



ANNALY[®]

Onslow Bay Financial LLC

July 2020

Important Notices

Forward-Looking Statements

This presentation, other written or oral communications, and our public documents to which we refer contain or incorporate by reference certain forward-looking statements which are based on various assumptions (some of which are beyond our control) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as “may,” “will,” “believe,” “expect,” “anticipate,” “continue,” or similar terms or variations on those terms or the negative of those terms. Such statements include those relating to the Company’s future performance, macro outlook, the interest rate and credit environments, tax reform, future opportunities and the anticipated Internalization. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, risks and uncertainties related to the COVID-19 pandemic, including as related to adverse economic conditions on real estate-related assets and financing conditions; 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 our commercial real estate business; the Company’s ability to grow its residential credit business; the Company’s ability to grow its middle market lending business; credit risks related to the Company’s 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; 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; and the Company’s ability to maintain its 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. 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.

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Past performance is no guarantee of future results. There is no guarantee that any investment strategy referenced herein will work under all market conditions. Prior to making any investment decision, you should evaluate your ability to invest for the long-term, especially during periods of downturns in the market. You alone assume the responsibility of evaluating the merits and risks associated with any potential investment or investment strategy referenced herein. To the extent that this material contains reference to any past specific investment recommendations or strategies which were or would have been profitable to any person, it should not be assumed that recommendations made in the future will be profitable or will equal the performance of such past investment recommendations or strategies. The information contained herein is not intended to provide, and should not be relied upon for accounting, legal or tax advice or investment recommendations for Annaly or any of its affiliates.

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Annaly is a Leading Diversified Capital Manager

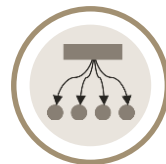
The diversification, scale and liquidity of Annaly's complementary investment businesses provide a broad range of opportunities in today's markets



93%
of Total Assets Comprised of
Liquid Agency MBS⁽¹⁾



~\$13 billion
Permanent Capital⁽²⁾



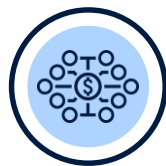
4 Investment Strategies
Agency, Residential Credit,
Commercial Real Estate
& Middle Market Lending



>\$20 billion
Common and Preferred
Dividends Declared⁽³⁾



\$3 billion
Combined Deal Value of
Transformational Acquisitions⁽⁴⁾



Evolved & Evolving
38 Distinct Investment
Options & Counting



~180
Talented Professionals



ESG Focus
Robust
Corporate Responsibility
& Governance

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Source: Company filings. Financial data as of March 31, 2020. Employee composition as of December 31, 2019.

1. Assets represent Annaly's investments that are on balance sheet, net of securitized debt of consolidated VIEs, as well as investments that are off-balance sheet in which the Company has economic exposure. Assets include TBA purchase contracts (market value) of \$13.1bn and CMBX derivatives (market value) of \$463.5mm and are shown net of securitized debt of consolidated VIEs of \$6.4bn.

2.

Permanent capital represents Annaly's total stockholders' equity as of March 31, 2020.

3.

Data shown since Annaly's initial public offering in October 1997 through June 30, 2020 and includes common and preferred dividends declared.

4. Acquisitions include Annaly's \$876mm acquisition of CreXus Investment Corp. (closed May 2013), \$1,519mm acquisition of Hatteras Financial Corp. (closed July 2016) and \$906mm acquisition of MTGE Investment Corp. (closed September 2018).

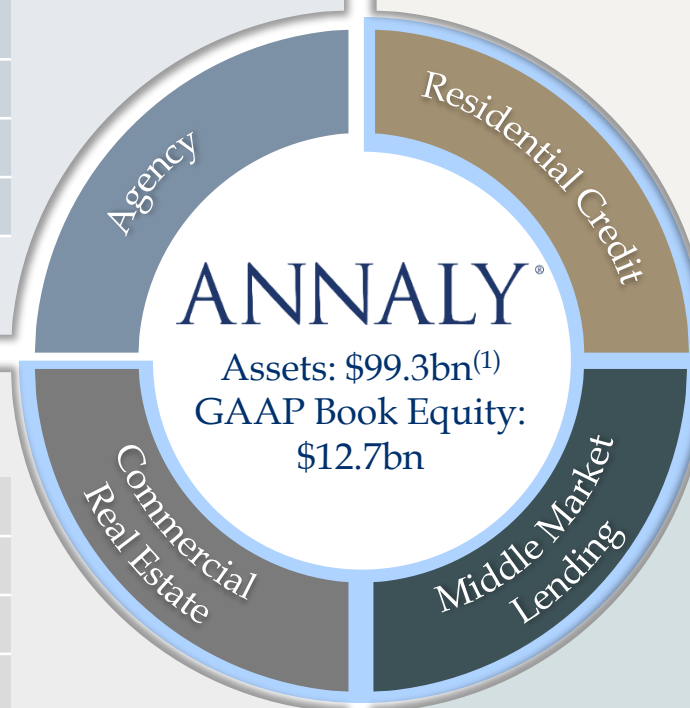
Annaly Investment Strategies

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⁾	\$92.0bn
Capital ⁽²⁾	\$8.3bn
Sector Rank ⁽³⁾	#1/8
Strategy	Countercyclical / Defensive

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

Assets ⁽¹⁾	\$2.6bn
Capital ⁽²⁾	\$0.6bn
Sector Rank ⁽³⁾	#9/14
Strategy	Cyclical / Growth



Assets ⁽¹⁾	\$2.6bn
Capital ⁽²⁾	\$0.9bn
Sector Rank ⁽³⁾	#9/17
Strategy	Cyclical / Growth

Assets	\$2.2bn
Capital ⁽²⁾	\$1.2bn
Sector Rank ⁽³⁾	#9/39
Strategy	Non-Cyclical / Defensive

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

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

Represents credit business

Source: Bloomberg and Company filings. Financial data as of March 31, 2020. Market data as of June 30, 2020.

