciation. However, this was offset by an uptick in core goods inflation which rose from -0.5% yoy in December 2024 to 1.4% yoy in December 2025. The rise has been driven by tariffs, which have increased the prices of goods, most of which are imported. Of note, the passthrough of the tariffs has been uneven and more muted than initially expected.

U.S. Treasury yields moved lower across the curve in 2025 as the Fed continued along its gradually dovish policy path, cutting the target range for the Fed Funds Rate by 75 bps in the second half of the year. The 2-year Treasury yield ended the year 77 bps lower, while the yield on the 10-year Treasury note declined 40 bps to 4.17%. This dynamic resulted in a meaningful steepening of the yield curve, as longer-term rates continued to incorporate a term premium reflecting the elevated level of Treasury supply. Meanwhile, market-based measures of inflation expectations remained well-anchored throughout the year. In addition, interest rate volatility declined significantly, contributing to a tightening of the mortgage basis, or the spread between the 30-year Agency MBS coupon and the 10-year U.S. Treasury rate, which ended the year 39 bps tighter.

The following table below presents interest rates and spreads at each date presented:

	As of December 31,		
	2025	2024	2023
30-Year mortgage current coupon	5.04%	5.83%	5.25%
Mortgage basis	87 bps	126 bps	137 bps
10-Year U.S. Treasury rate	4.17%	4.57%	3.88%
OIS SOFR Swaps			
1-Month	3.67%	4.32%	5.35%
6-Month	3.58%	4.25%	5.15%

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Income Tax Reform

On July 4, 2025, H.R. 1, also known as the One Big Beautiful Bill Act (the “OBBB”), was signed into law. The OBBB makes material changes to U.S. tax law, including some provisions that affect the taxation of REITs and their investors. In particular, the OBBB (i) permanently extends the 20% deduction for “qualified REIT dividends” for individuals and other non-corporate taxpayers under Section 199A of the Code and (ii) increases the percentage limit under the REIT asset test applicable to taxable REIT subsidiaries from 20% to 25% for taxable years beginning after December 31, 2025. The results of the OBBB changes are not expected to have a material effect on the Company’s financial operations or related disclosures.

Results of Operations

The results of our operations are affected by various factors, many of which are beyond our control. Certain of such risks and uncertainties are described herein (see “Special Note Regarding Forward-Looking Statements” above) and in Part I, Item 1A. “Risk Factors”.

This Management Discussion and Analysis section contains analysis and discussion of financial results computed in accordance with U.S. generally accepted accounting principles (“GAAP”) and non-GAAP measurements. To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we provide non-GAAP financial measures to enhance investor understanding of our period-over-period operating performance and business trends, as well as for assessing our performance versus that of industry peers.

Refer to the “Non-GAAP Financial Measures” section for additional information.

Item 7. Management's Discussion and Analysis**Net Income (Loss) Summary**

The following table presents financial information related to our results of operations as of and for the years ended December 31, 2025, 2024 and 2023.

	As of and for the Years Ended December 31,		
	2025	2024	2023
	(dollars in thousands, except per share data)		
Interest income	\$ 5,959,205	\$ 4,840,034	\$ 3,731,581
Interest expense	4,823,705	4,592,238	3,842,965
Net interest income	1,135,500	247,796	(111,384)
Servicing and related income	579,592	485,406	364,157
Servicing and related expense	60,273	49,469	37,652
Net servicing income	519,319	435,937	326,505
Other income (loss)	589,630	514,651	(1,651,591)
Less: Total general and administrative expenses	199,629	171,356	162,553
Income (loss) before income taxes	2,044,820	1,027,028	(1,599,023)
Income taxes	(6,870)	15,260	39,434
Net income (loss)	2,051,690	1,011,768	(1,638,457)
Less: Net income (loss) attributable to noncontrolling interests	24,428	9,862	4,714
Net income (loss) attributable to Annaly	2,027,262	1,001,906	(1,643,171)
Less: Dividends on preferred stock	157,931	154,551	141,676
Net income (loss) available (related) to common stockholders	\$ 1,869,331	\$ 847,355	\$ (1,784,847)
Net income (loss) per share available (related) to common stockholders			
Basic	\$ 2.92	\$ 1.62	\$ (3.61)
Diluted	\$ 2.92	\$ 1.62	\$ (3.61)
Weighted average number of common shares outstanding			
Basic	639,513,399	521,737,554	494,541,323
Diluted	641,042,741	522,747,610	494,541,323
Other information			
Investment portfolio at period-end	\$ 132,050,338	\$ 98,185,671	\$ 87,396,467
Average total assets	\$ 116,457,006	\$ 96,690,348	\$ 88,177,773
Average equity	\$ 14,082,463	\$ 11,868,202	\$ 11,437,590
GAAP leverage at period-end ⁽¹⁾	7.2:1	7.1:1	6.8:1
GAAP capital ratio at period-end ⁽²⁾	11.9%	12.3%	12.2%
Annualized return (loss) on average total assets	1.76%	1.05%	(1.86%)
Annualized return (loss) on average equity	14.57%	8.53%	(14.33%)
Net interest margin ⁽³⁾	1.02%	0.26%	(0.13%)
Average yield on interest earning assets ⁽⁴⁾	5.36%	5.15%	4.32%
Average GAAP cost of interest bearing liabilities ⁽⁵⁾	4.75%	5.38%	5.13%
Net interest spread	0.61%	(0.23%)	(0.81%)
Weighted average experienced CPR for the period	8.5%	7.4%	6.5%
Weighted average projected long-term CPR at period-end	10.8%	8.6%	9.4%
Common stock book value per share	\$ 20.21	\$ 19.15	\$ 19.44
Non-GAAP metrics *			
Interest income (excluding PAA)	\$ 5,992,656	\$ 4,825,793	\$ 3,733,235
Economic interest expense ⁽⁵⁾	\$ 4,056,448	\$ 3,338,791	\$ 2,257,912
Economic net interest income (excluding PAA)	\$ 1,936,208	\$ 1,487,002	\$ 1,475,323
Premium amortization adjustment cost (benefit)	\$ 33,451	\$ (14,241)	\$ 1,654
Earnings available for distribution ⁽⁶⁾	\$ 2,024,863	\$ 1,564,625	\$ 1,554,014
Earnings available for distribution per average common share	\$ 2.92	\$ 2.70	\$ 2.86
Annualized EAD return on average equity (excluding PAA)	14.47%	13.28%	13.71%
Economic leverage at period-end ⁽¹⁾	5.6:1	5.5:1	5.7:1
Economic capital ratio at period-end ⁽²⁾	14.9%	14.8%	14.2%
Net interest margin (excluding PAA) ⁽³⁾	1.70%	1.57%	1.62%
Average yield on interest earning assets (excluding PAA) ⁽⁴⁾	5.39%	5.13%	4.33%
Average economic cost of interest bearing liabilities ⁽⁵⁾	3.99%	3.91%	3.01%

Item 7. Management’s Discussion and Analysis

Net interest spread (excluding PAA)	1.40%	1.22%	1.32%
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* Represents a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information.

- (1) GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued, and U.S. Treasury securities sold, not yet purchased divided by total equity. Economic leverage is computed as the sum of recourse debt, cost basis of to-be-announced (“TBA”) derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements, other secured financing, structured repurchase transactions (included within Debt issued by securitization vehicles) and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles (excluding structured repurchase transactions) and participations issued are non-recourse to us and are excluded from economic leverage.
- (2) GAAP capital ratio is computed as total equity divided by total assets. Economic capital ratio is computed as total equity divided by total economic assets. Total economic assets include the implied market value of TBA derivatives and net of debt issued by securitization vehicles (excluding structured repurchase transactions) and participations issued.
- (3) Net interest margin represents our interest income less interest expense divided by the average interest earning assets. Net interest margin does not include net interest component of interest rate swaps. Net interest margin (excluding PAA) represents the sum of our interest income (excluding PAA) plus TBA dollar roll income and CMBX coupon income less economic interest expense divided by the sum of average interest earning assets plus average outstanding TBA contract and CMBX balances.
- (4) 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).
- (5) 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, the net interest component of interest rate swaps, and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company’s Consolidated Statements of Comprehensive Income (Loss). Net interest on variation margin related to interest rate swaps is included in the Net interest component of interest rate swaps in the Company’s Consolidated Statements of Comprehensive Income (Loss).
- (6) Excludes dividends on preferred stock.

GAAP

Net income (loss) was \$2.1 billion, which includes \$24.4 million attributable to noncontrolling interests, or \$2.92 per average basic common share, for the year ended December 31, 2025 compared to \$1.0 billion, which includes \$9.9 million attributable to noncontrolling interests, or \$1.62 per average basic common share, for the same period in 2024. We attribute the majority of the change in net income (loss) to a favorable change in net gains (losses) on investments and other, net interest income, and net servicing income, partially offset by an unfavorable change in net gains (losses) on derivatives. Net gains (losses) on investments and other for the year ended December 31, 2025 was \$1.7 billion compared to (\$1.8) billion for the same period in 2024. Net interest income for the year ended December 31, 2025 was \$1.1 billion compared to \$247.8 million for the same period in 2024. Net servicing income for the year ended December 31, 2025 was \$519.3 million compared to \$435.9 million for the same period in 2024. Net gains (losses) on derivatives for the year ended December 31, 2025 was (\$1.2) billion compared to \$2.3 billion for the same period in 2024. Refer to the section titled “Other income (loss)” located within this Item 7 for additional information related to these changes.

Non-GAAP

Earnings available for distribution were \$2.0 billion, or \$2.92 per average common share, for the year ended December 31, 2025, compared to \$1.6 billion, or \$2.70 per average common share, for the same period in 2024. The change in earnings available for distribution for the year ended December 31, 2025 compared to the same period in 2024 was primarily due to higher coupon income, resulting from higher residential mortgage loan and securities balances, and higher net servicing income. This change was partially offset by higher interest expense resulting from higher securitized debt balances from new securitizations and higher average rates, partially offset by lower interest expense on repurchase agreements from lower average rates despite higher average repurchase agreement balances, and an unfavorable change in the net interest component of interest rate swaps as the average net receive swap rate decreased on similar average balances for the year ended December 31, 2025 compared to the same period in 2024.

Item 7. Management's Discussion and Analysis***Non-GAAP Financial Measures***

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we provide the following non-GAAP financial measures:

- earnings available for distribution (“EAD”);
- earnings available for distribution attributable to common stockholders;
- earnings available for distribution per average common share;
- annualized EAD return on average equity;
- economic leverage;
- economic capital ratio;
- interest income (excluding PAA);
- economic interest expense;
- economic net interest income (excluding PAA);
- average yield on interest earning assets (excluding PAA);
- average economic cost of interest bearing liabilities;
- net interest margin (excluding PAA); and
- net interest spread (excluding PAA).

These measures should not be considered a substitute for, or superior to, financial measures computed in accordance with GAAP. While intended to offer a fuller understanding of our results and operations, non-GAAP financial measures also have limitations. For example, we may calculate our non-GAAP metrics, such as earnings available for distribution, or the PAA, differently than our peers making comparative analysis difficult. Additionally, in the case of non-GAAP measures that exclude the PAA, the amount of amortization expense excluding the PAA is not necessarily representative of the amount of future periodic amortization nor is it indicative of the term over which we will amortize the remaining unamortized premium. Changes to actual and estimated prepayments will impact the timing and amount of premium amortization and, as such, both GAAP and non-GAAP results.

These non-GAAP measures provide additional detail to enhance investor understanding of our period-over-period operating performance and business trends, as well as for assessing our performance versus that of industry peers. Additional information pertaining to our use of these non-GAAP financial measures, including discussion of how each such measure may be useful to investors, and reconciliations to their most directly comparable GAAP results are provided below.

Earnings Available for Distribution, Earnings Available for Distribution Attributable to Common Stockholders, Earnings Available for Distribution Per Average Common Share and Annualized EAD Return on Average Equity

Our principal business objective is to generate net income for distribution to our stockholders and optimize our returns through prudent management of our diversified investment strategies. We generate net income by earning a net interest spread on our investment portfolio, which is a function of interest income from our investment portfolio less financing, hedging and operating costs. Earnings available for distribution, which is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) net servicing income less realized amortization of MSR, (d) other income (loss) (excluding depreciation and amortization expense on real estate and related 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 our Agency mortgage-backed securities, is used by management and, we believe, used by analysts and investors to measure our progress in achieving our principal business objective.

We seek to fulfill our principal business objective through a variety of factors including portfolio construction, the degree of market risk exposure and related hedge profile, and the use and forms of leverage, all while operating within the parameters of our capital allocation policy and risk governance framework.

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

Item 7. Management's Discussion and Analysis

The following table presents a reconciliation of GAAP financial results to non-GAAP earnings available for distribution for the periods presented:

	For the Years Ended December 31,		
	2025	2024	2023
	(dollars in thousands, except per share data)		
GAAP net income (loss)	\$ 2,051,690	\$ 1,011,768	\$ (1,638,457)
Adjustments to exclude reported realized and unrealized (gains) losses			
Net (gains) losses on investments and other ⁽¹⁾	(1,743,411)	1,849,607	2,137,538
Net (gains) losses on derivatives ⁽²⁾	1,923,641	(1,066,394)	1,184,961
Loan loss provision (reversal)	—	—	(219)
Other adjustments			
Amortization of intangibles	2,690	2,690	4,573
Non-EAD (income) loss allocated to equity method investments ⁽³⁾	525	506	354
Transaction expenses and non-recurring items ⁽⁴⁾	27,828	20,283	8,209
Income tax effect of non-EAD income (loss) items	(7,840)	3,444	31,570
TBA dollar roll income and CMBX coupon income ⁽⁵⁾	32,359	2,815	20,621
MSR amortization ⁽⁶⁾	(281,273)	(233,698)	(182,151)
EAD attributable to noncontrolling interests	(14,797)	(12,155)	(14,639)
Premium amortization adjustment cost (benefit)	33,451	(14,241)	1,654
Earnings available for distribution *	2,024,863	1,564,625	1,554,014
Dividends on preferred stock	157,931	154,551	141,676
Earnings available for distribution attributable to common stockholders *	\$ 1,866,932	\$ 1,410,074	\$ 1,412,338
GAAP net income (loss) per average common share	\$ 2.92	\$ 1.62	\$ (3.61)
Earnings available for distribution per average common share *	\$ 2.92	\$ 2.70	\$ 2.86
GAAP return (loss) on average equity	14.57%	8.53%	(14.33%)
EAD return on average equity (excluding PAA) *	14.47%	13.28%	13.71%

* Represents a non-GAAP financial measure. Refer to the disclosure within this section above for additional information on non-GAAP financial measures.

⁽¹⁾ Includes write-downs or recoveries which are reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss).

⁽²⁾ The adjustment to add back Net (gains) losses on derivatives does not include the net interest component of interest rate swaps which is reflected in earnings available for distribution. The net interest component of interest rate swaps totaled \$716.5 million, \$1.2 billion and \$1.6 billion for the years ended December 31, 2025, 2024 and 2023, respectively.

⁽³⁾ Represents unrealized (gains) losses allocated to equity interests in a portfolio of MSR, which is a component of Other, net in the Consolidated Statements of Comprehensive Income (Loss).

⁽⁴⁾ Represents 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 derivatives in the Consolidated Statements of Comprehensive Income (Loss). CMBX coupon income totaled \$0.0 million, \$0.0 million and \$1.5 million for the years ended December 31, 2025, 2024 and 2023, respectively.

⁽⁶⁾ MSR amortization utilizes purchase date cash flow assumptions and actual unpaid principal balances and is calculated as the difference between projected MSR yield income and net servicing income for the period.

From time to time, we enter into TBA forward contracts as an alternate means of investing in and financing Agency MBS. A TBA contract is an agreement to purchase or sell, for future delivery, an Agency MBS with a specified issuer, term and coupon. A TBA dollar roll represents a transaction where TBA contracts with the same terms but different settlement dates are simultaneously bought and sold. The TBA contract settling in the later month typically prices at a discount to the earlier month contract with the difference in price commonly referred to as the "drop". The drop is a reflection of the expected net interest income from an investment in similar Agency MBS, net of an implied financing cost, that would be foregone as a result of settling the contract in the later month rather than in the earlier month. The drop between the current settlement month price and the forward settlement month price occurs because in the TBA dollar roll market, the party providing the financing is the party that would retain all principal and interest payments accrued during the financing period. Accordingly, TBA dollar roll income generally represents the economic equivalent of the net interest income earned on the underlying Agency MBS less an implied financing cost.

TBA dollar roll transactions are accounted for under GAAP as a series of derivatives transactions. The fair value of TBA derivatives is based on methods similar to those used to value Agency MBS. We record TBA derivatives at fair value in our Consolidated Statements of Financial Condition and recognize periodic changes in fair value in Net gains (losses) on derivatives in our Consolidated Statements of Comprehensive Income (Loss), which includes both unrealized and realized gains and losses on derivatives.

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TBA dollar roll income is calculated as the difference in price between two TBA contracts with the same terms but different settlement dates multiplied by the notional amount of the TBA contract. Although accounted for as derivatives, TBA dollar rolls capture the economic equivalent of net interest income, or carry, on the underlying Agency MBS (interest income less an implied cost of financing). TBA dollar roll income is reported as a component of Net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss).

The CMBX index is a synthetic tradable index referencing a basket of 25 commercial mortgage-backed securities of a particular rating and vintage. The CMBX index allows investors to take a long position (referred to as selling protection) or short position (referred to as purchasing protection) on the respective basket of commercial mortgage-backed securities and is structured as a “pay-as-you-go” contract whereby the protection seller receives and the protection buyer pays a standardized running coupon on the contracted notional amount. Additionally, the protection seller is obligated to pay to the protection buyer the amount of principal losses and/or coupon shortfalls on the underlying commercial mortgage-backed securities as they occur. We report income (expense) on CMBX positions in Net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss). The coupon payments received or paid on CMBX positions is equivalent to interest income (expense) and therefore included in earnings available for distribution.

Premium Amortization Expense

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

Our GAAP metrics include the unadjusted impact of amortization and accretion associated with this method. Certain of our non-GAAP metrics exclude the effect of the PAA, which quantifies the component of premium amortization representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term Constant Prepayment Rate (“CPR”).

The following table illustrates the impact of the PAA on premium amortization expense for our Residential Securities portfolio for the periods presented:

	For the Years Ended December 31,		
	2025	2024	2023
	(dollars in thousands)		
Premium amortization expense	\$ 163,636	\$ 98,813	\$ 165,158
Less: PAA cost (benefit)	33,451	(14,241)	1,654
Premium amortization expense (excluding PAA)	\$ 130,185	\$ 113,054	\$ 163,504

Economic Leverage and Economic Capital Ratios

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

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

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The following table presents a reconciliation of GAAP debt to economic debt for purposes of calculating our economic leverage ratio for the periods presented:

	As of	
	December 31, 2025	December 31, 2024
Economic leverage ratio reconciliation	(dollars in thousands)	
Repurchase agreements	\$ 81,865,723	\$ 65,688,923
Other secured financing	1,075,000	750,000
Debt issued by securitization vehicles	28,918,753	19,540,678
Participations issued	1,932,655	1,154,816
U.S. Treasury securities sold, not yet purchased	2,396,724	2,470,629
Total GAAP debt	\$ 116,188,855	\$ 89,605,046
Less Non-recourse debt:		
Debt issued by securitization vehicles ⁽¹⁾	(28,651,989)	(19,540,678)
Participations issued	(1,932,655)	(1,154,816)
Total recourse debt	\$ 85,604,211	\$ 68,909,552
Plus / (Less):		
Cost basis of TBA derivatives	3,252,601	3,158,058
Payable for unsettled trades	2,059,386	308,282
Receivable for unsettled trades	(1,031)	(2,201,447)
Economic debt *	\$ 90,915,167	\$ 70,174,445
Total equity	\$ 16,159,911	\$ 12,696,952
Economic leverage ratio *	5.6:1	5.5:1

* Represents a non-GAAP financial measure. Refer to the disclosure within this section above for additional information on non-GAAP financial measures.

⁽¹⁾ Non-recourse debt excludes debt issued by securitization vehicles related to structured repurchase transactions.

The following table presents a reconciliation of GAAP total assets to economic total assets for purposes of calculating our economic capital ratio for the periods presented:

	As of	
	December 31, 2025	December 31, 2024
Economic capital ratio reconciliation	(dollars in thousands)	
Total GAAP assets	\$ 135,609,838	\$ 103,556,384
Less:		
Gross unrealized gains on TBA derivatives ⁽¹⁾	(17,648)	(8,635)
Debt issued by securitization vehicles ⁽²⁾	(28,651,989)	(19,540,678)
Participations issued	(1,932,655)	(1,154,816)
Plus:		
Implied market value of TBA derivatives	3,257,086	3,136,154
Total economic assets *	\$ 108,264,632	\$ 85,988,409
Total equity	\$ 16,159,911	\$ 12,696,952
Economic capital ratio ^{(3)*}	14.9%	14.8%

* Represents a non-GAAP financial measure. Refer to the disclosure within this section above for additional information on non-GAAP financial measures.

⁽¹⁾ Included in Derivative assets in the Consolidated Statements of Financial Condition.

⁽²⁾ Excludes debt issued by securitization vehicles related to structured repurchase transactions.

⁽³⁾ Economic capital ratio is computed as total equity divided by total economic assets.

Interest Income (excluding PAA), Economic Interest Expense and Economic Net Interest Income (excluding PAA)

Interest income (excluding PAA) represents interest income excluding the effect of the premium amortization adjustment, and serves as the basis for deriving average yield on interest earning assets (excluding PAA), net interest spread (excluding PAA) and net interest margin (excluding PAA), which are discussed below. We believe this measure provides management and investors with additional detail to enhance their understanding of our operating results and trends by excluding the component of premium amortization expense representing the cumulative effect of quarter-over-quarter changes in estimated long-term prepayment speeds related to our Agency MBS (other than interest-only securities, multifamily and reverse mortgages), which can obscure underlying trends in the performance of the portfolio.

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

Similarly, economic net interest income (excluding PAA), as computed below, provides investors with additional information to enhance their understanding of the net economics of our primary business operations.

The following tables present a reconciliation of GAAP interest income and GAAP interest expense to non-GAAP interest income (excluding PAA), economic interest expense and economic net interest income (excluding PAA), respectively, for the periods presented:

Interest Income (excluding PAA)

	GAAP Interest Income	PAA Cost (Benefit)	Interest Income (excluding PAA) *
For the years ended	(dollars in thousands)		
December 31, 2025	\$ 5,959,205	\$ 33,451	\$ 5,992,656
December 31, 2024	\$ 4,840,034	\$ (14,241)	\$ 4,825,793
December 31, 2023	\$ 3,731,581	\$ 1,654	\$ 3,733,235

* Represents a non-GAAP financial measure. Refer to disclosures within this section above for additional information on non-GAAP financial measures.

Economic Interest Expense and Economic Net Interest Income (excluding PAA)

	GAAP Interest Expense	Add: Net Interest Component of Interest Rate Swaps and Net Interest on Initial Margin	Economic Interest Expense * (1)	GAAP Net Interest Income	Less: Net Interest Component of Interest Rate Swaps and Net Interest on Initial Margin	Economic Net Interest Income *	Add: PAA Cost (Benefit)	Economic Net Interest Income (excluding PAA) *
For the years ended	(dollars in thousands)							
December 31, 2025	\$ 4,823,705	\$ (767,257)	\$ 4,056,448	\$ 1,135,500	\$ (767,257)	\$ 1,902,757	\$ 33,451	\$ 1,936,208
December 31, 2024	\$ 4,592,238	\$ (1,253,447)	\$ 3,338,791	\$ 247,796	\$ (1,253,447)	\$ 1,501,243	\$ (14,241)	\$ 1,487,002
December 31, 2023	\$ 3,842,965	\$ (1,585,053)	\$ 2,257,912	\$ (111,384)	\$ (1,585,053)	\$ 1,473,669	\$ 1,654	\$ 1,475,323

* Represents a non-GAAP financial measure. Refer to disclosures within this section above for additional information on non-GAAP financial measures.

(1) Economic interest expense is comprised of GAAP interest expense, the net interest component of interest rate swaps, and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss). Net interest on variation margin related to interest rate swaps is included in the Net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss).

Experienced and Projected Long-Term CPR

Prepayment speeds, as reflected by the CPR and interest rates vary according to the type of investment, conditions in financial markets, competition and other factors, none of which can be predicted with any certainty. In general, as prepayment speeds and expectations of prepayment speeds on our Agency MBS portfolio increase, related purchase premium amortization increases, thereby reducing the yield on such assets. The following table presents the weighted average experienced CPR and weighted average projected long-term CPR on our Agency MBS portfolio as of and for the periods presented.

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	Experienced CPR ⁽¹⁾	Long-term CPR ⁽²⁾
For the years ended		
December 31, 2025	8.5%	10.8%
December 31, 2024	7.4%	8.6%
December 31, 2023	6.5%	9.4%

⁽¹⁾ For the years ended December 31, 2025, 2024 and 2023, respectively.

⁽²⁾ At December 31, 2025, 2024 and 2023, respectively.

Average Yield on Interest Earning Assets (excluding PAA), Net Interest Spread (excluding PAA), Net Interest Margin (excluding PAA) and Average Economic Cost of Interest Bearing Liabilities

Net interest spread (excluding PAA), which is the difference between the average yield on interest earning assets (excluding PAA) and the average economic cost of interest bearing liabilities, which represents annualized economic interest expense divided by average interest bearing liabilities, and net interest margin (excluding PAA), which is calculated as the sum of interest income (excluding PAA) plus TBA dollar roll income and CMBX coupon income less economic interest expense divided by the sum of average interest earning assets plus average TBA contract and CMBX balances, provide management with additional measures of our profitability that management relies upon in monitoring the performance of the business.

Disclosure of these measures, which are presented below, provides investors with additional detail regarding how management evaluates our performance.

Net Interest Spread (excluding PAA)

	Average Interest Earning Assets ⁽¹⁾	Interest Income (excluding PAA) *	Average Yield on Interest Earning Assets (excluding PAA) *	Average Interest Bearing Liabilities	Economic Interest Expense * ⁽²⁾	Average Economic Cost of Interest Bearing Liabilities * ⁽²⁾	Economic Net Interest Income (excluding PAA) *	Net Interest Spread (excluding PAA) *
For the years ended								
(dollars in thousands)								
December 31, 2025	\$111,139,660	\$5,992,656	5.39%	\$101,647,505	\$4,056,448	3.99%	\$1,936,208	1.40%
December 31, 2024	\$94,000,885	\$4,825,793	5.13%	\$85,294,238	\$3,338,791	3.91%	\$1,487,002	1.22%
December 31, 2023	\$86,305,249	\$3,733,235	4.33%	\$74,962,858	\$2,257,912	3.01%	\$1,475,323	1.32%

* Represents a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section for additional information.

⁽¹⁾ Based on amortized cost.

⁽²⁾ 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, the net interest component of interest rate swaps, and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss). Net interest on variation margin related to interest rate swaps is included in the Net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss).

Net Interest Margin (excluding PAA)

	Interest Income (excluding PAA) *	TBA Dollar Roll and CMBX Coupon Income ⁽¹⁾	Economic Interest Expense * ⁽²⁾	Subtotal	Average Interest Earnings Assets	Average TBA Contract and CMBX Balances	Subtotal	Net Interest Margin (excluding PAA) *
For the years ended								
(dollars in thousands)								
December 31, 2025	\$5,992,656	32,359	(4,056,448)	\$1,968,567	\$111,139,660	4,845,803	\$115,985,463	1.70%
December 31, 2024	\$4,825,793	2,815	(3,338,791)	\$1,489,817	\$94,000,885	1,033,990	\$95,034,875	1.57%
December 31, 2023	\$3,733,235	20,621	(2,257,912)	\$1,495,944	\$86,305,249	6,010,685	\$92,315,934	1.62%

* Represents a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section for additional information.

⁽¹⁾ TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on derivatives. CMBX coupon income totaled \$0.0 million, \$0.0 million and \$1.5 million for the years ended December 31, 2025, 2024 and 2023, respectively.

⁽²⁾ Economic interest expense is comprised of GAAP interest expense, the net interest component of interest rate swaps, and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss). Net interest on variation margin related to interest rate swaps is included in the Net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss).

Item 7. Management's Discussion and Analysis*Economic Interest Expense and Average Economic Cost of Interest Bearing Liabilities*

Typically, our largest expense is the cost of interest bearing liabilities and the net interest component of interest rate swaps. The following table shows our average interest bearing liabilities and average economic cost of interest bearing liabilities as compared to average one-month and average six-month SOFR for the periods presented.

Average Economic Cost of Interest Bearing Liabilities

	Average Interest Bearing Liabilities	Interest Bearing Liabilities at Period End	Economic Interest Expense * (1)	Average Economic Cost of Interest Bearing Liabilities *	Average One-Month Term SOFR	Average Six-Month Term SOFR	Average One-Month Term SOFR Relative to Average Six-Month Term SOFR	Average Economic Cost of Interest Bearing Liabilities Relative to Average One-Month Term SOFR	Average Economic Cost of Interest Bearing Liabilities Relative to Average Six-Month Term SOFR
For the years ended (dollars in thousands)									
December 31, 2025	\$101,647,505	\$115,113,855	\$4,056,448	3.99%	4.21%	4.05%	0.16%	(0.22%)	(0.06%)
December 31, 2024	\$85,294,238	\$88,855,046	\$3,338,791	3.91%	5.12%	4.92%	0.20%	(1.21%)	(1.01%)
December 31, 2023	\$74,962,858	\$77,038,467	\$2,257,912	3.01%	5.07%	5.22%	(0.15%)	(2.06%)	(2.21%)

* Represents a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section for additional information.

(1) Economic interest expense is comprised of GAAP interest expense, the net interest component of interest rate swaps, and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss). Net interest on variation margin related to interest rate swaps is included in the Net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss).

2025 Compared with 2024

Economic interest expense increased by \$717.7 million for the year ended December 31, 2025 compared to the same period in 2024. The change was primarily due to change in the net interest component of interest rate swaps, which was \$716.5 million for the year ended December 31, 2025 compared to \$1.2 billion for the same period in 2024 combined with higher average interest bearing liabilities from an increase in securitized debt balances due to the 29 securitizations closed during the year ended December 31, 2025.

We do not manage our portfolio to have a pre-designated amount of borrowings at quarter or year end. Our borrowings at period end are a snapshot of our borrowings as of a date, and this number may differ from average borrowings over the period for a number of reasons. The mortgage-backed securities we own pay principal and interest towards the end of each month and the mortgage-backed securities we purchase are typically settled during the beginning of the month. As a result, depending on the amount of mortgage-backed securities we have committed to purchase, we may retain the principal and interest we receive in the prior month, or we may use it to pay down our borrowings. Moreover, we generally use interest rate swaps, swaptions and other derivative instruments to hedge our portfolio, and as we pledge or receive collateral under these agreements, our borrowings on any given day may be increased or decreased. Our average borrowings during a quarter may differ from period end borrowings as we implement our portfolio management strategies and risk management strategies over changing market conditions by increasing or decreasing leverage. Additionally, these numbers may differ during periods when we conduct equity capital raises, as in certain instances we may purchase additional assets and increase leverage in anticipation of an equity capital raise. Since our average borrowings and period end borrowings can be expected to differ, we believe our average borrowings during a period provide a more accurate representation of our exposure to the risks associated with leverage than our period end borrowings.

At December 31, 2025 and December 31, 2024 the majority of our debt represented repurchase agreements and other secured financing arrangements collateralized by a pledge of our Residential Securities, residential mortgage loans, and MSR. All of our Residential Securities are currently accepted as collateral for these borrowings. However, we limit our borrowings, and thus our potential asset growth, in order to maintain unused borrowing capacity and maintain the liquidity and strength of our balance sheet.

Item 7. Management's Discussion and Analysis***Other Income (Loss)****2025 Compared with 2024*

Net Gains (Losses) on Investments and Other

Net gains (losses) on disposal of investments and other was (\$391.4) million for the year ended December 31, 2025 compared with (\$1.1) billion for the same period in 2024. For the year ended December 31, 2025, we disposed of Residential Securities with a carrying value of \$15.0 billion for an aggregate net loss of (\$99.6) million. For the same period in 2024, we disposed of Residential Securities with a carrying value of \$21.4 billion for an aggregate net loss of (\$886.0) million.

Net unrealized gains (losses) on instruments measured at fair value through earnings was \$2.1 billion for the year ended December 31, 2025 compared to (\$764.5) million for the same period in 2024, primarily due to favorable changes in unrealized gains (losses) on Agency MBS of \$3.2 billion, securitized residential whole loans of consolidated VIEs of \$515.1 million, and residential whole loans of \$40.3 million, partially offset by unfavorable changes in residential securitized debt of consolidated VIEs of (\$374.0) million, U.S. Treasury securities sold, not yet purchased of (\$218.8) million, MSR of (\$152.5) million, non-Agency MBS of (\$83.6) million, and CRT securities of (\$36.5) million.

Net Gains (Losses) on Derivatives

Net gains (losses) on interest rate swaps for the year ended December 31, 2025 was (\$716.8) million compared to \$2.1 billion for the same period in 2024, attributable to unfavorable changes in unrealized gains (losses) on interest rate swaps, the net interest component of interest rate swaps, and realized gains (losses) on termination or maturity of interest rate swaps. Unrealized gains (losses) on interest rate swaps was (\$1.4) billion for the year ended December 31, 2025 compared to \$1.0 billion for the same period in 2024. Net interest component of interest rate swaps was \$716.5 million for the year ended December 31, 2025 compared to \$1.2 billion for the same period in 2024. Realized gains (losses) on termination or maturity of interest rate swaps was (\$77.0) million, compared to (\$60.5) million for the same period in 2024, which reflected our termination or maturity of fixed-rate payer and receiver interest rate swaps with notional amounts of \$18.6 million and \$3.2 million, respectively, compared to \$9.6 billion and \$4.1 billion notional amounts of fixed-rate payer and receiver interest rate swaps for the same period in 2024.

