



ANNALY CAPITAL MANAGEMENT, INC. REPORTS 3rd QUARTER 2024 RESULTS

NEW YORK—October 23, 2024—Annaly Capital Management, Inc. (NYSE: NLY) ("Annaly" or the "Company") today announced its financial results for the quarter ended September 30, 2024.

Financial Highlights

- GAAP net income of \$0.05 per average common share for the quarter
- Earnings available for distribution ("EAD") of \$0.66 per average common share for the quarter
- Economic return of 4.9% for the third quarter and 10.5% year-to-date through the third quarter
- Book value per common share of \$19.54
- GAAP leverage of 6.9x, down from 7.1x in the prior quarter; economic leverage of 5.7x, down from 5.8x in the prior quarter
- Declared quarterly common stock cash dividend of \$0.65 per share

Business Highlights

Investment and Strategy

- Total portfolio of \$81.8 billion, including \$72.5 billion in highly liquid Agency portfolio⁽¹⁾
- Annaly's Agency portfolio increased by \$6.4 billion quarter-over-quarter as we deployed a portion of the \$1.2 billion in accretive common equity⁽²⁾ raised since the beginning of the quarter into high-quality, up-in-coupon specified pools and TBAs
 - Annaly's Agency portfolio represents 61% of dedicated equity capital⁽³⁾, up from 58% in the prior quarter
- Proactively managed the hedge portfolio as the sharp decline in interest rates pushed hedges to shorter tenors, modestly increasing the hedge ratio to 101%
- Annaly's Residential Credit portfolio increased 9% to \$6.5 billion⁽¹⁾ given continued record whole loan correspondent channel activity; represents 18% of dedicated equity capital⁽³⁾
 - Loan fundings have surpassed \$15 billion since inception of the correspondent channel in April 2021 and the \$3 billion of whole loans purchased during the third quarter represented a quarterly record
- Annaly's Mortgage Servicing Rights ("MSR") portfolio ended the quarter with \$2.8 billion⁽¹⁾ in market value, relatively unchanged quarter-over-quarter, representing 21% of dedicated equity capital⁽³⁾
 - Announced a strategic subservicing relationship with Rocket Mortgage ("Rocket") whereby Rocket will handle servicing and recapture activities for a portion of Annaly's MSR portfolio

Financing and Capital

- \$7.4 billion of total assets available for financing⁽⁴⁾, including cash and unencumbered Agency MBS of \$4.7 billion
- Average GAAP cost of interest bearing liabilities decreased one basis point to 5.42% and average economic cost of interest bearing liabilities increased three basis points to 3.93% quarter-over-quarter
- Annaly's Residential Credit and MSR businesses increased financing capacity by \$560 million and \$300 million, respectively, through new and expanded credit facilities; total warehouse capacity across both businesses of \$5.0 billion, including \$1.9 billion of committed capacity⁽⁵⁾
- Weighted average days to maturity for repurchase agreements decreased to 34 days from 36 days in the prior quarter
- Annaly Residential Credit Group priced 18 whole loan securitizations totaling \$9.4 billion since the beginning of 2024⁽⁶⁾
 - Annaly remains the largest non-bank issuer and the second largest issuer overall of Prime Jumbo and Expanded Credit MBS⁽⁷⁾

"Annaly delivered a 4.9% economic return in the third quarter and 10.5% economic return for the first nine months of the year, demonstrating the power of our diversified housing finance portfolio," remarked David Finkelstein, Chief Executive Officer and Chief Investment Officer. "Agency MBS benefited from the onset of the Federal Reserve's rate cutting cycle and we were able to deploy equity capital raised during the quarter into the sector given attractive new money returns. Meanwhile, our whole loan correspondent channel continues to generate record production with exceptional credit quality and our differentiated MSR portfolio has consistently performed ahead of expectations. Looking ahead, we are optimistic given the improving operating environment and believe our portfolio is well-positioned to deliver strong risk-adjusted returns."

⁽¹⁾ Total portfolio represents Annaly's investments that are on-balance sheet as well as investments that are off-balance sheet in which Annaly has economic exposure. Assets exclude assets transferred or pledged to securitization vehicles of \$21.0bn, include TBA purchase contracts (market value) of \$3.3bn, include unsettled MSR commitments of \$125mm, include \$2.1bn of retained securities that are eliminated in consolidation and are shown net of participations issued totaling \$0.5bn. 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⁾ Amount includes \$1.15 billion and \$50 million raised during the quarter and subsequent to quarter end, respectively, through the Company's at-the-market sales program for its common stock net of sales agent commissions and other offering expenses.

⁽³⁾ Capital allocation for each of the investment strategies is calculated as the difference between each investment strategy's allocated assets, which include TBA purchase contracts, and liabilities.