1. Assets represent Annaly's investments that are on balance sheet, net of securitized debt of consolidated VIEs, as well as investments that are off-balance sheet in which the Company has economic exposure. Agency assets include TBA purchase contracts (market value) of \$13.1bn and are shown net of securitized debt of consolidated VIEs of \$1.6bn. Residential Credit assets are shown net of securitized debt of consolidated VIEs of \$2.5bn. Commercial Real Estate assets include CMBX derivatives (market value) of \$463.5mm and are shown net of securitized debt of consolidated VIEs of \$2.2bn.

2. Capital represents the capital allocation for each of the four investment strategies and is calculated as the difference between each investment strategies' assets and related financing. This calculation includes TBA purchase contracts and excludes non-portfolio related activity and will vary

from total stockholders' equity.

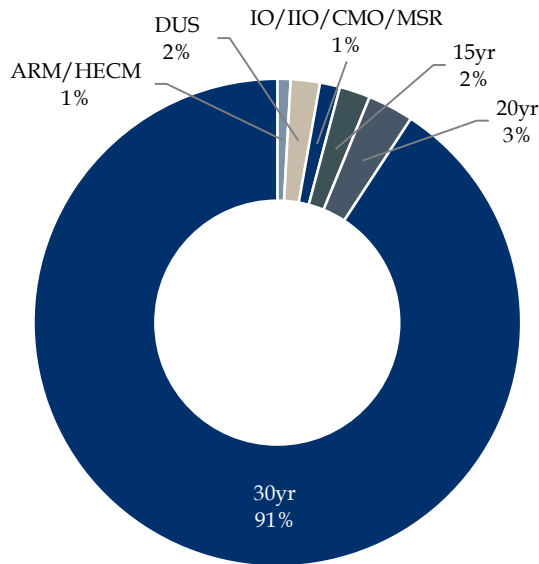
3. Sector rank compares Annaly dedicated capital in each of its four investment strategies as of March 31, 2020 (adjusted for P/B as of June 30, 2020) to the market capitalization of the companies in each respective comparative sector as of June 30, 2020. The companies in each comparative sectors are selected as follows: for Agency, Commercial Real Estate and Residential Credit sector ranking represent Agency Peers, Commercial Peers and Hybrid Peers, respectively, within the BBREITG Index as of June 30, 2020 and for Middle Market Lending sector ranking is the S&P BDC Index as of June 30, 2020.

Agency | Portfolio Summary

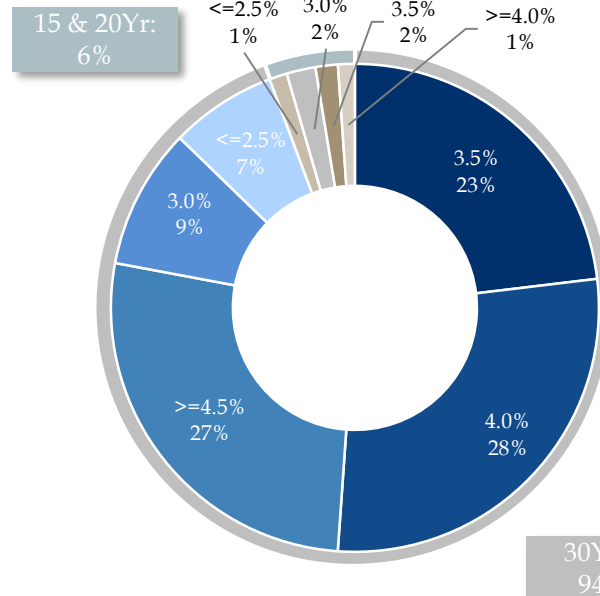
- Annaly Agency Portfolio: \$92.0 billion in assets at the end of Q1 2020, a decrease of 24% from Q4 2019 given de-levering amid the COVID-19 pandemic
- Asset reduction in Q1 2020 was primarily in our pool position, with additional sales in ARMs and DUS
 - The majority of pool sales were concentrated in generic pools, resulting in a current profile composed almost entirely of pools positioned in securities with attractive convexity profiles including seasoning, loan balance, low FICO and high LTV stories
- The portfolio mix continues to be predominately concentrated in 30-year fixed rate securities
- Portfolio profile shifted down in coupon over the course of the quarter, with a reduction in 30-year 3% through 4% and additions of 30-year 2.5% and 2.0% .76

Total Dedicated Capital: \$8.3 billion⁽¹⁾

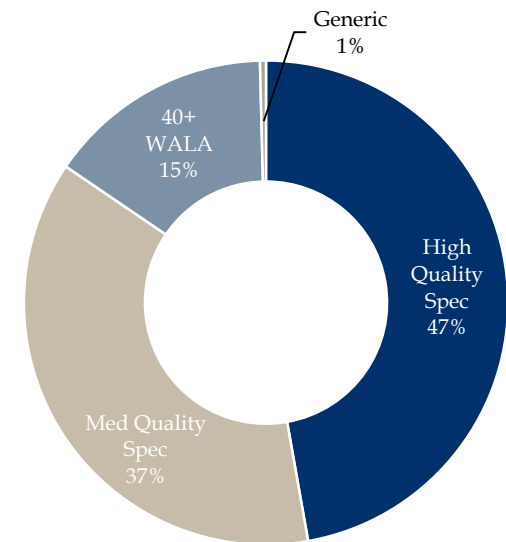
Asset Type⁽¹⁾



Pass Through Coupon Type⁽²⁾



Portfolio Quality⁽³⁾



Note: Data as of March 31, 2020. Percentages based on fair market value and may not sum to 100% due to rounding.