Net gains (losses) on other derivatives was (\$490.4) million for the year ended December 31, 2025 compared to \$124.9 million for the same period in 2024. The change in net gains (losses) on other derivatives was primarily due to unfavorable changes in net gains (losses) on futures contracts, which was (\$619.5) million for the year ended December 31, 2025 compared to \$257.5 million for the same period in 2024, partially offset by favorable changes in net gains (losses) on TBA derivatives, which was \$135.7 million for the year ended December 31, 2025 compared to (\$16.7) million for the same period in 2024, net gains (losses) on interest rate swaptions, which was (\$10.0) million for the year ended December 31, 2025 compared to (\$105.9) million for the same period in 2024, and net gains (losses) on purchase commitments, which was \$3.4 million for the year ended December 31, 2025 compared to (\$10.0) million for the same period in 2024.

Other, Net

Other, net includes brokerage and commission fees, due diligence costs, securitization expenses, interest on custodial balances and items whose amounts, either individually or in the aggregate, would not, in the opinion of management, be meaningful to readers of the financial statements. Given the nature of certain components of this line item, balances may fluctuate from period to period. Other, net was \$51.1 million for the year ended December 31, 2025 compared to \$94.9 million for the same period in 2024, primarily attributable to an increase in MSR financing expenses, a decrease in net interest income on initial margin related to interest rate swaps, an increase in securitization related costs, and an increase in trading activity related expenses, a decrease in other interest and a decrease in earnings from unconsolidated joint ventures. This was partially offset by an increase in interest on custodial balances, advisory income, and conduit transaction fees.

General and Administrative Expenses

General and administrative (“G&A”) expenses consist of compensation and other expenses. The following table shows our total G&A expenses as compared to average total assets and average equity for the periods presented.

Item 7. Management's Discussion and Analysis**G&A Expenses and Operating Expense Ratios**

	Total G&A Expenses	Total G&A Expenses/ Average Assets	Total G&A Expenses/ Average Equity
For the years ended	(dollars in thousands)		
December 31, 2025	\$ 199,629	0.17%	1.42%
December 31, 2024	\$ 171,356	0.18%	1.44%
December 31, 2023	\$ 162,553	0.18%	1.42%

2025 Compared with 2024

G&A expenses increased \$28.3 million to \$199.6 million for the year ended December 31, 2025 compared to the same period in 2024. The change in the period was primarily due to an increase in compensation expense and higher expenses related to professional fees, rent, and technology.

Return on Average Equity

The following table shows the components of our annualized return on average equity for the periods presented.

Components of Annualized Return on Average Equity

For the years ended	Economic Net Interest Income/ Average Equity ⁽¹⁾	Net Servicing Income/ Average Equity	Other Income (Loss)/ Average Equity ⁽²⁾	G&A Expenses/ Average Equity	Income Taxes/ Average Equity	Return on Average Equity
December 31, 2025	13.15%	3.69%	(0.90%)	(1.42%)	0.05%	14.57%
December 31, 2024	12.22%	3.67%	(5.79%)	(1.44%)	(0.13%)	8.53%
December 31, 2023	12.88%	2.85%	(28.30%)	(1.42%)	(0.34%)	(14.33%)

⁽¹⁾ Economic net interest income includes the net interest component of interest rate swaps and, beginning with the quarter ended June 30, 2024, net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss). Prior period results have not been adjusted in accordance with this change as the impact is not material. Net interest on variation margin related to interest rate swaps was previously and is currently included in the Net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss) for all periods presented.

⁽²⁾ Other income (loss) excludes the net interest component of interest rate swaps.

Unrealized Gains and Losses - Available-for-Sale Investments

The unrealized fluctuations in market values of our available-for-sale Agency MBS, for which the fair value option is not elected, do not impact our GAAP net income (loss) but rather are reflected on our balance sheet by changing the carrying value of the asset and stockholders' equity under accumulated other comprehensive income (loss). As a result of this fair value accounting treatment, our book value and book value per share are likely to fluctuate far more than if we used amortized cost accounting. As a result, comparisons with companies that use amortized cost accounting for some or all of their balance sheet may not be meaningful.

The following table shows cumulative unrealized gains and losses on our available-for-sale investments reflected in the Consolidated Statements of Financial Condition.

	December 31, 2025	December 31, 2024
	(dollars in thousands)	
Unrealized gain	\$ 5,704	\$ 4,221
Unrealized loss	(494,270)	(1,021,903)
Accumulated other comprehensive income (loss)	\$ (488,566)	\$ (1,017,682)

Unrealized changes in the estimated fair value of available-for-sale investments may have a direct effect on our potential earnings and dividends: positive changes will increase our equity base and allow us to increase our borrowing capacity while negative changes tend to reduce borrowing capacity. A very large negative change in the net fair value of our available-for-sale Residential Securities might impair our liquidity position, requiring us to sell assets with the potential result of realized losses upon sale.

The fair value of these securities being less than amortized cost at December 31, 2025 is solely due to market conditions and not the quality of the assets. Substantially all of the Agency MBS have an actual or implied credit rating that is the same as that

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of the U.S. government. The investments do not require an allowance for credit losses because we currently have the ability and intent to hold the investments to maturity or for a period of time sufficient for a forecasted market price recovery up to or beyond the cost of the investments, and it is not more likely than not that we will be required to sell the investments before recovery of the amortized cost bases, which may be maturity. Also, we are guaranteed payment of the principal and interest amounts of the securities by the respective issuing Agency.

Financial Condition

Total assets were \$135.6 billion and \$103.6 billion at December 31, 2025 and 2024, respectively. The change was primarily due to increases in securities of \$21.5 billion, securitized residential whole loans of consolidated VIEs of \$10.1 billion, residential mortgage loans of \$1.5 billion, and mortgage servicing rights of \$736.7 million, partially offset by decreases in receivable for unsettled trades of \$2.2 billion, principal and interest receivable of \$142.4 million, and derivative assets of \$109.8 million. Our portfolio composition, net equity allocation and debt-to-net equity ratio by asset class were as follows at December 31, 2025:

	Agency MBS	Residential Credit ⁽¹⁾	MSR	Total
Assets				
(dollars in thousands)				
Fair value	\$ 89,628,654	\$ 38,747,193	\$ 3,674,491	\$ 132,050,338
Implied market value of derivatives ⁽²⁾	3,257,086	—	—	3,257,086
Debt				
Repurchase agreements	76,926,813	4,938,910	—	81,865,723
Implied cost basis of derivatives ⁽²⁾	3,252,601	—	—	3,252,601
Other secured financing	—	—	1,075,000	1,075,000
Debt issued by securitization vehicles	—	28,918,753	—	28,918,753
Participations issued	—	1,932,655	—	1,932,655
U.S. Treasury securities sold, not yet purchased	2,412,968	71,326	(87,570)	2,396,724
Net forward purchases	1,938,116	—	120,239	2,058,355
Other				
Net other assets / liabilities	1,592,502	288,298	471,498	2,352,298
Net equity allocated	\$ 9,947,744	\$ 3,173,847	\$ 3,038,320	\$ 16,159,911
Net equity allocated (%)	62%	19%	19%	100%
Debt/net equity ratio ⁽³⁾	8.0:1	11.3:1	0.3:1	7.2:1

⁽¹⁾ Fair value includes residential loans held for sale, commercial assets and liabilities and assets and liabilities associated with non-controlling interests.

⁽²⁾ Derivatives include TBA contracts under Agency MBS.

⁽³⁾ Represents the debt/net equity ratio as determined using amounts in the Consolidated Statements of Financial Condition.

Residential Securities

Substantially all of our Agency MBS at December 31, 2025 and December 31, 2024 were backed by single-family residential mortgage loans and were secured with a first lien position on the underlying single-family properties. Our mortgage-backed securities were largely Fannie Mae, Freddie Mac or Ginnie Mae pass through certificates or CMOs, which have an actual or implied credit rating that is the same as that of the U.S. government. We carry all of our Agency MBS at fair value in the Consolidated Statements of Financial Condition.

We accrete discount balances as an increase to interest income over the expected life of the related interest earning assets and we amortize premium balances as a decrease to interest income over the expected life of the related interest earning assets. At December 31, 2025 and December 31, 2024 we had in our Consolidated Statements of Financial Condition a total of \$1.2 billion and \$1.3 billion, respectively, of unamortized discount (which is the difference between the remaining principal value and current amortized cost of our Residential Securities acquired at a price below principal value) and a total of \$2.9 billion and \$2.5 billion, respectively, of unamortized premium (which is the difference between the remaining principal value and the current amortized cost of our Residential Securities acquired at a price above principal value).

The weighted average experienced prepayment speed on our Agency MBS portfolio for the years ended December 31, 2025 and 2024 was 8.5% and 7.4%, respectively. The weighted average projected long-term prepayment speed on our Agency MBS portfolio as of December 31, 2025 and 2024 was 10.8% and 8.6%, respectively.

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Given our current portfolio composition, if mortgage principal prepayment rates were to increase over the life of our mortgage-backed securities, all other factors being equal, our net interest income would decrease during the life of these mortgage-backed securities as we would be required to amortize our net premium balance into income over a shorter time period. Similarly, if mortgage principal prepayment rates were to decrease over the life of our mortgage-backed securities, all other factors being equal, our net interest income would increase during the life of these mortgage-backed securities as we would amortize our net premium balance over a longer time period.

The following table presents our Residential Securities that were carried at fair value at December 31, 2025 and December 31, 2024.

Agency	December 31, 2025		December 31, 2024	
	Estimated Fair Value (dollars in thousands)			
Fixed-rate pass-through	\$	81,981,650	\$	63,049,674
Adjustable-rate pass-through		119,052		162,238
CMO		2,640		73,684
Interest-only		614,068		380,732
Multifamily		6,911,244		3,741,765
Reverse mortgages		—		25,975
Total agency securities	\$	89,628,654	\$	67,434,068
Residential credit				
Credit risk transfer	\$	213,800	\$	754,915
Non-QM		336,152		164,892
Prime		114,275		102,117
SBC		176,978		233,572
NPL/RPL		447,817		682,440
RTL		192,626		151,852
Prime jumbo (>= 2010 vintage)		177,328		158,313
Total residential credit securities	\$	1,658,976	\$	2,248,101
Total Residential Securities	\$	91,287,630	\$	69,682,169

The following table summarizes certain characteristics of our Residential Securities (excluding interest-only mortgage-backed securities) and interest-only mortgage-backed securities at December 31, 2025 and December 31, 2024.

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	December 31, 2025		December 31, 2024	
	(dollars in thousands)			
Residential Securities ⁽¹⁾				
Principal amount	\$	89,265,062	\$	70,783,559
Net premium		324,222		110,212
Amortized cost		89,589,284		70,893,771
Amortized cost / principal amount		100.36%		100.16%
Carrying value		89,984,622		68,717,038
Carrying value / principal amount		100.81%		97.08%
Weighted average coupon rate		5.14%		5.02%
Weighted average yield		5.02%		4.96%
Adjustable-rate Residential Securities ⁽¹⁾				
Principal amount	\$	376,967	\$	951,400
Weighted average coupon rate		7.53%		8.41%
Weighted average yield		6.81%		7.59%
Weighted average term to next adjustment ⁽²⁾		6 Months		6 Months
Weighted average lifetime cap ⁽³⁾		9.47%		9.33%
Principal amount at period end as % of total residential securities		0.42%		1.34%
Fixed-rate Residential Securities ⁽¹⁾				
Principal amount	\$	88,888,095	\$	69,832,159
Weighted average coupon rate		5.13%		4.97%
Weighted average yield		5.02%		4.93%
Principal amount at period end as % of total residential securities		99.58%		98.66%
Interest-only Residential Securities				
Notional amount	\$	54,177,136	\$	38,352,812
Net premium		1,374,493		1,091,361
Amortized cost		1,374,493		1,091,361
Amortized cost / notional amount		2.54%		2.85%
Carrying value		1,303,008		965,131
Carrying value / notional amount		2.41%		2.52%
Weighted average coupon rate		0.49%		0.46%
Weighted average yield		5.42%		2.40%

⁽¹⁾ Excludes interest-only MBS.

⁽²⁾ Excludes non-Agency MBS and CRT securities.

⁽³⁾ Excludes non-Agency MBS and CRT securities as this attribute is not applicable to these asset classes.

The following tables summarize certain characteristics of our Residential Credit portfolio at December 31, 2025.

Product	Estimated Fair Value	Payment Structure		Investment Characteristics ⁽¹⁾			
		Senior	Subordinate	Coupon	Credit Enhancement	60+ Delinquencies	3M VPR ⁽²⁾
(dollars in thousands)							
Credit risk transfer	\$ 213,800	\$ —	\$ 213,800	8.74%	1.52%	1.31%	5.89%
Non-QM	336,152	—	336,152	6.95%	7.80%	3.60%	16.88%
Prime	114,275	90,999	23,276	5.82%	13.38%	1.84%	13.17%
SBC	176,978	19,639	157,339	7.20%	26.19%	15.06%	12.68%
NPL/RPL	447,817	94,917	352,900	7.45%	19.61%	52.65%	6.41%
RTL	192,626	137,035	55,591	7.11%	17.85%	3.89%	64.26%
Prime jumbo (>=2010 vintage)	177,328	106,451	70,877	4.91%	1.08%	0.75%	6.36%
Total/weighted average	\$1,658,976	\$ 449,041	\$ 1,209,935	7.19%	13.80%	18.87%	16.36%

⁽¹⁾ Investment characteristics exclude the impact of interest-only securities.

⁽²⁾ Represents the 3 month voluntary prepayment rate (“VPR”).

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Product	Bond Coupon				Estimated Fair Value
	ARM	Fixed	Floater	Interest-Only	
	(dollars in thousands)				
Credit risk transfer	\$ —	\$ —	\$ 213,800	\$ —	\$ 213,800
Non-QM	1,327	334,825	—	—	336,152
Prime	—	83,121	—	31,154	114,275
SBC	—	170,171	6,807	—	176,978
NPL/RPL	—	437,035	10,732	50	447,817
RTL	—	192,626	—	—	192,626
Prime jumbo (>=2010 vintage)	—	51,986	18,891	106,451	177,328
Total	\$ 1,327	\$ 1,269,764	\$ 250,230	\$ 137,655	\$ 1,658,976

Contractual Obligations

The following table summarizes the effect on our liquidity and cash flows from contractual obligations at December 31, 2025. The table does not include the effect of net interest rate payments on our interest rate swap agreements. The net swap payments will fluctuate based on monthly changes in the receive rate. At December 31, 2025, the interest rate swaps had a net fair value of (\$9.0) million.

	Within One Year	One to Three Years	Three to Five Years	More than Five Years	Total
	(dollars in thousands)				
Repurchase agreements	\$ 81,590,382	\$ 275,341	\$ —	\$ —	\$ 81,865,723
Interest expense on repurchase agreements ⁽¹⁾	341,569	1,215	—	—	342,784
Other secured financing	—	1,075,000	—	—	1,075,000
Interest expense on other secured financing ⁽¹⁾	70,347	33,801	—	—	104,148
Debt issued by securitization vehicles (principal)	—	—	—	29,301,144	29,301,144
Interest expense on debt issued by securitization vehicles	1,638,410	3,276,820	3,276,820	51,160,020	59,352,070
Participations issued (principal)	—	—	—	1,883,546	1,883,546
Interest expense on participations issued	122,629	245,259	245,259	3,039,268	3,652,415
Long-term operating lease obligations	261	6,357	7,662	48,210	62,490
Total	\$ 83,763,598	\$ 4,913,793	\$ 3,529,741	\$ 85,432,188	\$ 177,639,320

⁽¹⁾ Interest expense on repurchase agreements and other secured financing calculated based on rates at December 31, 2025.

In the coming periods, we expect to continue to finance our Residential Securities in a manner that is largely consistent with our current operations via repurchase agreements. We may use securitization structures, credit facilities, or other term financing structures to finance certain of our assets. During the year ended December 31, 2025, we received \$8.3 billion from principal repayments and \$17.2 billion in cash from disposal of Securities. During the year ended December 31, 2024, we received \$6.8 billion from principal repayments and \$21.1 billion in cash from disposal of Securities.

Commitments and Contractual Obligations with Unconsolidated Entities

We do not have any commitments or contractual obligations arising from arrangements with unconsolidated entities that have or are reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources.

Capital Management

Maintaining a strong balance sheet that can support the business even in times of economic stress and market volatility is of critical importance to our business strategy. A strong and robust capital position is essential to executing our investment strategy. Our capital strategy is predicated on a strong capital position, which enables us to execute our investment strategy regardless of the market environment. Our capital policy defines the parameters and principles supporting a comprehensive capital management practice.

The major risks impacting capital are liquidity and funding risk, investment/market risk, credit risk, counterparty risk, operational risk and compliance, regulatory and legal risk. For further discussion of the risks we are subject to, please see Part I, Item 1A. “Risk Factors” of this annual report on Form 10-K.

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Capital requirements are based on maintaining levels above approved thresholds, ensuring the quality of our capital appropriately reflects our asset mix, market and funding structure. In the event we fall short of our internal thresholds, we will consider appropriate actions which may include asset sales, changes in asset mix, reductions in asset purchases or originations, issuance of capital or other capital enhancing or risk reduction strategies.

Stockholders’ Equity

The following table provides a summary of total stockholders’ equity at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Stockholders’ equity	(dollars in thousands)	
6.95% Series F fixed-to-floating rate cumulative redeemable preferred stock	696,910	696,910
6.50% Series G fixed-to-floating rate cumulative redeemable preferred stock	411,335	411,335
6.75% Series I fixed-to-floating rate cumulative redeemable preferred stock	428,324	428,324
8.875% Series J fixed-rate cumulative redeemable preferred stock	265,911	—
Common stock	7,070	5,784
Additional paid-in capital	27,927,113	25,257,716
Accumulated other comprehensive income (loss)	(488,566)	(1,017,682)
Accumulated deficit	(13,157,325)	(13,173,146)
Total stockholders’ equity	\$ 16,090,772	\$ 12,609,241

Capital Stock*Common Stock*

In January 2022, we announced that our Board authorized the repurchase of up to \$1.5 billion of our outstanding shares of common stock through December 31, 2024 (the “Prior Common Stock Repurchase Program”). In January 2025, we announced that our Board authorized the repurchase of up to \$1.5 billion of our outstanding shares of common stock through December 31, 2029 (the “Current Common Stock Repurchase Program”). The Current Common Stock Repurchase Program replaced the Prior Common Stock Repurchase Program. During the years ended December 31, 2025 and 2024, no shares were repurchased under the Current Common Stock Repurchase Program or the Prior Common Stock Repurchase Program, respectively.

Purchases made pursuant to the Current Common Stock Repurchase Program will be made in either the open market or in privately negotiated transactions from time to time as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by us in our discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate us to acquire any particular amount of common stock and the program may be suspended or discontinued at our discretion without prior notice.

On August 6, 2020, we entered into separate Amended and Restated Distribution Agency Agreements (as amended by Amendment No. 1 to the Amended and Restated Distribution Agency Agreements on August 6, 2021, and Amendment No. 2 to the Amended and Restated Distribution Agency Agreements on November 3, 2022, collectively, the “2020 Sales Agreements”) with each of Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (collectively, the “2020 Sales Agents”). Pursuant to the 2020 Sales Agreements, we offered and sold shares of our common stock, having an aggregate offering price of up to \$1.5 billion, from time to time through any of the 2020 Sales Agents (the “2020 At-The-Market Sales Program”).

On September 20, 2024, we entered into separate Distribution Agency Agreements (collectively, the “2024 Sales Agreements”) with each of Barclays Capital Inc., BNP Paribas Securities Corp., BofA Securities, Inc., Citizens JMP Securities, LLC, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., Morgan Stanley & Co., LLC, RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (collectively, the “2024 Sales Agents”), which terminated and replaced the 2020 Sales Agreements. Under the terms of the 2024 Sales Agreements, we offered and sold shares of our common stock, having an aggregate offering price of up to \$1.5 billion, from time to time through any of the 2024 Sales Agents (the “2024 At-The-Market Sales Program”).

On May 8, 2025, we entered into separate Distribution Agency Agreements (collectively, the “Prior Sales Agreements”) with each of Barclays Capital Inc., BNP Paribas Securities Corp., BofA Securities, Inc., BTIG, LLC, Citizens JMP Securities, LLC, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., Morgan Stanley & Co., LLC, Piper Sandler & Co., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (the “Sales Agents”), which

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terminated and replaced the 2024 Sales Agreements. Under the terms of the Prior Sales Agreements, the Company offered and sold shares of our common stock, having an aggregate offering price of up to \$2.0 billion (the "Shares"), from time to time through any of the Sales Agents (the "Prior At-The-Market Sales Program").

On December 22, 2025, we entered into separate Distribution Agency Agreements (collectively, the "Sales Agreements") with each of the Sales Agents, which terminated and replaced the Prior Sales Agreements. Under the terms of the Sales Agreements, we may offer and sell shares of our common stock, having an aggregate offering price of up to \$2.5 billion (the "Shares"), from time to time through any of the Sales Agents (the "Current At-The-Market Sales Program" and, together with the 2020 At-The-Market Sales Program, the 2024 At-The-Market Sales Program and the Prior At-The-Market Sales Program, the "at-the-market sales program").

During the year ended December 31, 2025, under the at-the-market sales program, we issued 127.9 million shares for proceeds of \$2.6 billion, net of commissions and fees. During the year ended December 31, 2024, under the at-the-market sales program, we issued 77.9 million shares for proceeds of \$1.6 billion, net of commissions and fees.

Preferred Stock

On November 3, 2022, our Board approved a repurchase plan for all of our existing outstanding Preferred Stock (as defined below, the "Prior Preferred Stock Repurchase Program"). Under the terms of the Prior Preferred Stock Repurchase Program, we are authorized to repurchase up to an aggregate of 63,500,000 shares of Preferred Stock, comprised of up to (i) 28,800,000 shares of our 6.95% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series F Preferred Stock"), (ii) 17,000,000 shares of our 6.50% Series G Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series G Preferred Stock"), and (iii) 17,700,000 shares of our 6.75% Series I Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series I Preferred Stock", and together with Series F Preferred Stock and Series G Preferred Stock, the "Preferred Stock"). The aggregate liquidation value of the Preferred Stock that may be repurchased by us pursuant to the Prior Preferred Stock Repurchase Program, as of November 3, 2022, was approximately \$1.6 billion. The Prior Preferred Stock Repurchase Program became effective on November 3, 2022, and expired on December 31, 2024. No shares were repurchased with respect to the Prior Preferred Stock Repurchase Program during the year ended December 31, 2024.

On December 31, 2024, our Board approved a repurchase plan for all of our existing outstanding Preferred Stock (as defined below, the "Current Preferred Stock Repurchase Program"). Under the terms of the Current Preferred Stock Repurchase Program, we are authorized to repurchase up to an aggregate of 63,500,000 shares of Preferred Stock, comprised of up to (i) 28,800,000 shares of our Series F Preferred Stock, (ii) 17,000,000 shares of our Series G Preferred Stock, and (iii) 17,700,000 shares of our Series I Preferred Stock. The aggregate liquidation value of the Preferred Stock that may be repurchased by us pursuant to the Current Preferred Stock Repurchase Program, as of December 31, 2024, was approximately \$1.6 billion. The Current Preferred Stock Repurchase Program replaced the Prior Preferred Stock Repurchase Program. The Current Preferred Stock Repurchase Program became effective on January 1, 2025, and will expire on December 31, 2029. No shares were repurchased with respect to the Current Preferred Stock Repurchase Program during the year ended December 31, 2025.

Purchases made pursuant to the Current Preferred Stock Repurchase Program will be made in either the open market or in privately negotiated transactions from time to time as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by us in our discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate us to acquire any particular amount of Preferred Stock and the program may be suspended or discontinued at our discretion without prior notice.

During the year ended December 31, 2025, we issued 11,000,000 shares of our Series J Preferred Stock, which included the exercise by the underwriters of their option to purchase an additional 1,000,000 shares of Series J Preferred Stock solely to cover over-allotments, for gross proceeds of \$275 million before deducting the underwriting discount and other estimated offering expenses.

Leverage and Capital

We believe that it is prudent to maintain conservative GAAP leverage ratios and economic leverage ratios as there may be continued volatility in the mortgage and credit markets. Our capital policy governs our capital and leverage position including setting limits. Based on the guidelines, we generally expect to maintain an economic leverage ratio of less than 10:1. Our actual economic leverage ratio varies from time to time based upon various factors, including our management's opinion of the level of risk of our assets and liabilities, our liquidity position, our level of unused borrowing capacity, the availability of credit, over-collateralization levels required by lenders when we pledge assets to secure borrowings and our assessment of domestic and international market conditions.

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Our GAAP leverage ratio at December 31, 2025 and 2024 was 7.2:1 and 7.1:1, respectively. Our economic leverage ratio, which is computed as the sum of Recourse Debt, cost basis of TBA derivatives outstanding, and net forward purchases (sales) of investments divided by total equity was 5.6:1 and 5.5:1, at December 31, 2025 and 2024, respectively. Our GAAP capital ratio at December 31, 2025 and 2024 was 11.9% and 12.3%, respectively. Our economic capital ratio, which represents our ratio of stockholders’ equity to total economic assets (inclusive of the implied market value of TBA derivatives and net of debt issued by securitization vehicles (excluding structured repurchase transactions) and participations issued), was 14.9% and 14.8% at December 31, 2025 and 2024, respectively. Economic leverage ratio and economic capital ratio are non-GAAP financial measures. Refer to the “Non-GAAP Financial Measures” section for additional information, including reconciliations to their most directly comparable GAAP results.

Risk Management

We are subject to a variety of risks in the ordinary conduct of our business. The effective management of these risks is of critical importance to the overall success of Annaly. The objective of our risk management framework is to identify, measure and monitor these risks.

Our risk management framework is intended to facilitate a holistic, enterprise-wide view of risk. We believe we have built a strong and collaborative risk management culture throughout Annaly focused on awareness which supports appropriate understanding and management of our key risks. Each employee is accountable for identifying, monitoring and managing risk within their area of responsibility.

Risk Appetite

We maintain a firm-wide risk appetite statement which defines the types and levels of risk we are willing to take in order to achieve our business objectives, and reflects our risk management philosophy. We engage in risk activities based on our core expertise that aim to enhance value for our stockholders. Our activities focus on income generation and capital preservation through proactive portfolio management, supported by a conservative liquidity and leverage posture.

The risk appetite statement asserts the following key risk parameters to guide our investment management activities:

Risk Parameter	Description
Portfolio Composition	We will maintain a portfolio comprised of target assets approved by our Board and in accordance with our capital allocation policy.
Leverage	We generally expect to maintain an economic leverage ratio no greater than 10:1 considerate of our overall capital allocation framework.
Liquidity Risk	We will seek to maintain an unencumbered asset portfolio sufficient to meet our liquidity needs under adverse market conditions.
Interest Rate Risk	We will seek to manage interest rate risk to protect the portfolio from adverse rate movements utilizing derivative instruments targeting both income and capital preservation.
Credit Risk	We will seek to manage credit risk by making investments which conform to our specific investment policy parameters and optimize risk-adjusted returns.
Capital Preservation	We will seek to protect our capital base through disciplined risk management practices.
Operational Risk	We will seek to limit impacts to our business through disciplined operational risk management practices addressing areas including but not limited to, management of key third party relationships (i.e. originators, sub-servicers), human capital management, cybersecurity and technology related matters, business continuity and financial reporting risk.
Compliance, Regulatory and Legal	We will seek to comply with regulatory requirements needed to maintain our REIT status and our exemption from registration under the Investment Company Act and the licenses and approvals of our regulated and licensed subsidiaries.

Governance

Risk management begins with our Board, through the review and oversight of the risk management framework, and executive management, through the ongoing formulation of risk management practices and related execution in managing risk. The Board exercises its oversight of risk management primarily through the Risk Committee and Audit Committee with support from the other Board Committees. The Risk Committee is responsible for oversight of our risk governance structure, risk management (operational and market risk) and risk assessment guidelines and policies and our risk appetite. The Audit Committee is responsible for oversight of the quality and integrity of our accounting, internal controls and financial reporting practices, including independent auditor selection, evaluation and review, and oversight of the internal audit function. The Risk

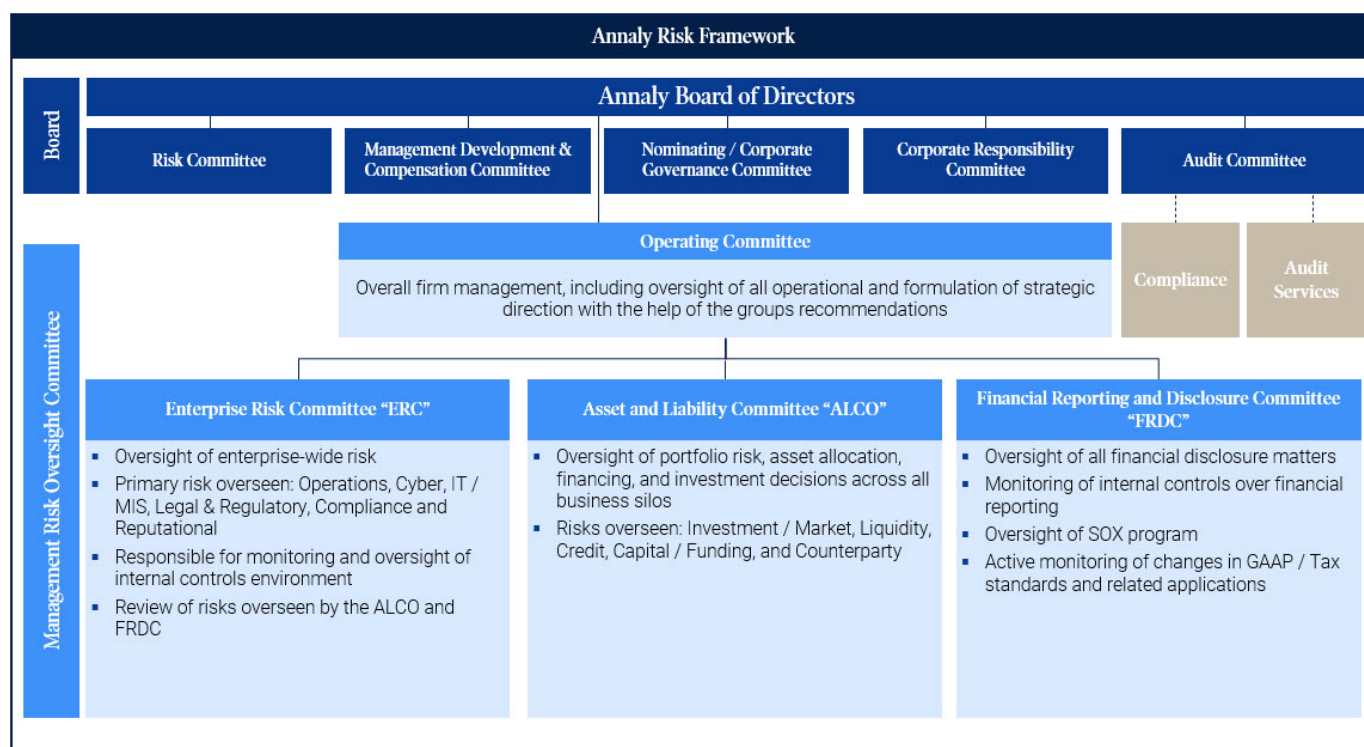
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Committee and the Audit Committee jointly oversee practices and policies related to cybersecurity and receive regular reports from management throughout the year on cybersecurity and related risks. The Management Development and Compensation Committee is responsible for oversight of risk related to our compensation policies and practices and other human capital matters such as succession and culture. The Nominating/Corporate Governance Committee assists the Board in its oversight of our corporate governance framework and the annual self-evaluation of the Board, and the Corporate Responsibility Committee assists the Board in its oversight of any matters that may present reputational or environmental sustainability risk to us. The full Board has overall responsibility for this oversight, and the Corporate Responsibility Committee meets jointly with other Committees from time to time in order to review areas of shared responsibility.

Risk assessment and risk management are the responsibility of our management. A series of management committees has oversight or decision-making responsibilities for risk management activities. Membership of these committees is reviewed regularly to ensure the appropriate personnel are engaged in the risk management process. Three primary management committees have been established to provide a comprehensive framework for risk management. The management committees responsible for our risk management include the Enterprise Risk Committee (“ERC”), Asset / Liability Committee (“ALCO”) and the Financial Reporting and Disclosure Committee (“FRDC”). Each of these committees reports to our management Operating Committee, which is responsible for oversight and management of our operations, including oversight and approval authority over all aspects of our enterprise risk management.

Audit Services is an independent function with reporting lines to the Audit Committee. Audit Services is responsible for performing our internal audit activities, which includes independently assessing and validating key controls within the risk management framework.

Our compliance group is responsible for oversight of our regulatory compliance. Our Chief Compliance Officer has reporting lines to the Audit Committee.



Item 7. Management's Discussion and Analysis**Description of Risks**

We are subject to a variety of risks due to the business we operate. Risk categories are an important component of a robust enterprise-wide risk management framework.

We have identified the following primary categories that we utilize to identify, assess, measure and monitor risk.