⁽⁴⁾ Comprised of \$6.5 billion 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 \$0.9 billion of fair value of collateral pledged for future advances.

⁽⁵⁾ Includes a \$300mm credit facility for Annaly's MSR business that closed subsequent to quarter end.

⁽⁶⁾ Includes a \$636 million whole loan securitization that priced in October 2024.

⁽⁷⁾ Issuer ranking data from Inside Nonconforming Markets for 2023 - Q3 2024 (October 11, 2024 issue).

Financial Performance

The following table summarizes certain key performance indicators as of and for the quarters ended September 30, 2024, June 30, 2024 and September 30, 2023:

	September 30, 2024		June 30, 2024		September 30, 2023	
Book value per common share	\$	19.54	\$	19.25	\$	18.25
GAAP net income (loss) per average common share ⁽¹⁾	\$	0.05	\$	(0.09)	\$	(1.21)
Annualized GAAP return (loss) on average equity ⁽²⁾		2.77%		(0.31%)		(20.18%)
GAAP leverage at period-end ⁽³⁾		6.9:1		7.1:1		7.1:1
Net interest margin ⁽⁴⁾		0.06%		0.24%		(0.20%)
Average yield on interest earning assets ⁽⁵⁾		5.16%		5.17%		4.49%
Average GAAP cost of interest bearing liabilities ⁽⁶⁾		5.42%		5.43%		5.27%
Net interest spread		(0.26%)		(0.26%)		(0.78%)
Non-GAAP metrics *						
Earnings available for distribution per average common share ⁽¹⁾	\$	0.66	\$	0.68	\$	0.66
Annualized EAD return on average equity		12.95%		13.36%		12.96%
Economic leverage at period-end ⁽³⁾		5.7:1		5.8:1		6.4:1
Net interest margin (excluding PAA) ⁽⁴⁾		1.52%		1.58%		1.48%
Average yield on interest earning assets (excluding PAA) ⁽⁵⁾		5.25%		5.14%		4.46%
Average economic cost of interest bearing liabilities ⁽⁶⁾		3.93%		3.90%		3.28%
Net interest spread (excluding PAA)		1.32%		1.24%		1.18%

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

⁽¹⁾ Net of dividends on preferred stock.

⁽²⁾ Annualized GAAP return (loss) on average equity annualizes realized and unrealized gains and (losses) which may not be indicative of full year performance, unannualized GAAP return (loss) on average equity is 0.69%, (0.08%), and (5.04%) for the quarters ended September 30, 2024, June 30, 2024, and September 30, 2023, respectively.

⁽³⁾ GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued, and U.S. Treasury securities sold, not yet purchased divided by total equity. Economic leverage is computed as the sum of recourse debt, cost basis of to-be-announced ("TBA") derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements, other secured financing, and US Treasury securities, sold, not yet purchased. Debt issued by securitization vehicles and participations issued are non-recourse to the Company and are excluded from economic leverage.

⁽⁴⁾ Net interest margin represents interest income less interest expense divided by 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 interest income (excluding PAA) plus TBA dollar roll income and less economic interest expense divided by the sum of average Interest Earning Assets plus average outstanding TBA contract balances. PAA represents 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.

⁽⁵⁾ 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).

⁽⁶⁾ 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, 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 Statement 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 Statement of Comprehensive Income (Loss) for all periods presented.

Other Information

This news release 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 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.

Annaly is a leading diversified capital manager with investment strategies across mortgage finance. Annaly's principal business objective is to generate net income for distribution to its stockholders and to optimize its returns through prudent management of its diversified investment strategies. Annaly is internally managed and has elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes. Additional information on the company can be found at www.annaly.com.

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 "Investors" section of our website, then clicking on "Investor Resources" and selecting "Email Alerts" to complete the email notification form. Our website, any alerts and social media channels are not incorporated by reference into, and are not a part of, this document.

The Company prepares an investor presentation and supplemental financial information for the benefit of its shareholders. Please refer to the investor presentation for definitions of both GAAP and non-GAAP measures used in this news release. Both the Third Quarter 2024 Investor Presentation and the Third Quarter 2024 Supplemental Information can be found at the Company's website (www.annaly.com) in the "Investors" section under "Investor Presentations."

Conference Call

The Company will hold the third quarter 2024 earnings conference call on October 24, 2024 at 9:00 a.m. Eastern Time. Participants are encouraged to pre-register for the conference call to receive a unique PIN to gain immediate access to the call and bypass the live operator. Pre-registration may be completed by accessing the pre-registration link found on the homepage or "Investors" section of the Company's website at www.annaly.com, or by using the following link: <https://dpre register.com/sreg/10193341/fda88631c3>. Pre-registration may be completed at any time, including up to and after the call start time.

For participants who would like to join the call but have not pre-registered, access is available by dialing 844-735-3317 within the U.S., or 412-317-5703 internationally, and requesting the "Annaly Earnings Call."