1. Includes TBA purchase contracts and MSRs.

2. Includes TBA purchase contracts and fixed-rate pass-through certificates

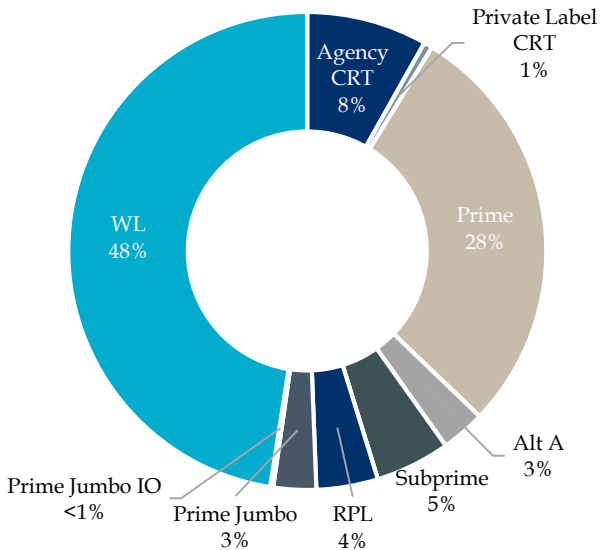
3. Includes fixed-rate pass-through certificates only. "High Quality Spec" protection is defined as pools backed by original loan balances of up to \$125k, highest LTV pools (CR>125% LTV), geographic concentrations (NY/PR). "Med Quality Spec" includes \$200k loan balance, \$175k loan balance, high LTV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

Residential Credit | Portfolio Summary

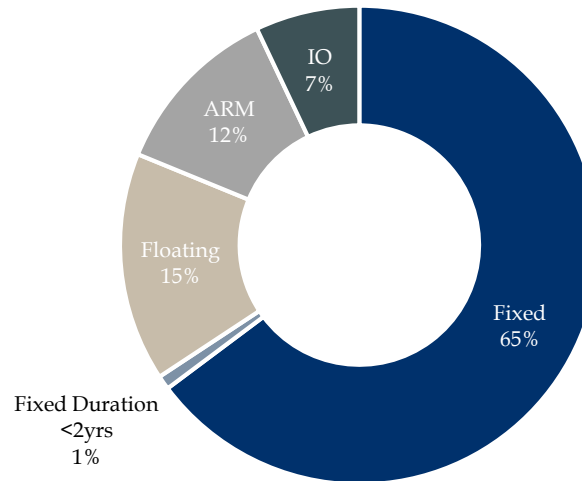
- Annaly Residential Credit Portfolio: \$2.6 billion in assets at the end of Q1 2020, comprised of a \$1.3 billion securities portfolio and a \$1.3 billion whole loan portfolio
- Two OBX securitizations closed during the quarter, a \$375 million Agency Investor deal and a \$468 million Expanded Prime transaction, representing our ninth and tenth securitizations, respectively, since the beginning of 2018
- Given the de-levering occurring more broadly in the sector, we strategically sold bonds across all residential credit securities sectors during the quarter
- The loan portfolio is conservatively positioned as it consists of 100% 1st lien, new origination collateral with strong credit characteristics (762 Original FICO, 67% LTV, 37% DTI)

Total Dedicated Capital: \$0.6 billion

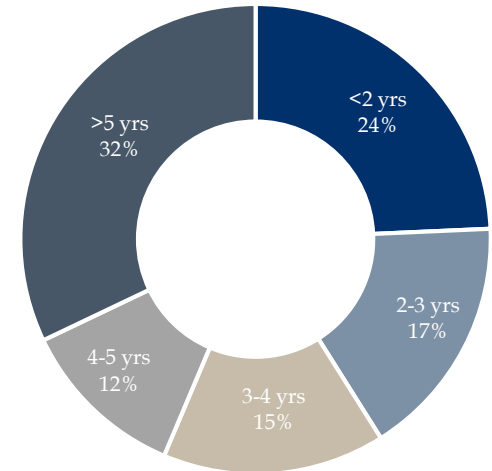
Sector Type⁽¹⁾⁽²⁾



Coupon Type⁽¹⁾



Effective Duration⁽¹⁾



Note: Data as of March 31, 2020, 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.

1. Shown exclusive of securitized residential mortgage loans of a consolidated VIE and loans held by a master servicer in an MSR silo that is consolidated by the Company.

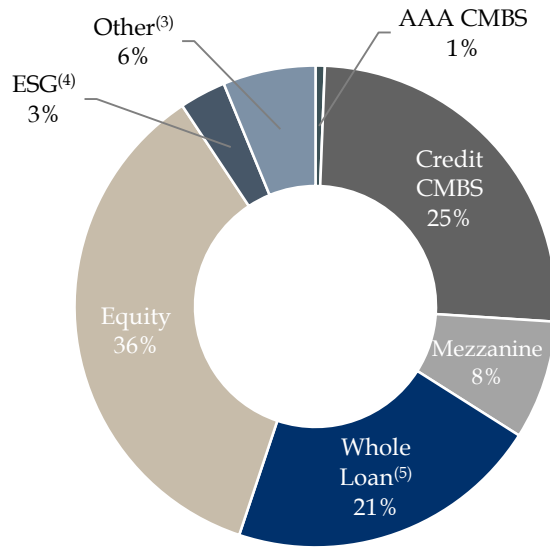
2. Prime classification includes \$75.4mm of Prime IO.