Risk	Description
Liquidity and Funding Risk	Risk to earnings, capital or business resulting from our inability to meet our obligations when they come due without incurring unacceptable losses because of inability to liquidate assets or obtain adequate funding.
Investment/Market Risk	Risk to earnings, capital or business resulting in the decline in value of our assets or an increase in the costs of financing caused by changes in market variables, such as interest rates, which affect the values of investment securities and other investment instruments.
Credit Risk	Risk to earnings, capital or business resulting from an obligor's failure to meet the terms of any contract or otherwise failure to perform as agreed. This risk is present in lending and investing activities.
Counterparty Risk	Risk to earnings, capital or business resulting from a counterparty's failure to meet the terms of any contract or otherwise failure to perform as agreed. This risk is present in funding, hedging and investing activities.
Operational Risk	Risk to earnings, capital, reputation or business arising from inadequate or failed internal processes or systems (including business continuity planning), human factors or external events. This risk also applies to our use of proprietary and third party models, software vendors and data providers, and oversight of third party service providers such as sub-servicers, due diligence firms etc.
Compliance, Regulatory and Legal Risk	Risk to earnings, capital, reputation or conduct of business arising from violations of, or nonconformance with internal and external applicable rules and regulations, losses resulting from lawsuits or adverse judgments, or from changes in the regulatory environment that may impact our business model.

Liquidity and Funding Risk Management

Our liquidity and funding risk management strategy is designed to ensure the availability of sufficient resources to support our business and meet our financial obligations under both normal and adverse market and business environments. Our liquidity and funding risk management practices consist of the following primary elements:

Element	Description
Funding	Availability of diverse and stable sources of funds.
Excess Liquidity	Excess liquidity primarily in the form of unencumbered assets and cash.
Maturity Profile	Diversity and tenor of liabilities and modest use of leverage.
Stress Testing	Scenario modeling to measure the resiliency of our liquidity position.
Liquidity Management Policies	Comprehensive policies including monitoring, risk limits and an escalation protocol.

Funding

Our primary financing sources are repurchase agreements provided through counterparty arrangements and through Arcola, other secured financing, debt issued by securitization vehicles, mortgages, credit facilities, note sales and various forms of equity. We maintain excess liquidity by holding unencumbered liquid assets that could be either used to collateralize additional borrowings or sold.

We seek to conservatively manage our repurchase agreement funding position through a variety of methods including diversity, breadth and depth of counterparties and maintaining a staggered maturity profile.

Arcola provides direct access to third party funding as a FINRA member broker-dealer. Arcola borrows funds through the General Collateral Finance Repo service offered by the FICC, with FICC acting as the central counterparty. In addition, Arcola may borrow funds through direct repurchase agreements.

To reduce our liquidity risk we maintain a laddered approach to our repurchase agreements. At December 31, 2025 and December 31, 2024, the weighted average days to maturity was 35 days and 32 days, respectively.

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Our repurchase agreements generally provide that in the event of a margin call we must provide additional securities or cash on the same business day that a margin call is made. Should prepayment speeds on the mortgages underlying our Agency and Residential mortgage-backed securities and/or market interest rates or other factors move suddenly and cause declines in the market value of assets posted as collateral, resulting margin calls may cause an adverse change in our liquidity position. We have continued to diversify our financing profile adding new non-mark-to-market facilities and financing options under existing facilities for our Residential Credit operating segment.

At December 31, 2025, we had total financial assets and cash pledged against existing liabilities of \$87.2 billion. The weighted average haircut was approximately 3% on repurchase agreements. The quality and character of the Residential Securities that we pledge as collateral under the repurchase agreements and interest rate swaps did not materially change at December 31, 2025, compared to the same period in 2024, and our counterparties did not materially alter any requirements, including required haircuts, related to the collateral we pledge under repurchase agreements and interest rate swaps during the year ended December 31, 2025.

The following table presents our quarterly average and quarter-end repurchase agreement and reverse repurchase agreement balances outstanding for the periods presented:

	Repurchase Agreements		Reverse Repurchase Agreements	
	Average Daily Amount Outstanding	Ending Amount Outstanding	Average Daily Amount Outstanding	Ending Amount Outstanding
For the three months ended	(dollars in thousands)			
December 31, 2025	\$ 82,756,418	\$ 81,865,723	\$ 2,580,095	\$ 34,389
September 30, 2025	74,041,222	75,118,963	3,871,747	35,004
June 30, 2025	67,699,628	66,541,378	3,434,050	—
March 31, 2025	66,724,268	61,659,460	2,721,386	—
December 31, 2024	68,092,016	65,688,923	2,778,970	—
September 30, 2024	67,092,629	64,310,276	3,041,120	—
June 30, 2024	63,043,218	60,787,994	2,322,479	—
March 31, 2024	64,027,388	58,975,232	2,323,485	—
December 31, 2023	61,924,576	62,201,543	1,340,204	—

Our committed facility warehouse lines provide financing for our MSR portfolio for liquidity purposes. We maintain a conservative approach to these facilities, generally over-collateralizing the lines against margin calls.

The following table provides information on our repurchase agreements and other secured financing by maturity date at December 31, 2025. The weighted average remaining maturity on our repurchase agreements and other secured financing was 42 days at December 31, 2025:

	December 31, 2025		
	Principal Balance	Weighted Average Rate	% of Total
	(dollars in thousands)		
1 day	\$ —	—%	—%
2 to 29 days	42,517,566	3.99%	51.2%
30 to 59 days	32,731,191	3.97%	39.5%
60 to 89 days	4,624,845	4.02%	5.6%
90 to 119 days	184,068	5.39%	0.2%
Over 119 days ⁽¹⁾	2,883,053	5.82%	3.5%
Total	\$ 82,940,723	4.05%	100.0%

⁽¹⁾ Approximately 1% of the total repurchase agreements and other secured financing had a remaining maturity over 1 year.

We also finance our investments in residential mortgage loans through the issuance of securitization transactions sponsored by our wholly-owned subsidiary Onslow Bay Financial LLC ("Onslow Bay") under the Onslow Bay private-label securitization program. In order to increase financing optionality for our Onslow Bay platform we closed new warehouse facilities and upsized existing warehouse facilities. These included expanded product offerings for residential whole loans, including a component not subject to margin calls.

The following table presents our outstanding debt balances and associated weighted average rates and days to maturity at December 31, 2025:

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	Principal Balance	Weighted Average Rate ⁽¹⁾		Weighted Average Days to Maturity ⁽²⁾
		As of Period End	For the Quarter	
(dollars in thousands)				
Repurchase agreements	\$ 81,865,723	4.02%	4.20%	35
Other secured financing	1,075,000	6.44%	6.63%	545
Debt issued by securitization vehicles ⁽³⁾	29,301,144	5.11%	5.29%	13,041
Participations issued ⁽³⁾	1,883,546	6.33%	6.06%	10,871
Total indebtedness	\$ 114,125,413			

⁽¹⁾ Rates for repurchase agreements and other secured financing are determined by the weighted-average stated interest rates while debt issued by securitization vehicles and participations issued are determined by the weighted-average yield.

⁽²⁾ Determined based on estimated weighted-average lives of the underlying debt instruments.

⁽³⁾ Non-recourse to Annaly which excludes structured repurchase transactions.

Excess Liquidity

Our primary source of liquidity is the availability of unencumbered assets which may be provided as collateral to support additional funding needs. We target minimum thresholds of available, unencumbered assets to maintain excess liquidity. The following table illustrates our asset portfolio available to support potential collateral obligations and funding needs.

Assets are considered encumbered if pledged as collateral against an existing liability, and therefore are no longer available to support additional funding. An asset is considered unencumbered if it has not been pledged or securitized. The following table also provides the carrying amount of our encumbered and unencumbered financial assets at December 31, 2025:

	Encumbered Assets	Unencumbered Assets	Total
(dollars in thousands)			
Financial assets			
Cash and cash equivalents	\$ 1,683,059	\$ 354,779	\$ 2,037,838
Reverse repurchase agreements ⁽¹⁾	34,389	—	34,389
Investments, at carrying value ⁽²⁾			
Agency mortgage-backed securities	81,940,206	5,729,012	87,669,218
Credit risk transfer securities	129,409	84,391	213,800
Non-agency mortgage-backed securities	740,019	705,157	1,445,176
Residential mortgage loans ⁽³⁾	36,294,018	794,199	37,088,217
MSR	3,541,414	104,451	3,645,865
Interests in MSR	—	28,626	28,626
Other assets ⁽⁴⁾	—	15,612	15,612
Total financial assets	\$ 124,362,514	\$ 7,816,227	\$ 132,178,741

⁽¹⁾ The collateral received in connection with reverse repurchase agreements was repledged as of December 31, 2025.

⁽²⁾ The amounts reflected in the table above are on a settlement date basis and may differ from the total positions reported in the Consolidated Statements of Financial Condition.

⁽³⁾ Includes assets transferred or pledged to securitization vehicles.

⁽⁴⁾ Includes commercial real estate investments.

We maintain liquid assets in order to satisfy our current and future obligations in normal and stressed operating environments. These are held as the primary means of liquidity risk mitigation. The composition of our liquid assets is also considered and is subject to certain parameters. The composition is monitored for concentration risk, including in respect of our deposits of our cash and cash equivalents, and asset type. We believe the assets we consider liquid can be readily converted into cash, through liquidation or by being used as collateral in financing arrangements (including as additional collateral to support existing financial arrangements). Our balance sheet also generates liquidity on an on-going basis through mortgage principal and interest repayments and net earnings held prior to payment of dividends. The following table presents our liquid assets as a percentage of total assets at December 31, 2025:

Item 7. Management's Discussion and Analysis

	Carrying Value ⁽¹⁾
Liquid assets	(dollars in thousands)
Cash and cash equivalents	\$ 2,037,838
Residential Securities ⁽²⁾	89,328,144
Residential mortgage loans ⁽³⁾	5,020,784
Total liquid assets	\$ 96,386,766
Percentage of liquid assets to carrying amount of encumbered and unencumbered financial assets ⁽⁴⁾	96.29%

⁽¹⁾ Carrying value approximates the market value of assets. The assets listed in this table include \$87.2 billion of assets that have been pledged as collateral against existing liabilities at December 31, 2025. Please refer to the Encumbered and Unencumbered Assets table for related information.

⁽²⁾ The amounts reflected in the table above are on a settlement date basis and may differ from the total positions reported in the Consolidated Statements of Financial Condition.

⁽³⁾ Excludes securitized residential mortgage loans transferred or pledged to consolidated VIEs carried at fair value of \$32.1 billion.

⁽⁴⁾ Denominator is computed based on the carrying amount of encumbered and unencumbered financial assets, excluding assets transferred or pledged to securitization vehicles, of \$32.1 billion.

Maturity Profile and Interest Rate Sensitivity

We consider the profile of our assets, liabilities and derivatives when managing both liquidity risk as well as investment/market risk. We determine the amount of liquid assets that are required to be held by monitoring several liquidity metrics. We utilize several modeling techniques to analyze our current and potential obligations including the expected cash flows from our assets, liabilities and derivatives. The following table illustrates the expected final maturities and cash flows of our assets, liabilities and derivatives. The table is based on a static portfolio and assumes no reinvestment of asset cash flows and no future liabilities are entered into. In assessing the maturity of our assets, liabilities and off-balance sheet obligations, we use the stated maturities, or our prepayment expectations for assets and liabilities that exhibit prepayment characteristics. Cash and cash equivalents are included in the 'Less than 3 Months' maturity bucket, as they are typically held for a short period of time.

With respect to each maturity bucket, our maturity gap is considered negative when the amount of maturing liabilities exceeds the amount of maturing assets. A negative gap increases our liquidity risk as we must enter into future liabilities.

Our interest rate sensitivity gap is the difference between interest earning assets and interest bearing liabilities maturing or repricing within a given time period. Unlike the calculation of maturity gap, interest rate sensitivity gap includes the effect of our interest rate swaps. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market rates or conditions, changes in interest rates may affect net interest income positively or negatively even if assets and liabilities were perfectly matched in each maturity category. The amount of assets and liabilities utilized to compute our interest rate sensitivity gap was determined in accordance with the contractual terms of the assets and liabilities, except that adjustable-rate loans and securities are included in the period in which their interest rates are first scheduled to adjust and not in the period in which they mature. The effects of interest rate swaps, whereby we generally pay a fixed rate and receive a floating rate and effectively lock in our financing costs for a longer term, are also reflected in our interest rate sensitivity gap.

The interest rate sensitivity of our assets and liabilities in the following table at December 31, 2025 could vary substantially based on actual prepayment experience.

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	Less than 3 Months	3-12 Months	More than 1 Year to 3 Years	3 Years and Over	Total
Financial assets					
(dollars in thousands)					
Cash and cash equivalents	\$ 2,037,838	\$ —	\$ —	\$ —	\$ 2,037,838
Reverse repurchase agreements	—	—	—	34,389	34,389
Agency mortgage-backed securities (principal)	—	86	23,177	87,669,248	87,692,511
Residential credit risk transfer securities (principal)	—	16,583	46,596	141,339	204,518
Non-agency mortgage-backed securities (principal)	121,293	167,987	452,232	626,521	1,368,033
Commercial mortgage-backed securities (principal)	—	—	—	—	—
Total securities	121,293	184,656	522,005	88,437,108	89,265,062
Loans (principal)	—	—	—	4,891,764	4,891,764
Assets transferred or pledged to securitization vehicles (principal)	—	—	—	32,141,816	32,141,816
Total financial assets - maturity	2,159,131	184,656	522,005	125,505,077	128,370,869
Effect of utilizing reset dates ⁽¹⁾	33,580,442	577,905	783,239	(34,941,586)	—
Total financial assets - interest rate sensitive	\$ 35,739,573	\$ 762,561	\$ 1,305,244	\$ 90,563,491	\$ 128,370,869
Financial liabilities					
Repurchase agreements	\$ 79,873,602	\$ 1,716,780	\$ 275,341	\$ —	\$ 81,865,723
Debt issued by securitization vehicles (principal)	—	—	—	29,301,144	29,301,144
Participations issued (principal)	—	—	—	1,883,546	1,883,546
U.S. Treasury securities sold, not yet purchased	2,396,724	—	—	—	2,396,724
Total financial liabilities - maturity	82,270,326	1,716,780	275,341	31,184,690	115,447,137
Effect of utilizing reset dates ⁽¹⁾⁽²⁾	(58,944,283)	10,432,890	17,652,731	30,858,662	—
Total financial liabilities - interest rate sensitive	\$ 23,326,043	\$ 12,149,670	\$ 17,928,072	\$ 62,043,352	\$ 115,447,137
Maturity gap	\$ (80,111,195)	\$ (1,532,124)	\$ 246,664	\$ 94,320,387	\$ 12,923,732
Cumulative maturity gap	\$ (80,111,195)	\$ (81,643,319)	\$ (81,396,655)	\$ 12,923,732	
Interest rate sensitivity gap	\$ 12,413,530	\$ (11,387,109)	\$ (16,622,828)	\$ 28,520,139	\$ 12,923,732
Cumulative rate sensitivity gap	\$ 12,413,530	\$ 1,026,421	\$ (15,596,407)	\$ 12,923,732	

⁽¹⁾ Maturity gap utilizes stated maturities, or prepayment expectations for assets that exhibit prepayment characteristics, while interest rate sensitivity gap utilizes reset dates, if applicable.

⁽²⁾ Includes effect of interest rate swaps.

The methodologies we employ for evaluating interest rate risk include an analysis of our interest rate “gap,” measurement of the duration and convexity of our portfolio and sensitivities to interest rates and spreads.

Stress Testing

We utilize liquidity stress testing to ensure we have sufficient liquidity under a variety of scenarios and stresses. These stress tests assist with the management of our pool of liquid assets and influence our current and future funding plans. The stresses applied include market-wide and firm-specific stresses.

Liquidity Management Policies

We utilize a comprehensive liquidity policy structure to inform our liquidity risk management practices including monitoring and measurement, along with well-defined key risk indicators. Both quantitative and qualitative targets are utilized to measure the ongoing stability and condition of the liquidity position, and include the level and composition of unencumbered assets, as well as the sustainability of the funding composition under stress conditions.

We also monitor early warning metrics designed to measure the quality and depth of liquidity sources based upon both company-specific and market conditions. The metrics assist in assessing our liquidity conditions and are integrated into our escalation protocol.

Investment/Market Risk Management

One of the primary risks we are subject to is investment/market risk. Changes in the level of interest rates can affect our net interest income, which is the difference between the income we earn on our interest earning assets and the interest expense incurred from interest bearing liabilities and derivatives. Changes in the level of interest rates and spreads can also affect the

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value of our assets and potential realization of gains or losses from the sale of these assets. We may utilize a variety of financial instruments, including interest rate swaps, swaptions, options, futures and other hedges, in order to limit the adverse effects of interest rates on our results. In the case of interest rate swaps, we utilize contracts linked to SOFR but may also enter into interest rate swaps where the floating leg is linked to the overnight index swap rate or another index. In addition, we may use MAC interest rate swaps in which we may receive or make a payment at the time of entering such interest rate swap to compensate for the off-market nature of such interest rate swap. MAC interest rate swaps offer price transparency, flexibility and more efficient portfolio administration through compression which is the process of reducing the number of unique interest rate swap contracts and replacing them with fewer contracts containing market defined terms. Our portfolio and the value of our portfolio, including derivatives, may be adversely affected as a result of changing interest rates and spreads.

We simulate a wide variety of interest rate scenarios in evaluating our risk. Scenarios are run to capture our sensitivity to changes in interest rates, spreads and the shape of the yield curve. We also consider the assumptions affecting our analysis such as those related to prepayments. In addition to predefined interest rate scenarios, we utilize Value-at-Risk measures to estimate potential losses in the portfolio over various time horizons utilizing various confidence levels. The following tables estimate the potential changes in economic net interest income over a twelve month period and the immediate effect on our portfolio market value (inclusive of derivative instruments), should interest rates instantaneously increase or decrease by 25, 50 or 75 basis points, and the effect of portfolio market value if mortgage option-adjusted spreads instantaneously increase or decrease by 5, 15 or 25 basis points (assuming shocks are parallel and instantaneous). All changes to income and portfolio market value are measured as percentage changes from the projected net interest income and portfolio value at the base interest rate scenario. The net interest income simulations incorporate the interest expense effect of rate resets on liabilities and derivatives as well as the amortization expense and reinvestment of principal based on the prepayments on our securities, which varies based on the level of rates. The results assume no management actions in response to the rate or spread changes. The following table presents estimates at December 31, 2025. Actual results could differ materially from these estimates.

Change in Interest Rate ⁽¹⁾	Estimated Percentage Change in Portfolio Value ⁽²⁾	Estimated Change as a % on NAV ⁽²⁾⁽³⁾	Projected Percentage Change in Economic Net Interest Income ⁽⁴⁾
-75 Basis points	(0.3%)	(2.2%)	(0.5%)
-50 Basis points	(0.1%)	(0.7%)	—%
-25 Basis points	—%	—%	0.5%
+25 Basis points	(0.1%)	(0.8%)	(0.6%)
+50 Basis points	(0.3%)	(2.2%)	(1.9%)
+75 Basis points	(0.5%)	(4.0%)	(3.6%)

MBS Spread Shock ⁽¹⁾	Estimated Change in Portfolio Market Value ⁽²⁾	Estimated Change as a % on NAV ⁽²⁾⁽³⁾
-25 Basis points	1.2%	8.8%
-15 Basis points	0.7%	5.3%
-5 Basis points	0.2%	1.7%
+5 Basis points	(0.2%)	(1.7%)
+15 Basis points	(0.7%)	(5.2%)
+25 Basis points	(1.2%)	(8.6%)

⁽¹⁾ Interest rate and MBS spread sensitivity are based on results from third party models in conjunction with internally derived inputs, analysis, and adjustments. Models are periodically updated to help better capture market risks and conditions. Such updates are completed by third parties and through the Company's calibration of external models. Any model updates that occur are reflected in the period in which they occur. Actual results could differ materially from these estimates.

⁽²⁾ Scenarios include securities, residential mortgage loans, MSR and derivative instruments.

⁽³⁾ NAV represents book value of equity.

⁽⁴⁾ Scenarios include securities, residential mortgage loans, repurchase agreements, other secured financing and interest rate swaps. Economic net interest income includes the net interest component of interest rate swaps and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss).

Credit Risk Management

Key risk parameters have been established to specify our credit risk appetite. We seek to manage credit risk by making investments which conform to the firm's specific investment policy parameters and optimize risk-return attributes.

While we do not expect to encounter credit risk in our Agency mortgage-backed securities, we face credit risk on the non-Agency mortgage-backed securities and CRT securities in our portfolio. In addition, we are also exposed to credit risk on residential mortgage loans and commercial real estate investments. MSR values may also be impacted through reduced servicing fees and higher costs to service the underlying mortgage loans due to borrower performance. Generally, we are subject to risk of loss if an issuer or borrower fails to perform its contractual obligations. We have established policies and

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procedures for mitigating credit risk, including establishing and reviewing limits for credit exposure. In the case of residential mortgage loans and MSR, we may engage a third party to perform due diligence on a sample of loans that we believe sufficiently represents the entire pool. Once an investment is made, our ongoing surveillance process includes regular reviews, analysis and oversight of investments by our investment personnel and appropriate committee. We review credit and other risks of loss associated with each investment. Our management monitors the overall portfolio risk and determines estimates of provision for loss. Additionally, ALCO has oversight of our credit risk exposure.

Our portfolio composition, based on balance sheet values, at December 31, 2025 and 2024 was as follows:

Category	December 31, 2025	December 31, 2024
Agency mortgage-backed securities	67.8%	68.6%
Credit risk transfer securities	0.2%	0.8%
Non-agency mortgage-backed securities	1.1%	1.5%
Residential mortgage loans ⁽¹⁾	28.1%	26.0%
Commercial mortgage-backed securities	—%	0.1%
Mortgage servicing rights ⁽²⁾	2.8%	3.0%

⁽¹⁾ Includes assets transferred or pledged to securitization vehicles.

⁽²⁾ Includes interests in MSR.

Counterparty Risk Management

Our use of repurchase and derivative agreements and trading activities create exposure to counterparty risk relating to potential losses that could be recognized if the counterparties to these agreements fail to perform their obligations under the contracts. In the event of default by a counterparty, we could have difficulty obtaining our assets pledged as collateral. A significant portion of our investments are financed with repurchase agreements by pledging our Residential Securities as collateral to the applicable lender. The collateral we pledge generally exceeds the amount of the borrowings under each agreement. If the counterparty to the repurchase agreement defaults on its obligations and we are not able to recover our pledged asset, we are at risk of losing the over-collateralization or haircut. The amount of this exposure is the difference between the amount loaned to us plus interest due to the counterparty and the fair value of the collateral pledged by us to the lender including accrued interest receivable on such collateral.

We also use interest rate swaps and other derivatives that are not centrally cleared to manage interest rate risk. Under these agreements, we pledge securities and cash as collateral or settle variation margin payments as part of a margin arrangement.

If a counterparty were to default on its obligations, we would be exposed to a loss to a derivative counterparty to the extent that the amount of our securities or cash pledged exceeded the unrealized loss on the associated derivative and we were not able to recover the excess collateral. Additionally, we would be exposed to a loss to a derivative counterparty to the extent that our unrealized gains on derivative instruments exceeded the amount of the counterparty's securities or cash pledged to us.

We monitor our exposure to counterparties across several dimensions including by type of arrangement, collateral type, counterparty type, ratings and geography. Additionally, ALCO has oversight of our counterparty exposure.

The following table summarizes our exposure to counterparties by geography at December 31, 2025:

Geography	Number of Counterparties	Secured Financing ⁽¹⁾	Interest Rate Swaps at Fair Value	Exposure ⁽²⁾
(dollars in thousands)				
North America	22	\$ 64,875,382	\$ (8,427)	\$ 4,403,476
Europe	11	13,581,250	(586)	1,348,356
Asia (non-Japan)	1	482,321	—	17,826
Japan	4	4,001,770	—	880,895
Total	38	\$ 82,940,723	\$ (9,013)	\$ 6,650,553

⁽¹⁾ Includes repurchase agreements and other secured financing.

⁽²⁾ Represents the amount of cash and/or securities pledged as collateral to each counterparty less the aggregate of repurchase agreement and other secured financing and derivatives for each counterparty.

Operational Risk Management

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We are subject to operational risk in each of our business and support functions. Operational risk may arise from internal or external sources including human error, fraud, systems issues, process change, vendors, business interruptions and other external events. We manage operational risk through a variety of tools including processes, policies and procedures that cover topics such as business continuity, personal conduct, cybersecurity and vendor management. Other tools include Risk and Control Self Assessment ("RCSA") testing, including disaster recovery/testing; systems controls, including access controls; training, including phishing exercises and cybersecurity awareness training; and monitoring, which includes the use of key risk indicators. Our Operational Risk Management team conducts a disaster recovery exercise on an annual basis and periodically conducts other operational risk tabletop exercises. Employee-level lines of defense against operational risk include proper segregation of incompatible duties, activity-level internal controls over financial reporting, the empowerment of business units to identify and mitigate operational risk sources, testing by our internal audit staff, and our overall governance framework.

Operational Risk Management responsibilities are overseen by the ERC. The ERC is responsible for supporting the Operating Committee in the implementation, ongoing monitoring, and evaluation of the effectiveness of the enterprise-wide risk management framework. This oversight authority includes review of the strategies, processes, policies, and practices established by management to identify, assess, measure, and manage enterprise-wide risk.

Cybersecurity is part of our enterprise-wide risk management framework. Processes for assessing, identifying and managing cybersecurity risks include cybersecurity risk assessments, use of key risk indicators, vendor cybersecurity risk management, employee training, including phishing exercises and cybersecurity awareness training, penetration testing, evaluation of cybersecurity insurance and periodic engagements by our internal audit department, which validates whether our cybersecurity program and information security practices align with relevant parts of the National Institute of Standards and Technology ("NIST") framework. We periodically engage penetration testing companies and law firms to assist in these processes. When we do so, we hire reputable companies, limit their access to only information necessary for the specific purpose and maintain security controls around confidential information, including personal information. We also maintain a Cybersecurity Incident Response Plan ("Response Plan") with processes to identify, contain, mitigate and escalate cybersecurity incidents, utilizing cross-functional expertise and external resources as needed. We conduct periodic tabletop exercises to test our Response Plan and our reaction to various business disruption events, and the results of these tabletop exercises are reported to the Cybersecurity Committee and the ERC.

We also have processes in place to oversee and identify material risks from cybersecurity threats associated with our use of third party service providers upon which we depend to perform various business processes related to our operations, including mortgage loan servicers and sub-servicers. Our vendor management and IT policies establish procedures for engaging, onboarding and monitoring the performance of third party vendors including tools for ongoing cyber security risks. For mortgage loan servicers and sub-servicers, these procedures include assessing a vendor's financial health as well as oversight of its compliance with applicable laws and regulations, cybersecurity and business continuity programs and security of personal information. We also have processes to evaluate and classify cybersecurity risk related to sensitive data held by key third party service providers on their systems.

The Cybersecurity Committee has primary responsibility for these processes to manage cybersecurity risks, under the oversight of the ERC. Daily monitoring of cybersecurity defenses is performed by the IT Infrastructure Team and any issues are escalated to the Cybersecurity Committee as needed. The Cybersecurity Committee regularly meets to discuss both routine oversight of cybersecurity processes, policies and procedures and management of any cyber-specific events, including escalation to the ERC, the executive leadership team and/or the Board, as appropriate.

The Cybersecurity Committee includes representatives from Operational Risk Management, Information Technology, Legal, Investment Groups and Internal Controls. Certain members of the Cybersecurity Committee have relevant qualifications such as extensive work experience implementing data security measures, developing cybersecurity policies and procedures and assessing, managing and reporting cybersecurity risk. Members also participate in cybersecurity-related professional organizations that discuss industry threats, challenges and solutions to cybersecurity issues.

The Cybersecurity Committee regularly discusses cybersecurity risk management and best practices with the ERC and with the Audit and Risk Committees of our Board. The Audit and Risk Committees jointly oversee processes, practices and policies related to cybersecurity and receive joint and individual presentations from management and external experts on cyber technology-related risks. Two members of our Board have completed the Carnegie Mellon/NACD Cyber-Risk Oversight Program and earned the CERT Certificate in Cybersecurity Oversight and one member of our Board has completed the NACD Master Class: Cyber-Risk Oversight Program.

To date, we have not detected any risks from cybersecurity threats that have materially affected us. However, even though we take steps to employ reasonable cybersecurity defenses, not every cybersecurity incident can be prevented or detected. We also may be held responsible for cybersecurity threats affecting our third party service providers, including servicers and sub-servicers, some of whom have reported breaches in the past. Therefore, while we are not aware of any cybersecurity threats or incidents that are reasonably likely to have a material effect on our business strategy, results of operations, or financial

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condition the likelihood and severity of such risks are difficult to predict. For further discussion, please see the risk factors titled "We are highly dependent on information systems and networks, many of which are operated by third parties" and "Cyberattacks or other information security breaches of our Company's, service providers' or counterparties' systems or network affect our business, reputation and financial condition" in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K.

Compliance, Regulatory and Legal Risk Management

Our business is organized as a REIT, and we seek to continue to meet the requirements for taxation as a REIT. The determination that we are a REIT requires an analysis of various factual matters and circumstances. Accordingly, we closely monitor our REIT status within our risk management program. We also regularly assess our risk management in respect of our regulated and licensed subsidiaries, which include our registered broker-dealer subsidiary Arcola, our subsidiary that is registered with the SEC as an investment adviser under the Investment Advisers Act and our subsidiary that operates as a licensed mortgage aggregator and master servicer.

The financial services industry is highly regulated and receives significant attention from regulators, which may impact both our company and our business strategy. Our investments in residential whole loans and MSR require us to comply with applicable state and federal laws and regulations and maintain appropriate governmental licenses, approvals and exemptions. We proactively monitor the potential impact regulation may have both directly and indirectly on us. We maintain a process to actively monitor both actual and potential legal action that may affect us. Our risk management framework is designed to identify, measure and monitor these risks under oversight of the ERC.

We currently rely on the exemption from registration provided by Section 3(c)(5)(C) of the Investment Company Act, and we seek to continue to meet the requirements for this exemption from registration. The determination that we qualify for this exemption from registration depends on various factual matters and circumstances. Accordingly, in conjunction with our legal department, we closely monitor our compliance with Section 3(c)(5)(C) of the Investment Company Act within our risk management program. Compliance with Section 3(c)(5)(C) of the Investment Company Act is monitored by the FRDC.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with generally accepted accounting principles in the United States requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ materially from these estimates and changes in assumptions could have a significant effect on the consolidated financial statements. Our critical accounting policies that require us to make significant judgments or estimates are described below. For more information on these critical accounting policies and other significant accounting policies, refer to the Note titled "Significant Accounting Policies" in the Notes to the Consolidated Financial Statements included in Item 15. "Exhibits, Financial Statement Schedules."

Valuation of Financial Instruments***Residential Securities***

Description: We carry Residential Securities at estimated fair value. There is an active market for our Agency mortgage-backed securities, CRT securities and non-Agency mortgage-backed securities.

Judgments and Uncertainties: Since we primarily invest in securities that can be valued using quoted prices for actively traded assets, there is a high degree of observable inputs and less subjectivity in measuring fair value. Internal fair values are determined using quoted prices from the TBA securities market, the Treasury curve and the underlying characteristics of the individual securities, which may include coupon, periodic and life caps, reset dates and the expected life of the security. While prepayment rates may be difficult to predict and require estimation and judgment in the valuation of Agency mortgage-backed securities, we use several third party models to validate prepayment speeds used in fair value measurements of Residential Securities. All internal fair values are compared to external pricing sources and/or dealer quotes to determine reasonableness. Additionally, securities used as collateral for repurchase agreements are priced daily by counterparties to ensure sufficient collateralization, providing additional verification of our internal pricing.

Sensitivity of Estimates to Change: Changes in underlying assumptions used in estimating fair value impact the carrying value of the Residential Securities as well as their yield. For example, an increase in CPR would decrease the carrying value and yield of our Agency mortgage-backed securities. Our valuations are most sensitive to changes in interest rate, which also impacts prepayment speeds. Refer to the Experienced and Projected Long-Term CPR, Financial Condition – Residential Securities and the interest rate sensitivity and interest rate and MBS spread shock analysis and discussions within this Item 7 for further information.

Item 7. Management's Discussion and Analysis*Residential Mortgage Loans*

Description: We elected to account for Residential Mortgage Loans at fair value. There is an active market for the residential whole loans in which we invest.

Judgments and Uncertainties: Since we primarily invest in residential loans that can be valued using actively quoted prices for similar assets, there are observable inputs in measuring fair value. Internal fair values are determined using quoted prices for similar market transactions, the swap curve and the underlying characteristics of the individual loans, which may include loan term, coupon, and reset dates. While prepayment rates may be difficult to predict and are a significant estimate requiring judgment in the valuation of residential whole loans, we validate prepayment speeds against those provided by independent pricing analytic providers specializing in residential mortgage loans. Internal fair values are generally compared to external pricing sources to determine reasonableness.

Sensitivity of Estimates to Change: Changes to model assumptions, including prepayment speeds may significantly impact the fair value estimate of residential mortgage loans as well as unrealized gains and losses and yield on these assets. Our valuations are most sensitive to changes in interest rate, which also impacts prepayment speeds. Refer to the interest rate sensitivity and interest rate shock analysis and discussions within this Item 7 for further information.

MSR

Description: We elected to account for MSR at fair value. The market for MSR is considered less active and transparent compared to securities. As such fair value estimates for our investment in MSR are obtained from models, which use significant unobservable inputs in their valuations.

Judgments and Uncertainties: These valuations primarily utilize discounted cash flow models that incorporate unobservable market data inputs including prepayment rates, delinquency levels, costs to service and discount rates. Model valuations are then compared to valuations obtained from third party pricing providers. Management reviews the valuations received from third party pricing providers and uses them as a point of comparison to modeled values. The valuation of MSR requires significant judgment by management and the third party pricing providers.

