ANNALY®

Onslow Bay Financial LLC

February 2019

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This presentation, other written or oral communications, and our public documents to which we refer contain or incorporate by reference certain forward-looking statements which are based on various assumptions (some of which are beyond our control) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as “may,” “will,” “believe,” “should,” “expect,” “anticipate,” “continue,” or similar terms or variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities (“MBS”) and other securities for purchase; the availability of financing and, if available, the terms of any financing; changes in the market value of our assets; changes in business conditions and the general economy; our ability to grow our commercial real estate business; our ability to grow our residential credit business; our ability to grow our middle market lending business; credit risks related to our investments in credit risk transfer securities, residential mortgage-backed securities and related residential mortgage credit assets, commercial real estate assets and corporate debt; risks related to investments in mortgage servicing rights (“MSRs”); our ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting our business; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; and our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. We do not undertake, and specifically disclaim any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as required by law.

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

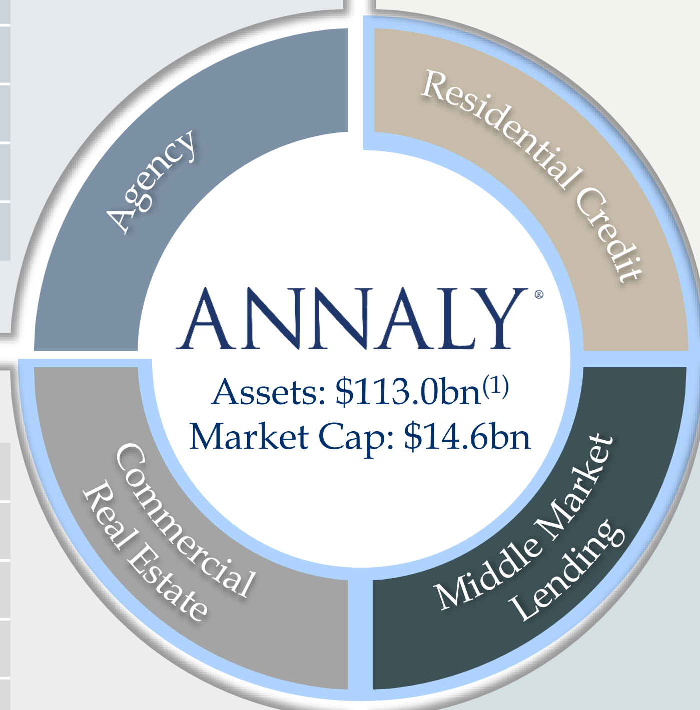
Annaly Is a Leading Diversified Capital Manager

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

Assets(1)	**$105.3bn**
Capital(2)	**$9.3bn**
Sector Rank(3)	**#1/5**
Strategy	**Countercyclical / Defensive**
Levered Returns(4)	**10% – 12%**

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

Assets(1)	**$3.3bn**
Capital(2)	**$1.3bn**
Sector Rank(3)	**#7/17**
Strategy	**Cyclical / Growth**
Levered Returns(4)	**9% – 12%**



Assets(1)	**$2.5bn**
Capital(2)	**$0.9bn**
Sector Rank(3)	**#5/12**
Strategy	**Cyclical / Growth**
Levered Returns(4)	**9% – 12%**

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

Assets	**$1.9bn**
Capital(2)	**$1.4bn**
Sector Rank(3)	**#7/44**
Strategy	**Non-Cyclical / Defensive**
Levered Returns(4)	**10% – 13%**

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

Source: Bloomberg and Company filings. Market data as of January 31, 2019. Financial data as of December 31, 2018.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Represents credit business

Fourth Quarter 2018 Financial Highlights

Earnings & Book Value

Earnings (Loss) per Share

GAAP	*Core (ex. PAA)**
($1.74)	$0.29

Dividend per Share

$0.30

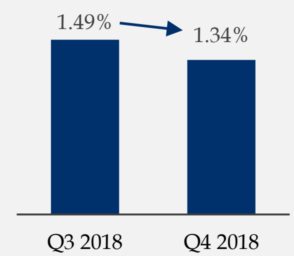
Book Value per Share

$9.39

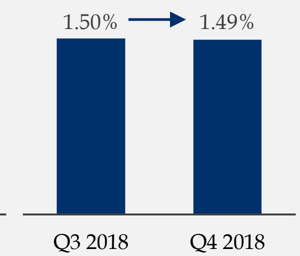
Dividend Yield[1]

12.22%

Net Interest Margin



Net Interest Margin (ex. PAA)*



Investment Portfolio

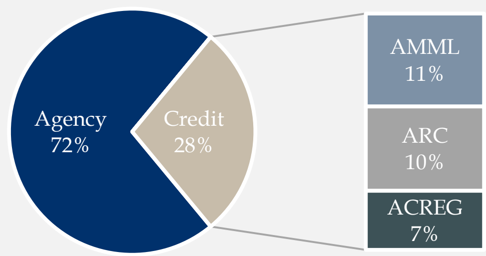
Total Portfolio[2]

$113.0bn

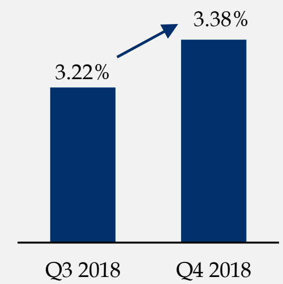
Total Stockholders' Equity

$14.1bn

Capital Allocation[3]



Yield on Interest Earning Assets (ex-PAA)*



Financing, Liquidity & Hedging

Financing & Liquidity

$900mm of credit facility capacity added since beginning of 2018[4]

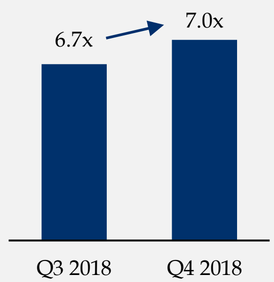
$7.7bn of unencumbered assets

Total Hedge Portfolio

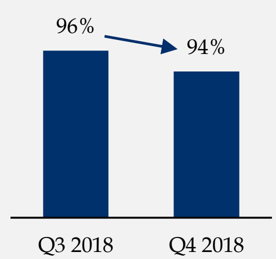
$93bn

Hedge portfolio includes $70bn of swaps, $4bn of swaptions and $19bn of futures contracts

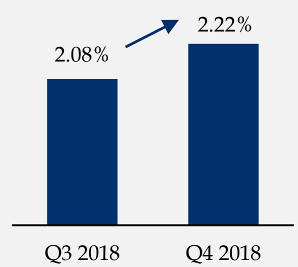
Economic Leverage



Hedge Ratio[5]



Average Cost of Funds[6]



Source: Company filings. Financial data as of December 31, 2018, unless otherwise noted. * Represents a non-GAAP financial measure; see Appendix.

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

Recent Accomplishments

Annaly achieved a number of significant strategic milestones since the beginning of 2018

Business Expansion and Diversification

Origination

$4.2 Billion

of whole loans, CMBS and equity assets originated or purchased in 2018, an increase of 65% year-over-year[(1)]

Financing

$2.4 Billion

of incremental financing capacity across the three credit businesses since the beginning of 2018[(2)]

Capital to Credit

28%

of capital dedicated to credit assets at the end of 2018[(3)], an increase from 24% at the end of 2017

Acquisitions

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$906 Million

Acquisition of

MTGE Investment Corp.

May 2018[(4)]

Market Leading Capital Raises

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$425 Million

6.50% Series G Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock

January 2018

ANNALY®

$877 Million

Common Equity Follow-On

September 2018

ANNALY®

$840 Million

Common Equity Follow-On

January 2019

Since the beginning of 2018, Annaly has raised nearly $3 billion of equity through three successful capital markets offerings, a transformative acquisition and our at-the-market sales program[(5)]

Source: Bloomberg and Company filings.

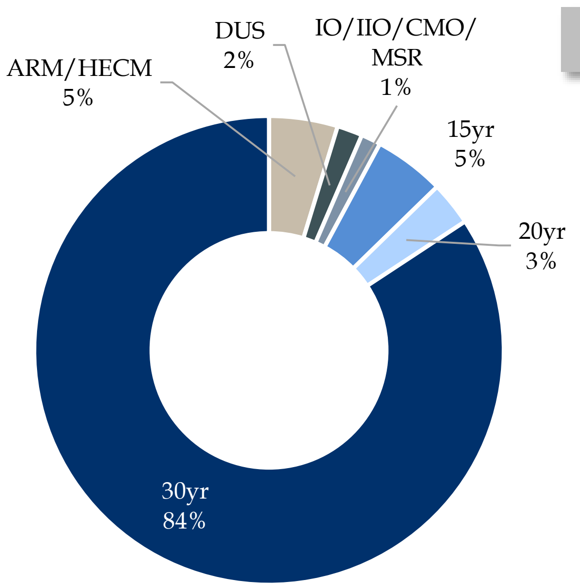
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Agency | Portfolio Summary