Commercial Real Estate | Portfolio Summary

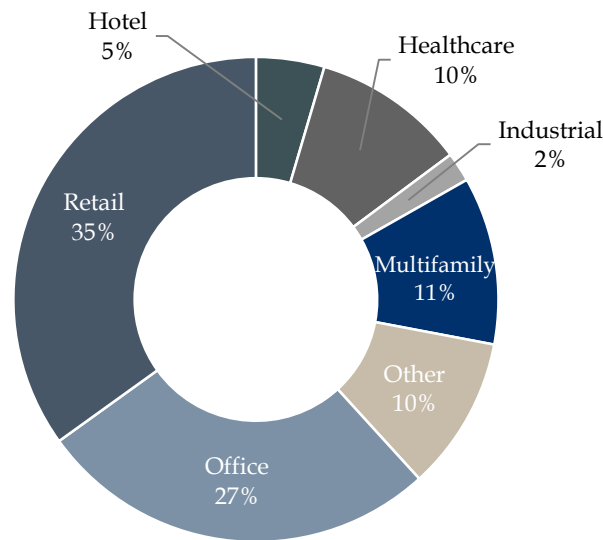
- Annaly Commercial Real Estate Portfolio: \$2.6 billion⁽¹⁾ in assets at the end of Q1 2020, reflecting a decrease of 3% from Q4 2019
- Navigated the market environment through prudent new investment origination and capital preservation through asset sales and borrower payoffs
 - \$172 million of new investment activity
 - \$211 million of payoffs/sales
- Evaluating new opportunities very selectively given market disruption

Total Dedicated Capital: \$0.9 billion

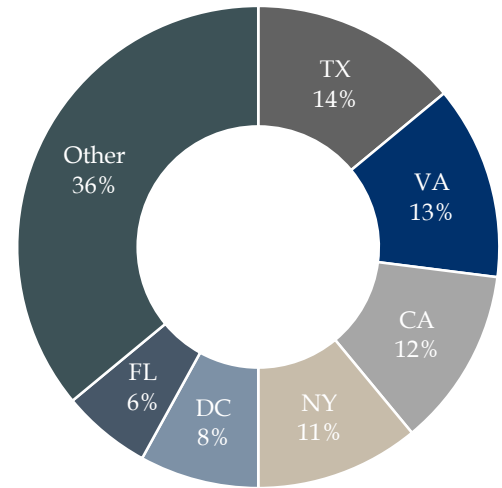
Asset Type⁽²⁾



Sector Type⁽²⁾



Geographic Concentration⁽²⁾⁽⁶⁾



Note: Data as of March 31, 2020. Portfolio statistics and percentages are based on fair market value and reflect economic interest in securitizations. Percentages may not sum to 100% due to rounding.

1. Includes \$31.0mm of CECL reserves upon adoption of the new accounting standard during the quarter ended March 31, 2020.
2. Pie charts exclude CMBX derivatives.
3. Reflects limited and general partnership interests in a commercial loan investment fund that is accounted for under the

equity method for GAAP.

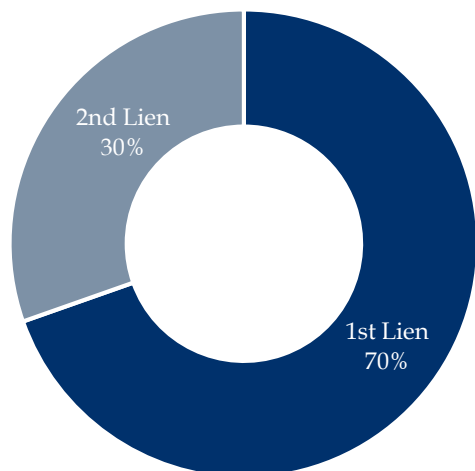
4. Reflects joint venture interests in social impact loan investment funds that are accounted for under the equity method for GAAP.
5. Includes mezzanine loans for which Annaly Commercial Real Estate is also the corresponding first mortgage lender.
6. Other includes 45 states, none of which represents more than 5% of total portfolio economic interest. The Company looked through to the collateral characteristics of securitizations and equity method investments.

Middle Market Lending | Portfolio Summary

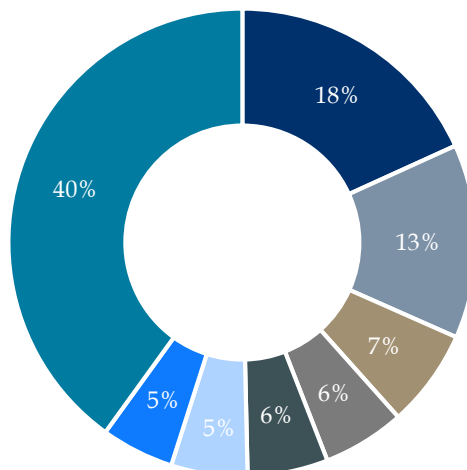
- Annaly Middle Market Lending Portfolio: \$2.2 billion⁽¹⁾ in assets at the end of Q1 2020, relatively flat compared to Q4 2019
- AMML's portfolio is positioned to withstand the near-term effects caused by COVID-19, the cascading effects of OPEC+, U.S. dollar strength, and short-term funding volatility across markets, through portfolio characteristics including the following:
 - Concentrated approach avoiding exposure to sectors such as oil & gas, leisure, travel, hotel, gaming, restaurants, retail and auto
 - Essential nature of our borrowers' businesses that continue to operate based on critical infrastructure
 - Borrowers with limited reliance on foreign or physical supply chains
 - U.S. centric portfolio with dollar driven revenues, cash flows and debt
- Evaluating new opportunities very selectively and cautiously given market environment

Total Dedicated Capital: \$1.2 billion

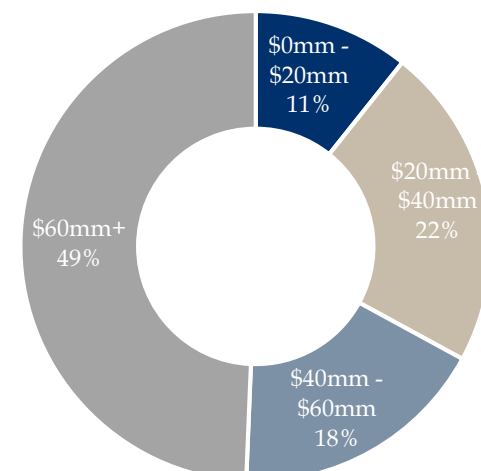
Lien Position⁽²⁾



Industry⁽³⁾



Loan Size⁽⁴⁾



- Computer Programming & Data Processing
- Chemicals & Chemical Preparations
- Public Warehousing & Storage
- Metal Cans & Shipping Containers
- Management & Public Relations Services
- Miscellaneous Business Services
- Engineering, Architectural, & Surveying
- Other

Note: Data as of March 31, 2020. Percentages based on amortized cost and may not sum to 100% due to rounding.