There will also be an audio webcast of the call on www.annaly.com. A replay of the call will be available for one week following the conference call. The replay number is 877-344-7529 for domestic calls and 412-317-0088 for international calls and the conference passcode is 3078594. If you would like to be added to the e-mail distribution list, please visit www.annaly.com, click on Investors, then select Email Alerts and complete the email notification form.

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except per share data)

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023 ⁽¹⁾	September 30, 2023
	(unaudited)	(unaudited)	(unaudited)		(unaudited)
Assets					
Cash and cash equivalents	\$ 1,560,159	\$ 1,587,108	\$ 1,665,370	\$ 1,412,148	\$ 1,241,122
Securities	71,700,177	67,044,753	66,500,689	69,613,565	69,860,730
Loans, net	2,305,613	2,548,228	2,717,823	2,353,084	1,793,140
Mortgage servicing rights	2,693,057	2,785,614	2,651,279	2,122,196	2,234,813
Assets transferred or pledged to securitization vehicles	21,044,007	17,946,812	15,614,750	13,307,622	11,450,346
Derivative assets	59,071	187,868	203,799	162,557	549,833
Receivable for unsettled trades	766,341	320,659	941,366	2,710,224	1,047,566
Principal and interest receivable	1,060,991	917,130	867,348	1,222,705	1,158,648
Intangible assets, net	10,088	10,761	11,433	12,106	12,778
Other assets	316,491	319,644	309,689	311,029	299,447
Total assets	\$ 101,515,995	\$ 93,668,577	\$ 91,483,546	\$ 93,227,236	\$ 89,648,423
Liabilities and stockholders' equity					
Liabilities					
Repurchase agreements	\$ 64,310,276	\$ 60,787,994	\$ 58,975,232	\$ 62,201,543	\$ 64,693,821
Other secured financing	600,000	600,000	600,000	500,000	500,000
Debt issued by securitization vehicles	18,709,118	15,831,915	13,690,967	11,600,338	9,983,847
Participations issued	467,006	1,144,821	1,161,323	1,103,835	788,442
U.S. Treasury securities sold, not yet purchased	2,043,519	1,974,602	2,077,404	2,132,751	—
Derivative liabilities	102,628	100,829	103,142	302,295	97,616
Payable for unsettled trades	1,885,286	1,096,271	2,556,798	3,249,389	2,214,319
Interest payable	276,397	369,106	350,405	287,937	198,084
Dividends payable	362,731	325,662	325,286	325,052	321,629
Other liabilities	219,085	174,473	146,876	179,005	173,608
Total liabilities	88,976,046	82,405,673	79,987,433	81,882,145	78,971,366
Stockholders' equity					
Preferred stock, par value \$0.01 per share ⁽²⁾	1,536,569	1,536,569	1,536,569	1,536,569	1,536,569
Common stock, par value \$0.01 per share ⁽³⁾	5,580	5,010	5,004	5,001	4,948
Additional paid-in capital	24,851,604	23,694,663	23,673,687	23,672,391	23,572,996
Accumulated other comprehensive income (loss)	(712,203)	(1,156,927)	(1,281,918)	(1,335,400)	(2,694,776)
Accumulated deficit	(13,238,288)	(12,898,191)	(12,523,809)	(12,622,768)	(11,855,267)
Total stockholders' equity	12,443,262	11,181,124	11,409,533	11,255,793	10,564,470
Noncontrolling interests	96,687	81,780	86,580	89,298	112,587
Total equity	12,539,949	11,262,904	11,496,113	11,345,091	10,677,057
Total liabilities and equity	\$ 101,515,995	\$ 93,668,577	\$ 91,483,546	\$ 93,227,236	\$ 89,648,423

⁽¹⁾ Derived from the audited consolidated financial statements at December 31, 2023.

⁽²⁾ 6.95% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock - Includes 28,800,000 shares authorized, issued and outstanding. 6.50% Series G Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock - Includes 17,000,000 shares authorized, issued and outstanding. 6.75% Series I Preferred Stock - Includes 17,700,000 shares authorized, issued and outstanding.

⁽³⁾ Includes 1,468,250,000 shares authorized. Includes 558,047,743 shares issued and outstanding at September 30, 2024, 501,018,415 shares issued and outstanding at June 30, 2024, 500,440,023 shares issued and outstanding at March 31, 2024, 500,080,287 shares issued and outstanding at December 31, 2023, 494,814,038 shares issued and outstanding at September 30, 2023.