Sensitivity of Estimates to Change: Changes in the underlying assumptions used to estimate the fair value of MSR impact the carrying value as well as the related unrealized gains and losses recognized. For further discussion of the sensitivity of the model inputs refer to the Note titled "Fair Value Measurements" in the Notes to the Consolidated Financial Statements included in Item 15. "Exhibits, Financial Statement Schedules."

Interest Rate Swaps

Description: We are required to account for derivative assets and liabilities at fair value, which may or may not be cleared through a derivative clearing organization. We value our cleared interest rate swaps using the prices provided by the derivatives clearing organization. We value uncleared derivatives using internal models with prices compared to counterparty marks.

Judgments and Uncertainties: We use the overnight indexed swap ("OIS") curve, the SOFR curve, or SOFR forward rates as an input to value substantially all of our uncleared interest rate swaps. Consistent with market practice, we exchange collateral (also called margin) based on the fair values of our interest rate swaps. Through this margining process, we may be able to compare our recorded fair value with the fair value calculated by the counterparty or derivatives clearing organization, providing additional verification of our recorded fair value of the uncleared interest rate swaps.

Sensitivity of Estimates to Change: Changes in the OIS curve will impact the carrying value of our interest rate swap assets and liabilities. Our valuations are most sensitive to changes in interest rate, which also impacts prepayment speeds. Refer to the interest rate sensitivity and interest rate shock analysis and discussions within this Item 7 for further information.

Item 7. Management's Discussion and Analysis***Revenue Recognition***

Description: Interest income from coupon payments is accrued based on the outstanding principal amounts of the Residential Securities and their contractual terms. Premiums and discounts associated with the purchase of the Residential Securities are amortized or accreted into interest income over the projected lives of the securities using the interest method. Gains or losses on sales of Residential Securities are recorded on trade date based on the specific identification method.

Judgments and Uncertainties: To aid in determining projected lives of the securities, we use third party model and market information to project prepayment speeds. Our prepayment speed projections incorporate underlying loan characteristics (i.e., coupon, term, original loan size, original loan-to-value ratio, etc.) and market data, including interest rate and home price index forecasts and expert judgment. Prepayment speeds vary according to the type of investment, conditions in the financial markets and other factors and cannot be predicted with any certainty.

Sensitivity of Estimates to Change: Changes to model assumptions, including interest rates and other market data, as well as periodic revisions to the model will cause changes in the results. Adjustments are made for actual prepayment activity as it relates to calculating the effective yield. The sensitivity of changes in interest rates to our economic net interest income is included in the interest rate shock analysis and discussions within this Item 7 for further information.

Consolidation of Variable Interest Entities

Description: We are required to determine if it is required to consolidate entities in which it holds a variable interest.

Judgments and Uncertainties: Determining whether an entity has a controlling financial interest in a VIE requires significant judgment related to assessing the purpose and design of the VIE and determination of the activities that most significantly impact its economic performance. We must also identify explicit and implicit variable interests in the entity and consider our involvement in both the design of the VIE and its ongoing activities. To determine whether consolidation of the VIE is required, we must apply judgment to assess whether we have the power to direct the most significant activities of the VIE and whether we have either the rights to receive benefits or the obligation to absorb losses that could be potentially significant to the VIE.

Use of Estimates

The use of GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Glossary of Terms

A

Adjustable-Rate Loan / Security

A loan / security on which interest rates are adjusted at regular intervals according to predetermined criteria. The adjustable interest rate is tied to an objective, published interest rate index.

Agency

Refers to a federally chartered corporation, such as the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or an agency of the U.S. Government, such as the Government National Mortgage Association.

Agency Mortgage-Backed Securities

Refers to residential mortgage-backed securities that are issued or guaranteed by an Agency.

Amortization

Liquidation of a debt through installment payments. Amortization also refers to the process of systematically reducing a recognized asset or liability (e.g., a purchase premium or discount for a debt security) with an offset to earnings.

Average GAAP Cost of Interest Bearing Liabilities and Average Economic Cost of Interest Bearing Liabilities

Average GAAP cost of interest bearing liabilities represents annualized interest expense divided by average interest bearing liabilities. Average interest bearing liabilities is a non-GAAP financial measure that 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.

Average Life

On a mortgage-backed security, the average time to receipt of each dollar of principal, weighted by the amount of each principal prepayment, based on prepayment assumptions.

Average Yield on Interest Earnings Assets and Average Yield on Interest Earnings Assets (excluding PAA)

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 a non-GAAP financial measure that is calculated using annualized interest income (excluding PAA).

B

Basis Point ("bp" or "bps")

One hundredth of one percent, used in expressing differences in interest rates. One basis point is 0.01% of yield. For example, a bond's yield that changed from 3.00% to 3.50% would be said to have moved 50 basis points.

Benchmark

A bond or an index referencing a basket of bonds whose terms are used for comparison with other bonds of similar maturity. The global financial market typically looks to U.S. Treasury securities as benchmarks.

Beneficial Owner

One who benefits from owning a security, even if the security's title of ownership is in the name of a broker or bank.

Board

Refers to the board of directors of Annaly.

Bond

The written evidence of debt, bearing a stated rate or stated rates of interest, or stating a formula for determining that rate, and maturing on a date certain, on which date and upon presentation a fixed sum of money plus interest (usually represented by interest coupons attached to the bond) is payable to the holder or owner. Bonds are long-term securities with an original maturity of greater than one year.

Book Value Per Share

Calculated by summing common stock, additional paid-in capital, accumulated other comprehensive income (loss) and accumulated deficit and dividing that number by the total common shares outstanding.

Broker

Generic name for a securities firm engaged in both buying and selling securities on behalf of customers or its own account.

C

Capital Buffer

Includes unencumbered financial assets which can be either sold or utilized as collateral to meet liquidity needs.

Capital Ratio (GAAP Capital Ratio)

Calculated as total stockholders' equity divided by total assets.

Item 7. Management’s Discussion and Analysis**Carry**

The amount an asset earns over its hedging and financing costs. A positive carry happens when the rate on the securities being financed is greater than the rate on the funds borrowed. A negative carry is when the rate on the funds borrowed is greater than the rate on the securities that are being financed.

CMBX

The CMBX index is a synthetic tradable index referencing a basket of 25 CMBS of a particular rating and vintage. The CMBX index allows investors to take a long position (referred to as selling protection) or short position (referred to as purchasing protection) on the respective basket of CMBS securities and is structured as a “pay-as-you-go” contract whereby the protection seller receives and the protection buyer pays a standardized running coupon on the contracted notional amount. Additionally, the protection seller is obligated to pay to the protection buyer the amount of principal losses and/or coupon shortfalls on the underlying CMBS securities as they occur.

Collateral

Securities, cash or property pledged by a borrower or party to a derivative contract to secure payment of a loan or derivative. If the borrower fails to repay the loan or defaults under the derivative contract, the secured party may take ownership of the collateral.

Collateralized Loan Obligation (“CLO”)

A securitization collateralized by loans and other debt instruments.

Collateralized Mortgage Obligation (“CMO”)

A multiclass bond backed by a pool of mortgage pass-through securities or mortgage loans.

Commodity Futures Trading Commission (“CFTC”)

An independent U.S. federal agency established by the Commodity Futures Trading Commission Act of 1974. The CFTC regulates the swaps, commodity futures and options markets. Its goals include the promotion of competitive and efficient futures markets and the protection of investors against manipulation, abusive trade practices and fraud.

Commercial Mortgage-Backed Security (“CMBS” or “Commercial Securities”)

Securities collateralized by a pool of mortgages on commercial real estate in which all principal and interest from the mortgages flow to certificate holders in a defined sequence or manner.

Constant Prepayment Rate (“CPR”)

The percentage of outstanding mortgage loan principal that prepays in one year, based on the annualization of the Single Monthly Mortality, which reflects the outstanding mortgage loan principal that prepays in one month.

Convexity

A measure of the change in a security’s duration with respect to changes in interest rates. The more convex a security is, the more its duration will change with interest rate changes. Negative convexity refers to the properties of an MBS in which the relationship between price and yield is not linear. Compared to a comparable duration treasury bond, the price of an MBS security increases less when yields fall and decreases more when yields rise, due to changes in expected prepayment behavior from the underlying borrower.

Counterparty

One of two entities in a transaction. For example, in the bond market a counterparty can be a state or local government, a broker-dealer or a corporation.

Coupon

The interest rate on a bond that is used to compute the amount of interest due on a periodic basis.

Credit and Counterparty Risk

Risk to earnings, capital or business, resulting from an obligor’s or counterparty’s failure to meet the terms of any contract or otherwise failure to perform as agreed. Credit and counterparty risk is present in lending, investing, funding and hedging activities.

Credit Derivatives

Derivative instruments that have one or more underlyings related to the credit risk of a specified entity (or group of entities) or an index that exposes the seller to potential loss from specified credit-risk related events. An example is credit derivatives referencing the commercial mortgage-backed securities index.

Credit Risk Transfer (“CRT”) Securities

Credit Risk Transfer securities are risk sharing transactions issued by Fannie Mae and Freddie Mac and similarly structured transactions arranged by third party market participants. The securities issued in the CRT sector are designed to synthetically transfer mortgage credit risk from Fannie Mae, Freddie Mac and/or third parties to private investors.

Current Face

The current remaining monthly principal on a mortgage security. Current face is computed by multiplying the original face value of the security by the current principal balance factor.

D**Dealer**

Person or organization that underwrites, trades and sells securities, e.g., a principal market-maker in securities.

Item 7. Management's Discussion and Analysis**Default Risk**

Possibility that a bond issuer will fail to pay principal or interest when due.

Derivative

A financial product that derives its value from the price, price fluctuations and price expectations of an underlying instrument, index or reference pool (e.g. futures contracts, options, interest rate swaps, interest rate swaptions and certain to-be-announced securities).

Discount Price

When the dollar price is below face value, it is said to be selling at a discount.

Duration

The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates.

E**Earnings available for distribution ("EAD") and Earnings available for distribution Per Average Common Share**

Non-GAAP financial measure defined as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) net servicing income less realized amortization of MSR, (d) other income (loss) (excluding amortization of intangibles, non-EAD income allocated to equity method investments and other non-EAD components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items), and (f) income taxes (excluding the income tax effect of non-EAD income (loss) items) and excludes (g) the premium amortization adjustment 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 our Agency mortgage-backed securities. Earnings available for distribution per average common share is a non-GAAP financial measure calculated by dividing earnings available for distribution by average basic common shares for the period.

This metric was previously labeled Core Earnings (excluding PAA) and Core Earnings (excluding PAA) Per Average Common Share). The definition of EAD is identical to the definition of Core Earnings (excluding PAA) from prior reporting periods.

Economic Capital

A measure of the risk a firm is subject to. It is the amount of capital a firm needs as a buffer to protect against risk. It is a probabilistic measure of potential future losses at a given confidence level over a given time horizon.

Economic Capital Ratio

Non-GAAP financial measure that is calculated as total stockholders' equity divided by total economic assets. Total economic assets includes the implied market value of TBA derivatives and are net of debt issued by securitization vehicles (excluding structured repurchase transactions) and participations issued.

Economic Interest Expense

Non-GAAP financial measure that is comprised of GAAP interest expense, the net interest component of interest rate swaps and net interest on initial margin related to interest rate swaps, which is reported in Other, net in the Company's Consolidated Statements of Comprehensive Income (Loss). Net interest on variation margin related to interest rate swaps is included in the Net interest component of interest rate swaps in the Company's Consolidated Statements of Comprehensive Income (Loss).

Economic Leverage Ratio (Economic Debt-to-Equity Ratio)

Non-GAAP financial measure that is calculated as the sum of recourse debt, cost basis of TBA derivatives outstanding and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements, other secured financing, structured repurchase transactions (included within Debt issued by securitization vehicles) and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles (excluding structured repurchase transactions) and participations issued are non-recourse to us and are excluded from economic leverage.

Economic Net Interest Income

Non-GAAP financial measure that is composed of GAAP interest income less Economic Interest Expense.

Economic Return

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

Encumbered Assets

Assets on the company's balance sheet which have been pledged as collateral against a liability.

F**Face Amount**

The par value (i.e., principal or maturity value) of a security appearing on the face of the instrument.

Factor

A decimal value reflecting the proportion of the outstanding principal balance of a mortgage security, which changes over time, in relation to its original principal value.

Item 7. Management’s Discussion and Analysis

Fannie Mae

Federal National Mortgage Association.

Federal Deposit Insurance Corporation (“FDIC”)

An independent agency created by the U.S. Congress to maintain stability and public confidence in the nation’s financial system by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, and managing receiverships.

Federal Funds Rate

The interest rate charged by banks on overnight loans of their excess reserve funds to other banks.

Federal Housing Financing Agency (“FHFA”)

The FHFA is an independent regulatory agency that oversees vital components of the secondary mortgage market including Fannie Mae, Freddie Mac and the Federal Home Loan Banks.

Financial Industry Regulatory Authority, Inc. (“FINRA”)

FINRA is a non-governmental organization tasked with regulating all business dealings conducted between dealers, brokers and all public investors.

Fixed-Rate Mortgage

A mortgage featuring level monthly payments, determined at the outset, which remain constant over the life of the mortgage.

Fixed Income Clearing Corporation (“FICC”)

The FICC is an agency that deals with the confirmation, settlement and delivery of fixed-income assets in the U.S. The agency ensures the systematic and efficient settlement of U.S. Government securities and mortgage-backed security transactions in the market.

Floating Rate Bond

A bond for which the interest rate is adjusted periodically according to a predetermined formula, usually linked to an index.

Floating Rate CMO

A CMO tranche which pays an adjustable rate of interest tied to a representative interest rate index such as the SOFR, the Constant Maturity Treasury or the Cost of Funds Index.

Freddie Mac

Federal Home Loan Mortgage Corporation.

Futures Contract

A legally binding agreement to buy or sell a commodity or financial instrument in a designated future month at a price agreed upon at the initiation of the contract by the buyer and seller. Futures contracts are standardized according to the quality, quantity, and delivery time and location for each commodity. A futures contract differs from an option in that an option gives one of the counterparties a right and the other an obligation to buy or sell, while a futures contract represents an obligation of both counterparties, one to deliver and the other to accept delivery. A futures contract is part of a class of financial instruments called derivatives.

G

GAAP

U.S. generally accepted accounting principles.

Ginnie Mae

Government National Mortgage Association.

H

Hedge

An investment made with the intention of minimizing the impact of adverse movements in interest rates or securities prices.

I

Initial Margin

Cash or securities provided by a party to collateralize its obligations under a transaction that is not based on changes in the value of such transaction since the trade was executed.

In-the-Money

Description for an option that has intrinsic value and can be sold or exercised for a profit; a call option is in-the-money when the strike price (execution price) is below the market price of the underlying security.

Interest Bearing Liabilities

Refers to repurchase agreements, debt issued by securitization vehicles, U.S. Treasury securities sold, not yet purchased and credit facilities. Average interest bearing liabilities is based on daily balances.

Interest Earning Assets

Refers to Residential Securities, U.S. Treasury securities, reverse repurchase agreements, commercial real estate debt and residential mortgage loans. Average interest earning assets is based on daily balances.

Item 7. Management’s Discussion and Analysis**Interest-Only (IO) Bond**

The interest portion of mortgage, Treasury or bond payments, which is separated and sold individually from the principal portion of those same payments.

Interest Rate Risk

The risk that an investment’s value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. As market interest rates rise, the value of current fixed income investment holdings declines. Diversifying, deleveraging and hedging techniques are utilized to mitigate this risk. Interest rate risk is a form of market risk.

Interest Rate Swap

A binding agreement between counterparties to exchange periodic interest payments on some predetermined dollar principal, which is called the notional principal amount. For example, one party will pay fixed and receive a variable rate.

Interest Rate Swaption

Options on interest rate swaps. The buyer of a swaption has the right to enter into an interest rate swap agreement at some specified date in the future. The swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed-rate payer.

Interests in MSR

Represents agreements to purchase all, or a component of, net servicing cash flows.

International Swaps and Derivatives Association (“ISDA”) Master Agreement

Standardized contract developed by ISDA used as an umbrella under which bilateral derivatives contracts are entered into.

Inverse IO Bond

An interest-only bond whose coupon is determined by a formula expressing an inverse relationship to a benchmark rate, such as SOFR. As the benchmark rate changes, the IO coupon adjusts in the opposite direction. When the benchmark rate is relatively low, the IO pays a relatively high coupon payment, and vice versa.

Investment/Market Risk

Risk to earnings, capital or business resulting in the decline in value of our assets caused from changes in market variables, such as interest rates, which affect the values of Residential Securities and other investment instruments.

Investment Advisers Act

Refers to the Investment Advisers Act of 1940, as amended.

Investment Company Act

Refers to the Investment Company Act of 1940, as amended.

L

Leverage

The use of borrowed money to increase investing power and economic returns.

Leverage Ratio (GAAP Leverage Ratio or Debt-to-Equity Ratio)

Calculated as total debt to total stockholders’ equity. For purposes of calculating this ratio total debt includes repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued, and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles and participations issued are non-recourse to us.

LIBOR (London Interbank Offered Rate)

A rate previously used as a benchmark for financial transactions. All tenors of LIBOR relevant to us are either no longer published or are no longer representative.

Liquidity Risk

Risk to earnings, capital or business arising from our inability to meet our obligations when they come due without incurring unacceptable losses because of inability to liquidate assets or obtain adequate funding.

Long-Term CPR

Our projected prepayment speeds for certain Agency mortgage-backed securities using third party model and market information. Our prepayment speed projections incorporate underlying loan characteristics (e.g., coupon, term, original loan size, original loan-to-value ratio, etc.) and market data, including interest rate and home price index forecasts. Changes to model assumptions, including interest rates and other market data, as well as periodic revisions to the model will cause changes in the results.

Long-Term Debt

Debt which matures in more than one year.

M

Market Agreed Coupon (“MAC”) Interest Rate Swap

An interest rate swap contract structure with pre-defined, market agreed terms, developed by SIFMA and ISDA with the purpose of promoting liquidity and simplified administration.

Monetary Policy

Action taken by the Federal Open Market Committee of the Federal Reserve System to influence the money supply or interest rates.

Item 7. Management’s Discussion and Analysis**Mortgage-Backed Security (“MBS”)**

A security representing a direct interest in a pool of mortgage loans. The pass-through issuer or servicer collects the payments on the loans in the pool and “passes through” the principal and interest to the security holders on a pro rata basis.

Mortgage Loan

A mortgage loan granted by a bank, thrift or other financial institution that is based solely on real estate as security and is not insured or guaranteed by a government agency.

Mortgage Servicing Rights (“MSR”)

Contractual agreements constituting the right to service an existing mortgage where the holder receives the benefits and bears the costs and risks of servicing the mortgage.

N**NAV**

Net asset value.

Net Interest Income

Represents interest income earned on our portfolio investments, less interest expense paid for borrowings.

Net Interest Margin and Net Interest Margin (excluding PAA)

Net interest margin represents our interest income less interest expense divided by average interest earning assets. Net interest margin (excluding PAA) is a non-GAAP financial measure that represents the sum of our interest income (excluding PAA) plus TBA dollar roll income and CMBX coupon income less economic interest expense divided by the sum of average interest earning assets plus average outstanding TBA contract and CMBX balances.

Net Interest Spread and Net Interest Spread (excluding PAA)

Net interest spread represents the average yield on interest earning assets less the average GAAP cost of interest bearing liabilities. Net interest spread (excluding PAA) is a non-GAAP financial measure that represents the average yield on interest earning assets (excluding PAA) less the average economic cost of interest bearing liabilities.

Non-Performing Loan (“NPL”)

A loan that is close to defaulting or is in default.

Non-Qualified Mortgage (“Non-QM”)

A loan that does not conform to the strict standards set by the Consumer Financial Protection Bureau for a Qualified Mortgage.

Notional Amount

A stated principal amount in a derivative contract on which the contract is based.

O**Operational Risk**

Risk to earnings, capital, reputation or business arising from inadequate or failed internal processes or systems, human factors or external events.

Option Contract

A contract in which the buyer has the right, but not the obligation, to buy or sell an asset at a set price on or before a given date. Buyers of call options bet that a security will be worth more than the price set by the option (the strike price), plus the price they pay for the option itself. Buyers of put options bet that the security’s price will drop below the price set by the option. An option is part of a class of financial instruments called derivatives, which means these financial instruments derive their value from the worth of an underlying investment.

Original Face

The face value or original principal amount of a security on its issue date.

Out-of-the-Money

Description for an option that has no intrinsic value and would be worthless if it expired today; for a call option, this situation occurs when the strike price is higher than the market price of the underlying security; for a put option, this situation occurs when the strike price is less than the market price of the underlying security.

Overnight Index Swaps (“OIS”)

An interest rate swap in which a fixed rate is exchanged for an overnight floating rate.

Over-The-Counter (“OTC”) Market

A securities market that is conducted by dealers throughout the country through negotiation of price rather than through the use of an auction system as represented by a stock exchange.

P**Par**

Price equal to the face amount of a security; 100%.

Par Amount

The principal amount of a bond or note due at maturity. Also known as par value.

Pass-Through Security

A securitization structure where a GSE or other entity “passes” the amount collected from the borrowers every month to the investor, after deducting fees and expenses.

Item 7. Management’s Discussion and Analysis**Pool**

A collection of mortgage loans assembled by an originator or master servicer as the basis for a security. In the case of Ginnie Mae, Fannie Mae, or Freddie Mac mortgage pass-through securities, pools are identified by a number assigned by the issuing agency.

Premium

The amount by which the price of a security exceeds its principal amount. When the dollar price of a bond is above its face value, it is said to be selling at a premium.

Premium Amortization Adjustment (“PAA”)

The cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term prepayment speeds related to our Agency mortgage-backed securities.

Prepayment

The unscheduled partial or complete payment of the principal amount outstanding on a mortgage loan or other debt before it is due.

Prepayment Risk

The risk that falling interest rates will lead to increased prepayments of mortgage or other loans, forcing the investor to reinvest at lower prevailing rates.

Prepayment Speed

The estimated rate at which mortgage borrowers will pay off the mortgages that underlie an MBS.

Primary Market

Market for offers or sales of new bonds by the issuer.

Prime Rate

The indicative interest rate on loans that banks quote to their best commercial customers.

Principal and Interest

The term used to refer to regularly scheduled payments or prepayments of principal and payments of interest on a mortgage or other security.

R**Rate Reset**

The adjustment of the interest rate on a floating-rate security according to a prescribed formula.

Real Estate Investment Trust (“REIT”)

A special purpose investment vehicle that provides investors with the ability to participate directly in the ownership or financing of real-estate related assets by pooling their capital to purchase and manage mortgage loans and/or income property.

Recourse Debt

Debt on which the economic borrower is obligated to repay the entire balance regardless of the value of the pledged collateral. By contrast, the economic borrower’s obligation to repay non-recourse debt is limited to the value of the pledged collateral. Recourse debt consists of repurchase agreements, other secured financing, structured repurchase transactions (included within Debt issued by securitization vehicles) and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles (excluding structured repurchase transactions) and participations issued are non-recourse to us and are excluded from this measure.

Reinvestment Risk

The risk that interest income or principal repayments will have to be reinvested at lower rates in a declining rate environment.

Re-Performing Loan (“RPL”)

A type of loan in which payments were previously delinquent by at least 90 days but have resumed.

Repurchase Agreement

The sale of securities to investors with the agreement to buy them back at a higher price after a specified time period; a form of short-term borrowing. For the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement.

Residential Credit Securities

Refers to CRT securities and non-Agency mortgage-backed securities.

Residential Securities

Refers to Agency mortgage-backed securities, CRT securities and non-Agency mortgage-backed securities.

Residential Transition Loan (“RTL”)

A short-term loan primarily for the purpose of financing the construction or renovation of a residential property.

Residual

In securitizations, the residual is the tranche that collects any cash flow from the collateral that remains after obligations to the other tranches have been met.

Return on Average Equity

Calculated by taking earnings divided by average stockholders’ equity.

Reverse Repurchase Agreement

Refer to Repurchase Agreement. The buyer of securities effectively provides a collateralized loan to the seller.

Item 7. Management’s Discussion and Analysis**Risk Appetite Statement**

Defines the types and levels of risk we are willing to take in order to achieve our business objectives, and reflects our risk management philosophy.

S**Secondary Market**

Ongoing market for bonds previously offered or sold in the primary market.

Secured Overnight Financing Rate (“SOFR”)

Broad measure of the cost of borrowing cash overnight collateralized by Treasury securities and was chosen by the Alternative Reference Rate Committee as the preferred benchmark rate to replace dollar LIBOR.

Settlement Date

The date securities must be delivered and paid for to complete a transaction.

Short-Term Debt

Generally, debt which matures in one year or less. However, certain securities that mature in up to three years may be considered short-term debt.

Small Balance Commercial (“SBC”)

A business-purpose loan secured by commercial or mixed-use real estate or by 1-4 unit residential properties owned for investment purposes. The average loan size of SBC securitizations is generally less than \$1mm, in contrast to large balance commercial loans which generally start at \$40mm and above.

Spread

When buying or selling a bond through a brokerage firm, investors will be charged a commission or spread, which is the difference between the market price and cost of purchase, and sometimes a service fee. Spreads differ based on several factors including liquidity.

T**Tangible Economic Return**

Refers to the Company’s change in tangible book value (calculated by summing common stock, additional paid-in capital, accumulated other comprehensive income (loss) and accumulated deficit less intangible assets) plus dividends declared divided by the prior period’s tangible book value.

Target Assets

Includes Agency mortgage-backed securities, to-be-announced forward contracts, CRT securities, MSR, non-Agency mortgage-backed securities, residential mortgage loans, and commercial real estate investments.

Taxable REIT Subsidiary (“TRS”)

An entity that is owned directly or indirectly by a REIT and has jointly elected with the REIT to be treated as a TRS for tax purposes. Annaly and certain of its direct and indirect subsidiaries have made separate joint elections to treat these subsidiaries as TRSs.

Term SOFR

The term secured overnight financing rate published by the Chicago Mercantile Exchange, which is used as a benchmark for financial transactions.

To-Be-Announced (“TBA”) Securities

A contract for the purchase or sale of a mortgage-backed security to be delivered at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date but does not include a specified pool number and number of pools.

TBA Dollar Roll Income

TBA dollar roll income is defined as the difference in price between two TBA contracts with the same terms but different settlement dates. The TBA contract settling in the later month typically prices at a discount to the earlier month contract with the difference in price commonly referred to as the “drop”. TBA dollar roll income represents the equivalent of interest income on the underlying security less an implied cost of financing.

Total Return

Investment performance measure over a stated time period which includes coupon interest, interest on interest, and any realized and unrealized gains or losses.

Total Return Swap

A derivative instrument where one party makes payments at a predetermined rate (either fixed or variable) while receiving a return on a specific asset (generally an equity index, loan or bond) held by the counterparty.

U**Unencumbered Assets**

Assets on our balance sheet which have not been pledged as collateral against an existing liability.

U.S. Government-Sponsored Enterprise (“GSE”)**Obligations**

Obligations of Agencies originally established or chartered by the U.S. government to serve public purposes as specified by the U.S. Congress, such as Fannie Mae and Freddie Mac; these obligations are not explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.

Item 7. Management’s Discussion and Analysis**V**

Value-at-Risk (“VaR”)

A statistical technique which measures the potential loss in value of an asset or portfolio over a defined period for a given confidence interval.

Variable Interest Entity (“VIE”)

An entity in which equity investors (i) do not have the characteristics of a controlling financial interest, and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

Variation Margin

Cash or securities provided by a party to collateralize its obligations under a transaction as a result of a change in value of such transaction since the trade was executed or the last time collateral was provided.

Volatility

A statistical measure of the variance of price or yield over time. Volatility is low if the price does not change very much over a short period of time, and high if there is a greater change.

Voting Interest Entity (“VOE”)

An entity that has sufficient equity to finance its activities without additional subordinated financial support from other parties and in which equity investors have a controlling financial interest.

W

Warehouse Lending

A line of credit extended to a loan originator to fund mortgages extended by the loan originators to property purchasers. The loan typically lasts from the time the mortgage is originated to when the mortgage is sold into the secondary market, whether directly or through a securitization. Warehouse lending can provide liquidity to the loan origination market.

Weighted Average Coupon

The weighted average interest rate of the underlying mortgage loans or pools that serve as collateral for a security, weighted by the size of the principal loan balances.

Weighted Average Life (“WAL”)

The assumed weighted average amount of time that will elapse from the date of a security’s issuance until each dollar of principal is repaid to the investor. The WAL will change as the security ages and depending on the actual realized rate at which principal, scheduled and unscheduled, is paid on the loans underlying the MBS.

Y

Yield-to-Maturity

The expected rate of return of a bond if it is held to its maturity date; calculated by taking into account the current market price, stated redemption value, coupon payments and time to maturity and assuming all coupons are reinvested at the same rate; equivalent to the internal rate of return.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are contained within the section titled “Risk Management” of Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements and the related notes, together with the Report of Independent Registered Public Accounting Firm thereon, are set forth beginning on page F-1 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, including our Chief Executive Officer (the CEO) and Chief Financial Officer (the CFO), reviewed and evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act) as of the end of the period covered by this report. Based on that review and evaluation, the CEO and CFO have concluded that our current disclosure controls and procedures, as designed, (1) were effective in ensuring that information required to be disclosed by Annaly in reports it files or submits under the Securities Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure and (2) were effective in ensuring that information required to be disclosed by Annaly in reports it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms.

There have been no changes in our internal controls over financial reporting that occurred during the three months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Management’s Annual Report On Internal Control Over Financial Reporting

Management of Annaly is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act. Our internal control over financial reporting is a process designed by, or under the supervision of, Annaly’s CEO and CFO and effected by the Annaly’s board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Annaly;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Annaly are being made only in accordance with authorizations of management and directors of Annaly; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Annaly’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. As a result, even systems determined to be effective can provide only reasonable assurance regarding the preparation and presentation of financial statements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the

risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Annaly's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, the Company's management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") Internal Control-Integrated Framework (2013).

Based on Annaly's management's evaluation under the framework in Internal Control—Integrated Framework (2013), Annaly's management concluded that its internal control over financial reporting was effective as of December 31, 2025. Annaly's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on Annaly's internal control over financial reporting, which is included herein.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Annaly Capital Management, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Annaly Capital Management, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Annaly Capital Management, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of the Company as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated February 12, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York
February 12, 2026

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 2025, no director or officer of the Company adopted, modified or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, each as defined in Item 408 of Regulation S-K, except as set forth below:

Name and Title	Date of Adoption of Rule 10b5-1 Trading Plan	Duration of 10b5-1 Trading Arrangements	Aggregate Number of Securities to be Purchased or Sold
David L. Finkelstein, Chief Executive Officer and Co-Chief Investment Officer	November 12, 2025	February 17, 2026 – March 16, 2026 April 27, 2026 – June 16, 2026 August 3, 2026 – September 16, 2026 November 2, 2026 – December 4, 2026	198,223
Serena Wolfe, Chief Financial Officer	November 4, 2025	February 17, 2026 – March 13, 2026 May 4, 2026 – June 17, 2026	33,073
Steven F. Campbell, President and Chief Operating Officer	November 3, 2025	February 17, 2026 – June 3, 2026	54,716

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by Item 10 as to our directors is incorporated herein by reference to the proxy statement to be filed with the SEC within 120 days after December 31, 2025. The information regarding our executive officers required by Item 10 appears in Part I of this Form 10-K. The information required by Item 10 as to our compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the proxy statement to be filed with the SEC within 120 days after December 31, 2025.

We have adopted a Code of Business Conduct and Ethics within the meaning of Item 406(b) of Regulation S-K. This Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer and principal accounting officer. This Code of Business Conduct and Ethics is publicly available on our website at www.annaly.com. We intend to satisfy the disclosure requirements regarding amendments to, or waivers from, certain provisions of this Code of Business Conduct and Ethics by posting on our website.

We have adopted an Insider Trading Policy within the meaning of Item 408(b) of Regulation S-K, which prohibits our directors, officers and employees, as well as those of our subsidiaries, from buying or selling our securities on the basis of material nonpublic information and prohibits communicating material nonpublic information about our company to others, and that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, as well as NYSE listing standards. Our Insider Trading Policy prohibits our directors, officers and employees from (1) holding our stock in a margin account as eligible collateral, or otherwise pledging our stock as collateral for a loan, or (2) engaging in any hedging transactions with respect to our equity securities held by them.

The information regarding certain matters pertaining to our corporate governance required by Items 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2025.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the proxy statement to be filed with the SEC within 120 days after December 31, 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

On May 20, 2020, at our 2020 Annual Meeting of Stockholders, our stockholders approved the 2020 Equity Incentive Plan. The 2020 Equity Incentive Plan authorizes us to grant options, stock appreciation rights, dividend equivalent rights, or other share-based awards, including restricted shares up to an aggregate of 31,250,000 shares, subject to adjustments for any awards that were outstanding under our 2010 Equity Incentive Plan (the “Prior Incentive Plan,” together with the 2020 Equity Incentive Plan, the “Incentive Plans”) on the effective date of the 2020 Equity Incentive Plan and subsequently expire, terminate, or are surrendered or forfeited.

Since the adoption of the 2020 Equity Incentive Plan, no further awards have been made under the Prior Incentive Plan, although existing awards remained effective.

The following table provides information as of December 31, 2025 concerning shares of our common stock authorized for issuance under the Incentive Plans.