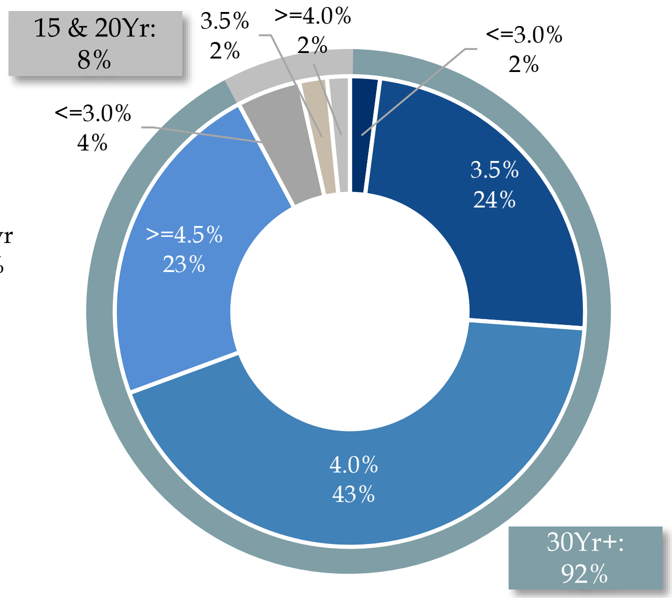
- Annaly Agency Portfolio: $105.3 billion in assets at the end of Q4 2018, a decrease of 2% from Q4 2017
- The portfolio mix was comprised of over 90% 30-year fixed rate securities, as we believe these offer the most attractive risk-adjusted returns in the Agency MBS market
  - Steadily shifted the portfolio towards higher coupons in Q4 2018
- Levered returns improved as a result of runoff and turnover at more attractive spreads
  - Diversified into Agency CMBS, which were attractive relative to the single-family sector for much of the year
- ~84% of the portfolio was positioned in securities with attractive convexity profiles at the end of Q4 2018

Total Dedicated Capital: $9.3 billion(1)

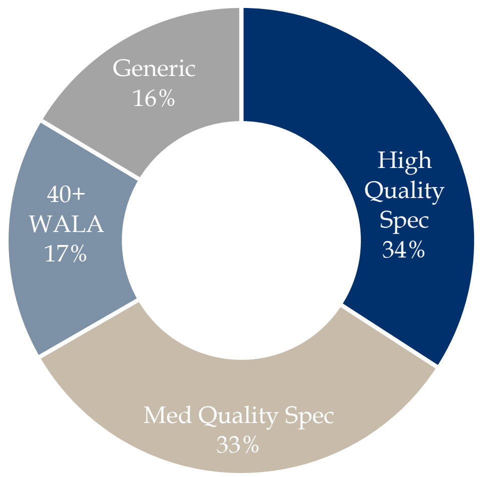
Asset Type(1)



Pass Through Coupon Type



Portfolio Quality(2)



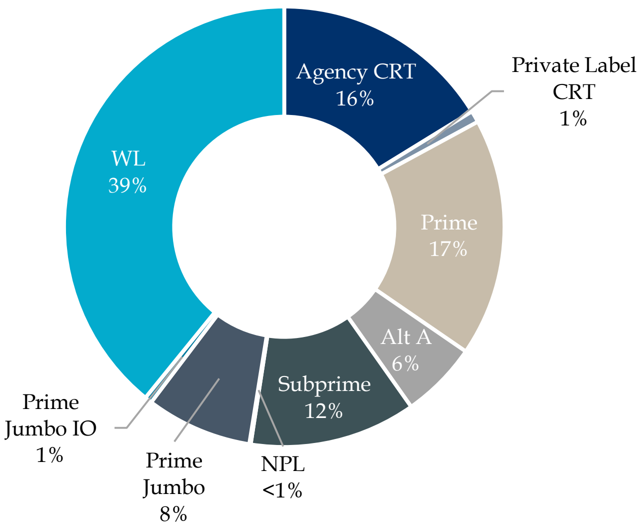
Note: Data as of December 31, 2018. Percentages based on fair market value and may not sum to 100% due to rounding.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Residential Credit | Portfolio Summary

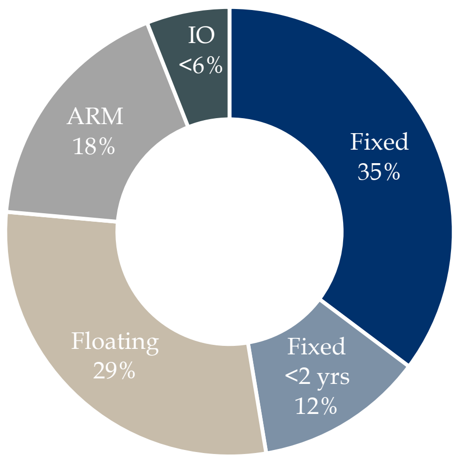
- Annaly Residential Credit Portfolio: $3.3 billion at the end of Q4 2018, an increase of 17% from Q4 2017[1]
- Closed three residential whole loan securitizations during 2018 for an aggregate $1.1 billion
  - Subsequent to year end, priced a fourth securitization of $394 million which settled in Q1 2019
  - These transactions establish Annaly as a programmatic residential MBS issuer
- Residential whole loans continued to be the largest area of growth, with acquisitions increasing approximately 76% year-over-year
  - Purchased $1.3 billion of residential whole loans in 2018 through unique partnership channels
  - Executed call rights on three legacy securitizations during the year, gaining access to $313 million of high-quality seasoned loans

Total Dedicated Capital: $1.3 billion

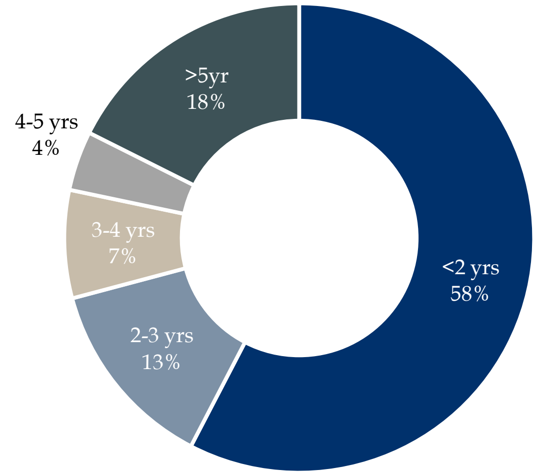
Sector Type[1][2]



Coupon Type[1]



Effective Duration[1]



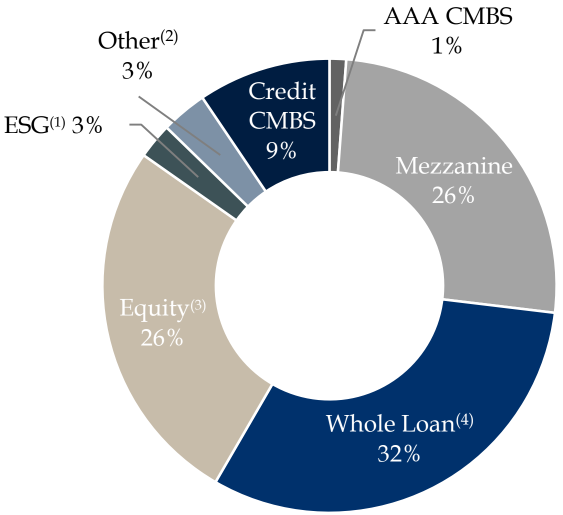
Note: Data as of December 31, 2018, unless otherwise noted. Portfolio statistics and percentages are based on fair market value and reflect economic interest in securitizations. Prime Jumbo and Prime classifications include the economic interest of certain positions that are classified as Residential Mortgage Loans within our Consolidated Financial Statements. Percentages may not sum to 100% due to rounding.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Commercial Real Estate | Portfolio Summary

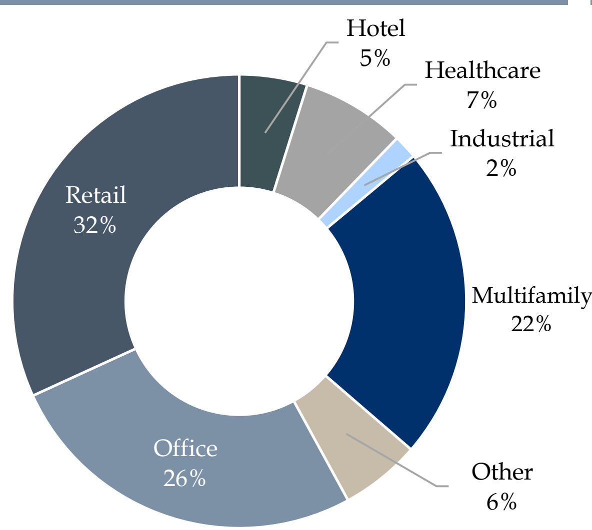
- Annaly Commercial Real Estate Portfolio: $2.5 billion in assets at the end of Q4 2018, an increase of 24% from Q4 2017
- Enhanced regional origination presence and expanded capital markets efforts enabled Commercial Real Estate to close over $1.2 billion of commercial assets in 2018, an increase of ~126% from Q4 2017 across the portfolio
- Noteworthy deals closed in 2018 include:
  - Originated a $185 million floating-rate whole loan secured by a Class-A office tower in Dallas, Texas
  - Acquired a ~$100 million controlling interest in a CMBS trust secured by a pool of full service hotels across 16 states
- Extended an existing credit facility and further reduced facility pricing during Q4 2018 to maintain competitiveness in debt origination secured by high quality assets

Total Dedicated Capital: $0.9 billion

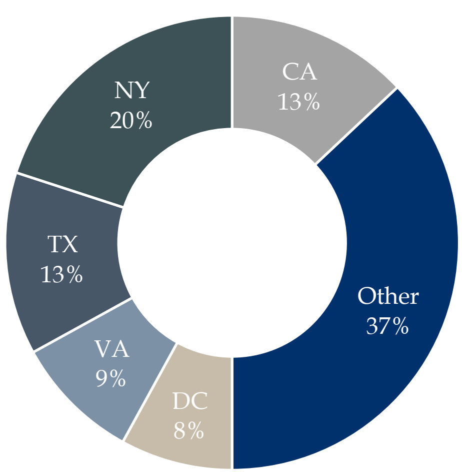
Asset Type



Sector Type



Geographic Concentration[5]