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands, except per share data)
(Unaudited)

	For the quarters ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Net interest income					
Interest income	\$ 1,229,341	\$ 1,177,325	\$ 1,094,488	\$ 990,352	\$ 1,001,485
Interest expense	1,215,940	1,123,767	1,100,939	1,043,902	1,046,819
Net interest income	13,401	53,558	(6,451)	(53,550)	(45,334)
Net servicing income					
Servicing and related income	122,583	120,515	115,084	98,474	97,620
Servicing and related expense	12,988	12,617	12,216	11,219	9,623
Net servicing income	109,595	107,898	102,868	87,255	87,997
Other income (loss)					
Net gains (losses) on investments and other	1,723,713	(568,745)	(994,127)	1,894,744	(2,713,126)
Net gains (losses) on derivatives	(1,754,010)	430,487	1,377,144	(2,301,911)	2,127,430
Other, net	27,438	24,791	23,367	22,863	26,250
Total other income (loss)	(2,859)	(113,467)	406,384	(384,304)	(559,446)
General and administrative expenses					
Compensation expense	34,453	33,274	28,721	29,502	30,064
Other general and administrative expenses	9,468	11,617	9,849	9,399	9,845
Total general and administrative expenses	43,921	44,891	38,570	38,901	39,909
Income (loss) before income taxes	76,216	3,098	464,231	(389,500)	(556,692)
Income taxes	(6,135)	11,931	(943)	1,732	12,392
Net income (loss)	82,351	(8,833)	465,174	(391,232)	(569,084)
Net income (loss) attributable to noncontrolling interests	15,906	650	2,282	12,511	(6,879)
Net income (loss) attributable to Annaly	66,445	(9,483)	462,892	(403,743)	(562,205)
Dividends on preferred stock	41,628	37,158	37,061	37,181	36,854
Net income (loss) available (related) to common stockholders	\$ 24,817	\$ (46,641)	\$ 425,831	\$ (440,924)	\$ (599,059)
Net income (loss) per share available (related) to common stockholders					
Basic	\$ 0.05	\$ (0.09)	\$ 0.85	\$ (0.88)	\$ (1.21)
Diluted	\$ 0.05	\$ (0.09)	\$ 0.85	\$ (0.88)	\$ (1.21)
Weighted average number of common shares outstanding					
Basic	515,729,658	500,950,563	500,612,840	499,871,725	494,330,361
Diluted	516,832,152	500,950,563	501,182,043	499,871,725	494,330,361
Other comprehensive income (loss)					
Net income (loss)	\$ 82,351	\$ (8,833)	\$ 465,174	\$ (391,232)	\$ (569,084)
Unrealized gains (losses) on available-for-sale securities	428,955	(54,243)	(281,869)	1,024,637	(825,286)
Reclassification adjustment for net (gains) losses included in net income (loss)	15,769	179,234	335,351	334,739	513,041
Other comprehensive income (loss)	444,724	124,991	53,482	1,359,376	(312,245)
Comprehensive income (loss)	527,075	116,158	518,656	968,144	(881,329)
Comprehensive income (loss) attributable to noncontrolling interests	15,906	650	2,282	12,511	(6,879)
Comprehensive income (loss) attributable to Annaly	511,169	115,508	516,374	955,633	(874,450)
Dividends on preferred stock	41,628	37,158	37,061	37,181	36,854
Comprehensive income (loss) attributable to common stockholders	\$ 469,541	\$ 78,350	\$ 479,313	\$ 918,452	\$ (911,304)

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands, except per share data)

	For the nine months ended	
	September 30, 2024 (unaudited)	September 30, 2023 (unaudited)
Net interest income		
Interest income	\$ 3,501,154	\$ 2,741,229
Interest expense	3,440,646	2,799,063
Net interest income	60,508	(57,834)
Net servicing income		
Servicing and related income	358,182	265,683
Servicing and related expense	37,821	26,433
Net servicing income	320,361	239,250
Other income (loss)		
Net gains (losses) on investments and other	160,841	(4,020,362)
Net gains (losses) on derivatives	53,621	2,702,003
Loan loss (provision) reversal	—	219
Other, net	75,596	50,853
Total other income (loss)	290,058	(1,267,287)
General and administrative expenses		
Compensation expense	96,448	90,090
Other general and administrative expenses	30,934	33,562
Total general and administrative expenses	127,382	123,652
Income (loss) before income taxes	543,545	(1,209,523)
Income taxes	4,853	37,702
Net income (loss)	538,692	(1,247,225)
Net income (loss) attributable to noncontrolling interests	18,838	(7,797)
Net income (loss) attributable to Annaly	519,854	(1,239,428)
Dividends on preferred stock	115,847	104,495
Net income (loss) available (related) to common stockholders	\$ 404,007	\$ (1,343,923)
Net income (loss) per share available (related) to common stockholders		
Basic	\$ 0.80	\$ (2.73)
Diluted	\$ 0.80	\$ (2.73)
Weighted average number of common shares outstanding		
Basic	505,800,723	492,744,997
Diluted	506,618,143	492,744,997
Other comprehensive income (loss)		
Net income (loss)	\$ 538,692	\$ (1,247,225)
Unrealized gains (losses) on available-for-sale securities	92,843	(443,957)
Reclassification adjustment for net (gains) losses included in net income (loss)	530,354	1,458,077
Other comprehensive income (loss)	623,197	1,014,120
Comprehensive income (loss)	1,161,889	(233,105)
Comprehensive income (loss) attributable to noncontrolling interests	18,838	(7,797)
Comprehensive income (loss) attributable to Annaly	1,143,051	(225,308)
Dividends on preferred stock	115,847	104,495
Comprehensive income (loss) attributable to common stockholders	\$ 1,027,204	\$ (329,803)