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under the Incentive Plans (excluding securities in column 'a')
Equity compensation plans approved by security holders	—	\$ —	24,203,367
Equity compensation plans not approved by security holders	—	—	—
Total	—	\$ —	24,203,367

Information with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to the proxy statement to be filed with the SEC within 120 days after December 31, 2025.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference to the proxy statement to be filed with the SEC within 120 days after December 31, 2025.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the proxy statement to be filed with the SEC within 120 days after December 31, 2025.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

1. Financial Statements. See Index to Financial Statements below.
2. Schedules to Financial Statements. See Index to Financial Statements below

All financial statement schedules not included have been omitted because they are either inapplicable or the information required is provided in our Financial Statements and Notes thereto.

3. Exhibits. See Exhibit Index below.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
<u>3.1</u>	<u>Articles of Restatement of the Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q filed October 30, 2025).</u>
<u>3.2</u>	<u>Amended and Restated Bylaws of the Registrant, December 8, 2022 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed December 9, 2022).</u>
<u>4.1</u>	<u>Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-11 (Registration No. 333-32913) filed September 17, 1997).</u>
<u>4.2</u>	<u>Specimen Preferred Stock Certificate (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-3 (Registration No. 333-74618) filed on December 5, 2001).</u>
<u>4.3</u>	<u>Specimen Series F Preferred Stock Certificate (incorporated by reference to Exhibit 4.8 to the Registrant's Registration Statement on Form 8-A filed July 27, 2017).</u>
<u>4.4</u>	<u>Specimen Series G Preferred Stock Certificate (incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form 8-A filed January 10, 2018).</u>
<u>4.5</u>	<u>Specimen Series I Preferred Stock Certificate (incorporated by reference to Exhibit 4.7 to the Registrant's Registration Statement on Form 8-A filed June 26, 2019).</u>
<u>4.6</u>	<u>Specimen Series J Preferred Stock Certificate (incorporated by reference to Exhibit 4.10 to the Registrant's Registration Statement on Form 8-A filed August 7, 2025).</u>
<u>4.7</u>	<u>Indenture, dated as of February 12, 2010, between the Registrant and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed February 12, 2010).</u>
<u>4.8</u>	<u>Indenture, dated as of February 1, 2019, between the Registrant and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.7 to the Registrant's Current Report on Form S-3 filed February 1, 2019).</u>
<u>4.9</u>	<u>Supplemental Indenture, dated as of February 12, 2010, between the Registrant and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed February 12, 2010).</u>
<u>4.10</u>	<u>Second Supplemental Indenture, dated as of May 14, 2012, between the Registrant and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed May 14, 2012).</u>
<u>4.11</u>	<u>Description of Securities. †</u>
<u>10.1</u>	<u>Form of Master Repurchase Agreement (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-11 (Registration No. 333-32913) filed August 5, 1997).</u>
<u>10.2</u>	<u>Registrant's Deferred Compensation Plan for Directors (incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K filed February 23, 2017).*</u>
<u>10.3</u>	<u>Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed March 20, 2017).</u>

10.4	2020 Equity Incentive Plan (incorporated herein by reference to Annex A to the Registrant's proxy statement dated April 8, 2020).*
10.5	Form of Deferred Stock Unit Award for Directors (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed May 21, 2020).*
10.6	Annaly Capital Management, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 1, 2020).*
10.7	Form of 2023 Performance Stock Unit Award (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed February 16, 2023).*
10.8	Form of 2023 Restrictive Stock Unit Award (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed February 16, 2023).*
10.9	Retirement and Transition Agreement among the Registrant and Anthony C. Green dated December 29, 2025.*†
19.1	Insider Trading Policy (incorporated by reference to Exhibit 19.1 to the Registrant's Annual Report on Form 10-K filed February 15, 2024).
21.1	Subsidiaries of Registrant. †
23.1	Consent of Ernst & Young LLP. †
97.1	Dodd-Frank Clawback Policy (incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K filed February 15, 2024).
31.1	Certification of David L. Finkelstein, Chief Executive Officer and Co-Chief Investment Officer (Principal Executive Officer) of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. †
31.2	Certification of Serena Wolfe, Chief Financial Officer (Principal Financial Officer) of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. †
32.1	Certification of David L. Finkelstein, Chief Executive Officer and Co-Chief Investment Officer (Principal Executive Officer) of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †
32.2	Certification of Serena Wolfe, Chief Financial Officer (Principal Financial Officer) of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †
101.INS XBRL	The instance document does not appear in the interactive data file because its Extensible Business Reporting Language (XBRL) tags are embedded within the Inline XBRL document. The following documents are formatted in Inline XBRL: (i) Consolidated Statements of Financial Condition at December 31, 2025 and 2024; (ii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2025, 2024 and 2023; (iii) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2025, 2024 and 2023; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023; and (v) Notes to Consolidated Financial Statements.
101.SCH XBRL	Taxonomy Extension Schema Document †
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document †
101.DEF XBRL	Additional Taxonomy Extension Definition Linkbase Document Created†
101.LAB XBRL	Taxonomy Extension Label Linkbase Document †
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document †
104	The cover page for the Registrant's Annual Report on Form 10-K for the year ended December 31, 2025 (formatted in Inline XBRL and contained in Exhibit 101).
*	Exhibit Numbers 10.2, 10.3, 10.5, 10.6, 10.7, 10.8, and 10.9 are management contracts or compensatory plans required to be filed as Exhibits to this Form 10-K.
†	Submitted electronically herewith.

ITEM 16. FORM 10-K SUMMARY

None.

Financial Statements		Page
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)		F-1
Consolidated Financial Statements as of December 31, 2025 and 2024 and for the Years Ended December 31, 2025, 2024 and 2023		
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Consolidated Statements of Comprehensive Income (Loss)		F-4
Consolidated Statements of Stockholders' Equity		F-5
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Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Annaly Capital Management, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of Annaly Capital Management, Inc. and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 12, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Financial Statements

Valuation of mortgage servicing rights

Description of the Matter

The Company invests in servicing related assets comprised of mortgage servicing rights (“MSR”) totaling \$3.6 billion as of December 31, 2025 as included in Note 7 to the consolidated financial statements. The Company records MSR at fair value on a recurring basis with changes in fair value recognized in the statement of comprehensive income (loss). These fair value estimates are based on valuation techniques used to estimate future cash flows that incorporate unobservable assumptions, including discount rate, prepayment rate, delinquency rate and cost to service.

Auditing the valuation of MSR is complex and required the use of a specialist due to the high degree of judgement in the assumptions made by management which are unobservable in nature. Additionally, selecting and applying audit procedures to address the estimation uncertainty involves auditor subjectivity and industry-specific knowledge of MSR, including the current market conditions considered by a market participant.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated and tested the Company’s processes and the design and operating effectiveness of internal controls addressing the valuation of MSR, comprising management’s governance over the functionality of the discounted cash flow model utilized to estimate fair value; management’s review of the reasonableness of the unobservable assumptions used in the discounted cash flow model (i.e., discount rate, prepayment rate, delinquency rate and cost to service); management’s comparison of the assumptions used to independent third-party data; and management’s evaluation of the internal fair value mark to third-party management specialists’ ranges, as well as their evaluation of the competence and objectivity of those third-party management specialists, to assess the reasonableness of the fair values developed by the Company.

To test the valuation of MSR, our audit procedures included, among others, evaluating the Company’s valuation techniques used to estimate future cash flows, validating the accuracy and completeness of model objective inputs by agreeing these inputs to the Company’s underlying records and third-party data, evaluating the Company’s model, and testing the significant unobservable assumptions used by management by comparing them to current industry, market and economic trends. We involved our valuation specialists to assist in our evaluation of the Company’s valuation techniques and the assumptions used by management, and to independently develop a range of fair values for the MSR. We compared the assumptions made by management and management’s estimate of fair value to the assumptions and fair value ranges developed by third-party management specialists and our independent ranges to assess management’s estimates of fair value. We also assessed the competence and objectivity of third-party management specialists engaged to evaluate the reasonableness of the fair values developed by the Company.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2012.

New York, New York
February 12, 2026

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except per share data)

	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents (includes pledged assets of \$1,683,059 and \$1,202,880, respectively) ⁽¹⁾	\$ 2,037,838	\$ 1,488,027
Securities (includes pledged assets of \$82,809,634 and \$67,692,062, respectively) ⁽²⁾	91,287,630	69,756,447
Loans, net (includes pledged assets of \$4,590,517 and \$2,754,028, respectively) ⁽³⁾	5,020,784	3,546,902
Mortgage servicing rights (includes pledged assets of \$3,541,414 and \$2,460,252, respectively)	3,645,865	2,909,134
Interests in MSR	28,626	—
Assets transferred or pledged to securitization vehicles	32,067,433	21,973,188
Derivative assets	115,533	225,351
Reverse repurchase agreements	34,389	—
Receivable for unsettled trades	1,031	2,201,447
Principal and interest receivable	926,660	1,069,038
Intangible assets, net	6,726	9,416
Other assets	437,323	377,434
Total assets	\$ 135,609,838	\$ 103,556,384
Liabilities and stockholders' equity		
Liabilities		
Repurchase agreements	\$ 81,865,723	\$ 65,688,923
Other secured financing	1,075,000	750,000
Debt issued by securitization vehicles	28,918,753	19,540,678
Participations issued	1,932,655	1,154,816
U.S. Treasury securities sold, not yet purchased	2,396,724	2,470,629
Derivative liabilities	53,755	59,586
Payable for unsettled trades	2,059,386	308,282
Interest payable	380,688	268,317
Dividends payable	494,881	375,932
Other liabilities	272,362	242,269
Total liabilities	119,449,927	90,859,432
Stockholders' equity		
Preferred stock, par value \$0.01 per share, 75,000,000 and 63,500,000 authorized, 74,500,000 and 63,500,000 issued and outstanding, respectively	1,802,480	1,536,569
Common stock, par value \$0.01 per share, 1,456,750,000 and 1,468,250,000 authorized, 706,972,452 and 578,357,118 issued and outstanding, respectively	7,070	5,784
Additional paid-in capital	27,927,113	25,257,716
Accumulated other comprehensive income (loss)	(488,566)	(1,017,682)
Accumulated deficit	(13,157,325)	(13,173,146)
Total stockholders' equity	16,090,772	12,609,241
Noncontrolling interests	69,139	87,711
Total equity	16,159,911	12,696,952
Total liabilities and equity	\$ 135,609,838	\$ 103,556,384

⁽¹⁾ Includes cash of consolidated Variable Interest Entities ("VIEs") of \$4.1 million and \$2.8 million at December 31, 2025 and 2024, respectively.

⁽²⁾ Excludes \$3.1 billion and \$2.2 billion at December 31, 2025 and 2024, respectively, of non-Agency mortgage-backed securities in consolidated VIEs pledged as collateral and eliminated from the Company's Consolidated Statements of Financial Condition.

⁽³⁾ Includes \$37.1 million and \$10.0 million of residential mortgage loans held for sale at December 31, 2025 and 2024, respectively.

See notes to consolidated financial statements.

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands, except per share data)

	For The Years Ended December 31,		
	2025	2024	2023
Net interest income			
Interest income	\$ 5,959,205	\$ 4,840,034	\$ 3,731,581
Interest expense	4,823,705	4,592,238	3,842,965
Net interest income	1,135,500	247,796	(111,384)
Net servicing income			
Servicing and related income	579,592	485,406	364,157
Servicing and related expense	60,273	49,469	37,652
Net servicing income	519,319	435,937	326,505
Other income (loss)			
Net gains (losses) on investments and other	1,745,670	(1,849,585)	(2,125,618)
Net gains (losses) on derivatives	(1,207,161)	2,269,301	400,092
Loan loss (provision) reversal	—	—	219
Other, net	51,121	94,935	73,716
Total other income (loss)	589,630	514,651	(1,651,591)
General and administrative expenses			
Compensation expense	151,552	130,403	119,592
Other general and administrative expenses	48,077	40,953	42,961
Total general and administrative expenses	199,629	171,356	162,553
Income (loss) before income taxes	2,044,820	1,027,028	(1,599,023)
Income taxes	(6,870)	15,260	39,434
Net income (loss)	2,051,690	1,011,768	(1,638,457)
Net income (loss) attributable to noncontrolling interests	24,428	9,862	4,714
Net income (loss) attributable to Annaly	2,027,262	1,001,906	(1,643,171)
Dividends on preferred stock	157,931	154,551	141,676
Net income (loss) available (related) to common stockholders	\$ 1,869,331	\$ 847,355	\$ (1,784,847)
Net income (loss) per share available (related) to common stockholders			
Basic	\$ 2.92	\$ 1.62	\$ (3.61)
Diluted	\$ 2.92	\$ 1.62	\$ (3.61)
Weighted average number of common shares outstanding			
Basic	639,513,399	521,737,554	494,541,323
Diluted	641,042,741	522,747,610	494,541,323
Other comprehensive income (loss)			
Net income (loss)	\$ 2,051,690	\$ 1,011,768	\$ (1,638,457)
Unrealized gains (losses) on available-for-sale securities	386,709	(244,278)	580,680
Reclassification adjustment for net (gains) losses included in net income (loss)	142,407	561,996	1,792,816
Other comprehensive income (loss)	529,116	317,718	2,373,496
Comprehensive income (loss)	2,580,806	1,329,486	735,039
Comprehensive income (loss) attributable to noncontrolling interests	24,428	9,862	4,714
Comprehensive income (loss) attributable to Annaly	2,556,378	1,319,624	730,325
Dividends on preferred stock	157,931	154,551	141,676
Comprehensive income (loss) attributable to common stockholders	\$ 2,398,447	\$ 1,165,073	\$ 588,649

See notes to consolidated financial statements.

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands)

	For The Years Ended December 31,		
	2025	2024	2023
Preferred stock			
Beginning of period	\$ 1,536,569	\$ 1,536,569	\$ 1,536,569
Issuance	\$ 265,911	\$ —	\$ —
End of period	\$ 1,802,480	\$ 1,536,569	\$ 1,536,569
Common stock			
Beginning of period	\$ 5,784	\$ 5,001	\$ 4,683
Issuance	1,280	780	315
Stock-based award activity	6	3	3
End of period	\$ 7,070	\$ 5,784	\$ 5,001
Additional paid-in capital			
Beginning of period	\$ 25,257,716	\$ 23,672,391	\$ 22,981,320
Issuance	2,643,380	1,557,536	673,378
Stock-based award activity	26,017	27,789	17,693
End of period	\$ 27,927,113	\$ 25,257,716	\$ 23,672,391
Accumulated other comprehensive income (loss)			
Beginning of period	\$ (1,017,682)	\$ (1,335,400)	\$ (3,708,896)
Unrealized gains (losses) on available-for-sale securities	386,709	(244,278)	580,680
Reclassification adjustment for net (gains) losses included in net income (loss)	142,407	561,996	1,792,816
End of period	\$ (488,566)	\$ (1,017,682)	\$ (1,335,400)
Accumulated deficit			
Beginning of period	\$ (13,173,146)	\$ (12,622,768)	\$ (9,543,233)
Net income (loss) attributable to Annaly	2,027,262	1,001,906	(1,643,171)
Dividends declared on preferred stock ⁽¹⁾	(157,931)	(154,551)	(141,676)
Dividends and dividend equivalents declared on common stock and stock-based awards ⁽¹⁾	(1,853,510)	(1,397,733)	(1,294,688)
End of period	\$ (13,157,325)	\$ (13,173,146)	\$ (12,622,768)
Total stockholder's equity	\$ 16,090,772	\$ 12,609,241	\$ 11,255,793
Noncontrolling interests			
Beginning of period	\$ 87,711	\$ 89,298	\$ 98,983
Net income (loss) attributable to noncontrolling interests	24,428	9,862	4,714
Equity contributions from (distributions to) noncontrolling interests	(43,000)	(11,449)	(14,399)
End of period	\$ 69,139	\$ 87,711	\$ 89,298
Total equity	\$ 16,159,911	\$ 12,696,952	\$ 11,345,091

⁽¹⁾ Refer to the "Capital Stock" Note for dividends per share for each class of shares.

See notes to consolidated financial statements.

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
Financial Statements

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	For The Years Ended December 31,		
	2025	2024	2023
Cash flows from operating activities			
Net income (loss)	\$ 2,051,690	\$ 1,011,768	\$ (1,638,457)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Amortization of premiums and discounts of investments, net	246,644	113,040	185,728
Amortization of securitized debt premiums and discounts and deferred financing costs	(35,246)	3,579	13,824
Depreciation, amortization and other noncash expenses	34,036	30,356	24,806
Net (gains) losses on investments and derivatives	177,971	783,191	3,310,579
Income (loss) from unconsolidated joint ventures	12,953	(5,790)	10,270
Loan loss provision (reversal)	—	—	(219)
Payments on purchases of loans held for sale	(262,294)	(58,306)	—
Proceeds from sales and repayments of loans held for sale	235,102	48,951	1,577
Proceeds from U.S. Treasury securities	7,268,860	8,613,104	2,015,608
Payments on U.S. Treasury securities	(7,439,550)	(8,156,998)	—
Net receipts (payments) on derivatives	(1,822,026)	779,334	(862,032)
Net change in			
Other assets	(31,637)	(61,883)	(136,804)
Interest receivable	138,326	154,651	(585,817)
Interest payable	112,371	(19,620)	(37,343)
Other liabilities	5,711	75,282	65,483
Net cash provided by (used in) operating activities	692,911	3,310,659	2,367,203
Cash flows from investing activities			
Payments on purchases of securities	(40,746,554)	(32,213,640)	(41,036,338)
Proceeds from sales of securities	17,171,775	21,106,379	31,259,983
Principal payments on securities	8,342,418	6,834,322	6,153,217
Payments on purchases and origination of loans	(18,647,865)	(13,239,286)	(5,503,696)
Proceeds from sales of loans	1,349,790	686,062	21,242
Principal payments on loans	6,108,625	2,612,778	1,086,508
Payments on purchases of MSR	(882,834)	(863,117)	(396,806)
Proceeds from sales of MSR	1,871	66,269	—
Payments on purchases of interests in MSR	(32,240)	—	—
Proceeds from reverse repurchase agreements	636,212,211	609,316,231	128,615,235
Payments on reverse repurchase agreements	(636,246,600)	(609,316,231)	(128,615,235)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	6,669	25,403	—
Net cash provided by (used in) investing activities	(27,362,734)	(14,984,830)	(8,415,890)
Cash flows from financing activities			
Proceeds from repurchase agreements and other secured financing	7,237,347,672	6,004,596,943	5,351,050,481
Payments on repurchase agreements and other secured financing	(7,220,845,591)	(6,000,859,559)	(5,348,111,535)
Proceeds from issuances of securitized debt	14,589,254	10,330,083	4,480,804
Principal payments on securitized debt	(5,068,806)	(2,394,166)	(944,163)
Payments on purchases of securitized debt	(485,604)	—	(2,504)
Payment of deferred financing cost	(13,893)	(4,259)	(4,012)
Proceeds from participations issued	7,804,644	4,135,190	2,007,464
Payments on repurchases of participations issued	(6,990,309)	(4,055,490)	(1,674,650)
Principal payments on participations issued	(88,890)	(45,722)	(52,635)
Net contributions (distributions) from (to) noncontrolling interests	(43,000)	(11,449)	(14,399)
Net proceeds from stock offerings, direct purchases and dividend reinvestments	2,910,571	1,558,316	673,693
Settlement of stock-based awards in satisfaction of withholding tax requirements	(14,177)	(6,157)	(6,661)
Dividends paid	(1,882,237)	(1,493,680)	(1,517,762)
Net cash provided by (used in) financing activities	27,219,634	11,750,050	5,884,121
Net (decrease) increase in cash and cash equivalents	549,811	75,879	(164,566)
Cash and cash equivalents including cash pledged as collateral, beginning of period	1,488,027	1,412,148	1,576,714
Cash and cash equivalents including cash pledged as collateral, end of period	\$ 2,037,838	\$ 1,488,027	\$ 1,412,148
Supplemental disclosure of cash flow information			
Interest received	\$ 4,302,067	\$ 3,782,985	\$ 3,278,519
Interest paid (excluding interest paid on interest rate swaps)	\$ 3,445,916	\$ 3,831,509	\$ 3,551,873
Net interest received (paid) on interest rate swaps	\$ 1,129,717	\$ 1,649,965	\$ 1,306,551
Taxes received (paid)	\$ 1,200	\$ (1,688)	\$ 1,104
Noncash investing and financing activities			
Receivable for unsettled trades	\$ 1,031	\$ 2,201,447	\$ 2,710,224
Payable for unsettled trades	\$ 2,059,386	\$ 308,282	\$ 3,249,389
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment	\$ 529,116	\$ 317,718	\$ 2,373,496
Dividends declared, not yet paid	\$ 494,881	\$ 375,932	\$ 325,052

See notes to consolidated financial statements.

**ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED December 31, 2025, 2024 and 2023**

1. DESCRIPTION OF BUSINESS

Annaly Capital Management, Inc. (the “Company” or “Annaly”) is a Maryland corporation that commenced operations on February 18, 1997. The Company is a leading diversified capital manager with investment strategies across residential mortgage finance. The Company owns a portfolio of real estate related investments, including mortgage pass-through certificates, collateralized mortgage obligations, credit risk transfer (“CRT”) securities, other securities representing interests in or obligations backed by pools of mortgage loans, residential mortgage loans and mortgage servicing rights (“MSR”). The Company’s principal business objective is to generate net income for distribution to its stockholders and optimize its returns through prudent management of its diversified investment strategies.

Annaly is an internally-managed company that has elected to be taxed as a Real Estate Investment Trust (“REIT”) as defined under the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the “Code”).

The Company’s three investment groups are primarily comprised of the following:

Investment Groups	Description
Annaly Agency Group	Invests in Agency mortgage-backed securities (“MBS”) collateralized by residential mortgages which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae and complementary investments within the Agency market, including Agency commercial MBS.
Annaly Residential Credit Group	Invests primarily in non-Agency residential whole loans and securitized products within the residential and commercial markets.
Annaly Mortgage Servicing Rights Group	Invests in mortgage servicing rights (“MSR”), which provide the right to service residential mortgage loans in exchange for a portion of the interest payments made on the loans.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements and related notes of the Company have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported balance sheet amounts and/or disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies are described below or are included elsewhere in these notes to the consolidated financial statements.

Principles of Consolidation – The consolidated financial statements include the accounts of the entities where the Company has a controlling financial interest. In order to determine whether the Company has a controlling financial interest, it first evaluates whether an entity is a voting interest entity (“VOE”) or a variable interest entity (“VIE”). All intercompany balances and transactions have been eliminated in consolidation.

Voting Interest Entities – A VOE is an entity that has sufficient equity and in which equity investors have a controlling financial interest. The Company consolidates VOEs where it has a majority of the voting equity of such VOE.

Variable Interest Entities – A VIE is defined as an entity in which equity investors (i) do not have the characteristics of a controlling financial interest, and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, which is defined as the party that has both (i) the power to control the activities that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company’s involvement with a VIE causes the Company’s consolidation conclusion to change. Refer to the “Variable Interest Entities” Note for further information.

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Equity Method Investments - For entities that are not consolidated, but where the Company has significant influence over the operating or financial decisions of the entity, the Company accounts for the investment under the equity method of accounting. In accordance with the equity method of accounting, the Company will recognize its share of earnings or losses of the investee in the period in which they are reported by the investee. The Company also considers whether there are any indicators of other-than-temporary impairment of joint ventures accounted for under the equity method. These investments are included in Other assets with income or loss included in Other, net.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash held in money market funds on an overnight basis and cash pledged as collateral with counterparties. Cash deposited with clearing organizations is carried at cost, which approximates fair value. Cash and securities deposited with clearing organizations and collateral held in the form of cash on margin with counterparties to the Company’s interest rate swaps and other derivatives totaled \$1.7 billion and \$1.2 billion at December 31, 2025 and December 31, 2024, respectively.

Fair Value Measurements and the Fair Value Option – The Company reports various investments at fair value, including certain eligible financial instruments elected to be accounted for under the fair value option (“FVO”). The Company chooses to elect the FVO in order to simplify the accounting treatment for certain financial instruments. Items for which the FVO has been elected are presented at fair value in the Consolidated Statements of Financial Condition and any change in fair value is recorded in Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (Loss). For additional information regarding financial instruments for which the Company has elected the FVO refer to the table in the “Financial Instruments” Note.

Refer to the “Fair Value Measurements” Note for a complete discussion on the methodology utilized by the Company to estimate the fair value of certain financial instruments.

Offsetting Assets and Liabilities - The Company elected to present all derivative instruments on a gross basis as discussed in the “Derivative Instruments” Note. Reverse repurchase and repurchase agreements are presented net in the Consolidated Statements of Financial Condition if they meet the offsetting criteria. Refer to the “Secured Financing” Note for further discussion on reverse repurchase and repurchase agreements.

Derivative Instruments – Derivatives are recognized as either assets or liabilities at fair value in the Consolidated Statements of Financial Condition with changes in fair value recognized in the Consolidated Statements of Comprehensive Income (Loss). The changes in the estimated fair value are presented within Net gains (losses) on derivatives. None of the Company’s derivative transactions have been designated as hedging instruments for accounting purposes. Refer to the “Derivative Instruments” Note for further discussion.

Stock-Based Compensation – The Company measures compensation expense for stock-based awards at fair value, which is generally based on the grant-date fair value of the Company’s common stock. Compensation expense is recognized ratably over the vesting or requisite service period of the award. Stock-based awards that contain market-based conditions are valued using a model.

Compensation expense for awards with performance conditions is recognized based on the probable outcome of the performance condition at each reporting date. Compensation expense for awards with market conditions is recognized irrespective of the probability of the market condition being achieved and is not reversed if the market condition is not met. Stock-based awards that do not require future service (i.e., vested awards) are expensed immediately. Forfeitures are recorded when they occur. The Company generally issues new shares of common stock upon delivery of stock-based awards.

Interest Income - The Company recognizes interest income primarily on Residential Securities (as defined in the “Securities” Note), residential mortgage loans, commercial investments and reverse repurchase agreements. Interest accrued but not received is recognized as Interest receivable in the Consolidated Statements of Financial Condition. Interest income is presented as a separate line item in the Consolidated Statements of Comprehensive Income (Loss).

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

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Premiums or discounts associated with the purchase of Agency interest-only securities, reverse mortgages and residential credit securities are amortized or accreted into interest income based upon current expected future cash flows with any adjustment to yield made on a prospective basis.

Premiums or discounts associated with the purchase of multifamily securities are amortized or accreted into interest income based upon their contractual payment terms. If a prepayment occurs, an adjustment is made to the unpaid principal balance and unamortized premium or discount in the current period and the original effective yield continues to be applied.

Premiums and discounts associated with the purchase of residential mortgage loans and with those transferred or pledged to securitization trusts are primarily amortized or accreted into interest income over their estimated remaining lives using the effective interest rates inherent in the estimated cash flows from the mortgage loans. Amortization of premiums and accretion of discounts are presented in Interest income in the Consolidated Statements of Comprehensive Income (Loss).

If collection of a loan's principal or interest is in doubt or the loan is 90 days or more past due, interest income is not accrued. For nonaccrual status loans carried at fair value or held for sale, interest is not accrued but is recognized on a cash basis. For nonaccrual status loans carried at amortized cost, if collection of principal is not in doubt but collection of interest is in doubt, interest income is recognized on a cash basis. If collection of principal is in doubt, any interest received is applied against principal until collectability of the remaining balance is no longer in doubt; at that point, any interest income is recognized on a cash basis. Generally, a loan is returned to accrual status when the borrower has resumed paying the full amount of the scheduled contractual obligation, if all principal and interest amounts contractually due are reasonably assured of repayment within a reasonable period of time and there is a sustained period of repayment performance by the borrower.

The Company has made an accounting policy election not to measure an allowance for loans losses for accrued interest receivable. If interest receivable is deemed to be uncollectible or not collected within 90 days of its contractual due date for commercial loans carried at amortized cost, it is written off through a reversal of interest income. Any interest written off that is recovered is recognized as interest income.

Refer to the "Interest Income and Interest Expense" Note for further discussion of interest income.

Income Taxes – The Company has elected to be taxed as a REIT and intends to comply with the provisions of the Code, with respect thereto. As a REIT, the Company will not incur federal income tax to the extent that it distributes its taxable income to its stockholders. The Company and certain of its direct and indirect subsidiaries have made separate joint elections to treat these subsidiaries as taxable REIT subsidiaries ("TRSs"). As such, each of these TRSs is taxable as a domestic C corporation and subject to federal, state and local income taxes based upon its taxable income. Refer to the "Income Taxes" Note for further discussion on income taxes.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standard Updates ("ASUs"). The Company reviewed other recently issued ASUs and determined that they were not expected to have a significant impact on the Company's consolidated financial statements when adopted or did not have a significant impact on the Company's consolidated financial statements upon adoption.

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4. FINANCIAL INSTRUMENTS

The following table presents characteristics for certain of the Company's financial instruments at December 31, 2025 and 2024.

Financial Instruments ⁽¹⁾				
Balance Sheet Line Item	Type / Form	Measurement Basis	December 31, 2025	December 31, 2024
Assets		(dollars in thousands)		
Securities	Agency mortgage-backed securities ⁽²⁾	Fair value, with unrealized gains (losses) through other comprehensive income	\$ 6,462,112	\$ 8,234,911
Securities	Agency mortgage-backed securities ⁽³⁾	Fair value, with unrealized gains (losses) through earnings	83,166,542	59,199,157
Securities	Residential credit risk transfer securities	Fair value, with unrealized gains (losses) through earnings	213,800	754,915
Securities	Non-agency mortgage-backed securities	Fair value, with unrealized gains (losses) through earnings	1,445,176	1,493,186
Securities	Commercial real estate debt investments - CMBS	Fair value, with unrealized gains (losses) through earnings	—	74,278
Total securities			91,287,630	69,756,447
Loans, net	Residential mortgage loans	Fair value, with unrealized gains (losses) through earnings	5,020,784	3,546,902
Interests in MSR	Interest in net servicing cash flows	Fair value, with unrealized gains (losses) through earnings	28,626	—
Assets transferred or pledged to securitization vehicles	Residential mortgage loans	Fair value, with unrealized gains (losses) through earnings	32,067,433	21,973,188
Reverse repurchase agreements	Reverse repurchase agreements	Amortized cost	34,389	—
Liabilities				
Repurchase agreements	Repurchase agreements	Amortized cost	\$ 81,865,723	\$ 65,688,923
Other secured financing	Loans	Amortized cost	1,075,000	750,000
Debt issued by securitization vehicles	Securities	Fair value, with unrealized gains (losses) through earnings	28,918,753	19,540,678
Participations issued	Participations issued	Fair value, with unrealized gains (losses) through earnings	1,932,655	1,154,816
U.S. Treasury securities sold, not yet purchased	Securities	Fair value, with unrealized gains (losses) through earnings	2,396,724	2,470,629

⁽¹⁾ Receivable for unsettled trades, Principal and interest receivable, Payable for unsettled trades, Interest payable and Dividends payable are accounted for at cost. Interests in MSR are considered financial instruments whereas directly held MSR are considered servicing assets or obligations.

⁽²⁾ Includes Agency pass-through, collateralized mortgage obligation ("CMO") and multifamily securities purchased prior to July 1, 2022.

⁽³⁾ Includes interest-only securities and reverse mortgages and, effective July 1, 2022, newly purchased Agency pass-through, CMO and multifamily securities.

5. SECURITIES

The Company's investments in securities include agency, credit risk transfer, non-agency and commercial mortgage-backed securities. The Company designates its securities as trading, available-for-sale or held-to-maturity depending upon the type of security and the Company's intent and ability to hold such security to maturity. Securities classified as available-for-sale and trading are reported at fair value on a recurring basis.

Securities accounted for as available-for-sale are carried at fair value, with changes in fair value recognized in other comprehensive income. If the fair value option is elected for debt securities, changes in fair value are recognized in earnings. Effective July 1, 2022, the Company elected the fair value option for any newly purchased Agency mortgage-backed securities in order to simplify the accounting for these securities. For the years ended December 31, 2025 and 2024, \$2.1 billion and (\$1.1) billion of unrealized gains (losses) on Agency mortgage-backed securities, for which the fair value option was elected, were reported in Net gains (losses) on investments and other in the Company's Consolidated Statements of Comprehensive Income (Loss). The Company has also elected the fair value option for CRT securities, interest only securities, Non-Agency and commercial mortgage-backed securities in order to simplify the accounting. Transactions for regular-way securities are recorded on trade date, including to-be-announced ("TBA") securities that meet the regular-way securities scope exception from derivative accounting. Gains and losses on disposals of securities are recorded on trade date based on the specific identification method.

Impairment – Management evaluates available-for-sale securities where the fair value option has not been elected and held-to-maturity debt securities for impairment at least quarterly, and more frequently when economic or market conditions warrant such evaluation. When the fair value of an available-for-sale security is less than its amortized cost, the security is considered

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impaired. For securities that are impaired, the Company determines if it (1) has the intent to sell the security, (2) is more likely than not that it will be required to sell the security before recovery of its amortized cost basis, or (3) does not expect to recover the entire amortized cost basis of the security. Further, the security is analyzed for credit loss (the difference between the present value of cash flows expected to be collected and the amortized cost basis). The credit loss, if any, will then be recognized in the Consolidated Statements of Comprehensive Income (Loss) as a securities loss provision and reflected as an allowance for credit losses on securities in the Consolidated Statements of Financial Condition, while the balance of losses related to other factors will be recognized as a component of Other comprehensive income (loss). When the fair value of a held-to-maturity security is less than the cost, the Company performs an analysis to determine whether it expects to recover the entire cost basis of the security.

Agency Mortgage-Backed Securities - The Company invests in mortgage pass-through certificates, collateralized mortgage obligations and other MBS representing interests in or obligations backed by pools of residential, multifamily or commercial mortgage loans and certificates. Many of the underlying loans and certificates are guaranteed by the Government National Mortgage Association (“Ginnie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”) or the Federal National Mortgage Association (“Fannie Mae”) (collectively, “Agency mortgage-backed securities”).