Note: Data as of December 31, 2018. Portfolio statistics and percentages are based on economic interest and excludes consolidated VIE positions. Percentages may not sum to 100% due to rounding.
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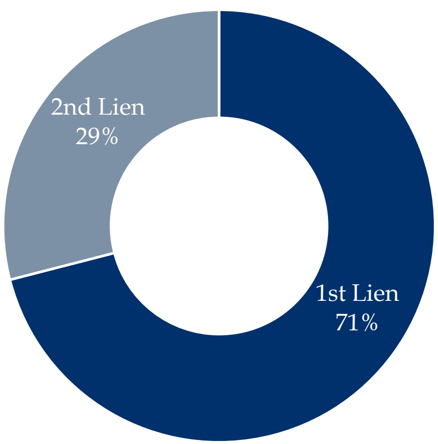
Middle Market Lending | Portfolio Summary

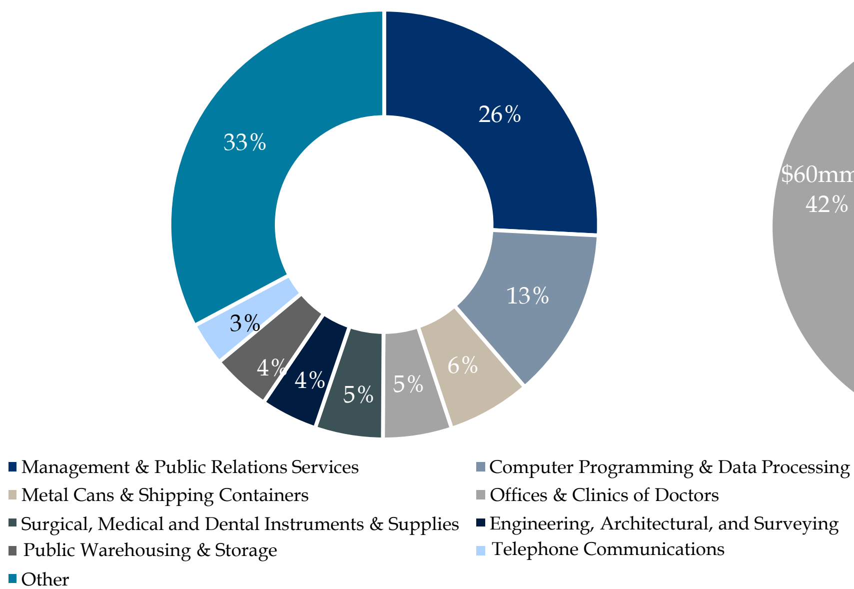
- Annaly Middle Market Lending Portfolio: $1.9 billion in assets at the end of Q4 2018, an increase of 87% from Q4 2017
- Given evolving market conditions, the portfolio shifted towards more first lien investments while maintaining outsized returns
  - Portfolio split of 71% first lien and 29% second lien at year end
- Increased focus on lead arranger opportunities and more concentrated positions in defensive, non-discretionary, niche industries including five lead agent transactions with average facility sizes of $200 million in 2018
- New investment activity outpaced paydowns during Q4 2018
  - $526 million of new investments with unlevered yield of ~9%[1]
  - $143 million of paydowns[2]
- Subsequent to year end, improved terms and access to financing through additional $200 million credit facility that closed in January 2019

Total Dedicated Capital: $1.4 billion

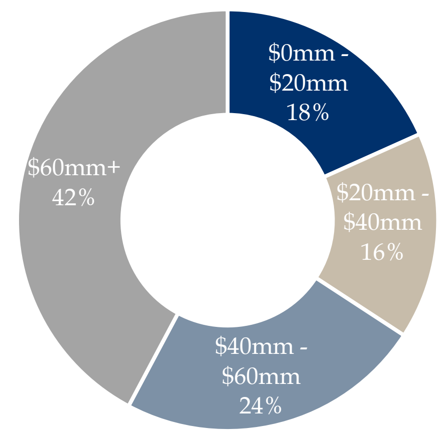
Lien Position



Industry[3]



Loan Size[4]



Note: Data as of December 31, 2018. Percentages based on amortized cost and may not sum to 100% due to rounding.
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Onslow Bay Financial LLC

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Onslow Bay Overview

Annaly purchases residential whole loans through Onslow Bay Financial LLC

Corporate Background

- Onslow Bay Financial LLC (“Onslow Bay”) (previously Onslow Bay Servicing LLC) was formed on July 17, 2013
- Onslow Bay was a wholly owned subsidiary of Hatteras Financial Corp. (“Hatteras”). In July of 2016, Hatteras was acquired by Annaly
- In addition to being a HUD approved Investing Mortgagee, Onslow Bay currently holds the requisite state mortgage finance licenses, registrations, or exemptions (collectively, the “mortgage finance approvals”) to purchase residential whole loans in 49 states and the District of Columbia

Sourcing and Underwriting

- Onslow Bay seeks to purchase closed, funded, performing residential whole loans made to mortgagors with stable incomes and employment histories
- Onslow Bay is not an originator and does not directly service residential whole loans or seek to sell other products / services to borrowers. Onslow Bay purchases loans from select originators / aggregators based on agreed-upon underwriting guidelines or carve-outs of the seller’s underwriting guidelines that fit desired documentation requirements or credit characteristics
- Onslow Bay utilizes accredited third party vendors to diligence assets before acquisition, including 100% data, credit, compliance and valuation diligence for new origination loans. Also, a custodian reviews the collateral on every asset before funding

Financing

- Onslow Bay has issued five residential whole loan securitizations to date: OBX 2015-1, OBX 2018-1, OBX 2018-EXP1, OBX 2018-EXP2, and OBX 2019-INV1
- In addition to utilizing the rated securitization market, Annaly has the ability to finance its residential whole loans through its affiliate’s membership in the FHLB (Des Moines)

Loan Due Diligence & Servicer Oversight

100% Full Securitization Diligence

- Onslow Bay uses both American Mortgage Consultants ("AMC") and Clayton Holdings LLC ("Clayton") to perform independent third party diligence services

- Onslow Bay performs 100% full securitization diligence[1] across Credit, Compliance (RMBS 3.0 TRID Compliance Review) and Valuation

Credit	Adherence to guideline requirements and "Ability to Repay", confirming income, employment, assets, LTV, credit score, etc.
Compliance	Onslow Bay utilizes RMBS 3.0 TRID Compliance Review. Review of preliminary and final disclosures, federal and state guidelines
Valuation	Onslow Bay orders a secondary valuation to confirm appraisal value

Sub-Servicer Oversight

- Onslow Bay contracts Select Portfolio Servicing ("SPS") and Specialized Loan Servicing ("SLS") to sub-service the whole loans which are purchased "servicing released"

- Onslow Bay engages in continuous dialogue with our sub-servicers regarding servicing transfers, delinquencies / loss mitigation in addition to a monthly sub-servicing oversight meeting
- SPS and SLS are both highly rated sub-servicers by the respective rating agencies:
  - SPS is rated "SQ2+" by Moody's, "RPS1-" by Fitch and "Strong" from S&P. As of December 2018, SPS serviced or subserviced approximately 810k mortgage loans with a UPB of $143bn
  - SLS is rated "SQ2" by Moody's, "RPS2+" by Fitch and "Above Average" from S&P. As of December 2018, SLS serviced or subserviced approximately 585k mortgage loans with a UPB of $95bn

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

Onslow Bay Residential Whole Loan Target Acquisitions

- Onslow Bay seeks to purchase closed, funded, performing residential whole loans made to mortgagors with stable incomes and employment histories
- The summary below is representative of the "Expanded Prime" guidelines Onslow Bay utilizes to purchase whole loans through an originator / aggregator network
- Onslow Bay targets high quality borrowers with significant down payments and reserves

	"Expanded Prime" Acquisition Programs[1]				
	Full Doc (Wage Earner)	**Full Doc (Self Employed)**	**Bank Statement**	**Asset Utilization**	**1 Year Tax Return**
Income Qualification	2 Years W2, YTD Paystub, 4506-T Transcripts	2 Years Personal / Business Tax Returns, K1s / Schedules, 4506-T 1040 transcripts	12 or 24 Months Consecutive Personal or Business Bank Statements	Borrowers Must Have A Minimum Amount of Qualified Assets	1 Year Personal and Business Tax Returns
Borrower Qualification	Wage Earners	Self-Employed Borrowers	Self Employed Borrowers Only, Minimum of 2 Years Experience	Utilization Draw Schedule, Net Documented Assets	Self Employed Borrowers Only, Minimum of 2 Years Experience
Employment Verification	Verbal Verification of Employment	Verification Through 3rd Party	Business License, CPA Letter, etc.	N/A	Business License, CPA Letter, etc.
Asset Seasoning	2 Months	2 Months	2 Months	>6 Months Seasoning	2 Months
Housing Event Seasoning (FC, SS, Deed in Lieu, BK, Mod)	48 Months	48 Months	48 Months	48 Months	48 Months
Recent Housing History[2]	0x30x12	0x30x12	0x30x12	0x30x12	0x30x12
Min FICO / Max LTV (Lowest FICO), Purchase / Rate Refi	660/80	660/80	680/65	680/75	680/65
Min FICO / Max LTV (Highest LTV), Purchase / Rate Refi	720/90	720/90	740/85	700/80	740/85
Max DTI	50%	50%	50%	50%	50%

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

Onslow Bay Residential Whole Loan Target Acquisitions (*cont'd*)

- Onslow Bay also purchases Prime Jumbo, Agency Eligible Investor and Debt Service Coverage Ratio (DSCR) Investor loans
- The summary below is representative of the guidelines Onslow Bay utilizes to purchase whole loans from our originator / aggregator network
- Onslow Bay targets high quality borrowers with significant down payments and reserves

