

ANNALY®

## Third Quarter 2023 Supplemental Information

October 25, 2023

# Important Notices

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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," "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 including cybersecurity incidents; 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; operational risks or risk management failures by us or critical third parties, including cybersecurity incidents; and risks and uncertainties related to the COVID-19 pandemic, including as related to adverse economic conditions on real estate-related assets and financing conditions. 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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# Financial Snapshot

Unaudited, dollars in thousands except per share amounts

		For the quarters ended	
		9/30/2023	6/30/2023
<b>Income Statement</b>	GAAP net income (loss) per average common share <sup>(1)</sup>	(\$1.21)	\$0.27
	Earnings available for distribution per average common share <sup>*(1)</sup>	\$0.66	\$0.72
	Annualized GAAP return (loss) on average equity <sup>(2)</sup>	(20.18%)	5.42%
	Annualized EAD return on average equity*	12.96%	13.22%
<b>Balance Sheet</b>	Book value per common share	\$18.25	\$20.73
	GAAP leverage at period-end <sup>(3)</sup>	7.1x	6.1x
	Economic leverage at period-end <sup>*(3)</sup>	6.4x	5.8x
	GAAP capital ratio at period-end <sup>(4)</sup>	11.9%	13.3%
	Economic capital ratio at period-end <sup>*(4)</sup>	13.1%	14.3%
<b>Portfolio</b>	Securities	\$69,860,730	\$71,202,461
	Loans, net	1,793,140	1,154,320
	Mortgage servicing rights <sup>(5)</sup>	2,234,813	2,018,896
	Assets transferred or pledged to securitization vehicles	11,450,346	11,318,419
	Total investment portfolio	\$85,339,029	\$85,694,096
<b>GAAP Key Statistics</b>	Net interest margin <sup>(6)</sup>	(0.20%)	(0.15%)
	Average yield on interest earning assets <sup>(7)</sup>	4.49%	4.27%
	Average GAAP cost of interest bearing liabilities <sup>(8)</sup>	5.27%	5.00%
	Net interest spread	(0.78%)	(0.73%)
<b>Non-GAAP Key Statistics</b>	Net interest margin (excluding PAA) <sup>*(6)</sup>	1.48%	1.66%
	Average yield on interest earning assets (excluding PAA) <sup>*(7)</sup>	4.46%	4.22%
	Average economic cost of interest bearing liabilities <sup>*(8)</sup>	3.28%	2.77%
	Net interest spread (excluding PAA) *	1.18%	1.45%
<b>Efficiency</b>	Operating expenses to earnings available for distribution *	11.03%	11.02%
	Annualized operating expenses as a % of average total assets	0.18%	0.19%
	Annualized operating expenses as a % of average total equity	1.41%	1.44%

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Portfolio Data

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Portfolio-Related Data</b>					
Agency mortgage-backed securities	\$66,591,536	\$67,764,264	\$65,623,534	\$62,274,895	\$63,037,241
Residential credit risk transfer securities	982,951	1,064,401	1,085,384	997,557	1,056,906
Non-agency mortgage-backed securities	2,063,861	2,008,106	2,028,656	1,991,146	2,156,706
Commercial mortgage-backed securities	222,382	365,690	500,611	526,309	588,500
Total securities	\$69,860,730	\$71,202,461	\$69,238,185	\$65,789,907	\$66,839,353
Residential mortgage loans	\$1,793,140	\$1,154,320	\$1,642,822	\$1,809,832	\$1,551,637
Residential mortgage loan warehouse facility	–	–	–	–	70
Total loans, net	\$1,793,140	\$1,154,320	\$1,642,822	\$1,809,832	\$1,551,707
Mortgage servicing rights	\$2,234,813	\$2,018,896	\$1,790,980	\$1,748,209	\$1,705,254
Agency mortgage-backed securities transferred or pledged to securitization vehicles	\$–	\$–	\$–	\$–	\$431,388
Residential mortgage loans transferred or pledged to securitization vehicles	11,450,346	11,318,419	10,277,588	9,121,912	8,770,626
Assets transferred or pledged to securitization vehicles	\$11,450,346	\$11,318,419	\$10,277,588	\$9,121,912	\$9,202,014
Assets of disposal group held for sale <sup>(1)</sup>	\$–	\$–	\$–	\$–	\$11,371
Total investment portfolio	\$85,339,029	\$85,694,096	\$82,949,575	\$78,469,860	\$79,309,699
Total assets	\$89,648,423	\$89,330,477	\$86,832,017	\$81,850,712	\$85,406,764
Period-end TBA contract and CMBX balances, implied market value	\$1,925,614	\$3,627,716	\$12,386,325	\$10,984,878	\$15,587,425
Average TBA contract and CMBX balances, implied market value	\$2,943,120	\$6,305,144	\$13,935,845	\$11,492,947	\$18,718,194