Key Financial Data

The following table presents key metrics of the Company's portfolio, liabilities and hedging positions, and performance as of and for the quarters ended September 30, 2024, June 30, 2024 and September 30, 2023:

	September 30, 2024	June 30, 2024	September 30, 2023
Portfolio related metrics			
Fixed-rate Residential Securities as a percentage of total Residential Securities	98%	98%	98%
Adjustable-rate and floating-rate Residential Securities as a percentage of total Residential Securities	2%	2%	2%
Weighted average experienced CPR for the period	7.6%	7.4%	7.3%
Weighted average projected long-term CPR at period-end	11.9%	8.5%	7.1%
Liabilities and hedging metrics			
Weighted average days to maturity on repurchase agreements outstanding at period-end	34	36	52
Hedge ratio ⁽¹⁾	101%	98%	115%
Weighted average pay rate on interest rate swaps at period-end ⁽²⁾	3.05%	3.13%	2.61%
Weighted average receive rate on interest rate swaps at period-end ⁽²⁾	4.94%	5.30%	5.27%
Weighted average net rate on interest rate swaps at period-end ⁽²⁾	(1.89%)	(2.17%)	(2.66%)
GAAP leverage at period-end ⁽³⁾	6.9:1	7.1:1	7.1:1
GAAP capital ratio at period-end ⁽⁴⁾	12.4%	12.0%	11.9%
Performance related metrics			
Book value per common share	\$ 19.54	\$ 19.25	\$ 18.25
GAAP net income (loss) per average common share ⁽⁵⁾	\$ 0.05	\$ (0.09)	\$ (1.21)
Annualized GAAP return (loss) on average equity ⁽⁶⁾	2.77%	(0.31%)	(20.18%)
Net interest margin ⁽⁷⁾	0.06%	0.24%	(0.20%)
Average yield on interest earning assets ⁽⁸⁾	5.16%	5.17%	4.49%
Average GAAP cost of interest bearing liabilities ⁽⁹⁾	5.42%	5.43%	5.27%
Net interest spread	(0.26%)	(0.26%)	(0.78%)
Dividend declared per common share	\$ 0.65	\$ 0.65	\$ 0.65
Annualized dividend yield ⁽¹⁰⁾	12.95%	13.64%	13.82%
Non-GAAP metrics *			
Earnings available for distribution per average common share ⁽⁵⁾	\$ 0.66	\$ 0.68	\$ 0.66
Annualized EAD return on average equity (excluding PAA)	12.95%	13.36%	12.96%
Economic leverage at period-end ⁽³⁾	5.7:1	5.8:1	6.4:1
Economic capital ratio at period end ⁽⁴⁾	14.6%	14.2%	13.1%
Net interest margin (excluding PAA) ⁽⁷⁾	1.52%	1.58%	1.48%
Average yield on interest earning assets (excluding PAA) ⁽⁸⁾	5.25%	5.14%	4.46%
Average economic cost of interest bearing liabilities ⁽⁹⁾	3.93%	3.90%	3.28%
Net interest spread (excluding PAA)	1.32%	1.24%	1.18%

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

⁽¹⁾ Measures total notional balances of interest rate swaps, interest rate swaptions (excluding receiver swaptions), futures and U.S. Treasury securities sold, not yet purchased, relative to repurchase agreements, other secured financing, cost basis of TBA derivatives outstanding and net forward purchases (sales) of investments; excludes MSR and the effects of term financing, both of which serve to reduce interest rate risk. Additionally, the hedge ratio does not take into consideration differences in duration between assets and liabilities.

⁽²⁾ Excludes forward starting swaps.

⁽³⁾ GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles, participations issued, and U.S. Treasury securities sold, not yet purchased divided by total equity. Economic leverage is computed as the sum of recourse debt, cost basis of to-be-announced ("TBA") derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements, other secured financing, and U.S. Treasury securities sold, not yet purchased. Debt issued by securitization vehicles and participations issued are non-recourse to the Company and are excluded from economic leverage.