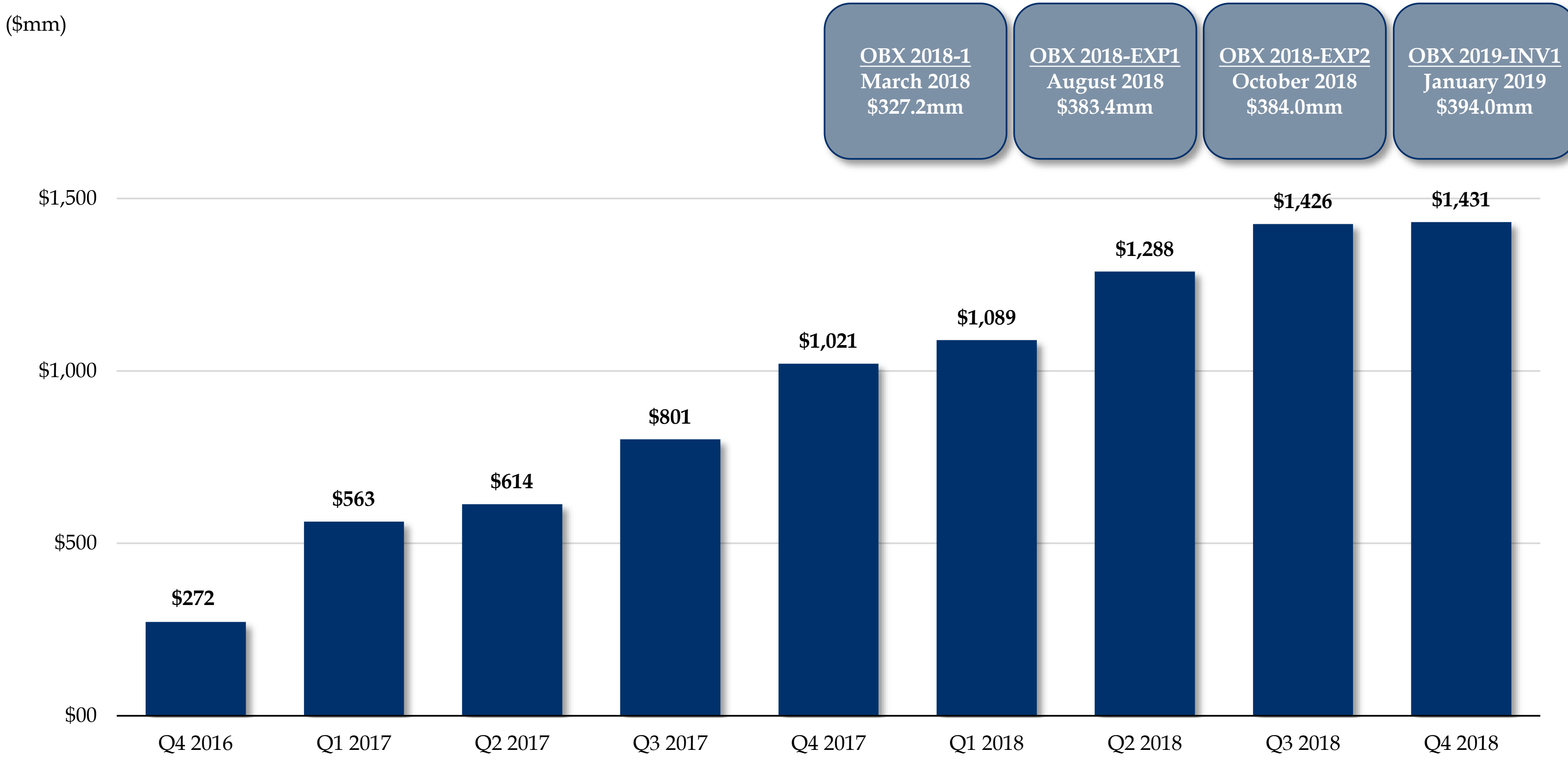
	Additional Acquisition Programs[1]			
	Prime Jumbo (Wage Earner)	**Prime Jumbo (Self Employed)**	**Agency / AUS Investor (DU/LP[1])**	**DSCR Investor**
Income Qualification	2 Years W2s or Tax Returns, YTD Paystub	2 Years Personal / Business Tax Returns, K1s / Schedules, 4506-T 1040 transcripts	Full Documentation Per DU/LP	Appraisal Market Rents / Subject Lease
Borrower Qualification	Wage Earners	Self-Employed Borrowers	Wage Earners + Self-Employed Borrowers	1.20x Global DSCR, 0.75x Primary DSCR
Employment Verification	Verbal Verification of Employment	Verification Through 3rd Party	Full Employment Verification Per DU/LP	Employment Letter / CPA, Min 2 Years SE
Asset Seasoning	2 Months	2 Months	2 Months	1 Month Seasoning / Explanation of Asset Savings
Housing Event Seasoning (FC, SS, Deed in Lieu, BK, Mod)	7 Years (BK, FC, Deed in Lieu) 4 Years Short Sale, Modification	7 Years (BK, FC, Deed in Lieu) 4 Years Short Sale, Modification	7 Years Foreclosure, 4 Years (BK[2], Deed in Lieu, Charge Off, PreForeclosure)	0x30x24[3]
Recent Housing History	0x30x24[3]	0x30x24[3]	Housing History Per DU/LP	0x30x24[3]
Min FICO / Max LTV (Lowest FICO), Purchase / Rate Refi	700/80	700/80	660/80[4]	680/60
Min FICO / Max LTV (Highest LTV), Purchase / Rate Refi	700/80	700/80	660/80[4]	680/60
Max DTI	43%	43%	50%[4]	N/A

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

Onslow Bay Whole Loan Portfolio

- Onslow Bay's whole loan portfolio has grown to $1.4bn[1] as of year end 2018
- Subject to market conditions, Onslow Bay intends to programmatically utilize the rated securitization market to diversify funding

Whole Loan Portfolio (Settled + Pipeline Loans[2])



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

Onslow Bay Securitizations

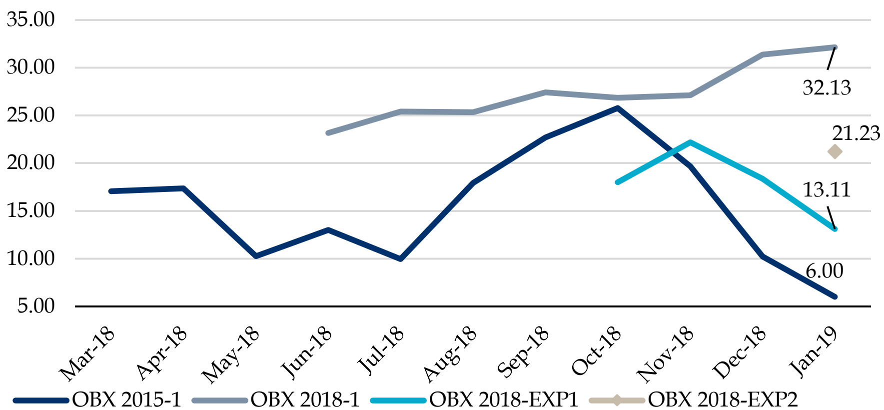
	OBX 2015-1	OBX 2018-1	OBX 2018-EXP1	OBX 2018-EXP2	OBX 2018-INV1
Issue Date	**Dec-15**	**Mar-18**	**Aug-18**	**Oct-18**	**Jan-19**
Collateral Type	Prime Jumbo	Seasoned Prime ARMs	Expanded Prime	Expanded Prime	Agency Investor
Source of Collateral	Prime Jumbo	Collapse of 2 Legacy Deals + Seasoned Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases
Rating Agencies	S&P / DBRS	Fitch / DBRS	Fitch / KBRA	Fitch / DBRS	Moody's / KBRA
Sponsor	Onslow Bay Financial LLC	Onslow Bay Financial LLC	Onslow Bay Financial LLC	Onslow Bay Financial LLC	Onslow Bay Financial LLC
R&W Framework	D120 Automatic Review	Delinquency Trigger Review	Delinquency Trigger Review	Delinquency Trigger Review	Delinquency Trigger Review
Risk Retention	Pre Risk Retention	Vertical	Horizontal	Horizontal	Horizontal
Original Attachment to "AAA"	8.55%	8.80%	12.65%	12.85%	13.00%
Deal Balance	$231,181,631	$327,161,759	$383,451,233	$384,027,255	$393,961,409
Pool Factor (1/25 Remittance)	0.45	0.74	0.91	0.94	1.00
Average Loan Size	$767,014	$354,949	$664,560	$636,861	$336,145
Number of Loans	307	920	577	603	1,172
WA Gross Coupon	3.39%	4.00%	4.87%	5.07%	5.09%
WA Orig CLTV	69	42[(1)]	67	67	67
WA Original FICO	768	749	751	753	758
WA DTI	33	N/A	35	36	38
ARM	100.00%	98.00%	50.00%	48.00%	0.00%
IO	0.00%	4.00%	6.00%	12.00%	0.00%
Full Doc	100.00%	N/A	68.00%	29.00%	100.00%
WA Margin	2.25%	2.88%	3.12%	3.19%	NA
WALA	8	124	17	12	7
Top State	CA 49.00%	CA 43.00%	CA 64.00%	CA 62.00%	CA - 56.00%
Prime Jumbo	100.00%	0.00%	16.40%	15.00%	0.00%
Expanded Prime	0.00%	0.00%	64.50%	61.30%	0.00%
Agency / AUS Investor	0.00%	0.00%	15.60%	19.90%	100.00%
DSCR Investor	0.00%	11.80%	3.50%	3.80%	0.00%
Seasoned Loans	0.00%	88.20%[(2)]	0.00%	0.00%	0.00%
3M VPR	6.00%	32.13%	13.11%	21.23%	N/A
6M VPR	16.46%	29.54%	15.56%	N/A	N/A
12M VPR	15.11%	N/A	N/A	N/A	N/A
60+ Delinquencies	0.00%	1.12%[(3)]	0.00%	0.00%	0.00%
Cumulative Losses	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Voluntary Prepayment Rates (VPRs), 60+ delinquencies and cumulative losses as of the January 25, 2018 remittance period.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