Agency mortgage-backed securities may include forward contracts for Agency mortgage-backed securities purchases or sales of a generic pool, on a to-be-announced basis. TBA securities without intent to accept delivery (“TBA derivatives”) are accounted for as derivatives as discussed in the “Derivative Instruments” Note.

CRT Securities - CRT securities are risk sharing instruments issued by Fannie Mae and Freddie Mac, and similarly structured transactions arranged by third party market participants. CRT securities are designed to synthetically transfer mortgage credit risk from Fannie Mae and Freddie Mac to private investors.

Non-Agency Mortgage-Backed Securities - The Company invests in non-Agency mortgage-backed securities such as those issued in prime loan, prime jumbo loan, non-qualified mortgage loan (“Non-QM”), small balance commercial loan (“SBC”), non-performing loan (“NPL”), re-performing loan (“RPL”) and residential transition loan (“RTL”) securitizations.

Agency mortgage-backed securities, non-Agency mortgage-backed securities and residential CRT securities are referred to herein as “Residential Securities.” Although the Company generally intends to hold most of its Residential Securities until maturity, it may, from time to time, sell any of its Residential Securities as part of the overall management of its portfolio.

Commercial Mortgage-Backed Securities (“Commercial Securities”) - The Company invests in Commercial Securities such as conduit, credit CMBS, single-asset single borrower and collateralized loan obligations.

The following table represents a rollforward of the activity for the Company’s securities for the year ended December 31, 2025:

	Agency Securities	Residential Credit Securities	Commercial Securities	Total
	(dollars in thousands)			
Beginning balance January 1, 2025	\$ 67,434,068	\$ 2,248,101	\$ 74,278	\$ 69,756,447
Purchases	41,824,080	654,123	—	42,478,203
Sales	(14,533,982)	(498,261)	(41,814)	(15,074,057)
Principal paydowns	(7,586,394)	(716,902)	(32,451)	(8,335,747)
(Amortization) / accretion	(156,571)	(7,065)	(80)	(163,716)
Fair value adjustment	2,647,453	(21,020)	67	2,626,500
Ending balance December 31, 2025	\$ 89,628,654	\$ 1,658,976	\$ —	\$ 91,287,630

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The following tables present the Company's securities portfolio that were carried at their fair value at December 31, 2025 and 2024:

December 31, 2025							
	Principal / Notional	Remaining Premium	Remaining Discount	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Agency							
(dollars in thousands)							
Fixed-rate pass-through	\$ 81,291,560	\$ 1,464,326	\$ (1,120,301)	\$ 81,635,585	\$ 1,055,907	\$ (709,842)	\$ 81,981,650
Adjustable-rate pass-through	114,642	6,678	(32)	121,288	2,008	(4,244)	119,052
CMO	2,709	12	—	2,721	—	(81)	2,640
Interest-only	5,266,587	683,108	—	683,108	28,590	(97,630)	614,068
Multifamily ⁽¹⁾	41,310,478	617,383	(11,385)	6,889,598	67,373	(45,727)	6,911,244
Total agency securities	\$ 127,985,976	\$ 2,771,507	\$ (1,131,718)	\$ 89,332,300	\$ 1,153,878	\$ (857,524)	\$ 89,628,654
Residential credit							
Credit risk transfer	\$ 204,518	\$ 42	\$ (2,239)	\$ 202,321	\$ 11,486	\$ (7)	\$ 213,800
Non-QM	343,495	249	(2,514)	341,230	3,022	(8,100)	336,152
Prime ⁽²⁾	2,294,631	31,005	(9,746)	111,526	3,497	(748)	114,275
SBC	186,929	23	(10,317)	176,635	4,991	(4,648)	176,978
NPL/RPL	462,956	3,520	(21,613)	444,863	5,053	(2,099)	447,817
RTL	191,767	13	(488)	191,292	1,342	(8)	192,626
Prime jumbo (>=2010 vintage) ⁽³⁾	11,771,926	101,388	(30,397)	163,610	18,034	(4,316)	177,328
Total residential credit securities	\$ 15,456,222	\$ 136,240	\$ (77,314)	\$ 1,631,477	\$ 47,425	\$ (19,926)	\$ 1,658,976
Total residential securities	\$ 143,442,198	\$ 2,907,747	\$ (1,209,032)	\$ 90,963,777	\$ 1,201,303	\$ (877,450)	\$ 91,287,630
Commercial							
Commercial securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total securities	\$ 143,442,198	\$ 2,907,747	\$ (1,209,032)	\$ 90,963,777	\$ 1,201,303	\$ (877,450)	\$ 91,287,630

December 31, 2024							
	Principal / Notional	Remaining Premium	Remaining Discount	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Agency							
(dollars in thousands)							
Fixed-rate pass-through	\$ 65,010,762	\$ 1,329,117	\$ (1,178,444)	\$ 65,161,435	\$ 130,742	\$ (2,242,503)	\$ 63,049,674
Adjustable-rate pass-through	157,123	11,936	(42)	169,017	2,216	(8,995)	162,238
CMO	87,467	1,459	—	88,926	—	(15,242)	73,684
Interest-only	3,437,570	493,803	—	493,803	14,843	(127,914)	380,732
Multifamily ⁽¹⁾	26,216,351	514,726	(11,830)	3,844,575	7,644	(110,454)	3,741,765
Reverse mortgages	24,916	2,499	—	27,415	—	(1,440)	25,975
Total agency investments	\$ 94,934,189	\$ 2,353,540	\$ (1,190,316)	\$ 69,785,171	\$ 155,445	\$ (2,506,548)	\$ 67,434,068
Residential credit							
Credit risk transfer	\$ 707,169	\$ 1,608	\$ (3,581)	\$ 705,196	\$ 49,819	\$ (100)	\$ 754,915
Non-QM	172,368	35	(1,724)	170,679	2,694	(8,481)	164,892
Prime ⁽²⁾	1,881,111	27,484	(10,416)	100,039	2,857	(779)	102,117
SBC	253,045	12	(11,624)	241,433	3,632	(11,493)	233,572
NPL/RPL	702,720	4,540	(21,897)	685,363	3,168	(6,091)	682,440
RTL	151,100	—	(134)	150,966	1,030	(144)	151,852
Prime jumbo (>=2010 vintage) ⁽³⁾	10,334,669	84,431	(30,385)	146,285	17,072	(5,044)	158,313
Total residential credit securities	\$ 14,202,182	\$ 118,110	\$ (79,761)	\$ 2,199,961	\$ 80,272	\$ (32,132)	\$ 2,248,101
Total residential securities	\$ 109,136,371	\$ 2,471,650	\$ (1,270,077)	\$ 71,985,132	\$ 235,717	\$ (2,538,680)	\$ 69,682,169
Commercial							
Commercial securities	\$ 74,151	\$ 193	\$ —	\$ 74,344	\$ 38	\$ (104)	\$ 74,278
Total securities	\$ 109,210,522	\$ 2,471,843	\$ (1,270,077)	\$ 72,059,476	\$ 235,755	\$ (2,538,784)	\$ 69,756,447

⁽¹⁾ Principal/Notional amount includes \$35.0 billion and \$22.9 billion of Agency Multifamily interest-only securities as of December 31, 2025 and December 31, 2024, respectively.

⁽²⁾ Principal/Notional amount includes \$2.2 billion and \$1.8 billion of Prime interest-only securities as of December 31, 2025 and December 31, 2024, respectively.

⁽³⁾ Principal/Notional amount includes \$11.7 billion and \$10.2 billion of Prime Jumbo interest-only securities as of December 31, 2025 and December 31, 2024, respectively.

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The following table presents the Company's Agency mortgage-backed securities portfolio by issuing Agency at December 31, 2025 and 2024:

Investment Type	December 31, 2025		December 31, 2024	
	(dollars in thousands)			
Fannie Mae	\$	85,506,672	\$	63,211,517
Freddie Mac		3,970,920		4,115,085
Ginnie Mae		151,062		107,466
Total	\$	89,628,654	\$	67,434,068

Actual maturities of the Company's Residential Securities are generally shorter than stated contractual maturities because actual maturities of the portfolio are affected by periodic payments and prepayments of principal on the underlying mortgages.

The following table summarizes the Company's Residential Securities at December 31, 2025 and 2024, according to their estimated weighted average life classifications:

Estimated weighted average life	December 31, 2025		December 31, 2024	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
	(dollars in thousands)			
Less than one year	\$ 308,818	\$ 306,718	\$ 407,856	\$ 408,090
Greater than one year through five years	6,308,008	6,229,244	1,308,898	1,325,093
Greater than five years through ten years	83,402,554	83,180,354	66,027,670	68,242,391
Greater than ten years	1,268,250	1,247,461	1,937,745	2,009,558
Total	\$ 91,287,630	\$ 90,963,777	\$ 69,682,169	\$ 71,985,132

The estimated weighted average lives of the Residential Securities at December 31, 2025 and 2024 in the table above are based upon projected principal prepayment rates. The actual weighted average lives of the Residential Securities could be longer or shorter than projected.

The following table presents the gross unrealized losses and estimated fair value of the Company's Agency mortgage-backed securities, accounted for as available-for-sale where the fair value option has not been elected, by length of time that such securities have been in a continuous unrealized loss position at December 31, 2025 and 2024.

	December 31, 2025			December 31, 2024		
	Estimated Fair Value ⁽¹⁾	Gross Unrealized Losses ⁽¹⁾	Number of Securities ⁽¹⁾	Estimated Fair Value ⁽¹⁾	Gross Unrealized Losses ⁽¹⁾	Number of Securities ⁽¹⁾
	(dollars in thousands)					
Less than 12 months	\$ 2,942	\$ (168)	1	\$ 49,820	\$ (1,477)	34
12 Months or more	6,307,396	(494,102)	1,268	8,054,162	(1,020,427)	1,377
Total	\$ 6,310,338	\$ (494,270)	1,269	\$ 8,103,982	\$ (1,021,904)	1,411

⁽¹⁾ Excludes interest-only mortgage-backed securities and reverse mortgages, and effective July 1, 2022, newly purchased Agency pass-through, CMOs and multifamily securities.

The decline in value of these securities is solely due to market conditions and not the quality of the assets. Substantially all of the Agency mortgage-backed securities have an actual or implied credit rating that is the same as that of the U.S. government. An impairment has not been recognized in earnings related to these investments because the decline in value is not related to credit quality, the Company currently has not made a decision to sell the securities nor is it more likely than not that the securities will be required to be sold before recovery.

During the years ended December 31, 2025 and 2024, the Company disposed of \$15.0 billion and \$21.4 billion amortized cost basis of Residential Securities, respectively. The following table presents the Company's net gains (losses) from the disposal of Residential Securities for the years ended December 31, 2025 and 2024, which is included in Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (Loss).

For the year ended	Gross Realized Gains	Gross Realized Losses	Net Realized Gains (Losses)
	(dollars in thousands)		
December 31, 2025	\$ 139,219	\$ (238,863)	\$ (99,644)
December 31, 2024	\$ 90,968	\$ (977,010)	\$ (886,042)

Financial Statements**6. LOANS**

The Company invests in residential loans. Loans are classified as either held for investment or held for sale. Loans are eligible to be accounted for under the fair value option. If loans are elected under the fair value option, they are carried at fair value with changes in fair value recognized in earnings. Otherwise, loans held for investment are carried at cost less impairment and loans held for sale are accounted for at the lower of cost or fair value.

Excluding loans transferred or pledged to securitization vehicles, as of December 31, 2025 and 2024, the Company had \$5.0 billion and \$3.5 billion, respectively, of loans for which the fair value option was elected. If the Company intends to sell or securitize the loans and the securitization vehicle is not expected to be consolidated, the loans are classified as held for sale. Any origination fees and costs or purchase premiums or discounts are deferred and recognized upon sale. The Company determines the fair value of loans held for sale on an individual loan basis. The carrying value of the Company's residential loans held for sale was \$37.1 million and \$10.0 million at December 31, 2025 and 2024, respectively.

The following table presents the activity of the Company's loan investments, excluding loans transferred or pledged to securitization vehicles, for the year ended December 31, 2025:

Residential Loans	
(dollars in thousands)	
Beginning balance January 1, 2025	\$ 3,546,902
Purchases / originations / draws ⁽¹⁾	18,940,370
Sales and transfers ⁽²⁾	(17,171,658)
Principal payments	(290,110)
Gains / (losses)	17,314
(Amortization) / accretion	(22,034)
Ending balance December 31, 2025	\$ 5,020,784

⁽¹⁾ Includes residential loans acquired from exercise of optional redemption provisions of securitization vehicles with a carrying value of \$577.3 million during the year ended December 31, 2025.

⁽²⁾ Includes transfer of residential loans to securitization vehicles with a carrying value of \$15.8 billion during the year ended December 31, 2025.

Residential

The Company's residential mortgage loans are primarily comprised of performing adjustable-rate and fixed-rate whole loans. The Company's residential loans are accounted for under the fair value option with changes in fair value reflected in Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (Loss). The Company also consolidates securitization trusts in which it retained securities because it also has certain powers and rights to direct the activities of such trusts. Refer to the "Variable Interest Entities" Note for further information related to the Company's consolidated residential mortgage loan trusts.

The mortgage loans are secured by first or second liens on primarily one-to-four family residential properties. A subsidiary of the Company has engaged a third party to act as its custodian, agent and bailee for the purposes of receiving and holding certain documents, instruments and papers related to the residential mortgage loans it purchases. Pursuant to the custodial agreement, the custodian segregates and maintains continuous custody of all documents constituting the mortgage file with respect to each mortgage loan owned by the subsidiary in secure and fire resistant facilities and in a manner consistent with the standard of care employed by prudent mortgage loan document custodians. At or prior to the funding of any residential mortgage loan, the related seller, pursuant to the terms of our mortgage loan purchase agreement, must deliver to the custodian the mortgage loan documents including the mortgage note, the mortgage and other related loan documents. In addition, a complete credit file for the related mortgage and borrower must be delivered to the subsidiary prior to the date of purchase.

The following table presents the fair value and the unpaid principal balances of the residential mortgage loan portfolio, including loans transferred or pledged to securitization vehicles, at December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	(dollars in thousands)			
Fair value	\$	37,088,217	\$	25,520,090
Unpaid principal balance	\$	37,033,580	\$	26,297,725

Financial Statements

The following table provides information regarding the line items and amounts recognized in the Consolidated Statements of Comprehensive Income (Loss) for December 31, 2025 and 2024 for these investments:

	For the Years Ended	
	December 31, 2025	December 31, 2024
	(dollars in thousands)	
Interest income	\$ 1,950,070	\$ 1,282,941
Net gains (losses) on disposal of investments ⁽¹⁾	(64,597)	(10,761)
Net unrealized gains (losses) on instruments measured at fair value through earnings ⁽¹⁾	541,365	(15,333)
Total included in net income (loss)	\$ 2,426,838	\$ 1,256,847

⁽¹⁾ These amounts are presented in the line item Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (loss).

The following table provides the geographic concentrations based on the unpaid principal balances at December 31, 2025 and 2024 for the residential mortgage loans, including loans transferred or pledged to securitization vehicles:

Geographic Concentrations of Residential Mortgage Loans			
December 31, 2025		December 31, 2024	
Property location	% of Balance	Property location	% of Balance
California	39.2%	California	39.5%
New York	11.3%	New York	10.9%
Florida	8.7%	Florida	10.1%
Texas	5.3%	Texas	5.4%
All other (none individually greater than 5%)	35.5%	All other (none individually greater than 5%)	34.1%
Total	100.0%		100.0%

The following table provides additional data on the Company's residential mortgage loans, including loans transferred or pledged to securitization vehicles, at December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Portfolio Range	Portfolio Weighted Average	Portfolio Range	Portfolio Weighted Average
	(dollars in thousands)			
Unpaid principal balance	\$1 - \$4,396	\$459	\$1 - \$4,396	\$471
Interest rate	2.00% - 18.00%	6.67%	2.00% - 18.00%	6.43%
Maturity	11/1/2029 - 1/1/2066	1/3/2054	7/1/2029 - 12/1/2064	2/3/2053
FICO score at loan origination	549 - 850	761	549 - 850	758
Loan-to-value ratio at loan origination	1% - 100%	67%	2% - 100%	68%

At December 31, 2025 and 2024, approximately 13% and 16%, respectively, of the carrying value of the Company's residential mortgage loans, including loans transferred or pledged to securitization vehicles, were adjustable-rate. At December 31, 2025, the aggregate fair value and unpaid principal balance of loans ninety days or more past due and in nonaccrual status was \$446.0 million (of which \$405.8 million has been securitized), and \$451.5 million, respectively. The non-accrual balances represent approximately 1% of the total loan portfolio. The weighted average loan-to-value ratio at loan origination for loans in non-accrual status was 73%. The recorded investment of residential mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process according to the requirements of the applicable jurisdiction was \$198.3 million at December 31, 2025.

7. MORTGAGE SERVICING RIGHTS

MSR represent the rights and obligations associated with servicing pools of residential mortgage loans. The Company and its subsidiaries do not originate or directly service residential mortgage loans. Rather, these activities are carried out by duly licensed subservicers who perform substantially all servicing functions for the loans underlying the MSR. The Company generally intends to hold the MSR as investments and elected to account for all of its investments in MSR at fair value. As such, they are recognized at fair value in the accompanying Consolidated Statements of Financial Condition with changes in the estimated fair value presented as a component of Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (Loss).

The following table presents activity related to MSR for the years ended December 31, 2025 and 2024:

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Mortgage Servicing Rights	December 31, 2025		December 31, 2024	
(dollars in thousands)				
Fair value, beginning of period	\$	2,909,134	\$	2,122,196
Purchases ⁽¹⁾		905,607		863,113
Transfers		28,072		—
Sales		—		(69,703)
Change in fair value due to				
Changes in valuation inputs or assumptions ⁽²⁾		28,281		162,011
Other changes, including realization of expected cash flows		(225,229)		(168,483)
Fair value, end of period	\$	3,645,865	\$	2,909,134

⁽¹⁾ Includes adjustments to original purchase price from early payoffs, defaults, or loans that were delivered but were deemed to not be acceptable.

⁽²⁾ Principally represents changes in discount rates and prepayment speed inputs used in valuation model, primarily due to changes in interest rates.

8. VARIABLE INTEREST ENTITIES

The Company's exposure to the obligations of its VIEs is generally limited to the Company's investment in the VIEs of \$3.3 billion at December 31, 2025. Assets of the VIEs may only be used to settle obligations of the VIEs. Creditors of the VIEs generally have no recourse to the general credit of the Company. The Company is not contractually required to provide and has not provided any form of financial support to the VIEs. No gains or losses were recognized upon consolidation of existing VIEs. Interest income and expense are recognized using the effective interest method.

Residential Securitizations

The Company also invests in residential mortgage-backed securities issued by entities that are VIEs because they do not have sufficient equity at risk for the entities to finance their activities without additional subordinated financial support from other parties. The Company is not the primary beneficiary because it does not have the power to direct the activities that most significantly impact the VIEs' economic performance. For these entities, the Company's maximum exposure to loss is the amortized cost basis of the securities it owns and it does not provide any liquidity arrangements, guarantees or other commitments to these VIEs. Refer to the "Securities" Note for further information on Residential Securities.

OBX Trusts

Residential securitizations are issued by entities generally referred to collectively as the "OBX Trusts." These securitizations represent financing transactions that provide non-recourse financing to the Company and are collateralized by residential mortgage loans purchased by the Company. Residential securitizations closed during the year are included in the table below.

Securitization	Date of Closing	Face Value at Closing
(dollars in thousands)		
OBX 2025-NQM1	January 2025	\$ 618,433
OBX 2025-NQM2	February 2025	\$ 719,218
OBX 2025-NQM3	February 2025	\$ 577,442
OBX 2025-NQM4	March 2025	\$ 625,807
OBX 2025-HE1	March 2025	\$ 216,455
OBX 2025-NQM5	March 2025	\$ 334,879
OBX 2025-NQM6	April 2025	\$ 553,236
OBX 2025-NQM7	April 2025	\$ 572,441
OBX 2025-J1	May 2025	\$ 325,702
OBX 2025-NQM8	May 2025	\$ 595,560
OBX 2025-NQM9	May 2025	\$ 275,711
OBX 2025-NQM10	June 2025	\$ 623,602
OBX 2025-NQM11	June 2025	\$ 650,072
OBX 2025-NQM12	July 2025	\$ 274,468
OBX 2025-NQM13	July 2025	\$ 662,708
OBX 2025-NQM14	August 2025	\$ 701,027
OBX 2025-NQM15	August 2025	\$ 697,303
OBX 2025-HE2	August 2025	\$ 216,324
OBX 2025-J2	September 2025	\$ 304,395
OBX 2025-NQM16	September 2025	\$ 708,473
OBX 2025-NQM17	September 2025	\$ 298,662
OBX 2025-NQM18	October 2025	\$ 743,151
OBX 2025-J3	October 2025	\$ 359,416
OBX 2025-NQM19	October 2025	\$ 707,185
OBX 2025-NQM20	November 2025	\$ 739,489
OBX 2025-NQM21	November 2025	\$ 742,051
OBX 2025-NQM22	November 2025	\$ 438,642
OBX 2025-R1	December 2025	\$ 407,935
OBX 2025-NQM23	December 2025	\$ 502,809

The Company is deemed to be the primary beneficiary and consolidates the OBX Trusts because it has power to direct the activities that most significantly impact the OBX Trusts' performance and holds a variable interest that could be potentially significant to these VIEs. Although the residential mortgage loans have been sold for bankruptcy and state law purposes, the transfers of the residential mortgage loans to the OBX Trusts did not qualify for sale accounting and are reflected as intercompany secured borrowings that are eliminated upon consolidation. Effective August 1, 2022, upon initial consolidation of new securitization entities, the Company elected to apply the measurement alternative for consolidated collateralized financing entities in order to simplify the accounting and valuation processes. The liabilities of these securitization entities are deemed to be more observable and are used to measure the fair value of the assets.

As of December 31, 2025 and 2024, a total carrying value of \$28.7 billion and \$19.5 billion, respectively, of bonds were held by third parties and the Company retained \$3.2 billion and \$2.3 billion, respectively, of MBS, which were eliminated in consolidation. The contractual principal amount of the OBX Trusts' debt held by third parties was \$29.0 billion and \$20.5 billion at December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, the Company recorded (\$368.9) million and \$3.5 million, respectively, of unrealized gains (losses) on debt held by third parties, which is reported in Net gains (losses) on investments and other in the Company's Consolidated Statements of Comprehensive Income (Loss).

During the year ended December 31, 2025, the Company exercised its optional redemption on OBX 2022-NQM8 in September 2025, OBX 2019-EXP1 in October 2025 and OBX 2022-NQM9 in December 2025. In each instance the Company liquidated the securitization trusts. Upon deconsolidation, there was a net (\$0.4) million loss recognized in Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (Loss).

Financial Statements***Structured Repurchase Transaction***

The Company pledged securities retained from its OBX Trusts to a structured repurchase transaction, OBX 2025-SR1, to diversify its financing sources. The OBX 2025-SR1 Trust is deemed to be a VIE because the entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support. The Company is deemed to be the primary beneficiary and consolidates the OBX 2025-SR1 Trust because it has power to direct the activities that most significantly impact the OBX Trusts' performance and holds a variable interest that could be potentially significant to these VIEs. The securities issued by the OBX 2025-SR1 Trust are recognized as Debt issued by securitization vehicles in the Consolidated Statements of Financial Condition with changes in fair value recognized in the Consolidated Statements of Comprehensive Income (Loss). The changes in the estimated fair value are presented within Net gains (losses) on investments and other. This transaction provides recourse to the Company and two of its subsidiaries for their obligations as sellers under repurchase agreements.

During the years ended December 31, 2025 and 2024, the Company incurred \$27.8 million and \$20.3 million, respectively, of costs in connection with OBX Trust and structured repurchase transaction securitizations that were expensed as incurred.

Residential Credit Fund

The Company manages a fund investing in participations in residential mortgage loans and mortgage-backed securities. The residential credit fund is deemed to be a VIE because the entity does not have sufficient equity at risk to permit the legal entity to finance its activities without additional subordinated financial support provided by any parties, including equity holders, as capital commitments are not considered equity at risk. The Company is not the primary beneficiary and does not consolidate the residential credit fund as its only interest in the fund is the management and performance fees that it earns, which are not considered variable interests in the entity. As of December 31, 2025 and 2024 the Company had outstanding participations issued in residential mortgage loans of \$1.9 billion and \$1.2 billion, respectively. These transfers do not meet the criteria for sale accounting and are accounted for as secured borrowings, thus the residential loans are reported as Loans, net and the associated liability is reported as Participations issued in the Consolidated Statements of Financial Condition. The Company elected the fair value option for participations issued with changes in fair value reflected in Net gains (losses) on investments and other in the Consolidated Statements of Comprehensive Income (Loss) to more accurately reflect the economics of the transfers as the underlying loans are carried at fair value through earnings.

9. DERIVATIVE INSTRUMENTS

Derivative instruments include, but are not limited to, interest rate swaps, options to enter into interest rate swaps ("swaptions"), TBA derivatives, U.S. Treasury and SOFR futures contracts and certain forward purchase commitments. The Company may also enter into other types of mortgage derivatives such as interest-only securities, credit derivatives referencing the commercial mortgage-backed securities index and synthetic total return swaps.

In connection with the Company's investment/market rate risk management strategy, the Company economically hedges a portion of its interest rate risk by entering into derivative financial instrument contracts, which include interest rate swaps, swaptions and futures contracts. The Company may also enter into TBA derivatives, U.S. Treasury futures contracts, certain forward purchase commitments and credit derivatives to economically hedge its exposure to market risks. The purpose of using derivatives is to manage overall portfolio risk with the potential to generate additional income for distribution to stockholders. These derivatives are subject to changes in market values resulting from changes in interest rates, volatility, Agency mortgage-backed security spreads to U.S. Treasuries and market liquidity. The use of derivatives also creates exposure to credit risk relating to potential losses that could be recognized if the counterparties to these instruments fail to perform their obligations under the stated contract. Additionally, the Company may have to pledge cash or assets as collateral for the derivative transactions, the amount of which may vary based on the market value and terms of the derivative contract. In the case of market agreed coupon ("MAC") interest rate swaps, the Company may make or receive a payment at the time of entering into such interest rate swaps, which represents fair value of these swaps, to compensate for the out of market nature of such interest rate swaps. Subsequent changes in fair value from inception of these interest rate swaps are reflected within Net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss). Similar to other interest rate swaps, the Company may have to pledge cash or assets as collateral for the MAC interest rate swap transactions. In the event of a default by the counterparty, the Company could have difficulty obtaining its pledged collateral as well as receiving payments in accordance with the terms of the derivative contracts.

Derivatives are recognized as either assets or liabilities at fair value in the Consolidated Statements of Financial Condition with changes in fair value recognized in the Consolidated Statements of Comprehensive Income (Loss). The changes in the estimated fair value are presented within Net gains (losses) on derivatives. None of the Company's derivative transactions have been designated as hedging instruments for accounting purposes.

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The Company also maintains collateral in the form of cash on margin with counterparties to its interest rate swaps and other derivatives. In accordance with a clearing organization's rulebook, the Company presents the fair value of centrally cleared interest rate swaps net of variation margin pledged or received under such transactions. At December 31, 2025 and 2024, (\$2.0) billion and (\$3.3) billion, respectively, of variation margin was reported as an adjustment to interest rate swaps, at fair value. Initial margin is reported in Cash and cash equivalents in the Consolidated Statements of Financial Condition.

Interest Rate Swap Agreements – Interest rate swap agreements are the primary instruments used to mitigate interest rate risk. In particular, the Company uses interest rate swap agreements to manage its exposure to changing interest rates on its repurchase agreements by economically hedging cash flows associated with these borrowings. The Company may have outstanding interest rate swap agreements where the floating leg is linked to the SOFR, the overnight index swap rate or another index. Interest rate swap agreements may or may not be cleared through a derivatives clearing organization (“DCO”). Uncleared interest rate swaps are fair valued using internal pricing models and compared to the counterparty market values. Centrally cleared interest rate swaps, including MAC interest rate swaps, are generally fair valued using the DCO's market values. If an interest rate swap is terminated, the realized gain (loss) on the interest rate swap would be equal to the difference between the cash received or paid and fair value.

Swaptions – Swaptions are purchased or sold to mitigate the potential impact of increases or decreases in interest rates. Interest rate swaptions provide the option to enter into an interest rate swap agreement for a predetermined notional amount, stated term and pay and receive interest rates in the future. The Company's swaptions are not centrally cleared. The premium paid or received for swaptions is reported as an asset or liability in the Consolidated Statements of Financial Condition. If a swaption expires unexercised, the realized gain (loss) on the swaption would be equal to the premium received or paid. If the Company sells or exercises a swaption, the realized gain (loss) on the swaption would be equal to the difference between the cash received or the fair value of the underlying interest rate swap received and the premium paid. The fair value of swaptions are estimated using internal pricing models and compared to the counterparty market values.

TBA Dollar Rolls – TBA dollar roll transactions are accounted for as a series of derivative transactions. The fair value of TBA derivatives is based on methods similar to those used to value Agency mortgage-backed securities.

Futures Contracts – Futures contracts are derivatives that track the prices of specific assets or benchmark rates. Short sales of futures contracts help to mitigate the potential impact of changes in interest rates on the portfolio performance. The Company maintains margin accounts which are settled daily with Futures Commission Merchants (“FCMs”). The margin requirement varies based on the market value of the open positions and the equity retained in the account. Futures contracts are fair valued based on the pricing provided by the Chicago Mercantile Exchange (“CME”).

Forward Purchase Commitments – The Company may enter into forward purchase commitments with counterparties whereby the Company commits to purchasing residential mortgage loans at a particular price, provided the residential mortgage loans close with the counterparties. The counterparties are required to deliver the committed loans on a “best efforts” basis.

Credit Derivatives – The Company may enter into credit derivatives referencing a commercial mortgage-backed securities index, such as the CMBX index, and synthetic total return swaps.

The following table summarizes fair value information about the Company's derivative assets and liabilities at December 31, 2025 and 2024:

Derivatives Instruments	December 31, 2025		December 31, 2024	
Assets	(dollars in thousands)			
Interest rate swaps	\$	7,372	\$	21,226
Interest rate swaptions		11,063		—
TBA derivatives		17,648		8,635
Futures contracts		71,065		190,980
Purchase commitments		8,385		4,510
Total derivative assets	\$	115,533	\$	225,351
Liabilities				
Interest rate swaps	\$	16,385	\$	7,212
Interest rate swaptions		11,931		—
TBA derivatives		13,163		30,539
Futures contracts		6,644		16,650
Purchase commitments		5,632		5,185
Total derivative liabilities	\$	53,755	\$	59,586

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The following tables summarize certain characteristics of the Company's interest rate swaps at December 31, 2025 and 2024:

December 31, 2025				
Maturity	Current Notional ⁽¹⁾⁽²⁾	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity ⁽³⁾
(dollars in thousands)				
0 - 3 years	\$ 29,577,637	3.55%	3.88%	1.36
3 - 6 years	14,646,904	2.67%	3.99%	4.54
6 - 10 years	17,018,427	3.03%	3.90%	7.25
Greater than 10 years	1,949,430	3.34%	3.92%	22.02
Total / Weighted average	\$ 63,192,398	3.15%	3.92%	4.23

December 31, 2024				
Maturity	Current Notional ⁽¹⁾⁽²⁾	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity ⁽³⁾
(dollars in thousands)				
0 - 3 years	\$ 30,411,229	3.49%	4.48%	1.14
3 - 6 years	12,764,021	3.15%	4.50%	4.27
6 - 10 years	21,318,937	2.55%	4.53%	7.63
Greater than 10 years	1,559,384	3.40%	4.41%	23.25
Total / Weighted average	\$ 66,053,571	3.11%	4.50%	4.36

⁽¹⁾ As of December 31, 2025, 98% and 2% of the Company's interest rate swaps were linked to SOFR and the Federal funds rate, respectively.

As of December 31, 2024, 95% and 5% of the Company's interest rate swaps were linked to SOFR and the Federal funds rate, respectively.

⁽²⁾ As of December 31, 2025, notional amount includes \$1.5 billion forward starting swaps. There were no forward starting swaps at December 31, 2024.

⁽³⁾ The weighted average years to maturity of payer interest rate swaps is offset by the weighted average years to maturity of receiver interest rate swaps. As such, the net weighted average years to maturity for each maturity bucket may fall outside of the range listed.