⁽⁴⁾ GAAP capital ratio is computed as total equity divided by total assets. Economic capital ratio is computed as total equity divided by total economic assets. Total economic assets include the implied market value of TBA derivatives and are net of debt issued by securitization vehicles.

⁽⁵⁾ Net of dividends on preferred stock.

⁽⁶⁾ Annualized GAAP return (loss) on average equity annualizes realized and unrealized gains and (losses) which may not be indicative of full year performance, unannualized GAAP return (loss) on average equity is 0.69%, (0.08%) and (5.04%) for the quarters ended September 30, 2024, June 30, 2024, and September 30, 2023, respectively.

⁽⁷⁾ Net interest margin represents interest income less interest expense divided by 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 interest income (excluding PAA) plus TBA dollar roll income less economic interest expense divided by the sum of average interest earning assets plus average TBA contract balances.

⁽⁸⁾ 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).

⁽⁹⁾ 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, 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 Statement 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 Statement of Comprehensive Income (Loss) for all periods presented.

The following table contains additional information on our investment portfolio as of the dates presented:

	For the quarters ended		
	September 30, 2024	June 30, 2024	September 30, 2023
Agency mortgage-backed securities	\$ 69,150,399	\$ 64,390,905	\$ 66,591,536
Residential credit risk transfer securities	826,841	838,437	982,951
Non-agency mortgage-backed securities	1,616,696	1,702,859	2,063,861
Commercial mortgage-backed securities	106,241	112,552	222,382
Total securities	\$ 71,700,177	\$ 67,044,753	\$ 69,860,730
Residential mortgage loans	\$ 2,305,613	\$ 2,548,228	\$ 1,793,140
Total loans, net	\$ 2,305,613	\$ 2,548,228	\$ 1,793,140
Mortgage servicing rights	\$ 2,693,057	\$ 2,785,614	\$ 2,234,813
Residential mortgage loans transferred or pledged to securitization vehicles	\$ 21,044,007	\$ 17,946,812	\$ 11,450,346
Assets transferred or pledged to securitization vehicles	\$ 21,044,007	\$ 17,946,812	\$ 11,450,346
Total investment portfolio	\$ 97,742,854	\$ 90,325,407	\$ 85,339,029

Non-GAAP Financial Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company provides the following non-GAAP 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 the Company's results and operations, non-GAAP financial measures also have limitations. For example, the Company may calculate its non-GAAP metrics, such as earnings available for distribution, or the PAA, differently than its peers making comparative analysis difficult. Additionally, in the case of non-GAAP measures that exclude the PAA, the amount of amortization expense excluding the PAA is not necessarily representative of the amount of future periodic amortization nor is it indicative of the term over which the Company will amortize the remaining unamortized premium. Changes to actual and estimated prepayments will impact the timing and amount of premium amortization and, as such, both GAAP and non-GAAP results.

These non-GAAP measures provide additional detail to enhance investor understanding of the Company's period-over-period operating performance and business trends, as well as for assessing the Company's performance versus that of industry peers. Additional information pertaining to the Company's 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

The Company's principal business objective is to generate net income for distribution to its stockholders and to preserve capital through prudent selection of investments and continuous management of its portfolio. The Company generates net income by earning a net interest spread on its investment portfolio, which is a function of interest income from its investment portfolio less financing, hedging and operating costs. Earnings available for distribution, which is defined as the sum of (a) economic net interest income, (b) TBA dollar roll income, (c) net servicing income less realized amortization of MSR, (d) other income (loss) (excluding amortization of intangibles, non-EAD income allocated to equity method investments and other non-EAD components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items), and (f) income taxes (excluding the income tax effect of non-EAD income (loss) items) and excludes (g) the premium amortization adjustment ("PAA") representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term prepayment speeds related to the Company's Agency mortgage-backed securities is used by the Company's management and, the Company believes, used by analysts and investors to measure its progress in achieving its principal business objective.

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

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

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

	For the quarters ended		
	September 30, 2024	June 30, 2024	September 30, 2023
	(dollars in thousands, except per share data)		
GAAP net income (loss)	\$ 82,351	\$ (8,833)	\$ (569,084)
Adjustments to exclude reported realized and unrealized (gains) losses			
Net (gains) losses on investments and other ⁽¹⁾	(1,724,051)	568,874	2,710,208
Net (gains) losses on derivatives ⁽²⁾	2,071,493	(132,115)	(1,732,753)
Other adjustments			
Amortization of intangibles	673	673	2,384
Non-EAD (income) loss allocated to equity method investments ⁽³⁾	1,465	(523)	(140)
Transaction expenses and non-recurring items ⁽⁴⁾	4,966	5,329	1,882
Income tax effect of non-EAD income (loss) items	(9,248)	10,016	9,444
TBA dollar roll income ⁽⁵⁾	(1,132)	486	(1,016)
MSR amortization ⁽⁶⁾	(62,480)	(56,100)	(49,073)
EAD attributable to noncontrolling interests	(2,893)	(3,362)	(3,811)
Premium amortization adjustment cost (benefit)	21,365	(7,306)	(6,062)
Earnings available for distribution *	382,509	377,139	361,979
Dividends on preferred stock	41,628	37,158	36,854
Earnings available for distribution attributable to common stockholders *	\$ 340,881	\$ 339,981	\$ 325,125
GAAP net income (loss) per average common share	\$ 0.05	\$ (0.09)	\$ (1.21)
Earnings available for distribution per average common share *	\$ 0.66	\$ 0.68	\$ 0.66
Annualized GAAP return (loss) on average equity ⁽⁷⁾	2.77%	(0.31%)	(20.18%)
Annualized EAD return on average equity *	12.95%	13.36%	12.96%