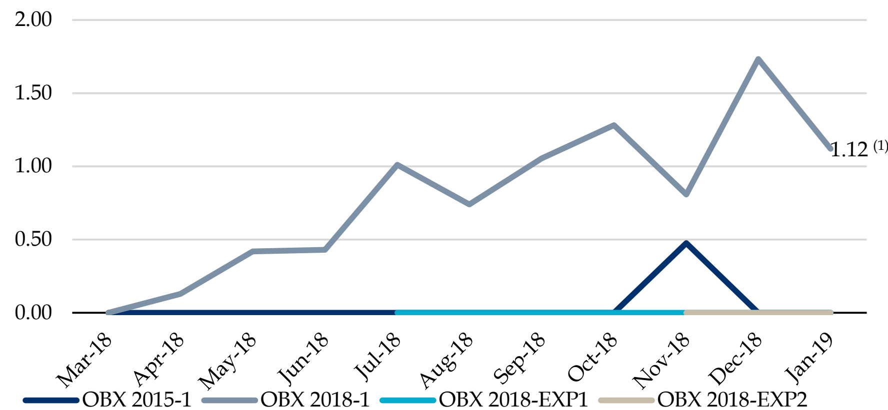
Onslow Bay Securitization Performance

OBX securitizations have performed in line with expectations, zero losses to date

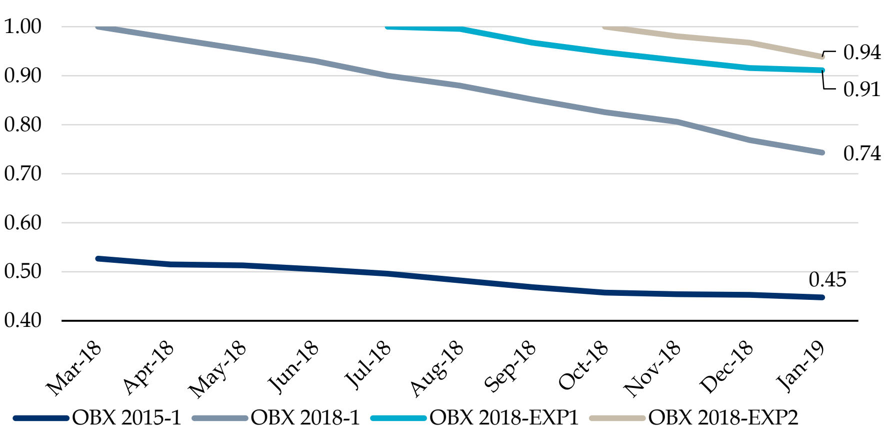
3M VPR



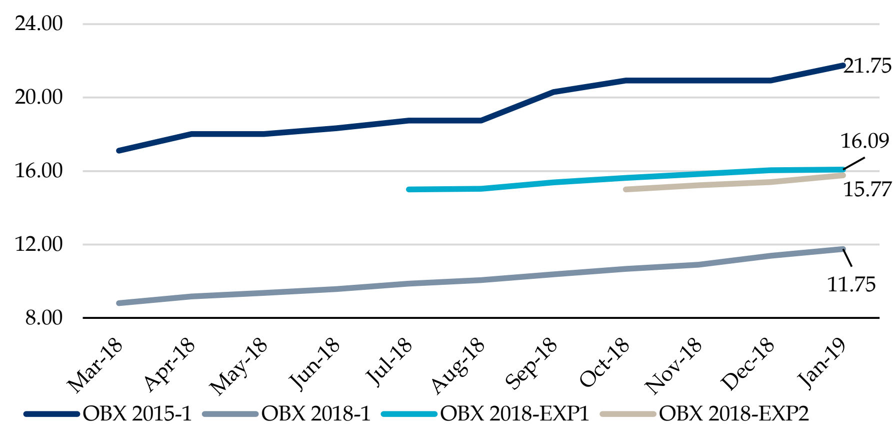
D60+



Collateral Factor



'AAA' Credit Support



Note: As of January 25, 2019 remittance period. OBX 2019-INV1 is excluded since the transaction closed on January 31, 2019. Past performance is not indicative of future results.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Onslow Bay Portfolio Performance

- Onslow Bay has purchased approximately $2.6bn[1] of residential whole loans since Q3 2016, following Annaly's acquisition of Hatteras in Q2 2016
- Performance has been strong as the Onslow Bay portfolio has yet to experience a realized loss[2]
- Serious delinquencies, as defined by a loan greater than 30 days delinquent (MBA method), have been minimal
- Prepayments have been in line with expectations

		Loan Status – MBA Method[3]									
Product	**Acquisition Year**	**Paid Down**	**Current**	**30 DQ**	**60 DQ**	**90 DQ+**	**FC**	**REO**	**Mod %[4]**	**Liquidations $**	**Losses to Date $**
Agency Eligible Investor	2017	16.5%	82.7%	-	-	0.7%	0.0%	0.0%	-	-	-
	2018	3.3%	96.6%	0.1%	-	-	-	-	-	-	-
Jumbo Prime	2015	45.0%	54.8%	0.2%	-	-	-	-	-	-	-
	2016	34.6%	65.4%	-	-	-	-	-	-	-	-
	2017	31.9%	66.6%	0.4%	0.3%	0.1%	0.1%	-	-	-	-
	2018	**No Acquisitions**									
Expanded Prime	2016	54.4%	45.6%	-	-	-	-	-	-	-	-
	2017	35.7%	61.9%	1.6%	-	0.2%	-	-	-	-	-
	2018	7.7%	91.3%	0.6%	0.3%	-	-	-	-	-	-

Portfolio Description	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
Agency Eligible Investor	5.02	6.5 %	11.2 %	11.4 %	12.1 %	12.0 %
Expanded Prime Fixed	5.34	11.0 %	8.7 %	12.1 %	18.3 %	22.0 %
Expanded Prime ARM	5.18	19.6 %	21.3 %	24.5 %	23.5 %	24.9 %
Prime Jumbo	3.68	8.7 %	19.6 %	17.0 %	12.9 %	15.5 %

Note: Prepayments as of Q4 2018. Past performance is not indicative of future results.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

Onslow Bay Agency / AUS Investor Prepayments

Agency Eligible Investor Loans By GWAC

GWAC	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
3.75–4.0%	3.87	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
4.0–4.25%	4.09	1.2 %	1.2 %	1.9 %	2.7 %	2.7 %
4.25–4.5%	4.32	0.1 %	11.0 %	5.8 %	6.5 %	6.8 %
4.5–5.0%	4.80	5.6 %	8.3 %	11.6 %	11.8 %	11.6 %
5.0–5.5%	5.23	9.1 %	17.2 %	15.6 %	19.2 %	19.2 %
5.5–6.0%	5.64	9.5 %	18.6 %	16.5 %	20.1 %	20.1 %
Grand Total	**5.02**	**6.5 %**	**11.2 %**	**11.4 %**	**12.1 %**	**12.0 %**

Agency Eligible Investor Loans By Original LTV

Original LTV	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
80–85	4.25	1.2 %	94.0 %	77.5 %	63.9 %	63.9 %
75–80	5.24	3.4 %	15.3 %	14.1 %	13.2 %	12.8 %
70–75	5.00	9.0 %	17.1 %	15.8 %	15.3 %	15.0 %
60–70	5.07	9.8 %	4.5 %	9.0 %	9.2 %	9.4 %
<=60	4.94	1.2 %	3.4 %	4.0 %	7.8 %	7.7 %
Grand Total	**5.02**	**6.5 %**	**11.2 %**	**11.4 %**	**12.1 %**	**12.0 %**

Note: Prepayments as of Q4 2018. Past performance is not indicative of future results.

Onslow Bay Expanded Prime ARM Prepayments

Origination Type	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
Full Doc	5.28	27.5 %	33.4 %	32.7 %	32.7 %	37.6 %
Alt Doc	5.16	16.6 %	16.3 %	21.2 %	20.2 %	20.8 %
Grand Total	**5.18**	**19.6 %**	**21.3 %**	**24.5 %**	**23.5 %**	**24.9 %**

GWAC	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
3.25–3.5%	3.38	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
3.50–3.75%	3.50	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
3.75–4.0%	3.81	1.1 %	1.1 %	1.1 %	1.0 %	0.9 %
4.0–4.25%	4.06	0.1 %	0.2 %	33.8 %	24.8 %	20.7 %
4.25–4.5%	4.33	0.1 %	13.3 %	13.3 %	20.0 %	20.9 %
4.5–5.0%	4.75	24.5 %	11.3 %	20.5 %	17.9 %	19.4 %
5.0–5.5%	5.18	0.5 %	25.5 %	22.7 %	26.8 %	28.0 %
5.5–6.0%	5.71	30.8 %	33.0 %	34.1 %	28.1 %	30.4 %
6.0–6.5%	6.16	13.1 %	17.8 %	14.6 %	35.6 %	49.6 %
>=6.5%	6.71	70.6 %	69.3 %	65.7 %	46.8 %	46.0 %
Grand Total	**5.18**	**19.6 %**	**21.3 %**	**24.5 %**	**23.5 %**	**24.9 %**

Original LTV	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
85–90	5.88	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
80–85	5.80	62.7 %	57.0 %	33.4 %	31.4 %	31.4 %
75–80	5.67	27.3 %	23.5 %	22.8 %	28.8 %	37.2 %
70–75	5.35	0.1 %	5.4 %	20.7 %	23.6 %	28.4 %
60–70	5.07	22.9 %	23.2 %	25.4 %	23.5 %	22.6 %
<=60	5.04	13.6 %	19.6 %	24.5 %	20.9 %	22.0 %
Grand Total	**5.18**	**19.6 %**	**21.3 %**	**24.5 %**	**23.5 %**	**24.9 %**

Note: Prepayments as of Q4 2018. Past performance is not indicative of future results.