1. Includes \$43.7mm of CECL reserves upon adoption of the new accounting standard during the quarter ended March 31, 2020.

2. Does not include minority equity, which represented 0.2% of the portfolio as of March 31, 2020.

3. Based on Standard Industrial Classification industry categories. Other represents industries with less than 5% exposure in the current portfolio.

4. Breakdown based on aggregate dollar amount of individual investments made within the respective loan size categories. Multiple investment positions with a single obligor shown as one individual investment.

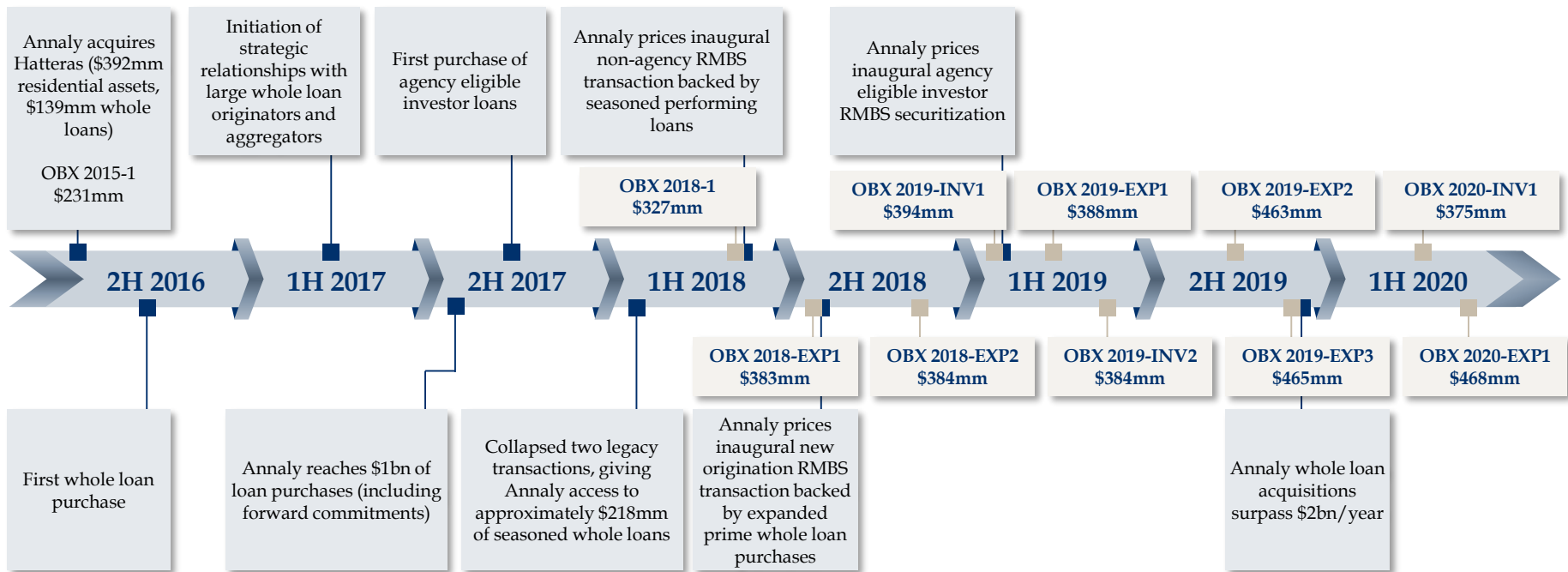
Onslow Bay Financial

Onslow Bay Financial

Annaly purchases residential whole loans through Onslow Bay Financial LLC

- Onslow Bay Financial LLC (“Onslow Bay”) was a wholly owned subsidiary of Hatteras Financial Corp. (“Hatteras”). In July of 2016, Hatteras was acquired by Annaly Capital Management, Inc. 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 all 50 states and the District of Columbia
- Onslow Bay purchases closed, funded, performing residential whole loans made to mortgagors with stable incomes and employment histories
- Annaly utilizes securitization as an asset generation strategy and as a mechanism to diversify funding for the whole loan business

Evolution of the whole loan and securitization strategy



Onslow Bay Financial (*cont'd*)

Annaly purchases residential whole loans through Onslow Bay Financial LLC

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 eleven residential whole loan securitizations for an aggregate \$4.3 billion: OBX 2015-1, OBX 2018-1, OBX 2018-EXP1, OBX 2018-EXP2, OBX 2019-INV1, OBX 2019-EXP1, OBX 2019-INV2, OBX 2019-EXP2, OBX 2019-EXP3, OBX 2020-INV1 and OBX 2020-EXP1
- 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)⁽¹⁾ as well as through street warehouse facilities

1. Annaly's FHLB financing sunsets in February 2021.

Loan Due Diligence & Servicer Oversight

100% Full Securitization Diligence⁽¹⁾

- Onslow Bay uses American Mortgage Consultants (“AMC”), Clayton Holdings LLC (“Clayton”), Opus CMC (“Opus”) and IngletBlair, LLC (“IngletBlair”) to perform independent third party diligence services



- Onslow Bay performs 100% full securitization diligence across Credit, Compliance (RMBS 3.0 TRID Compliance Review) and 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 FICO/valuations

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”), Shellpoint Mortgage Servicing (“SMS”), and Specialized Loan Servicing (“SLS”) to sub-service the whole loans which are purchased “servicing released”. Onslow Bay also buys assets servicing retained



- 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, SMS, and SLS are each highly rated sub-servicers by the respective rating agencies⁽²⁾:
 - SPS is rated “SQ2+” by Moody’s, “RPS1-” by Fitch and “Strong” from S&P. As of December 2019, SPS serviced or subserviced approximately 965k mortgage loans with a UPB of \$170bn
 - SLS is rated “SQ2-” by Moody’s, “RPS2+” by Fitch and “Above Average” from S&P. As of December 2019, SLS serviced or subserviced approximately 724k mortgage loans with a UPB of \$114bn
 - SMS is rated “RPS2-” & “RSS2-” by Fitch and “Above Average” (for primary & special servicing) by S&P. As of June 30, 2020, SMS serviced or subserviced approximately 273K mortgage loans with a UPB of \$1.5bn

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 FICO/valuations.