* Represents a non-GAAP financial measure.

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

⁽²⁾ The adjustment to add back Net (gains) losses on derivatives does not include the net interest component of interest rate swaps which is reflected in earnings available for distribution. The net interest component of interest rate swaps totaled \$317.5 million, \$298.4 million and \$394.7 million for the quarters ended September 30, 2024, June 30, 2024 and September 30, 2023, respectively.

⁽³⁾ The Company excludes non-EAD (income) loss allocated to equity method investments, which represents the unrealized (gains) losses allocated to equity interests in a portfolio of MSR, which is a component of Other, net.

⁽⁴⁾ Represents costs incurred in connection with securitizations of residential whole loans.

⁽⁵⁾ TBA dollar roll income represents a component of Net gains (losses) on derivatives.

⁽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.

⁽⁷⁾ Annualized GAAP return (loss) on average equity annualizes realized and unrealized gains and (losses) which may not be indicative of full year performance, unannualized GAAP return (loss) on average equity is 0.69%, (0.08%), and (5.04%) for the quarters ended September 30, 2024, June 30, 2024, and September 30, 2023, respectively.

From time to time, the Company enters into TBA forward contracts 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 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.

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 mortgage-backed securities. The Company records TBA derivatives at fair

value on its Consolidated Statements of Financial Condition and recognizes periodic changes in fair value in Net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss), which includes both unrealized and realized gains and losses on derivatives.

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 mortgage-backed security (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).

Premium Amortization Expense

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

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

The following table illustrates the impact of the PAA on premium amortization expense for the Company's Residential Securities portfolio and residential securities transferred or pledged to securitization vehicles, for the quarters ended September 30, 2024, June 30, 2024 and September 30, 2023:

	For the quarters ended		
	September 30, 2024	June 30, 2024	September 30, 2023
	(dollars in thousands)		
Premium amortization expense (accretion)	\$ 53,448	\$ 10,437	\$ 24,272
Less: PAA cost (benefit)	21,365	(7,306)	(6,062)
Premium amortization expense (excluding PAA)	\$ 32,083	\$ 17,743	\$ 30,334

Economic leverage and economic capital ratios

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

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

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

	As of		
	September 30, 2024	June 30, 2024	September 30, 2023
Economic leverage ratio reconciliation	(dollars in thousands)		
Repurchase agreements	\$ 64,310,276	\$ 60,787,994	\$ 64,693,821
Other secured financing	600,000	600,000	500,000
Debt issued by securitization vehicles	18,709,118	15,831,915	9,983,847
Participations issued	467,006	1,144,821	788,442
U.S Treasury securities sold, not yet purchased	2,043,519	1,974,602	—
Total GAAP debt	\$ 86,129,919	\$ 80,339,332	\$ 75,966,110
Less Non-Recourse Debt:			
Debt issued by securitization vehicles	\$ (18,709,118)	\$ (15,831,915)	\$ (9,983,847)
Participations issued	(467,006)	(1,144,821)	(788,442)
Total recourse debt	\$ 66,953,795	\$ 63,362,596	\$ 65,193,821
Plus / (Less):			
Cost basis of TBA derivatives	\$ 3,333,873	\$ 1,639,941	\$ 1,965,117
Payable for unsettled trades	1,885,286	1,096,271	2,214,319
Receivable for unsettled trades	(766,341)	(320,659)	(1,047,566)
Economic debt *	\$ 71,406,613	\$ 65,778,149	\$ 68,325,691
Total equity	\$ 12,539,949	\$ 11,262,904	\$ 10,677,057
Economic leverage ratio *	5.7:1	5.8:1	6.4:1

* Represents a non-GAAP financial measure.