The following table summarizes certain characteristics of the Company's swaptions at December 31, 2025. There were no swaption contracts outstanding at December 31, 2024:

December 31, 2025					
	Current Underlying Notional	Weighted Average Underlying Fixed Rate	Weighted Average Underlying Floating Rate	Weighted Average Underlying Years to Maturity	Weighted Average Months to Expiration
(dollars in thousands)					
Long receive	\$830,000	3.54%	SOFR	7.94	11.25
Short receive	(\$1,800,000)	3.23%	SOFR	3.94	11.25

The following tables summarize certain characteristics of the Company's TBA derivatives at December 31, 2025 and 2024:

December 31, 2025				
Purchase and Sale Contracts for TBA Derivatives	Notional	Implied Cost Basis	Implied Market Value	Net Carrying Value
(dollars in thousands)				
Purchase contracts	\$ 3,861,000	\$ 3,805,867	\$ 3,814,118	\$ 8,251
Sale contracts	(534,000)	(553,266)	(557,032)	(3,766)
Net TBA derivatives	\$ 3,327,000	\$ 3,252,601	\$ 3,257,086	\$ 4,485

December 31, 2024				
Purchase and Sale Contracts for TBA Derivatives	Notional	Implied Cost Basis	Implied Market Value	Net Carrying Value
(dollars in thousands)				
Purchase contracts	\$ 4,237,000	\$ 4,239,001	\$ 4,209,341	\$ (29,660)
Sale contracts	(1,120,000)	(1,080,943)	(1,073,187)	7,756
Net TBA derivatives	\$ 3,117,000	\$ 3,158,058	\$ 3,136,154	\$ (21,904)

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The following tables summarize certain characteristics of the Company's futures derivatives at December 31, 2025 and 2024:

December 31, 2025			
	Notional - Long Positions	Notional - Short Positions	Weighted Average Years to Maturity
(dollars in thousands)			
2-year swap equivalent SOFR contracts	\$ 500,000	\$ (500,000)	2.00
U.S. Treasury futures - 2 year	—	(3,658,000)	1.90
U.S. Treasury futures - 5 year	1,973,200	—	4.40
U.S. Treasury futures - 10 year and greater	—	(12,399,900)	11.33
Total	\$ 2,473,200	\$ (16,557,900)	8.31

December 31, 2024			
	Notional - Long Positions	Notional - Short Positions	Weighted Average Years to Maturity
(dollars in thousands)			
U.S. Treasury futures - 2 year	\$ 6,511,600	\$ —	1.98
U.S. Treasury futures - 5 year	1,960,500	—	4.40
U.S. Treasury futures - 10 year and greater	—	(9,840,500)	11.05
Total	\$ 8,472,100	\$ (9,840,500)	7.11

The Company presents derivative contracts on a gross basis in the Consolidated Statements of Financial Condition. Derivative contracts may contain legally enforceable provisions that allow for netting or setting off receivables and payables with each counterparty.

The following tables present information about derivative assets and liabilities that are subject to such provisions and can be offset in the Company's Consolidated Statements of Financial Condition at December 31, 2025 and 2024, respectively.

December 31, 2025				
	Gross Amounts	Amounts Eligible for Offset		Net Amounts
		Financial Instruments	Cash Collateral	
(dollars in thousands)				
Assets				
Interest rate swaps, at fair value	\$ 7,372	\$ (2,295)	\$ —	\$ 5,077
Interest rate swaptions, at fair value	11,063	(11,063)	—	—
TBA derivatives, at fair value	17,648	(6,603)	(8,760)	2,285
Futures contracts, at fair value	71,065	(6,644)	—	64,421
Purchase commitments	8,385	—	—	8,385
Liabilities				
Interest rate swaps, at fair value	\$ 16,385	\$ (16,385)	\$ —	\$ —
Interest rate swaptions, at fair value	11,931	(11,063)	(300)	568
TBA derivatives, at fair value	13,163	(11,942)	—	1,221
Futures contracts, at fair value	6,644	(6,644)	—	—
Purchase commitments	5,632	—	—	5,632

December 31, 2024				
	Gross Amounts	Amounts Eligible for Offset		Net Amounts
		Financial Instruments	Cash Collateral	
(dollars in thousands)				
Assets				
Interest rate swaps, at fair value	\$ 21,226	\$ (8,138)	\$ —	\$ 13,088
TBA derivatives, at fair value	8,635	(879)	(929)	6,827
Futures contracts, at fair value	190,980	(16,650)	—	174,330
Purchase commitments	4,510	—	—	4,510
Liabilities				
Interest rate swaps, at fair value	\$ 7,212	\$ (7,212)	\$ —	\$ —
TBA derivatives, at fair value	30,539	(19,495)	—	11,044
Futures contracts, at fair value	16,650	(16,650)	—	—
Purchase commitments	5,185	—	—	5,185

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The effect of interest rate swaps in the Consolidated Statements of Comprehensive Income (Loss) is as follows:

Location on Consolidated Statements of Comprehensive Income (Loss)				
	Net Interest Component of Interest Rate Swaps ⁽¹⁾	Realized Gains (Losses) on Termination of Interest Rate Swaps ⁽¹⁾	Unrealized Gains (Losses) on Interest Rate Swaps ⁽¹⁾	
For the years ended	(dollars in thousands)			
December 31, 2025	\$ 716,480	\$ (76,980)	\$ (1,356,274)	
December 31, 2024	\$ 1,202,907	\$ (60,489)	\$ 1,001,988	
December 31, 2023	\$ 1,585,053	\$ (74,757)	\$ (815,630)	

⁽¹⁾ Included in Net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss).

The effect of other derivative contracts in the Company's Consolidated Statements of Comprehensive Income (Loss) is as follows:

Year Ended December 31, 2025				
Derivative Instruments	Realized Gain (Loss)	Unrealized Gain (Loss)	Amount of Gain/(Loss) Recognized in Net Gains (Losses) on Other Derivatives	
(dollars in thousands)				
Net TBA derivatives	\$ 109,274	\$ 26,390	\$ 135,664	
Net interest rate swaptions	(9,230)	(748)	(9,978)	
Futures ⁽¹⁾	(509,593)	(109,908)	(619,501)	
Purchase commitments	—	3,428	3,428	
Total			\$ (490,387)	

⁽¹⁾ For the year ended December 31, 2025, includes \$13.2 million of realized gain and \$0.3 million of unrealized gain related to interest rate futures and options other than treasury futures.

Year Ended December 31, 2024				
Derivative Instruments	Realized Gain (Loss)	Unrealized Gain (Loss)	Amount of Gain/(Loss) Recognized in Net Gains (Losses) on Other Derivatives	
(dollars in thousands)				
Net TBA derivatives	\$ (13,220)	\$ (3,524)	\$ (16,744)	
Net interest rate swaptions	(37,401)	(68,482)	(105,883)	
Futures ⁽¹⁾	(96,667)	354,164	257,497	
Purchase commitments	—	(9,975)	(9,975)	
Total			\$ 124,895	

⁽¹⁾ For the year ended December 31, 2024, includes \$28.7 million of realized gain related to interest rate futures and options other than treasury futures.

Certain of the Company's derivative contracts are subject to International Swaps and Derivatives Association Master Agreements or other similar agreements which may contain provisions that grant counterparties certain rights with respect to the applicable agreement upon the occurrence of certain events such as (i) a decline in stockholders' equity in excess of specified thresholds or dollar amounts over set periods of time, (ii) the Company's failure to maintain its REIT status, (iii) the Company's failure to comply with limits on the amount of leverage, and (iv) the Company's stock being delisted from the New York Stock Exchange.

Upon the occurrence of any one of items (i) through (iv), or another default under the agreement, the counterparty to the applicable agreement has a right to terminate the agreement in accordance with its provisions. The aggregate fair value of all derivative instruments with the aforementioned features were in a net asset position at December 31, 2025.

10. FAIR VALUE MEASUREMENTS

The Company follows fair value guidance in accordance with GAAP to account for its financial instruments and MSR that are accounted for at fair value. The fair value of a financial instrument and MSR is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GAAP requires classification of financial instruments and MSR into a three-level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instrument and MSR fall within different levels of the hierarchy, the categorization is based on the lowest priority input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded at fair value in the Consolidated Statements of Financial Condition or disclosed in the related notes are categorized based on the inputs to the valuation techniques as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets and liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to overall fair value.

The following is a description of the valuation methodologies used for instruments carried at fair value. These methodologies are applied to assets and liabilities across the three-level fair value hierarchy, with the observability of inputs determining the appropriate level.

Futures contracts and U.S. Treasury securities are valued using quoted prices for identical instruments in active markets and are classified as Level 1.

Residential Securities, interest rate swaps, swaptions and other derivatives are valued using quoted prices or internally estimated prices for similar assets using internal models. The Company incorporates common market pricing methods, including a spread measurement to the Treasury curve as well as underlying characteristics of the particular security including coupon, prepayment speeds, periodic and life caps, rate reset period and expected life of the security in its estimates of fair value. Fair value estimates for residential mortgage loans are generated by a discounted cash flow model and are primarily based on observable market-based inputs including discount rates, prepayment speeds, delinquency levels, and credit losses. Management reviews and indirectly corroborates its estimates of the fair value derived using internal models by comparing its results to independent prices provided by dealers in the securities and/or third party pricing services. Certain liquid asset classes, such as Agency fixed-rate pass-throughs, may be priced using independent sources such as quoted prices for TBA securities.

Residential Securities, residential mortgage loans, interest rate swap, swaption and TBA derivative markets are considered to be active markets such that participants transact with sufficient frequency and volume to provide transparent pricing information on an ongoing basis. The liquidity of the Residential Securities, residential mortgage loans, interest rate swaps, swaptions and TBA derivatives markets and the similarity of the Company's securities to those actively traded enable the Company to observe quoted prices in the market and utilize those prices as a basis for formulating fair value measurements. Consequently, the Company has classified Residential Securities, residential mortgage loans, interest rate swaps, swaptions and TBA derivatives as Level 2 inputs in the fair value hierarchy.

The fair value of commercial mortgage-backed securities classified as available-for-sale is determined based upon quoted prices of similar assets in recent market transactions and requires the application of judgment due to differences in the underlying collateral. Consequently, commercial mortgage-backed securities carried at fair value are classified as Level 2.

For the fair value of debt issued by securitization vehicles, refer to the "Variable Interest Entities" Note for additional information.

The Company has classified its investments in MSR as Level 3. Fair value estimates for these investments are obtained from models, which use significant unobservable inputs in their valuations. These valuations primarily utilize discounted cash flow models that incorporate unobservable market data inputs including discount rates, prepayment rates, delinquency rates and costs to service. Model valuations are then compared to valuations obtained from third party pricing providers. Management reviews the valuations received from third party pricing providers and uses them as a point of comparison to modeled values. The valuation of MSR requires significant judgment by management and the third party pricing providers. Assumptions used for which there is a lack of observable inputs may significantly impact the resulting fair value and therefore the Company's financial statements.

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The following tables present the estimated fair values of financial instruments and MSR measured at fair value on a recurring basis as of December 31, 2025 and December 31, 2024. There were no transfers between levels of the fair value hierarchy during the periods presented.

December 31, 2025				
	Level 1	Level 2	Level 3	Total
(dollars in thousands)				
Assets				
Securities				
Agency mortgage-backed securities	\$ —	\$ 89,628,654	\$ —	\$ 89,628,654
Credit risk transfer securities	—	213,800	—	213,800
Non-Agency mortgage-backed securities	—	1,445,176	—	1,445,176
Loans				
Residential mortgage loans	—	5,020,784	—	5,020,784
Mortgage servicing rights	—	—	3,645,865	3,645,865
Interests in MSR	—	—	28,626	28,626
Assets transferred or pledged to securitization vehicles	—	32,067,433	—	32,067,433
Derivative assets				
Interest rate swaps	—	7,372	—	7,372
Other derivatives	71,065	37,096	—	108,161
Total assets	\$ 71,065	\$ 128,420,315	\$ 3,674,491	\$ 132,165,871
Liabilities				
Debt issued by securitization vehicles	\$ —	\$ 28,918,753	\$ —	\$ 28,918,753
Participations issued	—	1,932,655	—	1,932,655
U.S. Treasury securities sold, not yet purchased	2,396,724	—	—	2,396,724
Derivative liabilities				
Interest rate swaps	—	16,385	—	16,385
Other derivatives	6,644	30,726	—	37,370
Total liabilities	\$ 2,403,368	\$ 30,898,519	\$ —	\$ 33,301,887

December 31, 2024				
	Level 1	Level 2	Level 3	Total
(dollars in thousands)				
Assets				
Securities				
Agency mortgage-backed securities	\$ —	\$ 67,434,068	\$ —	\$ 67,434,068
Credit risk transfer securities	—	754,915	—	754,915
Non-Agency mortgage-backed securities	—	1,493,186	—	1,493,186
Commercial mortgage-backed securities	—	74,278	—	74,278
Loans				
Residential mortgage loans	—	3,546,902	—	3,546,902
Mortgage servicing rights	—	—	2,909,134	2,909,134
Assets transferred or pledged to securitization vehicles	—	21,973,188	—	21,973,188
Derivative assets				
Interest rate swaps	—	21,226	—	21,226
Other derivatives	190,980	13,145	—	204,125
Total assets	\$ 190,980	\$ 95,310,908	\$ 2,909,134	\$ 98,411,022
Liabilities				
Debt issued by securitization vehicles	\$ —	\$ 19,540,678	\$ —	\$ 19,540,678
Participations issued	—	1,154,816	—	1,154,816
U.S. Treasury securities sold, not yet purchased	2,470,629	—	—	2,470,629
Derivative liabilities				
Interest rate swaps	—	7,212	—	7,212
Other derivatives	16,650	35,724	—	52,374
Total liabilities	\$ 2,487,279	\$ 20,738,430	\$ —	\$ 23,225,709

Financial Statements***Qualitative and Quantitative Information about Level 3 Fair Value Measurements***

The Company considers unobservable inputs to be those for which market data is not available and that are developed using the best information available to us about the assumptions that market participants would use when pricing the asset. Relevant inputs vary depending on the nature of the instrument being measured at fair value. The sensitivities of significant unobservable inputs along with interrelationships between and among the significant unobservable inputs and their impact on the fair value measurements are described below. The effect of a change in a particular assumption in the sensitivity analysis below is considered independently from changes in any other assumptions. In practice, simultaneous changes in assumptions may not always have a linear effect on the inputs discussed below. Interrelationships may also exist between observable and unobservable inputs. Such relationships have not been included in the discussion below. For each of the individual relationships described below, the inverse relationship would also generally apply. For MSR, in general, increases in the discount, prepayment or delinquency rates or in annual servicing costs in isolation would result in a lower fair value measurement. A decline in interest rates could lead to higher-than-expected prepayments of mortgages underlying the Company's investments in MSR, which in turn could result in a decline in the estimated fair value of MSR. Refer to the "Mortgage Servicing Rights" Note for additional information, including rollforwards.

The following table presents information about the significant unobservable inputs used for recurring fair value measurements for Level 3 MSR. The table does not give effect to the Company's risk management practices that might offset risks inherent in these Level 3 investments.

Unobservable Input ⁽¹⁾	Range (Weighted Average) ⁽²⁾	
	December 31, 2025	December 31, 2024
Discount rate	4.7% - 12.0% (7.9%)	7.4% - 12.4% (8.4%)
Prepayment rate	4.6% - 22.8% (5.8%)	4.7% - 17.2% (5.6%)
Delinquency rate	0.2% - 3.7% (1.1%)	0.2% - 4.1% (1.3%)
Cost to service	\$68 - \$93 (\$82)	\$83 - \$99 (\$87)

⁽¹⁾ Represents rates, estimates and assumptions that the Company believes would be used by market participants when valuing these assets.

⁽²⁾ Weighted average discount rate computed based on the fair value of MSR, weighted average prepayment rate, delinquency rate and cost to service based on unpaid principal balances of loans underlying the MSR.

The following table summarizes the estimated fair values for financial assets and liabilities that are not carried at fair value at December 31, 2025 and 2024.

	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets	(dollars in thousands)			
Reverse repurchase agreements	\$34,389	\$34,389	\$—	\$—
Financial liabilities				
Repurchase agreements	\$81,865,723	\$81,865,723	\$65,688,923	\$65,688,923
Other secured financing	1,075,000	1,075,000	750,000	750,000

The carrying values of repurchase agreements and other secured financing approximate fair value and are considered Level 2 fair value measurements.

11. INTANGIBLE ASSETS

Intangible assets, net

Finite life intangible assets are amortized over their expected useful lives. As part of the Company's management internalization transaction, which closed on June 30, 2020, the Company recognized an intangible asset for the acquired assembled workforce of approximately \$41.2 million based on the replacement cost of the employee base acquired by the Company.

The following table presents the activity of finite lived intangible assets for the year ended December 31, 2025.

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Intangible Assets, net	
(dollars in thousands)	
Beginning balance January 1, 2025	\$ 9,416
Less: amortization expense	(2,690)
Ending balance December 31, 2025	\$ 6,726

12. SECURED FINANCING

Reverse Repurchase and Repurchase Agreements – The Company finances a significant portion of its assets with repurchase agreements. At the inception of each transaction, the Company assessed each of the specified criteria in ASC 860, *Transfers and Servicing*, and has determined that each of the financing agreements should be treated as a secured financing.

The Company enters into reverse repurchase agreements to earn a yield on excess cash balances. To mitigate credit exposure, the Company monitors the market value of these securities and delivers or obtains additional collateral based on changes in market value of these securities. Generally, the Company receives or posts collateral with a fair value approximately equal to or greater than the value of the secured financing.

Reverse repurchase agreements and repurchase agreements with the same counterparty and the same maturity are presented net in the Consolidated Statements of Financial Condition when the terms of the agreements meet the criteria to permit netting. The Company reports cash flows on repurchase agreements as financing activities and cash flows on reverse repurchase agreements as investing activities in the Consolidated Statements of Cash Flows.

The Company had outstanding \$81.9 billion and \$65.7 billion of repurchase agreements with weighted average remaining maturities of 35 days and 32 days and weighted average rates of 4.02% and 4.76% at December 31, 2025 and 2024, respectively. In connection with its residential mortgage loans, the Company had select arrangements with counterparties to enter into repurchase agreements for \$4.8 billion with remaining capacity of \$2.5 billion at December 31, 2025.

At December 31, 2025 and 2024, the repurchase agreements had the following remaining maturities and collateral types:

	December 31, 2025					
	Agency Mortgage-Backed Securities	CRTs	Non-Agency Mortgage-Backed Securities	Residential Mortgage Loans	Commercial Mortgage-Backed Securities	Total Repurchase Agreements
	(dollars in thousands)					
1 day	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2 to 29 days	43,487,076	96,162	1,371,672	—	—	44,954,910
30 to 59 days	31,834,906	—	376,364	519,921	—	32,731,191
60 to 89 days	3,969,641	—	655,204	—	—	4,624,845
90 to 119 days	—	—	18,763	165,305	—	184,068
Over 119 days ⁽¹⁾	—	—	275,341	1,532,712	—	1,808,053
Total	\$ 79,291,623	\$ 96,162	\$ 2,697,344	\$ 2,217,938	\$ —	\$ 84,303,067
Amounts offset in accordance with netting arrangements						(2,437,344)
Net amounts of Repurchase agreements as presented in the Consolidated Statements of Financial Condition						\$ 81,865,723

	December 31, 2024					
	Agency Mortgage-Backed Securities	CRTs	Non-Agency Mortgage-Backed Securities	Residential Mortgage Loans	Commercial Mortgage-Backed Securities	Total Repurchase Agreements
	(dollars in thousands)					
1 day	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2 to 29 days	28,603,831	405,341	861,271	—	66,010	29,936,453
30 to 59 days	34,496,443	116,087	682,037	251,357	—	35,545,924
60 to 89 days	692,255	47,583	545,684	—	—	1,285,522
90 to 119 days	2,085	—	60,383	—	—	62,468
Over 119 days ⁽¹⁾	—	—	332,040	1,139,604	—	1,471,644
Total	\$ 63,794,614	\$ 569,011	\$ 2,481,415	\$ 1,390,961	\$ 66,010	\$ 68,302,011
Amounts offset in accordance with netting arrangements						(2,613,088)
Net amounts of Repurchase agreements as presented in the Consolidated Statements of Financial Condition						\$ 65,688,923

⁽¹⁾ Less than 1% of the total repurchase agreements had a remaining maturity over 1 year at December 31, 2025 and December 31, 2024.

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The following table summarizes the gross amounts of reverse repurchase agreements and repurchase agreements, amounts offset in accordance with netting arrangements and net amounts of repurchase agreements and reverse repurchase agreements as presented in the Consolidated Statements of Financial Condition at December 31, 2025 and 2024. Refer to the “Derivative Instruments” Note for information related to the effect of netting arrangements on the Company’s derivative instruments.

	December 31, 2025		December 31, 2024	
	Reverse Repurchase Agreements	Repurchase Agreements	Reverse Repurchase Agreements	Repurchase Agreements
	(dollars in thousands)			
Gross amounts	\$ 2,471,733	\$ 84,303,067	\$ 2,613,088	\$ 68,302,011
Amounts offset	(2,437,344)	(2,437,344)	(2,613,088)	(2,613,088)
Netted amounts	\$ 34,389	\$ 81,865,723	\$ —	\$ 65,688,923

The fair value of collateral received in connection with reverse repurchase agreements as of December 31, 2025 was \$2.5 billion, of which the Company sold \$2.4 billion. The fair value of collateral received in connection with reverse repurchase agreements as of December 31, 2024 was \$2.6 billion, of which the Company sold \$2.5 billion. The amount of collateral sold is reported at fair value in the Company’s Consolidated Statements of Financial Condition as U.S. Treasury securities sold, not yet purchased.

Other Secured Financing - As of December 31, 2025, the Company had \$2.2 billion in total committed credit facilities to finance a portion of its MSR portfolio. Outstanding borrowings under these facilities as of December 31, 2025 totaled \$1.1 billion with maturities ranging between one to two years. As of December 31, 2024, the Company had \$1.6 billion in total committed credit facilities to finance a portion of its MSR portfolio. Outstanding borrowings under these facilities as of December 31, 2024 totaled \$750.0 million with maturities ranging between one month to two years. The weighted average interest rate of the borrowings was 6.44% and 7.21% as of December 31, 2025 and 2024, respectively. Borrowings are reported in Other secured financing in the Company’s Consolidated Statements of Financial Condition.

Investments pledged as collateral under secured financing arrangements and interest rate swaps, excluding residential mortgage loans of consolidated VIEs, had an estimated fair value and accrued interest of \$89.0 billion and \$404.1 million, respectively, at December 31, 2025 and \$71.8 billion and \$332.7 million, respectively, at December 31, 2024.

13. CAPITAL STOCK**(A) Common Stock**

The following table provides a summary of the Company’s common shares authorized, and issued and outstanding at December 31, 2025 and 2024.

	Shares authorized		Shares issued and outstanding		Par Value
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
Common stock	1,456,750,000	1,468,250,000	706,972,452	578,357,118	\$0.01

In January 2022, the Company announced that its Board authorized the repurchase of up to \$1.5 billion of its outstanding shares of common stock through December 31, 2024 (the “Prior Common Stock Repurchase Program”). In January 2025, the Company announced that its Board authorized the repurchase of up to \$1.5 billion of its outstanding shares of common stock through December 31, 2029 (the “Current Common Stock Repurchase Program”). The Current Common Stock Repurchase Program replaced the Prior Common Stock Repurchase Program. During the years ended December 31, 2025 and 2024, no shares were repurchased under the Current Common Stock Repurchase Program or the Prior Common Stock Repurchase Program, respectively.

Purchases made pursuant to the Current Common Stock Repurchase Program will be made in either the open market or in privately negotiated transactions from time to time as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by the Company in its discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate the Company to acquire any particular amount of common stock and the program may be suspended or discontinued at our discretion without prior notice.

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On August 6, 2020, the Company entered into separate Amended and Restated Distribution Agency Agreements (as amended by Amendment No. 1 to the Amended and Restated Distribution Agency Agreements on August 6, 2021, and Amendment No. 2 to the Amended and Restated Distribution Agency Agreements on November 3, 2022, collectively, the “2020 Sales Agreements”) with each of Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (collectively, the “2020 Sales Agents”). Pursuant to the 2020 Sales Agreements, the Company offered and sold shares of its common stock, having an aggregate offering price of up to \$1.5 billion, from time to time through any of the Prior Sales Agents (the “2020 At-the-Market Sales Program”).

On September 20, 2024, the Company entered into separate Distribution Agency Agreements (collectively, the “2024 Sales Agreements”) with each of Barclays Capital Inc., BNP Paribas Securities Corp., BofA Securities, Inc., Citizens JMP Securities, LLC, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., Morgan Stanley & Co., LLC, RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (collectively, the “2024 Sales Agents”), which terminated and replaced the 2020 Sales Agreements. Under the terms of the 2024 Sales Agreements, the Company offered and sold shares of its common stock, having an aggregate offering price of up to \$1.5 billion, from time to time through any of the 2024 Sales Agents (the “2024 At-The-Market Sales Program”).

On May 8, 2025, the Company entered into separate Distribution Agency Agreements (collectively, the “Prior Sales Agreements”) with each of Barclays Capital Inc., BNP Paribas Securities Corp., BofA Securities, Inc., BTIG, LLC, Citizens JMP Securities, LLC, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., Morgan Stanley & Co., LLC, Piper Sandler & Co., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (the “Sales Agents”), which terminated and replaced the 2024 Sales Agreements. Under the terms of the Prior Sales Agreements, the Company offered and sold shares of its common stock, having an aggregate offering price of up to \$2.0 billion, from time to time through any of the Sales Agents (the "Prior At-The-Market Sales Program").

On December 22, 2025, the Company entered into separate Distribution Agency Agreements (collectively, the “Sales Agreements”) with each of the Sales Agents, which terminated and replaced the Prior Sales Agreements. Under the terms of the Sales Agreements, the Company may offer and sell shares of its common stock, having an aggregate offering price of up to \$2.5 billion, from time to time through any of the Sales Agents (the "Current At-The-Market Sales Program" and, together with the 2020 At-The-Market Sales Program, the 2024 At-The-Market Sales Program and the Prior At-The-Market Sales Program, the "at-the-market sales program").

During the year ended December 31, 2025, under the at-the-market sales program, the Company issued 127.9 million shares for proceeds of \$2.6 billion, net of commissions and fees. During the year ended December 31, 2024, under the at-the-market sales program, the Company issued 77.9 million shares for proceeds of \$1.6 billion, net of commissions and fees.

(B) Preferred Stock

The following is a summary of the Company’s cumulative redeemable preferred stock outstanding at December 31, 2025 and 2024. In the event of a liquidation or dissolution of the Company, the Company’s then outstanding preferred stock takes precedence over the Company’s common stock with respect to payment of dividends and the distribution of assets.

	Shares Authorized		Shares Issued And Outstanding		Carrying Value		Contractual Rate	Earliest Redemption Date ⁽¹⁾	Effective Date of Floating Rate Dividend Period	Floating Annual Rate ⁽²⁾
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024				
Fixed-rate	(dollars in thousands)									
Series J	11,500,000	—	11,000,000	—	265,911	—	8.875%	9/30/2030	NA	NA
Fixed-to-floating rate										
Series F	28,800,000	28,800,000	28,800,000	28,800,000	696,910	696,910	6.95%	9/30/2022	9/30/2022	3M Term SOFR + 4.993%
Series G	17,000,000	17,000,000	17,000,000	17,000,000	411,335	411,335	6.50%	3/31/2023	3/31/2023	3M Term SOFR + 4.172%
Series I	17,700,000	17,700,000	17,700,000	17,700,000	428,324	428,324	6.75%	6/30/2024	6/30/2024	3M Term SOFR + 4.989%
Subtotal	63,500,000	63,500,000	63,500,000	63,500,000	1,536,569	1,536,569				
Total	75,000,000	63,500,000	74,500,000	63,500,000	\$ 1,802,480	\$ 1,536,569				

⁽¹⁾ Subject to the Company’s right under limited circumstances to redeem preferred stock earlier in order to preserve its qualification as a REIT or under limited circumstances related to a change in control of the Company.

⁽²⁾ For each series of fixed-to-floating rate cumulative redeemable preferred stock, the floating rate is calculated as 3-month CME Term SOFR (plus a spread adjustment of 0.26161%) plus the spread specified in the prospectus.

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Each series of preferred stock has a par value of \$0.01 per share and a liquidation and redemption price of \$25.00, plus accrued and unpaid dividends through their redemption date. Through December 31, 2025, the Company had declared and paid all required quarterly dividends on the Company's preferred stock.

The Series F Fixed-to-Floating Rate Cumulative Preferred Stock, Series G Fixed-to-Floating Rate Cumulative Preferred Stock, Series I Fixed-to-Floating Rate Cumulative Preferred Stock and Series J Fixed-Rate Cumulative Preferred Stock rank senior to the common stock of the Company.

During the year ended December 31, 2025, the Company issued 11,000,000 shares of its 8.875% Series J Preferred Stock, which included the exercise by the underwriters of their option to purchase an additional 1,000,000 shares of Series J Preferred Stock solely to cover over-allotments, for gross proceeds of \$275 million before deducting the underwriting discount and other estimated offering expenses.

On November 3, 2022, the Board approved a repurchase plan for all of its existing outstanding Preferred Stock (as defined below, the "Prior Preferred Stock Repurchase Program"). Under the terms of the Prior Preferred Stock Repurchase Program plan, the Company is authorized to repurchase up to an aggregate of 63,500,000 shares of Preferred Stock, comprised of up to (i) 28,800,000 shares of its 6.95% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series F Preferred Stock"), (ii) 17,000,000 shares of its 6.50% Series G Fixed-to Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series G Preferred Stock"), and (iii) 17,700,000 shares of its 6.75% Series I Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series I Preferred Stock", and together with Series F Preferred Stock and Series G Preferred Stock, the "Preferred Stock"). The aggregate liquidation value of the Preferred Stock that may be repurchased by the Company pursuant to the Prior Preferred Stock Repurchase Program, as of November 3, 2022, was approximately \$1.6 billion. The Prior Preferred Stock Repurchase Program became effective on November 3, 2022, and expired on December 31, 2024. No shares were repurchased with respect to the Prior Preferred Stock Repurchase Program during the year ended December 31, 2024.

On December 31, 2024, the Board approved a repurchase plan for all of its existing outstanding Preferred Stock (as defined below, the "Current Preferred Stock Repurchase Program"). Under the terms of the Current Preferred Stock Repurchase Program, the Company is authorized to repurchase up to an aggregate of 63,500,000 shares of Preferred Stock, comprised of up to (i) 28,800,000 shares of its Series F Preferred Stock, (ii) 17,000,000 shares of its Series G Preferred Stock, and (iii) 17,700,000 shares of its Series I Preferred Stock. The aggregate liquidation value of the Preferred Stock that may be repurchased by the Company pursuant to the Current Preferred Stock Repurchase Program, as of December 31, 2024, was approximately \$1.6 billion. The Current Preferred Stock Repurchase Program replaced the Prior Preferred Stock Repurchase Program. The Current Preferred Stock Repurchase Program became effective on January 1, 2025, and will expire on December 31, 2029. No shares were repurchased with respect to the Current Preferred Stock Repurchase Program during the year ended December 31, 2025.

(C) Distributions to Stockholders

The following table provides a summary of the Company's dividend distribution activity for the periods presented:

	For the Years Ended	
	December 31, 2025	December 31, 2024
	(dollars in thousands, except per share data)	
Dividends and dividend equivalents declared on common stock and share-based awards	\$ 1,853,510	\$ 1,397,733
Distributions declared per common share ⁽¹⁾	\$ 2.80	\$ 2.60
Distributions paid to common stockholders after period end	\$ 494,881	\$ 375,932
Distributions paid per common share after period end	\$ 0.70	\$ 0.65
Date of distributions paid to common stockholders after period end	January 30, 2026	January 31, 2025
Dividends declared to series F preferred stockholders	\$ 68,298	\$ 74,887
Dividends declared per share of series F preferred stock ⁽²⁾	\$ 2.371	\$ 2.600
Dividends declared to series G preferred stockholders	\$ 37,333	\$ 41,619
Dividends declared per share of series G preferred stock ⁽²⁾	\$ 2.196	\$ 2.448
Dividends declared to series I preferred stockholders	\$ 42,537	\$ 38,045
Dividends declared per share of series I preferred stock ⁽²⁾	\$ 2.403	\$ 2.149
Dividends declared to series J preferred stockholders	\$ 9,763	\$ —
Dividends declared per share of series J preferred stock ⁽²⁾	\$ 0.888	\$ —

⁽¹⁾ For the year ended December 31, 2025, 100% of common stock dividend distributions of \$2.80 per share declared in calendar year 2025 were taxable as ordinary income. For the year ended December 31, 2024, 100% of common stock dividend distributions of \$2.60 per share declared in calendar year 2024 were taxable as ordinary income.

⁽²⁾ For the years ended December 31, 2025 and 2024, 100% of the preferred stock dividend distributions per share were taxable as ordinary income.

Financial Statements**14. LONG-TERM STOCK INCENTIVE PLAN**

Employees, Directors and other service providers of the Company are eligible to participate in the Company’s 2020 Equity Incentive Plan (the “Plan”), which provides for equity-based compensation in the form of stock options, share appreciation rights, dividend equivalent rights, restricted shares, restricted stock units (“RSUs”), and other share-based awards. The Company has the ability to award up to an aggregate of 31,250,000 shares under the terms of the Plan, subject to adjustment for any awards that were outstanding under the Company’s 2010 Equity Incentive Plan (the “Prior Plan”, collectively the “Plans”) on the effective date of the Plan and subsequently expire, terminate, or are surrendered or forfeited. No new awards are permitted to be made under the Prior Plan, although existing awards remain effective.

Restricted Stock Units

The Company grants RSUs (including RSUs subject to performance conditions (“PSUs”)) to employees, which are generally valued based on the closing price of the underlying shares on the date of grant. For RSUs that vest, the underlying shares of common stock are delivered (net of required withholding tax) as outlined in the applicable award agreements. PSUs are subject to the Company’s achievement of specified performance criteria and the number of awards that vest can range from zero to 150% of the grant amount. Award agreements generally provide that vesting is accelerated in certain circumstances, such as death and disability. Delivery of the underlying shares of common stock, which generally occurs over a three-year period, is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements.

The Company recognized equity-based compensation expense of \$28.0 million for the year ended December 31, 2025. As of December 31, 2025, there was \$31.9 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 1.79 years.

15. INTEREST INCOME AND INTEREST EXPENSE

Refer to the “Significant Accounting Policies” Note for details surrounding the Company’s accounting policy related to net interest income on securities and loans.