Onslow Bay Expanded Prime Fixed Prepayments

Origination Type	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
Full Doc	5.27	14.8 %	11.5 %	13.7 %	21.2 %	24.7 %
Alt Doc	5.48	2.5 %	2.6 %	8.6 %	9.5 %	9.1 %
Grand Total	**5.34**	**11.0 %**	**8.7 %**	**12.1 %**	**18.3 %**	**22.0 %**

GWAC	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
3.75–4.0%	3.88	0.2 %	0.2 %	0.2 %	0.2 %	0.3 %
4.0–4.25%	4.08	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
4.25–4.5%	4.31	0.0 %	0.0 %	0.0 %	21.1 %	16.5 %
4.5–5.0%	4.78	19.0 %	9.4 %	6.8 %	14.5 %	16.9 %
5.0–5.5%	5.22	10.3 %	8.5 %	11.3 %	18.2 %	28.0 %
5.5–6.0%	5.66	7.3 %	6.1 %	9.0 %	13.1 %	20.6 %
6.0–6.5%	6.18	0.0 %	25.2 %	51.1 %	45.5 %	35.6 %
>=6.5%	6.71	5.1 %	3.1 %	18.2 %	39.4 %	37.8 %
Grand Total	**5.34**	**11.0 %**	**8.7 %**	**12.1 %**	**18.3 %**	**22.0 %**

Original LTV	GWAC	1M VPR	3M VPR	6M VPR	12M VPR	Lifetime VPR
85–90	5.62	0.05 %	0.00 %	26.53 %	24.69 %	26.14 %
80–85	5.67	0.20 %	0.26 %	0.41 %	15.89 %	11.23 %
75–80	5.42	0.22 %	11.56 %	12.03 %	20.03 %	25.81 %
70–75	5.45	1.54 %	0.94 %	6.68 %	15.69 %	22.41 %
60–70	5.24	38.22 %	16.78 %	19.67 %	25.20 %	25.18 %
<=60	5.19	3.05 %	6.50 %	5.13 %	8.28 %	11.22 %
Grand Total	**5.34**	**11.05 %**	**8.70 %**	**12.10 %**	**18.30 %**	**22.02 %**

Note: Prepayments as of Q4 2018. Past performance is not indicative of future results.

Appendix

OBX Securitizations

OBX 2018-1

Seasoned Prime Transaction

$327,161,759
Deal Size

OBX 2018-1 Trust
Issuer

Onslow Bay Financial LLC
Seller and Sponsor

Onslow Bay Funding LLC
Depositor

Wells Fargo Bank, N.A.
Specialized Loan Servicing, LLC
Servicers

Transaction Highlights

- Represents Onslow Bay's first rated securitization of 2018 and the company's second overall, achieving AAA-rating from Fitch and DBRS
- 3/26/2018 Pricing
- 100% of the loans are first lien mortgage loans
- Non-QM Status:
  - 92% ATR / QM: Not Applicable; 5% Non-QM loans; 3% QM loans
- Servicers:
  - Wells Fargo Bank 63%; SLS 37%
- Onslow Bay retained a 5% vertical slice to satisfy risk retention

Structural Overview

Tranche	Size	Rating	Coupon	CE	Spread	Yield	WAL
A2	$293,898,000	AAA/AAA	1mL+65	10.00%	65 DM	NA	3.24
A2IO	$293,898,000	AAA/AAA	WAC IO	NA			
A3A	$3,918,000	AAA/AAA	WAC	8.80%			
B1A	$7,184,000	AA/AA	WAC	0.07%			
B2A	$6,205,000	A/A	WAC	4.70%			
B3A	$6,368,000	BBB/BBB	WAC	2.75%			
B4	$4,082,000	BB/BB	WAC	1.50%			
B5	$1,632,000	B/B	WAC	1.00%			
B6	$3,266,471	NR/NR	WAC	0.00%			

Collateral Characteristics

Deal Issuance		Top 5 States	% UPB
Deal Size	$327,161,759	CA	43%
Avg. Loan Bal	354,949	FL	15%
WAC	4.00	NY	15%
Original Term	364 months	VA	3%
Seasoning	124 months	IL	3%
Original LTV	66%		
FICO	749		
% ARM	98%		
ARM Margin(1)	**2.875**		
% Purchase	54%		
% Owner Occupied	79%		

Note: Pricing speed: 20 CPR. Past performance is not indicative of future results.
Detailed endnotes and a glossary of defined terms are included at the end of this presentation.

OBX 2018-EXP1

Expanded Prime Transaction

$383,451,233
Deal Size

OBX 2018-EXP1 Trust
Issuer

Onslow Bay Financial LLC
Seller, Sponsor and P&I Advancing Party

Onslow Bay Funding LLC
Depositor

Specialized Loan Servicing, LLC
Quicken Loans Inc.
Select Portfolio Servicing, Inc.
Servicers

Transaction Highlights

- Represents Onslow Bay's first expanded prime securitization, achieving AAA-rating from Fitch and KBRA
- 7/31/2018 Pricing
- 100% of the loans are first lien mortgage loans
- Non-QM Status:
  - 45% Non-QM loans; 25% ATR / QM: Not Applicable; 30% QM loans
- Servicers:
  - SLS 83%; Quicken 13%; SPS 4%
- Onslow Bay retained a 5% horizontal slice to satisfy risk retention

Structural Overview

Tranche	Size	Rating	Coupon	CE	Spread	Yield	WAL
1A3	$138,471,000	AAA/AAA	4.00%	15.00%	110	4.02%	2.75
1AIO3	$138,471,000	AAA/AAA	0.50%	NA			
1A6	$20,000,000	AAA/AAA	4.50%	15.00%	80	3.68%	2.06
1AIO6	$20,000,000	AAA/AAA	WAC IO	NA			
1A9	$4,564,860	AAA/AAA	4.50%	12.65%	125	4.17%	2.75
2A1	$78,462,000	AAA/AAA	L+85	15	85		2.61
2A1A	$63,000,000	AAA/AAA	L+85	15.00%	80		2.04
2A1B	$21,000,000	AAA/AAA	L+85	15.00%			
2A2	$4,491,000	AAA/AAA	Flt	12.65%	100		2.61
2AIO	$166,953,000	AAA/AAA	WAC IO	NA			
B1A	$1,725,000	AA/AA	WAC	12.20%			
B2A	$24,541,000	A/A	WAC	5.80%			
B3	$8,436,000	BBB/BBB	WAC	3.60%			
B4	$6,902,000	BB/BB-	WAC	1.80%			
B5	$2,109,000	B/B	WAC	1.25%			
B6	$4,794,233	NR/NR	WAC	0.00%			

Collateral Characteristics

Deal Issuance		Top 5 States	% UPB
Deal Size	$383,451,233	CA	64%
Avg. Loan Bal	664,560	NY	5%
WAC	4.87	FL	4%
Original Term	360 months	AZ	3%
Seasoning	17 months	TX	3%
Original LTV	67%		
FICO	751		
DTI	36%		
% ARM	50%		
% Bank Statements	26%		
% Purchase	55%		

Note: Pricing speed: Group 1 (20 CPR), Group 2 (15 CPB). Past performance is not indicative of future results.

OBX 2018-EXP2

Expanded Prime Transaction

$384,027,255
Deal Size

OBX 2018-EXP2 Trust
Issuer

Onslow Bay Financial LLC
Seller, Sponsor and P&I Advancing Party

Onslow Bay Funding LLC
Depositor

Specialized Loan Servicing, LLC
Quicken Loans Inc.
Select Portfolio Servicing, Inc.
Servicers

Transaction Highlights

- Represents Onslow Bay's third securitization of 2018, and the Company's second expanded prime securitization, achieving AAA-rating from Fitch and DBRS
- 10/23/2018 Pricing
- 100% of the loans are first lien mortgage loans
- Non-QM Status:
  - 54% Non-QM loans; 31% ATR / QM: Not Applicable; 15% QM loans
- Servicers:
  - SLS 48%; SPS 42%; Quicken 10%
- Onslow Bay retained a 5% horizontal slice to satisfy risk retention

Structural Overview

Tranche	Size	Rating	Coupon	CE	Spread	Yield	WAL
1A1	$79,670,000	AAA/AAA	4.00%	15.00%	85	3.93%	2.07
1A8	$68,854,796	AAA/AAA	4.50%	15.00%	110	4.22%	2.85
1A7	$19,917,204	AAA/AAA	4.50%	15.00%			
1A9	$4,260,000	AAA/AAA	4.50%	12.85%			
1AIO1	$79,670,000	AAA/AAA	0.50%	NA			
1AIO6	$172,702,000	AAA/AAA	WAC IO	NA			
2A1A	$126,386,000	AAA/AAA	L+75	15.00%	80		2.24
2A1B	$31,596,000	AAA/AAA	L+75	15.00%	100		4.48
2A2	$3,995,000	AAA/AAA	L+95	12.85%	100		2.69
2AIO	$161,977,000	AAA/AAA	WAC IO	NA			
B1A	$1,344,000	AA/AA	WAC	12.50%			
B2A	$23,042,000	A/A	WAC	6.50%			
B3	$10,561,000	BBB/BBB	WAC	3.75%			
B4	$6,336,000	BB/BB	WAC	2.10%			
B5	$3,264,000	B/B	WAC	1.25%			
B6	$4,801,255	NR/NR	WAC	0%			

Collateral Characteristics

Deal Issuance		Top 5 States	% UPB
Deal Size	$384,027,255	CA	62%
Avg Loan Bal	636,861	NY	7%
WAC	5.06	AZ	4%
Original Term	361 months	FL	4%
Seasoning	12 months	VA	3%
Original LTV	67%		
FICO	753		
DTI	36%		
% ARM	48%		
% Bank Statements	40%		
% Purchase	61%		

Note: Pricing speed: Group 1 (20 CPR), Group 2 (15 CPB). Past performance is not indicative of future results.