2. Moody’s ratings are of Primary Servicers of Subprime Residential Loans. Fitch ratings are of Primary Servicers. S&P ratings are of overall rankings of Residential Primary Servicers.

Onslow Bay Securitizations

	OBX 2020-EXP2 ⁽¹⁾	OBX 2020-EXP1	OBX 2020-INV1	OBX 2019-EXP3	OBX 2019-EXP2	OBX 2019-INV2	OBX 2019-EXP1	OBX 2019-INV1	OBX 2018-EXP2	OBX 2018-EXP1	OBX 2018-1	OBX 2015-1
Issue Date	Exp. Jul-20	Feb-20	Jan-20	Oct-19	Jul-19	Jun-19	Apr-19	Jan-19	Oct-18	Aug-18	Mar-18	Dec-15
Collateral Type	Expanded Prime	Expanded Prime	Agency Investor	Expanded Prime	Expanded Prime	Agency Investor	Expanded Prime	Agency Investor	Expanded Prime	Expanded Prime	Seasoned Prime ARMs	Prime Jumbo
Sponsor	Onslow Bay Financial LLC											
Source of Collateral	Whole Loan Purchase	Whole Loan Purchase	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Whole Loan Purchases	Collapse of 2 Legacy Deals + Seasoned Whole Loan Purchases	Prime Jumbo
Rating Agencies	Fitch	Fitch/KBRA	Moody's / KBRA	Fitch/KBRA	Fitch/KBRA	Moody's / DBRS	Fitch/KBRA	Moody's / KBRA	Fitch / DBRS	Fitch / KBRA	Fitch / DBRS	S&P / DBRS
R&W Framework	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse	Material and Adverse
R&W Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency / Realized Loss Trigger Review	Delinquency Trigger
Risk Retention	Horizontal	Horizontal	Horizontal	Horizontal	Horizontal	Horizontal	Horizontal	Horizontal	Horizontal	Horizontal	Vertical	N/A
Original Attachment to "AAA"	12.40%	11.50%	10.00%	12.60%	11.00%	10.00%	11.30%	13.00%	12.85%	12.65%	8.80%	8.55%
Deal Balance	\$490,709,300	\$467,510,916	\$374,608,743	\$465,491,918	\$463,404,935	\$383,759,828	\$388,155,948	\$393,961,409	\$384,027,255	\$383,451,233	\$327,161,759	\$231,181,631
Pool Factor (6/25 Remit)	N/A	0.88	0.85	0.80	0.70	0.64	0.60	0.64	0.61	0.58	0.42	0.26
Average Loan Size	\$509,563	\$649,522	\$355,079	\$633,322	\$628,772	\$353,045	\$648,007	\$336,145	\$636,861	\$664,560	\$354,949	\$767,014
Number of Loans	963	722	1,055	735	737	1,087	599	1,172	603	577	920	307
WA Gross Coupon	4.74%	4.86%	4.76%	5.18%	5.30%	5.15%	5.40%	5.09%	5.07%	4.87%	4.00%	3.39%
WA Orig CLTV	67%	68%	67%	66%	65%	65%	66%	67%	67%	67%	42% ⁽²⁾	69%
WA Original FICO	760	756	764	758	752	765	753	758	753	751	749	768
WA DTI	38%	38%	36%	37%	35%	37%	36%	38%	36%	35%	N/A	33%
ARM	0%	48%	0%	61%	51%	0%	50%	0%	48%	50%	98%	100%
IO	12%	12%	0%	12%	12%	0%	14%	0%	12%	6%	4%	0%
Investor	42%	20%	100%	31%	23%	100%	12%	100%	31%	26%	13%	4%
WA Margin	N/A	3.15%	N/A	3.44%	3.35%	N/A	3.05%	N/A	3.19%	3.12%	2.88%	2.25%
WALA	7	7	5	13	20	6	13	7	12	17	124	8
Top State	CA 52%	CA 55%	CA 52%	CA 49%	CA 53%	CA 59%	CA 60%	CA 56%	CA 62%	CA 64%	CA 43%	CA 49%
QM	0%	9%	0%	7%	7%	0%	7%	0%	15%	29%	4%	97%
Non-QM/ATR Exempt	100%	91%	100%	93%	93%	100%	93%	100%	85%	71%	96%	3%
Full Doc ⁽³⁾	69%	44%	100%	41%	47%	100%	40%	100%	29%	68%	N/A	100%
Alt-Doc	31%	56%	0%	59%	53%	0%	60%	0%	71%	32%	N/A	0%
3M VPR	N/A	29%	28%	27%	29%	39%	28%	36%	27%	24%	26%	34%
6M VPR	N/A	N/A	N/A	28%	31%	40%	33%	30%	25%	28%	27%	33%
12M VPR	N/A	N/A	N/A	N/A	N/A	35%	34%	28%	26%	29%	31%	33%
60+ Delinquencies	N/A	11%	5%	12%	13%	6%	16%	6%	13%	11%	8%	8%
Cumulative Losses	N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: Voluntary Prepayment Rates (VPRs), 60+ delinquencies and cumulative losses as of the June 25, 2020 remittance period.