The following table summarizes the interest income recognition methodology for Residential Securities:

Agency	Interest Income Methodology
Fixed-rate pass-through ⁽¹⁾	Effective yield ⁽³⁾
Adjustable-rate pass-through ⁽¹⁾	Effective yield ⁽³⁾
Multifamily ⁽¹⁾	Contractual Cash Flows
CMO ⁽¹⁾	Effective yield ⁽³⁾
Reverse mortgages ⁽²⁾	Prospective
Interest-only ⁽²⁾	Prospective
Residential credit	
CRT ⁽²⁾	Prospective
Non-QM ⁽²⁾	Prospective
Prime ⁽²⁾	Prospective
SBC ⁽²⁾	Prospective
NPL/RPL ⁽²⁾	Prospective
RTL ⁽²⁾	Prospective
Prime jumbo ⁽²⁾	Prospective

⁽¹⁾ Changes in fair value are recognized in Other comprehensive income (loss) in the accompanying Consolidated Statements of Comprehensive Income (Loss) for securities purchased prior to July 1, 2022. Effective July 1, 2022, changes in fair value are recognized in Net gains (losses) on investments and other in the accompanying Consolidated Statements of Comprehensive Income (Loss) for newly purchased securities.

⁽²⁾ Changes in fair value are recognized in Net gains (losses) on investments and other in the accompanying Consolidated Statements of Comprehensive Income (Loss).

⁽³⁾ Effective yield is recalculated for differences between estimated and actual prepayments and the amortized cost is adjusted as if the new effective yield had been applied since inception.

The following table presents the components of the Company’s interest income and interest expense for the years ended December 31, 2025, 2024 and 2023.

	For the Years Ended December 31,		
	2025	2024	2023
Interest income	(dollars in thousands)		
Agency securities	\$ 3,725,346	\$ 3,205,862	\$ 2,740,320
Residential credit securities	143,996	203,758	225,266
Residential mortgage loans ⁽¹⁾	1,950,070	1,282,941	703,838
Commercial investment portfolio ⁽¹⁾	1,218	9,857	28,385
Reverse repurchase agreements	138,575	137,616	33,772
Total interest income	\$ 5,959,205	\$ 4,840,034	\$ 3,731,581
Interest expense			
Repurchase agreements	\$ 3,276,213	\$ 3,579,837	\$ 3,337,527
Debt issued by securitization vehicles	1,329,073	856,418	443,584
Participations issued	114,641	67,748	50,357
U.S. Treasury securities sold, not yet purchased	103,778	88,235	11,497
Total interest expense	4,823,705	4,592,238	3,842,965
Net interest income	\$ 1,135,500	\$ 247,796	\$ (111,384)

⁽¹⁾ Includes assets transferred or pledged to securitization vehicles.

16. NET INCOME (LOSS) PER COMMON SHARE

The following table presents a reconciliation of net income (loss) and shares used in calculating basic and diluted net income (loss) per share for the years ended December 31, 2025, 2024 and 2023.

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
	(dollars in thousands, except per share data)		
Net income (loss)	\$ 2,051,690	\$ 1,011,768	\$ (1,638,457)
Net income (loss) attributable to noncontrolling interests	24,428	9,862	4,714
Net income (loss) attributable to Annaly	2,027,262	1,001,906	(1,643,171)
Dividends on preferred stock	157,931	154,551	141,676
Net income (loss) available (related) to common stockholders	\$ 1,869,331	\$ 847,355	\$ (1,784,847)
Weighted average shares of common stock outstanding-basic	639,513,399	521,737,554	494,541,323
Add: Effect of stock awards, if dilutive	1,529,342	1,010,056	—
Weighted average shares of common stock outstanding-diluted	641,042,741	522,747,610	494,541,323
Net income (loss) per share available (related) to common share			
Basic	\$ 2.92	\$ 1.62	\$ (3.61)
Diluted	\$ 2.92	\$ 1.62	\$ (3.61)

The computations of diluted net income (loss) per share available (related) to common share for the year ended December 31, 2023 excludes 1.9 million shares of potentially dilutive restricted stock units and performance stock units because their effect would have been anti-dilutive. There were no potentially dilutive restricted stock units or performance stock units for the years ended December 31, 2025 and 2024.

17. INCOME TAXES

For the year ended December 31, 2025, the Company was qualified to be taxed as a REIT under Code Sections 856 through 860. As a REIT, the Company will not incur federal income tax to the extent that it distributes its taxable income to its stockholders. To maintain qualification as a REIT, the Company must distribute at least 90% of its annual REIT taxable income to its stockholders and meet certain other requirements that relate to, among other things, assets it may hold, income it may generate and its stockholder composition. It is generally the Company's policy to distribute 100% of its REIT taxable income.

To the extent there is any undistributed REIT taxable income at the end of a year, the Company distributes such shortfall within the next year as permitted by the Code.

The Company and certain of its direct and indirect subsidiaries, including Annaly TRS, Inc. and certain subsidiaries of joint ventures, have made separate joint elections to treat these subsidiaries as TRSs. As such, each of these TRSs is taxable as a domestic C corporation and subject to federal, state and local income taxes based upon their taxable income.

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The provisions of ASC 740, Income Taxes (“ASC 740”), clarify the accounting for uncertainty in income taxes recognized in financial statements and prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken on a tax return. ASC 740 also requires that interest and penalties related to unrecognized tax benefits be recognized in the financial statements. As of December 31, 2025, the Company does not have any unrecognized tax benefits that would affect its financial position. Thus, no accruals for penalties and interest were deemed necessary at December 31, 2025 and 2024.

The state and local tax jurisdictions for which the Company is subject to tax-filing obligations recognize the Company’s status as a REIT and, therefore, the Company generally does not pay income tax in such jurisdictions. The Company may, however, be subject to certain minimum state and local tax filing fees as well as certain excise, franchise or business taxes. The Company’s TRSs are subject to federal, state and local taxes. The Company’s federal, state and local tax returns from 2022 and forward remain open for examination.

During the years ended December 31, 2025, 2024 and 2023 the Company recorded (\$6.9) million, \$15.3 million and \$39.4 million, respectively, of income tax expense (benefit) attributable to its TRSs. Income tax expense (benefit) consists of the following:

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
	(dollars in thousands)		
Current Tax Expense (Benefit)			
Federal	\$ (131)	\$ 771	\$ —
State and local	175	240	28
Total current income tax expense (benefit)	\$ 44	\$ 1,011	\$ 28
Deferred Tax Expense (Benefit)			
Federal	\$ (6,313)	\$ 12,468	\$ 34,480
State and local	(601)	1,781	4,926
Total deferred income tax expense (benefit)	\$ (6,914)	\$ 14,249	\$ 39,406
Total income tax expense (benefit)	\$ (6,870)	\$ 15,260	\$ 39,434

The difference between the Company's reported income tax provision and the U.S. federal statutory rate of 21.0% is as follows:

	For the Year Ended	
	December 31, 2025	
	(dollars in thousands)	Percent
Statutory federal income tax rate	\$ 429,277	21.0%
Non-taxable REIT income	(396,950)	(19.4%)
State and local taxes, net of federal income tax effect ⁽¹⁾	(3,509)	(0.2%)
VIE and Other	(35,688)	(1.7%)
Change in valuation allowance	—	—%
Total provision	\$ (6,870)	(0.3%)

⁽¹⁾ State and local taxes in New York made up the majority (greater than 50%) of the tax effect in this category.

	For the Years Ended	
	December 31, 2024	December 31, 2023
Statutory federal income tax rate	21.0%	21.0%
Non-taxable REIT income	(22.5%)	(25.2%)
State and local taxes	3.0%	3.0%
VIE and Other	—%	(1.3%)
Change in valuation allowance	—%	—%
Total provision	1.5%	(2.5%)

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During the year ended December 31, 2025, the Company paid \$0.7 million of income taxes (net of refunds). Income taxes paid (net of refunds) consists of the following:

	For the Year Ended
	December 31, 2025
	(dollars in thousands)
Federal	183
State and local	492
Total income taxes paid (net of refunds)	\$ 675

As of December 31, 2025, the Company recorded a net deferred tax asset of \$89.2 million resulting primarily from net operating loss carryforwards and securitization gains, and a net deferred tax liability of \$151.3 million resulting primarily from unrealized gains on MSR, residential mortgage loans, and interest rate swaps, which is included in Other assets and Other liabilities, respectively, in the Consolidated Statements of Financial Condition. As of December 31, 2025, no valuation allowance was established.

As of December 31, 2025, the Company's TRSs had approximately \$109.1 million of net operating loss carryforwards for federal income tax purposes which may be available to offset future taxable income, including approximately \$7.9 million of net operating loss carryforwards that are subject to an annual limitation under Internal Revenue Code Section 382 and \$101.2 million that can be carried forward indefinitely.

18. SEGMENTS

The Company operates in three reportable segments further described in the Description of Business Note. The accounting policies applied to the segments are the same as those described in the summary of significant accounting policies, with the exception of allocations between segments related to net interest income and other comprehensive income (loss), which are reflected in Other income (loss), and allocations between segments related to investment balances, which are presented net of associated financings in Total Assets. These allocations are made to reflect the economic hedging relationship between investments within different operating segments. Activities that are not directly attributable or not allocated to any of the three current operating segments (such as investments in commercial mortgage-backed securities, preferred stock dividends and corporate existence costs) are reported under Corporate and Other as reconciling items to the Company's consolidated financial statements. The tables below summarize the result of operations and total assets by segment that are provided to the Chief Operating Decision Maker (CODM), which is the Company's Operating Committee. Comprehensive income is the measure of segment profit or loss that is determined in accordance with the measurement principles used in measuring the corresponding amounts in the consolidated financial statements and is a key determinant of the Company's economic return (computed as the change in stockholders' equity attributable to common stockholders plus common stock dividends declared divided by the prior period's stockholders' equity attributable to common stockholders), a measure which is used by the CODM to evaluate segment results and is one of the factors considered in determining capital allocation among the segments.

The following tables present the reportable operating segments related to the Company's results of operations for the years ended December 31, 2025, 2024 and 2023:

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December 31, 2025						
	Agency	Residential Credit	MSR	Corporate & Other	Consolidated	
(dollars in thousands)						
Interest income	\$ 3,860,554	\$ 2,097,433	\$ —	\$ 1,218	\$ 5,959,205	
Interest expense	3,105,686	1,717,154	—	865	4,823,705	
Net interest income	754,868	380,279	—	353	1,135,500	
Servicing and related income	—	—	579,592	—	579,592	
Servicing and related expense	—	—	60,273	—	60,273	
Net servicing income	—	—	519,319	—	519,319	
Other income (loss)	677,429	11,516	(101,581)	2,266	589,630	
Less: Total general and administrative expenses	69,862	65,241	37,545	26,981	199,629	
Income (loss) before income taxes	1,362,435	326,554	380,193	(24,362)	2,044,820	
Income taxes	494	(27,396)	18,423	1,609	(6,870)	
Net income (loss)	1,361,941	353,950	361,770	(25,971)	2,051,690	
Less: Net income (loss) attributable to noncontrolling interest	—	24,428	—	—	24,428	
Net income (loss) attributable to Annaly	1,361,941	329,522	361,770	(25,971)	2,027,262	
Dividends on preferred stock	—	—	—	157,931	157,931	
Net income (loss) available (related) to common stockholders	1,361,941	329,522	361,770	(183,902)	1,869,331	
Unrealized gains (losses) on available-for-sale securities	386,709	—	—	—	386,709	
Reclassification adjustment for net (gains) losses included in net income (loss)	142,407	—	—	—	142,407	
Other comprehensive income (loss)	529,116	—	—	—	529,116	
Comprehensive income (loss)	1,891,057	353,950	361,770	(25,971)	2,580,806	
Comprehensive income (loss) attributable to noncontrolling interests	—	24,428	—	—	24,428	
Comprehensive income (loss) attributable to Annaly	\$ 1,891,057	\$ 329,522	\$ 361,770	\$ (25,971)	\$ 2,556,378	
Noncash investing and financing activities:						
Receivable for unsettled trades	846	—	185	—	1,031	
Payable for unsettled trades	1,938,963	—	120,423	—	2,059,386	
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment	529,116	—	—	—	529,116	
Dividends declared, not yet paid	—	—	—	494,881	494,881	
Total assets						
Total assets	\$ 91,816,874	\$ 39,310,418	\$ 4,388,619	\$ 93,927	\$ 135,609,838	

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December 31, 2024						
	Agency	Residential Credit	MSR	Corporate & Other	Consolidated	
(dollars in thousands)						
Interest income	\$ 3,340,101	\$ 1,490,076	\$ —	\$ 9,857	\$ 4,840,034	
Interest expense	3,367,984	1,217,780	—	6,474	4,592,238	
Net interest income	(27,883)	272,296	—	3,383	247,796	
Servicing and related income	—	—	485,406	—	485,406	
Servicing and related expense	—	—	49,469	—	49,469	
Net servicing income	—	—	435,937	—	435,937	
Other income (loss)	381,691	147,449	(19,330)	4,841	514,651	
Less: Total general and administrative expenses	63,854	53,408	34,670	19,424	171,356	
Income (loss) before income taxes	289,954	366,337	381,937	(11,200)	1,027,028	
Income taxes	2,026	(15,705)	29,108	(169)	15,260	
Net income (loss)	287,928	382,042	352,829	(11,031)	1,011,768	
Less: Net income (loss) attributable to noncontrolling interest	—	9,862	—	—	9,862	
Net income (loss) attributable to Annaly	287,928	372,180	352,829	(11,031)	1,001,906	
Dividends on preferred stock	—	—	—	154,551	154,551	
Net income (loss) available (related) to common stockholders	287,928	372,180	352,829	(165,582)	847,355	
Unrealized gains (losses) on available-for-sale securities	(244,278)	—	—	—	(244,278)	
Reclassification adjustment for net (gains) losses included in net income (loss)	561,996	—	—	—	561,996	
Other comprehensive income (loss)	317,718	—	—	—	317,718	
Comprehensive income (loss)	605,646	382,042	352,829	(11,031)	1,329,486	
Comprehensive income (loss) attributable to noncontrolling interests	—	9,862	—	—	9,862	
Comprehensive income (loss) attributable to Annaly	\$ 605,646	\$ 372,180	\$ 352,829	\$ (11,031)	\$ 1,319,624	
Noncash investing and financing activities:						
Receivable for unsettled trades	2,142,357	—	59,090	—	2,201,447	
Payable for unsettled trades	280,515	—	27,767	—	308,282	
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment	317,718	—	—	—	317,718	
Dividends declared, not yet paid	—	—	—	375,932	375,932	
Total assets						
Total assets	\$ 71,834,543	\$ 28,137,561	\$ 3,406,686	\$ 177,594	\$ 103,556,384	

Financial Statements

December 31, 2023					
	Agency	Residential Credit	MSR	Corporate & Other	Consolidated
(dollars in thousands)					
Interest income	\$ 2,772,963	\$ 930,232	\$ —	\$ 28,386	\$ 3,731,581
Interest expense	3,096,245	728,273	—	18,447	3,842,965
Net interest income	(323,282)	201,959	—	9,939	(111,384)
Servicing and related income	—	—	364,157	—	364,157
Servicing and related expense	—	—	37,652	—	37,652
Net servicing income	—	—	326,505	—	326,505
Other income (loss)	(1,824,323)	171,678	13,975	(12,921)	(1,651,591)
Less: Total general and administrative expenses	58,852	49,021	29,872	24,808	162,553
Income (loss) before income taxes	(2,206,457)	324,616	310,608	(27,790)	(1,599,023)
Income taxes	1,629	17,121	21,070	(386)	39,434
Net income (loss)	(2,208,086)	307,495	289,538	(27,404)	(1,638,457)
Less: Net income (loss) attributable to noncontrolling interest	—	4,714	—	—	4,714
Net income (loss) attributable to Annaly	(2,208,086)	302,781	289,538	(27,404)	(1,643,171)
Dividends on preferred stock	—	—	—	141,676	141,676
Net income (loss) available (related) to common stockholders	(2,208,086)	302,781	289,538	(169,080)	(1,784,847)
Unrealized gains (losses) on available-for-sale securities	580,680	—	—	—	580,680
Reclassification adjustment for net (gains) losses included in net income (loss)	1,792,816	—	—	—	1,792,816
Other comprehensive income (loss)	2,373,496	—	—	—	2,373,496
Comprehensive income (loss)	165,410	307,495	289,538	(27,404)	735,039
Comprehensive income (loss) attributable to noncontrolling interests	—	4,714	—	—	4,714
Comprehensive income (loss) attributable to Annaly	\$ 165,410	\$ 302,781	\$ 289,538	\$ (27,404)	\$ 730,325
Noncash investing and financing activities:					
Receivable for unsettled trades	2,709,398	—	826	—	2,710,224
Payable for unsettled trades	3,232,941	10	16,438	—	3,249,389
Net change in unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment	2,373,496	—	—	—	2,373,496
Dividends declared, not yet paid	—	—	—	325,052	325,052
Total assets					
Total assets	\$ 71,167,416	\$ 19,149,003	\$ 2,578,644	\$ 332,173	\$ 93,227,236

19. RISK MANAGEMENT

The primary risks to the Company are liquidity and funding risk, investment/market risk, credit risk and operational risk. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the Company's control. Changes in the general level of interest rates can affect net interest income, which is the difference between the interest income earned on interest earning assets and the interest expense incurred in connection with the interest bearing liabilities, by affecting the spread between the interest earning assets and interest bearing liabilities. Changes in the level of interest rates can also affect the value of the interest earning assets and the Company's ability to realize gains from the sale of these assets. A decline in the value of the interest earning assets pledged as collateral for borrowings under repurchase agreements and derivative contracts could result in the counterparties demanding additional collateral or liquidating some of the existing collateral to reduce borrowing levels.

The Company may seek to mitigate the potential financial impact of these risks by entering into interest rate agreements such as interest rate swaps, interest rate swaptions and other hedges.

Weakness in the mortgage market, the shape of the yield curve, changes in the expectations for the volatility of future interest rates and deterioration of financial conditions in general may adversely affect the performance and market value of the Company's investments. This could negatively impact the Company's book value. Furthermore, if many of the Company's lenders are unwilling or unable to provide additional financing, the Company could be forced to sell its investments at an inopportune time when prices are depressed. The Company has established policies and procedures for mitigating risks, including conducting scenario and sensitivity analyses and utilizing a range of hedging strategies.

The payment of principal and interest on the Freddie Mac and Fannie Mae Agency mortgage-backed securities, which exclude CRT securities issued by Freddie Mac and Fannie Mae, is guaranteed by those respective agencies and the payment of principal and interest on Ginnie Mae Agency mortgage-backed securities is backed by the full faith and credit of the U.S. government.

The Company faces credit risk on the portions of its portfolio which are not guaranteed by the respective Agency or by the full faith and credit of the U.S. government. The Company is exposed to credit risk on commercial mortgage-backed securities, residential mortgage loans, CRT securities and other non-Agency mortgage-backed securities. MSR values may also be adversely impacted by rising borrower delinquencies which would reduce servicing income and increase overall costs to service the underlying mortgage loans. The Company is exposed to risk of loss if an issuer, borrower or counterparty fails to perform its obligations under contractual terms. The Company has established policies and procedures for mitigating credit risk, including reviewing and establishing limits for credit exposure, limiting transactions with specific counterparties, pre-purchase due diligence, maintaining qualifying collateral, continually assessing the creditworthiness of issuers, borrowers and counterparties, credit rating monitoring and active servicer oversight.

The Company depends on third party service providers to perform various business processes related to its operations, including mortgage loan servicers and sub-servicers. The Company's vendor management policy establishes procedures for engaging, onboarding and monitoring the performance of third party vendors. For mortgage loan servicers and sub-servicers, these procedures include assessing a vendor's financial health as well as oversight of its compliance with applicable laws and regulations, cybersecurity and business continuity programs and security of personal information.

20. LEASE COMMITMENTS AND CONTINGENCIES

The Company's operating leases are primarily comprised of corporate office leases with remaining lease terms of approximately two years and sixteen years. The corporate office leases include options to extend for up to five years, however the extension terms were not included in the operating lease liability calculation. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term. The lease cost for the years ended December 31, 2025, 2024 and 2023 were \$5.1 million, \$3.3 million, and \$3.3 million, respectively.

Financial Statements

Supplemental information related to leases as of and for the year ended December 31, 2025 was as follows:

Operating Leases	Classification	December 31, 2025	
Assets			
(dollars in thousands)			
Operating lease right-of-use assets	Other assets	\$	26,509
Liabilities			
Operating lease liabilities ⁽¹⁾	Other liabilities	\$	33,127
Lease term and discount rate			
Weighted average remaining lease term		16.2 years	
Weighted average discount rate ⁽¹⁾		7.0%	
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases		\$	3,149

⁽¹⁾ For the Company's leases that do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at adoption date in determining the present value of lease payments.

The following table provides details related to maturities of lease liabilities:

Years ended December 31,	Maturity of Lease Liabilities	
	(dollars in thousands)	
2026	\$	261
2027		2,503
2028		3,854
2029		3,831
Later years		52,041
Total lease payments	\$	62,490
Less: imputed interest		29,363
Present value of lease liabilities	\$	33,127

Contingencies

From time to time, the Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's consolidated financial statements. There were no material contingencies at December 31, 2025 and 2024.

21. SUBSEQUENT EVENTS

In January 2026, the Company completed and closed two securitizations of residential mortgage loans, OBX 2026-NQM1, with a face value of \$847.2 million, and OBX 2026-NQM2, with a face value of \$809.1 million. These securitizations represent financing transactions which provided non-recourse financing to the Company collateralized by residential mortgage loans purchased by the Company. Additionally, the Company upsized capacity of an existing credit facility by \$100 million for the Company's residential mortgage loans.

In February 2026, the Company completed and closed one securitization of residential mortgage loans OBX 2026-J1, with a face value of \$362.1 million. This securitization represents a financing transaction which provided non-recourse financing to the Company collateralized by residential mortgage loans purchased by the Company. Additionally, the Company upsized capacity of existing credit facilities for the Company's MSR platform and for the Company's residential mortgage loans by \$100 million and \$100 million, respectively.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 12, 2026

By: /s/ David L. Finkelstein

David L. Finkelstein

Chief Executive Officer and Co-Chief Investment Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
<u>/s/ David L. Finkelstein</u> David L. Finkelstein	Chief Executive Officer, Co-Chief Investment Officer, and Director (Principal Executive Officer)	February 12, 2026
<u>/s/ Serena Wolfe</u> Serena Wolfe	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 12, 2026
<u>/s/ Thomas Edward Hamilton</u> Thomas Edward Hamilton	Director, Chair of the Board	February 12, 2026
<u>/s/ Kathy Hopinkah Hannan</u> Kathy Hopinkah Hannan	Director	February 12, 2026
<u>/s/ Martin Laguerre</u> Martin Laguerre	Director	February 12, 2026
<u>/s/ Manon Laroche</u> Manon Laroche	Director	February 12, 2026
<u>/s/ Eric A. Reeves</u> Eric A. Reeves	Director	February 12, 2026
<u>/s/ Glenn A. Votek</u> Glenn A. Votek	Director	February 12, 2026
<u>/s/ Scott Wede</u> Scott Wede	Director	February 12, 2026
<u>/s/ Vicki Williams</u> Vicki Williams	Director	February 12, 2026

Glossary of Terms

CMO: Refers to Collateralized Mortgage Obligation

CPR: Refers to Constant Prepayment Rate

CR Committee: Refers to the Corporate Responsibility Committee

CRT: Refers to Credit Risk Transfer Securities

Dedicated Capital: Represents the capital allocation for each of the investment strategies calculated as the difference between each investment strategies' assets and related financing. This calculation includes TBA purchase contracts and excludes non-portfolio related activity and will vary from total stockholders' equity

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

Ginnie Mae: Refers to the Government National Mortgage Association

GSE: Refers to Government Sponsored Enterprise

LTV: Refers to Loan to Value

MDC Committee: Refers to the Management Development and Compensation Committee

mREIT: Refers to mortgage Real Estate Investment Trust

MSR: Refers to Mortgage Servicing Rights

NCG Committee: Refers to the Nominating / Corporate Governance Committee

Non-Performing Loan ("NPL"): Refers to 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"): Refers to a type of loan in which payments were previously delinquent by at least 90 days but have resumed

RTL: Refers to a Residential Transition Loan

SBC: Refers to Small Balance Commercial

TBA: 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, other unencumbered financial assets and capital stock)

UPB: Refers to Unpaid Principal Balance

WAC: Refers to Weighted Average Coupon

Endnotes

2025 Financial Highlights

Source: Company filings and Bloomberg. Market and financial data as of December 31, 2025.

- 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 exclude assets transferred or pledged to securitization vehicles of \$32.1bn, include TBA purchase contracts (market value) of \$3.3bn, include unsettled MSR commitments of \$152mm, include \$3.2bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.9bn. 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.
- Permanent capital represents Annaly's total stockholders' equity as of December 31, 2025.
- Represents total shareholder return for the period beginning October 7, 1997 through December 31, 2025.
- Data shown since Annaly's initial public offering in October 1997 through December 31, 2025 and includes common and preferred dividends declared.
- Dividend yield is based on annualized Q4 2025 dividend of \$0.70 and a closing price of \$22.36 as of December 31, 2025.
- 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.
- Comprised of \$7.8bn of unencumbered assets, which represents Annaly's excess liquidity and is 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, other unencumbered financial assets and capital stock), and \$1.5bn of fair value of collateral pledged for future advances.

Power of Annaly

Source: Company filings and Bloomberg. Market data as of December 31, 2025. Financial data as of December 31, 2025.

- Represents the median of our Mortgage REIT peer group including the following Agency and Hybrid mREIT peers: ADAM, AGNC, ARR, CIM, DX, EFC, IVR, MFA, ORC, RITM, RWT, TWO.
- Permanent capital represents Annaly's total stockholders' equity as of December 31, 2025.
- Excludes transaction expenses and nonrecurring items.
- Comprised of \$7.8bn of unencumbered assets, which represents Annaly's excess liquidity and is 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, other unencumbered financial assets and capital stock), and \$1.5bn of fair value of collateral pledged for future advances.

Proven Results

Source: Company filings and Bloomberg. Market data as of December 31, 2025. Financial data as of December 31, 2025.

- Data shown since Annaly's initial public offering in October 1997 through December 31, 2025 and includes common and preferred dividends declared.

Proven Results (cont'd)

- Represents total shareholder return for the period beginning October 7, 1997 through December 31, 2025 for Annaly and the S&P 500 Financials Index. S&P 500 REITs Index total shareholder return for the period beginning October 9, 2001 (earliest available data) through December 31, 2025.

People First

Note: Employee composition statistics as of December 31, 2025.

- Financial services 2025 turnover rate estimated to be approximately 16% based on data from the U.S. Bureau of Labor Statistics as of December 31, 2025.

Message from Our CEO

Source: Company filings. Financial data as of December 31, 2025.

- Represents the median of our Mortgage REIT peer group including the following Agency and Hybrid mREIT peers: ADAM, AGNC, ARR, CIM, DX, EFC, IVR, MFA, ORC, RITM, RWT, TWO.
- 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.
- Based on data from the Zillow U.S. Home Value Index for the period ended December 31, 2025.
- Issuer ranking data from Inside Nonconforming Markets for 2024-2025 (January 16, 2026 issue). Used with permission.
- Based on data compiled from market research as of December 31, 2025, including reports from BofA Securities, JP Morgan and Nomura.
- Includes unsettled MSR commitments of \$152mm.
- Based on information aggregated from 2025 Fannie Mae and Freddie Mac monthly loan level files by eMBS servicing transfer data as of December 31, 2025. Excludes transfer activity related to platform acquisitions.
- Based on data from Inside Mortgage Finance for the period ended December 31, 2025. Used with permission.
- Net of sales agent commissions and other offering expenses.
- Represents gross proceeds before deducting the underwriting discount and other estimated offering expenses. Includes the underwriters' exercise of their overallotment option to purchase additional shares of stock.
- Represents a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of the 10-K for additional information.
- Comprised of \$7.8bn of unencumbered assets, which 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, other unencumbered financial assets and capital stock), and \$1.5bn of fair value of collateral pledged for future advances.
- Data shown since Annaly's IPO in October 1997 through December 31, 2025.
- Based on annualized Q1 2025 dividend of \$0.70 per share and a book value of \$19.15 as of December 31, 2025.
- Agency mREIT peers include AGNC, ARR, DX, IVR, ORC. Hybrid mREIT peers include ADAM, CIM, EFC, MFA, RITM, RWT, TWO.

Endnotes (cont'd)

Annaly Investment Strategies

Source: Company filings. Financial data as of December 31, 2025.

1. Investment strategy pie charts are calculated off of total assets.
2. Permanent capital represents Annaly's total stockholders' equity as of December 31, 2025.
3. Includes TBA purchase contracts and fixed-rate pass-through certificates.
4. 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.
5. Shown exclusive of securitized residential mortgage loans of consolidated variable interest entities. Prime includes \$31.2mm of Prime IO, OBX Retained contains \$477.5mm of IOs and Prime Jumbo includes \$106.5mm of Prime Jumbo IO.

Our Investment Strategies | Agency

Source: Company filings. Financial data as of December 31, 2025.

1. Agency assets reflect TBA purchase contracts (market value) of \$3.3bn.
2. Represents Agency's hedging profile and does not reflect Annaly's full hedging profile across all three businesses.

Our Investment Strategies | Residential Credit

Source: Company filings. Financial data as of December 31, 2025.

1. Residential Credit Assets exclude assets transferred or pledged to securitization vehicles of \$32.1bn, include TBA purchase contracts (market value) of \$3.3bn, include unsettled MSR commitments of \$152mm, include \$3.2bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$1.9bn.
2. Includes three whole loan securitizations that priced in January 2026 totaling \$2.0bn, three whole loan securitizations that priced in February 2026 totaling \$1.4bn, two whole loan securitizations that priced in March 2026 totaling \$1.3bn and two whole loan securitizations that priced in April 2026 totaling \$1.2bn.

Our Investment Strategies | Mortgage Servicing Rights

Source: Company filings. Financial data as of December 31, 2025.

1. MSR assets include unsettled MSR commitments of \$152mm. 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.
2. Portfolio excludes retained servicing on whole loans within the Residential Credit portfolio.
3. Excludes unsettled commitments of \$152mm. D60+ stat based on UPB.

Financing, Capital & Liquidity

Source: Company filings. Financial data as of December 31, 2025.

1. Repo balances exclude Residential Credit facilities and US Treasuries reversed in to support the UST short trade.
2. Includes Residential Credit securitizations.
3. Net of sales agent commissions and other offering expenses.
4. Represents gross proceeds before deducting the underwriting discount and other estimated offering expenses. Includes the underwriters' exercise of their overallocation option to purchase additional shares of stock.

Financing, Capital & Liquidity (cont'd)

5. Comprised of \$7.8bn of unencumbered assets, which 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, other unencumbered financial assets and capital stock), and \$1.5bn of fair value of collateral pledged for future advances.

Onslow Bay Strategic Milestones

Source: Company filings. Financial data as of December 31, 2025.

1. Includes three whole loan securitizations that priced in January 2026 totaling \$2.0bn, three whole loan securitizations that priced in February 2026 totaling \$1.4bn, two whole loan securitizations that priced in March 2026 totaling \$1.3bn and two whole loan securitizations that priced in April 2026 totaling \$1.2bn.
2. Purchases as of December 31, 2025, including loans from a joint venture with a sovereign wealth fund as well as loans from sponsored securitizations.
3. Issuer ranking data from Inside Nonconforming Markets for 2024 – 2025 (January 16, 2026 issue). Used with permission.
4. Includes unsettled MSR commitments of \$152mm. 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.
5. Based on information aggregated from 2025 Fannie Mae and Freddie Mac monthly loan level files by eMBS servicing transfer data as of December 31, 2025. Excludes transfer activity related to platform acquisitions.
6. Based on data from Inside Mortgage Finance for the period ended December 31, 2025. Used with permission.

Board Composition & Shareholder Engagement Efforts

Board composition as of April 28, 2026.

1. Representative of outreach during 2025-2026 proxy season and shareholder base as of December 31, 2025. Shareholder data per Ipreo as of December 31, 2025.



ANNALY®

Safe Harbor Notice

This Annual Report is issued by Annaly Capital Management, Inc. (“Annaly”), an internally-managed, publicly traded company that has elected to be taxed as a real estate investment trust for federal income tax purposes. This Annual Report is provided for investors in Annaly for informational purposes only and is not an offer to sell, or a solicitation of an offer to buy, any security or instrument.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains or incorporates 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,” “illustrative” or similar terms or variations on those terms or the negative of those terms. Such statements include those relating to the Company’s future performance, macro outlook, the interest rate and credit environments, tax reform and future opportunities. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities (“MBS”) and other securities for purchase; the availability of financing and, if available, the terms of any financing; changes in the market value of the Company’s assets; changes in business conditions and the general economy; the Company’s ability to grow its residential credit business; the Company’s ability to grow its mortgage servicing rights business; credit risks related to the Company’s investments in credit risk transfer securities and residential mortgage-backed securities and related residential mortgage credit assets; risks related to investments in mortgage servicing rights; the Company’s ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting the Company’s business; the Company’s ability to maintain its qualification as a REIT for U.S. federal income tax purposes; the Company’s ability to maintain its exemption from registration under the Investment Company Act of 1940; and operational risks or risk management failures by us or critical third parties, including cybersecurity incidents. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as required by law.

We use our website (www.annaly.com) and LinkedIn account (www.linkedin.com/company/annaly-capital-management) as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Annaly when you enroll your email address by visiting the “News & Insights” section of our website, then clicking on “Subscribe” and completing the email notification form. Our website, any alerts and social media channels are not incorporated into this document.

Past performance is no guarantee of future results. There is no guarantee that any investment strategy referenced herein will work under all market conditions. There is no guarantee that illustrative returns will occur. 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. The information contained herein is not intended to provide, and should not be relied upon for accounting, legal or tax advice or investment recommendations for Annaly or any of its affiliates.

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