OBX 2019-INV1

Agency Investor Transaction

$393,961,409
Deal Size

OBX 2019-INV1 Trust
Issuer

Onslow Bay Financial LLC
Seller, Sponsor and P&I Advancing Party

Onslow Bay Funding LLC
Depositor

Specialized Loan Servicing, LLC
Quicken Loans Inc.
Select Portfolio Servicing, Inc.
Servicers

Transaction Highlights

- Represents Onslow Bay's first securitization of 2019, and the Company's first agency investor securitization, achieving AAA-rating from Moody's and Kroll
- 1/28/2019 Pricing
- 100% of the loans are first lien mortgage loans
- Non-QM Status:
  - 100% ATR / QM: Not Applicable
- Servicers:
  - Quicken 72%; SLS 15%; SPS 13%
- Onslow Bay retained a 5% horizontal slice to satisfy risk retention

Structural Overview

Tranche	Size	Rating	Coupon	CE	Spread	Yield	WAL
A-3	$40,000,000	Aaa/AAA	4.50%	20.00%	140	4.05%	4.54
A-8	$173,559,000	Aaa/AAA	4.00%	20.00%	100	3.73%	2.00
A-10	$32,818,000	Aaa/AAA	4.00%	20.00%	140	4.06%	5.34
A-11	$15,000,000	Aaa/AAA	4.50%	20.00%	155	4.33%	10.56
A-12	$53,792,000	Aaa/AAA	4.00%	20.00%			
A-15	$27,577,000	Aa1/AAA	4.50%	13.00%			
A-IO1	$342,746,000	-/AAA	WAC IO	NA			
A-IO3	$260,169,000	-/AAA	50.00%	NA			
B-1	$12,804,000	Aa2/A+	WAC	9.75%			
B-2	$12,212,000	A1/A-	WAC	6.65%			
B-3	$11,031,000	Baa1/BBB	WAC	3.85%			
B-4	$7,880,000	Ba1/BB+	WAC	1.85%			
B-5	$3,151,000	B2/B	WAC	1.05%			
B-6	$4,137,408	-/-	WAC	0.00%			

Collateral Characteristics

Deal Issuance		Top 5 States	% UPB
Deal Size	$383,961,409	CA	56%
Avg Loan Bal	336,145	NY	6%
WAC	5.09	WA	6%
Original Term	360 months	FL	4%
Seasoning	7 months	NJ	3%
Original LTV	67%		
FICO	758		
DTI	38%		
% ARM	0%		
% Bank Statements	0%		
% Purchase	55%		

Note: Pricing speed: 15 CPR. Past performance is not indicative of future results.

Non-GAAP Reconciliations

ANNALY®

Non-GAAP Reconciliations

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

The Company calculates "core earnings", a non-GAAP measure, as the sum of (a) economic net interest income, (b) TBA dollar roll income and CMBX coupon income, (c) realized amortization of MSRs, (d) other income (loss) (excluding depreciation and amortization expense on real estate and related intangibles, non-core income allocated to equity method investments and other non-core components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items) and (f) income taxes (excluding the income tax effect of non-core income (loss) items), and core earnings (excluding PAA), which is defined as core earnings excluding the premium amortization adjustment representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term prepayment speeds related to the Company's Agency mortgage-backed securities.

Non-GAAP Reconciliations (*cont'd*)

Unaudited, dollars in thousands except per share amounts

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company provides non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, financial measures computed in accordance with GAAP. These non-GAAP measures provide additional detail to enhance investor understanding of the Company's period-over-period operating performance and business trends, as well as for assessing the Company's performance versus that of industry peers. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP results are provided below and on the next page.

	For the quarters ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
GAAP to Core Reconciliation					
GAAP net income (loss)	($2,254,872)	$385,429	$595,887	$1,327,704	$746,771
Net income (loss) attributable to non-controlling interests	17	(149)	(32)	(96)	(151)
Net income (loss) attributable to Annaly	($2,254,889)	$385,578	$595,919	$1,327,800	$746,922
Adjustments to excluded reported realized and unrealized (gains) losses:					
Realized (gains) losses on termination of interest rate swaps	-	(575)	-	(834)	160,075
Unrealized (gains) losses on interest rate swaps	1,313,882	(417,203)	(343,475)	(977,285)	(484,447)
Net (gains) losses on disposal of investments	747,505	324,294	66,117	(13,468)	(7,895)
Net (gains) losses on other derivatives	484,872	(94,827)	(34,189)	47,145	(121,334)
Net unrealized (gains) losses on instruments measured at fair value through earnings	18,169	39,944	48,376	51,593	12,115
Loan loss provision	3,496	-	-	-	-
Adjustments to exclude components of other (income) loss:					
Depreciation and amortization expense related to commercial real estate[1]	11,000	9,278	-	-	-
Non-core (income) loss allocated to equity method investments[2]	(10,307)	(2,358)	-	-	-
Non-core other (income) loss[3]	-	44,525	-	-	-
Adjustments to exclude components of general and administrative expenses and income taxes:					
Transaction expenses and non-recurring items [4]	3,816	60,081	-	1,519	-
Income tax effect on non-core income (loss) items	3,334	886	-	-	-
Adjustments to add back components of realized and unrealized (gains) losses:					
TBA dollar roll income and CMBX coupon income[5]	69,572	56,570	62,491	88,353	89,479
MSR amortization[6]	(18,753)	(19,913)	(19,942)	(21,156)	(19,331)
Core earnings*	371,697	386,280	375,297	503,667	375,584
Less:					
Premium amortization adjustment (PAA) cost (benefit)	45,472	3,386	7,516	(118,395)	11,367
Core Earnings (excluding PAA)*	$417,169	$389,666	$382,813	$385,272	$386,951
Dividends on preferred stock	32,494	31,675	31,377	33,766	32,334
Core Earnings attributable to common shareholders *	$339,203	$354,605	$343,920	$469,901	$343,250
Core Earnings (excluding PAA) attributable to common shareholders *	$384,675	$357,991	$351,436	$351,506	$354,617
GAAP net income (loss) per average common share[7]	($1.74)	$0.29	$0.49	$1.12	$0.62
Core earnings per average common share[7]*	$0.26	$0.29	$0.30	$0.41	$0.30
Core earnings (excluding PAA) per average common share[7]*	$0.29	$0.30	$0.30	$0.30	$0.31
Annualized GAAP return (loss) on average equity	(62.05%)	10.73%	17.20%	36.86%	20.58%
Annualized core return on average equity (excluding PAA)*	11.48%	10.85%	11.05%	10.70%	10.67%

* Represents a non-GAAP financial measure.

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

Non-GAAP Reconciliations (*cont'd*)

Unaudited, dollars in thousands

	For the quarters ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
Premium Amortization Reconciliation					
Premium amortization expense	$220,131	$187,537	$202,426	$95,832	$203,951
Less:					
PAA cost (benefit)	$45,472	$3,386	$7,516	($118,395)	$11,367
Premium amortization expense (excluding PAA)	$174,659	$184,151	$194,910	$214,227	$192,584
Interest Income (excluding PAA) Reconciliation					
GAAP interest income	$859,674	$816,596	$776,806	$879,487	$745,423
PAA cost (benefit)	$45,472	$3,386	$7,516	($118,395)	$11,367
Interest income (excluding PAA)*	$905,146	$819,982	$784,322	$761,092	$756,790
Economic Interest Expense Reconciliation					
GAAP interest expense	$586,774	$500,973	$442,692	$367,421	$318,711
Add:					
Net interest component of interest rate swaps(1)	(65,889)	(51,349)	(31,475)	48,160	73,957
Economic interest expense*(1)	$520,885	$449,624	$411,217	$415,581	$392,668
Economic Net Interest Income (excluding PAA) Reconciliation					
Interest income (excluding PAA)	$905,146	$819,982	$784,322	$761,092	$756,790
Less:					
Economic interest expense*(1)	520,885	449,624	411,217	415,581	392,668
Economic net interest income (excluding PAA)*(1)	$384,261	$370,358	$373,105	$345,511	$364,122
Economic Metrics (excluding PAA)					
Average interest earning assets	$107,232,861	$101,704,957	$102,193,435	$101,979,042	$100,247,589
Interest income (excluding PAA)*	$905,146	$819,982	$784,322	$761,092	$756,790
Average yield on interest earning assets (excluding PAA)*	3.38%	3.22%	3.07%	2.99%	3.02%
Average interest bearing liabilities	$91,746,160	$86,638,082	$87,103,807	$87,376,452	$85,992,215
Economic interest expense*(1)	$520,885	$449,624	$411,217	$415,581	$392,668
Average cost of interest bearing liabilities(1)	2.22%	2.08%	1.89%	1.90%	1.83%
Economic net interest income (excluding PAA)*(1)	$384,261	$370,358	$373,105	$345,511	$364,122
Net interest spread (excluding PAA)*	1.16%	1.14%	1.18%	1.09%	1.19%
Interest income (excluding PAA)*	$905,146	$819,982	$784,322	$761,092	$756,790
TBA dollar roll income and CMBX coupon income (2)	69,572	56,570	62,491	88,353	89,479
Interest expense	(586,774)	(500,973)	(442,692)	(367,421)	(318,711)
Net interest component of interest rate swaps	65,889	51,349	31,475	(48,160)	(82,271)
Subtotal	$453,833	$426,928	$435,596	$433,864	$445,287
Average interest earning assets	$107,232,861	$101,704,957	$102,193,435	$101,979,042	$100,247,589
Average TBA contract and CMBX balances (2)	14,788,453	12,216,863	9,407,819	12,050,341	17,509,691
Subtotal	$122,021,314	$113,921,820	$111,601,254	$114,029,383	$117,757,280
Net interest margin (excluding PAA)*	1.49%	1.50%	1.56%	1.52%	1.51%

* Represents a non-GAAP financial measure.