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

	As of		
	September 30, 2024	June 30, 2024	September 30, 2023
Economic capital ratio reconciliation	(dollars in thousands)		
Total GAAP assets	\$ 101,515,995	\$ 93,668,577	\$ 89,648,423
Less:			
Gross unrealized gains on TBA derivatives ⁽¹⁾	(2,869)	(14,641)	(7,232)
Debt issued by securitization vehicles	(18,709,118)	(15,831,915)	(9,983,847)
Plus:			
Implied market value of TBA derivatives	3,328,141	1,652,389	1,925,614
Total economic assets *	\$ 86,132,149	\$ 79,474,410	\$ 81,582,958
Total equity	\$ 12,539,949	\$ 11,262,904	\$ 10,677,057
Economic capital ratio *	14.6%	14.2%	13.1%

* Represents a non-GAAP financial measure.

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

Interest income (excluding PAA), economic interest expense and economic net interest income (excluding PAA)

Interest income (excluding PAA) represents interest income excluding the effect of the PAA, and serves as the basis for deriving average yield on interest earning assets (excluding PAA), net interest spread (excluding PAA) and net interest margin (excluding PAA), which are discussed below. The Company believes this measure provides management and investors with additional detail to enhance their understanding of the Company's operating results and trends by excluding the component of premium amortization expense representing the cumulative impact on prior periods, but not the current period, of quarter-over-quarter changes in estimated long-term prepayment speeds related to the Company's Agency mortgage-backed securities (other than interest-only securities, multifamily and reverse mortgages), which can obscure underlying trends in the performance of the portfolio.

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

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.

	For the quarters ended		
	September 30, 2024	June 30, 2024	September 30, 2023
Interest income (excluding PAA) reconciliation			
	(dollars in thousands)		
GAAP interest income	\$ 1,229,341	\$ 1,177,325	\$ 1,001,485
Premium amortization adjustment	21,365	(7,306)	(6,062)
Interest income (excluding PAA) *	\$ 1,250,706	\$ 1,170,019	\$ 995,423
Economic interest expense reconciliation			
GAAP interest expense	\$ 1,215,940	\$ 1,123,767	\$ 1,046,819
Add:			
Net interest component of interest rate swaps and net interest on initial margin related to interest rate swaps ⁽¹⁾	(333,696)	(317,297)	(394,677)
Economic interest expense *	\$ 882,244	\$ 806,470	\$ 652,142
Economic net interest income (excluding PAA) reconciliation			
Interest income (excluding PAA) *	\$ 1,250,706	\$ 1,170,019	\$ 995,423
Less:			
Economic interest expense *	882,244	806,470	652,142
Economic net interest income (excluding PAA) *	\$ 368,462	\$ 363,549	\$ 343,281

* Represents a non-GAAP financial measure.

⁽¹⁾ Interest on initial margin related to interest rate swaps is reported in Other, net in the Company's Consolidated Statement of Comprehensive Income (Loss).

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

Net interest spread (excluding PAA), which is the difference between the average yield on interest earning assets (excluding PAA) and the average economic cost of interest bearing liabilities, which represents annualized economic interest expense divided by average interest bearing liabilities, and net interest margin (excluding PAA), which is calculated as the sum of interest income (excluding PAA) plus TBA dollar roll income less economic interest expense divided by the sum of average interest earning assets plus average TBA contract balances, provide management with additional measures of the Company's 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 the Company's performance.

	For the quarters ended		
	September 30, 2024	June 30, 2024	September 30, 2023
Economic metrics (excluding PAA)			
	(dollars in thousands)		
Average interest earning assets	\$ 95,379,071	\$ 91,008,934	\$ 89,300,922
Interest income (excluding PAA) *	\$ 1,250,706	\$ 1,170,019	\$ 995,423
Average yield on interest earning assets (excluding PAA) *	5.25 %	5.14 %	4.46 %
Average interest bearing liabilities	\$ 87,819,655	\$ 81,901,233	\$ 77,780,989
Economic interest expense *	\$ 882,244	\$ 806,470	\$ 652,142
Average economic cost of interest bearing liabilities *	3.93 %	3.90 %	3.28 %
Economic net interest income (excluding PAA) *	\$ 368,462	\$ 363,549	\$ 343,281
Net interest spread (excluding PAA) *	1.32 %	1.24 %	1.18 %
Interest income (excluding PAA) *	\$ 1,250,706	\$ 1,170,019	\$ 995,423
TBA dollar roll income	(1,132)	486	(1,016)
Economic interest expense *	(882,244)	(806,470)	(652,142)
Subtotal	\$ 367,330	\$ 364,035	\$ 342,265
Average interest earnings assets	\$ 95,379,071	\$ 91,008,934	\$ 89,300,922
Average TBA contract balances	973,713	998,990	2,960,081
Subtotal	\$ 96,352,784	\$ 92,007,924	\$ 92,261,003
Net interest margin (excluding PAA) *	1.52 %	1.58 %	1.48 %

* Represents a non-GAAP financial measure.