1. Collateral and structure not finalized and subject to change.
2. Represents updated CLTV.
3. Full documentation includes all GSE eligible loans.

Onslow Bay Expanded Prime (“EXP”) Securitization Program

Onslow Bay Residential Whole Loan Target Acquisitions

- 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			
	Full Doc (Wage Earner)	Full Doc (Self Employed)	Bank Statement	Asset Utilization
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
Borrower Qualification	Wage Earners	Self-Employed Borrowers	Self Employed Borrowers Only, Minimum of 2 Years Experience	Utilization Draw Schedule, Net Documented Assets
Employment Verification	Verbal Verification of Employment	Verification Through 3rd Party	Business License, CPA Letter, etc.	N/A
Asset Seasoning	2 Months	2 Months	2 Months	>6 Months Seasoning
Housing Event Seasoning (FC, SS, Deed in Lieu, BK, Mod)	48 Months	48 Months	48 Months	48 Months
Recent Housing History ⁽¹⁾	0x30x12	0x30x12	0x30x12	0x30x12
Min FICO / Max LTV (Lowest FICO), Purchase / Rate Refi ⁽²⁾	660/80	660/80	680/65	680/75
Min FICO / Max LTV (Highest LTV), Purchase / Rate Refi ⁽²⁾	700/90	700/90	740/85	680/75
Max DTI ⁽²⁾	50%	50%	50%	50%

1. 1 Year seasoning period for any 30 day delinquency.

2. Represent Onslow Bay credit overlays.

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

- Onslow Bay also purchases 12 Month PnL and Debt Service Coverage Ratio (“DSCR”) Investor loans
- The summary below is representative of the guidelines Onslow Bay utilizes to purchase whole loans through an originator / aggregator network

	“Expanded Prime” Acquisition Programs				
	1 Year Tax Return	12 Month PnL	Written VOE	DSCR Investor	Agency/AUS Investor (DU/LP)
Income Qualification	1 Year Personal and Business Tax Returns	12 Month Prepared Profit and Loss Statement	Written VOE (FNMA Form 1005)	Appraisal Market Rents / Subject Lease	Full Documentation Per DU/LP
Borrower Qualification	Self Employed Borrowers Only, Minimum of 2 Years Experience	Self-Employed Borrowers (Minimum 2 Years Experience)	Wage Earners	1.20x Global DSCR, 0.75x Primary DSCR	Wage Earners + Self-Employed Borrowers
Employment Verification	Business License, CPA Letter, etc.	Business License, Letter from Tax Preparer, CPA Letter	Verbal VOE	Employment Letter / CPA, Min 2 Years SE	Wage Earners + Self-Employed Borrowers
Asset Seasoning	2 Months	2 Months	2 Months	1 Month Seasoning / Explanation of Asset Savings	2 Months
Housing Event Seasoning (FC, SS, Deed in Lieu, BK, Mod)	48 Months	48 Months	48 Months	0x30x24 ⁽¹⁾	7 Years Foreclosure, 4 Years (BK, Deed in Lieu, Charge Off, PreForeclosure)
Recent Housing History	0x30x12	0x30x12 ⁽²⁾	0x30x12 ⁽²⁾	0x30x24 ⁽¹⁾	Housing History Per DU/LP
Min FICO / Max LTV (Lowest FICO), Purchase / Rate Refi⁽³⁾	680/65	700/75	700/75	680/60	660/80
Min FICO / Max LTV (Highest LTV), Purchase / Rate Refi⁽³⁾	740/85	700/75	700/75	680/60	660/80
Max DTI⁽³⁾	50%	50%	47%	N/A	50%

1. 2 Year seasoning period for any 30 day delinquency.

2. 1 Year seasoning period for any 30 day delinquency.

3. Represent Onslow Bay credit overlays.

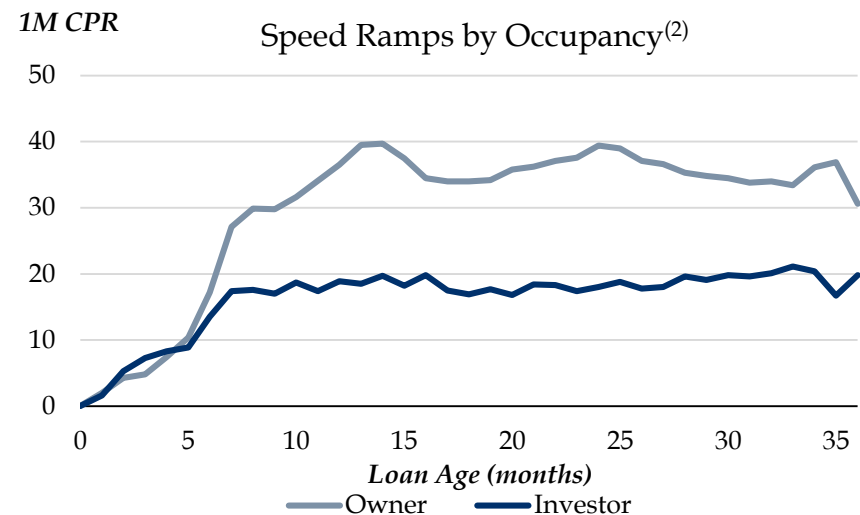
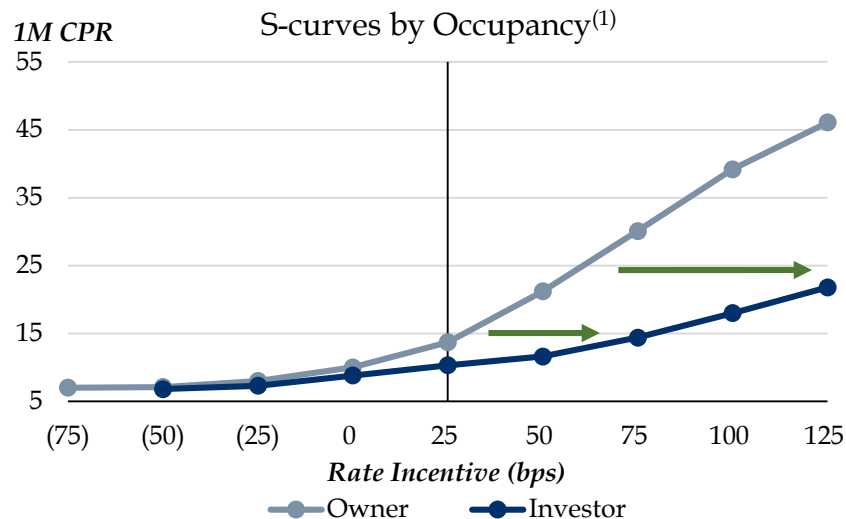
Agency Investor Collateral