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

Glossary and Endnotes

Glossary

ACREG: Refers to Annaly Commercial Real Estate Group

AMML: Refers to Annaly Middle Market Lending Group

ARC: Refers to Annaly Residential Credit Group

BBREMTG: Represents the Bloomberg Mortgage REIT Index*

CRT: Refers to credit risk transfer securities

ESG: Refers to Environmental, Social and Governance

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

*Represents constituents as of January 31, 2019.

Endnotes

Page 2

1. Agency assets include to be announced ("TBA") purchase contracts (market value) and mortgage servicing rights ("MSRs"). Residential Credit and Commercial Real Estate assets exclude securitized debt of consolidated variable interest entities ("VIEs").
2. Represents the capital allocation for each of the four investment groups and is calculated as the difference between assets and related financing. Includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders' equity.
3. Sector rank compares Annaly dedicated capital in each of its four investment groups as of December 31, 2018 (adjusted for P/B as of January 31, 2019) to the market capitalization of the companies in each respective comparative sector as of January 31, 2019. Comparative sectors used for Agency, Commercial Real Estate and Residential Credit ranking are their respective sector within the BBREMTG Index as of January 31, 2019. Comparative sector used for Middle Market Lending ranking is the S&P BDC Index as of January 31, 2019.
4. Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or of a substantially similar, nature in each respective group.

Page 3

1. Based on annualized Q4 2018 dividend of $0.30 and a closing price of $9.82 on December 31, 2018.
2. Total portfolio excludes securitized debt of consolidated VIEs.
3. Capital allocation includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders' equity.
4. Includes $700mm closed in 2018 and $200mm closed subsequent to year end in January 2019.
5. Measures total notional balances of interest rate swaps, interest rate swaptions and futures relative to repurchase agreements, other secured financing and TBA derivative and CMBX notional outstanding; excludes MSRs and the effects of term financing, both of which serve to reduce interest rate risk. Additionally, the hedge ratio does not take into consideration differences in duration between assets and liabilities.
6. Includes GAAP interest expense and the net interest component of interest rate swaps.

Page 4

1. Includes unfunded commitments of $161mm. Year-over-year increase excludes loans acquired through securitization call rights and assets onboarded in connection with the MTGE acquisition.
2. $2.4bn of financing capacity includes $1.5bn in residential whole loan securitizations ($1.1bn closed in 2018 and $394mm closed subsequent to year end in January 2019) and $900mm in additional credit facility capacity ($700mm closed in 2018 and $200mm closed subsequent to year end in January 2019).
3. Dedicated capital includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders' equity.
4. Reflects announcement date of the MTGE acquisition, which closed in September 2018.
5. ~$3bn of equity includes: (1) $425mm raised through a preferred equity offering in January 2018; (2) $877mm raised through a common equity offering in September 2018; (3) $840mm raised through a common equity offering in January 2019; (4) $456mm of equity issued as partial merger consideration and $55mm of preferred equity assumed in connection with the MTGE acquisition in September 2018; and (5) $251mm raised through the Company's at-the-market sales program for its common stock, which was entered into in January 2018. These amounts exclude any applicable underwriting discounts and other estimated offering expenses. The September 2018 and January 2019 common equity offerings include the underwriters' full exercise of their overallotment option to purchase additional shares of stock.

Page 5

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

Page 6

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

Page 7

1. Reflects joint venture interests in a social impact loan investment fund that is accounted for under the equity method for GAAP.
2. Reflects limited and general partnership interests in a commercial loan investment fund that is accounted for under the equity method for GAAP.
3. Includes equity investment in health care assets.
4. Includes mezzanine loans for which Commercial Real Estate is also the corresponding first mortgage lender, B-Notes held for investment and a B-Note held for sale.
5. Other includes 46 states, none of which represents more than 5% of total portfolio value. The Company looked through to the collateral characteristics of securitizations and equity method investments.

Page 8

1. Excludes unfunded commitments. Yield calculated net of syndications.
2. Paydowns reflect $115mm in complete payoffs and $29mm in principal amortization.
3. Based on Standard Industrial Classification industry categories.
4. Breakdown based on aggregate dollar amount of individual investments made within the respective loan size buckets. Multiple investment positions with a single obligor shown as one individual investment.

Page 11

1. Onslow Bay utilizes full securitization diligence (Credit, Compliance, Valuation) for new origination whole loan purchases. For seasoned whole loan purchases, Onslow Bay may diligence Title/Tax/Lien, servicing comments, pay history and updated FICOs/valuations.

Endnotes (*cont'd*)

Page 12
1. Definition of terms as follows: FC - Foreclosure; SS – Short Sale; BK – Bankruptcy; Mod – Modification; FICO – Fair Isaac Credit Score; LTV – Loan to Value Ratio (Loan Size/Property Value); DTI – Debt to Income Ratio.
2. 2 Year seasoning period for any 30 day delinquency.

Page 13
1. Definition of terms as follows: FC - Foreclosure; SS – Short Sale; BK – Bankruptcy; Mod – Modification; FICO – Fair Isaac Credit Score; LTV – Loan to Value Ratio (Loan Size/Property Value); DTI – Debt to Income Ratio; DU – Desktop Underwriter; LP – Loan Prospector.
2. 4 Year seasoning period for Chapter 7, Chapter 11 and Chapter 13 Dismissal. 2 Year seasoning period for Chapter 13 Discharge Date.
3. 2 Year seasoning period for any 30 day delinquency.
4. Represent Onslow Bay credit overlays.

Page 14
1. Includes pipeline loans accounted for as derivatives for GAAP and excludes securitized residential mortgage loans of a consolidated VIE and loans held by an affiliated master servicer.
2. Actual loan balances prior to securitization were $327.5mm, $383.9mm, $384.0mm, and $394.3mm respectively.

Page 15
1. Represents updated CLTV.
2. Seasoned collateral consists of loans >24 WALA not underwritten to a DSCR.
3. None of the 60+ delinquent of loans were sourced out of the Onslow Bay portfolio (excluding loans from collapse of legacy securitizations).

Page 16
1. None of the 60+ delinquent of loans were sourced out of the Onslow Bay portfolio (excluding loans from collapse of legacy securitizations).

Page 17
1. Whole loan UPB purchase volumes as of December 31, 2018, excluding call rights.
2. Excludes loans acquired as part of call rights.
3. Transition Matrix reflects performance as of December 31, 2018. Transition Matrix does not include whole loans purchased through "Legacy" call rights. Past performance is not indicative of future results.
4. Excludes temporary modifications due to natural disasters.

Page 23
1. Calculated using weighted average of all ARMs only.

Non-GAAP Reconciliations

Page 35
1. Includes depreciation and amortization expense related to equity method investments.
2. Beginning with the quarter ended September 30, 2018, the Company excludes non-core (income) loss allocated to equity method investments, which represents the unrealized (gains) losses allocated to equity interests in a portfolio of MSR, which is a component of Other income (loss). The quarter ended December 31, 2018 also includes a realized gain on sale within an unconsolidated joint venture, which is a component of Other income (loss).
3. The quarter ended September 30, 2018 reflects the amount of consideration paid for the acquisition of MTGE in excess of the fair value of net assets acquired. This amount is primarily attributable to a decline in portfolio valuation between the pricing and closing dates of the transaction and is consistent with changes in market values observed for similar instruments over the same period.
4. Represents costs incurred in connection with the MTGE transaction and costs incurred in connection with a securitization of residential whole loans for the quarters ended September 30, 2018 and December 31, 2018. Represents costs incurred in connection with a securitization of residential whole loans for the quarter ended March 31, 2018.
5. TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on other derivatives. CMBX coupon income totaled $1.2mm for each of the quarters ended December 31, 2018 and September 30, 2018. There were no adjustments for CMBX coupon income prior to September 30, 2018.
6. MSR amortization represents the portion of changes in fair value that is attributable to the realization of estimated cash flows on the Company's MSR portfolio and is reported as a component of Net unrealized gains (losses) on instruments measured at fair value.
7. Net of dividends on preferred stock.

Page 36
1. Average cost of interest bearing liabilities represents annualized economic interest expense divided by average interest bearing liabilities. Average interest bearing liabilities reflects the average amortized cost during the period. Economic interest expense is comprised of GAAP interest expense and the net interest component of interest rate swaps. Prior to the quarter ended March 31, 2018, this metric included the net interest component of interest rate swaps used to hedge cost of funds. Beginning with the quarter ended March 31, 2018, as a result of changes to the Company's hedging portfolio, this metric reflects the net interest component of all interest rate swaps.
2. CMBX coupon income and average CMBX balances have only been applied to the quarters ended December 31, 2018 and September 30, 2018. The impact to net interest margin (ex-PAA) in prior periods was immaterial.