OBX 2020-EXP2 is expected to contain >25% agency investor collateral

GSE's provide financing for investment properties

- GSE Investor loans are originated using the borrower's entire financial profile (FICO, debt to income (DTI), reserves, etc.) and property LTV. Loans are underwritten to the individual borrower, not the property
- Similar to an owner occupied or second home mortgage origination, GSE Investor loans are underwritten utilizing a borrower's DTI. The borrower's DTI cannot exceed 50% including property income / loss
- Business purpose lending concepts such as debt service coverage ratio (DSCR) and debt yield are not utilized. Most DSCR lending programs do not utilize the borrower's financials in the underwrite
- Fannie Mae and Freddie Mac limit the number of financed properties to 10 (including principal residence). Both have additional restrictions on greater than six properties

Agency Eligible Investor loans appear to show beneficial convexity characteristics



Source: J.P. Morgan Securities LLC, Fannie Mae.

1. Curves are restricted to 30 year, 12-36 WALA, \$250-350k loan size split by occupancy. References 1M CPR from January 2017-June 2020.

2. Curves are restricted to 30 year, \$250-350k loan size with 75-125bps of rate incentive observed on or about January 2017-June 2020.

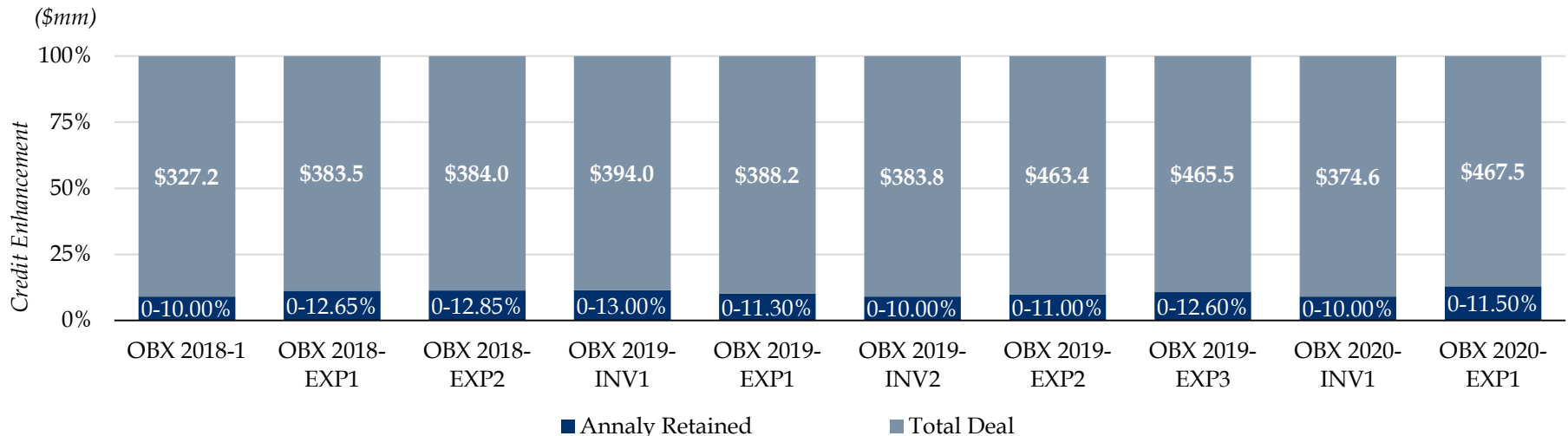
Retained Interest in OBX Shelf

Annaly has retained significantly more assets than mandated by risk retention⁽¹⁾ at issuance

- Annaly utilizes securitization as a mechanism to diversify funding for the whole loan business
 - Securitization is also an asset generation strategy
 - Further aligns investor and sponsor interests
- Annaly has retained a significant interest in all securitizations to date (IO/ AIOs and subordinate bonds) at issuance

	Deal Size	Percentage of Subordinate Bonds Retained at Issuance
OBX 2018-1	\$327.2mm	100%
OBX 2018-EXP1	\$383.5mm	100%
OBX 2018-EXP2	\$384.0mm	100%
OBX 2019-INV1	\$394.0mm	100%
OBX 2019-EXP1	\$388.2mm	100%
OBX 2019-INV2	\$383.8mm	100%
OBX 2019-EXP2	\$463.4mm	100%
OBX 2019-EXP3	\$465.5mm	100%
OBX 2020-INV1	\$374.6mm	100%
OBX 2020-EXP1	\$467.5mm	100%
Total	\$4,301.5mm	100%

Annaly has held the subordinate bonds B1-B6 in addition to the IO/ AIOs off previous securitizations at issuance



1. The Securitization Risk Retention Rule implemented under the Dodd-Frank Act requires the securitizer of asset-backed securities to retain at least 5% of the credit risk related to that securitization in either an Eligible Horizontal Residual Interest equal to 5% of the fair value of the ABS interests or an Eligible Vertical Interest equal to 5% of the securities issued (or a combination thereof).