# Financing and Capital Data

Unaudited, dollars in thousands except per share amounts

	For the quarters ended					
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	
<b>Financing Data</b>	Repurchase agreements	\$64,693,821	\$61,637,600	\$60,993,018	\$59,512,597	\$54,160,731
	Other secured financing	500,000	500,000	250,000	250,000	250,000
	Debt issued by securitization vehicles	9,983,847	9,789,282	8,805,911	7,744,160	7,844,518
	Participations issued	788,442	492,307	673,431	800,849	745,729
	Total debt	\$75,966,110	\$72,419,189	\$70,722,360	\$68,307,606	\$63,000,978
	Liabilities of disposal group held for sale <sup>(1)</sup>	\$—	\$—	\$—	\$—	\$1,151
	Total liabilities	\$78,971,366	\$77,443,132	\$74,922,984	\$70,481,286	\$74,455,209
	Cumulative redeemable preferred stock	\$1,536,569	\$1,536,569	\$1,536,569	\$1,536,569	\$1,536,569
	Common equity <sup>(2)</sup>	9,027,901	10,239,710	10,255,553	9,733,874	9,329,550
	Total Annaly stockholders' equity	10,564,470	11,776,279	11,792,122	11,270,443	10,866,119
	Non-controlling interests	112,587	111,066	116,911	98,983	85,436
Total equity	\$10,677,057	\$11,887,345	\$11,909,033	\$11,369,426	\$10,951,555	
<b>Key Capital and Hedging Metrics</b>	Weighted average days to maturity of repurchase agreements	52	44	59	27	57
	Weighted average rate on repurchase agreements, for the quarter <sup>(3)(4)</sup>	5.44%	5.15%	4.62%	3.72%	2.25%
	Weighted average rate on repurchase agreements, at period-end <sup>(4)</sup>	5.54%	5.29%	5.03%	4.29%	3.13%
	GAAP leverage at period-end	7.1x	6.1x	5.9x	6.0x	5.8x
	Economic leverage at period-end *	6.4x	5.8x	6.4x	6.3x	7.1x
	GAAP capital ratio at period-end	11.9%	13.3%	13.7%	13.9%	12.8%
	Economic capital ratio at period-end *	13.1%	14.3%	13.2%	13.4%	11.8%
	Book value per common share	\$18.25	\$20.73	\$20.77	\$20.79	\$19.94
	Total common shares outstanding	494,814	493,893	493,881	468,310	467,911
	Hedge ratio <sup>(5)</sup>	115%	105%	106%	107%	111%
	Weighted average pay rate on interest rate swaps, at period-end	2.61%	2.50%	2.13%	1.74%	1.53%
	Weighted average receive rate on interest rate swaps, at period-end	5.27%	5.05%	4.87%	4.28%	2.96%
	Weighted average net rate on interest rate swaps, at period-end	(2.66%)	(2.55%)	(2.74%)	(2.54%)	(1.43%)

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Income Statement Data

Unaudited, dollars in thousands except per share amounts

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Total interest income	\$1,001,485	\$921,494	\$818,250	\$798,934	\$678,488
Total interest expense	1,046,819	953,457	798,787	663,847	400,491
Net interest income	(\$45,334)	(\$31,963)	\$19,463	\$135,087	\$277,997
Total economic interest expense <sup>*(1)</sup>	\$652,142	\$528,164	\$413,081	\$377,247	\$259,381
Economic net interest income *	\$349,343	\$393,330	\$405,169	\$421,687	\$419,107
Total interest income (excluding PAA) *	\$995,423	\$909,571	\$818,741	\$790,798	\$633,074
Economic net interest income (excluding PAA) *	\$343,281	\$381,407	\$405,660	\$413,551	\$373,693
GAAP net income (loss)	(\$569,084)	\$161,187	(\$839,328)	(\$886,814)	(\$273,977)
GAAP net income (loss) available (related) to common stockholders <sup>(2)</sup>	(\$599,059)	\$131,267	(\$876,131)	(\$918,336)	(\$302,147)
GAAP net income (loss) per average common share <sup>(2)</sup>	(\$1.21)	\$0.27	(\$1.79)	(\$1.96)	(\$0.70)
Earnings available for distribution *	\$361,979	\$389,475	\$427,130	\$448,009	\$480,696
Earnings available for distribution attributable to common stockholders <sup>*(2)</sup>	\$325,125	\$353,709	\$395,255	\$418,035	\$453,813
Earnings available for distribution per average common share <sup>*(2)</sup>	\$0.66	\$0.72	\$0.81	\$0.89	\$1.06
PAA cost (benefit)	(\$6,062)	(\$11,923)	\$491	(\$8,136)	(\$45,414)
Weighted average experienced CPR for the period	7.3%	7.0%	5.5%	7.5%	9.8%
Weighted average projected long-term CPR at period-end	7.1%	8.6%	8.4%	7.8%	7.6%

## Summary Income Statement

\* Represents a non-GAAP financial measure.  
Detailed endnotes are included within the Appendix at the end of this presentation.

# Key Earnings Metrics

Unaudited, dollars in thousands except per share amounts

	For the quarters ended					
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	
<b>Key GAAP Earnings Metrics</b>	Dividends declared per common share	\$0.65	\$0.65	\$0.65	\$0.88	\$0.88
	Total common and preferred dividends declared <sup>(1)</sup>	\$360,018	\$358,214	\$354,374	\$443,513	\$440,033
	Annualized GAAP return (loss) on average equity <sup>(2)</sup>	(20.18%)	5.42%	(28.84%)	(31.78%)	(9.94%)
	Annualized GAAP return (loss) on average equity per unit of GAAP leverage	(2.84%)	0.89%	(4.89%)	(5.30%)	(1.71%)
	Net interest margin	(0.20%)	(0.15%)	0.09%	0.65%	1.42%
	Average yield on interest earning assets	4.49%	4.27%	3.96%	3.86%	3.47%
	Average GAAP cost of interest bearing liabilities	5.27%	5.00%	4.52%	3.71%	2.38%
	Net interest spread	(0.78%)	(0.73%)	(0.56%)	0.15%	1.09%
<b>Key Non-GAAP Earnings Metrics</b>	Annualized EAD return on average equity *	12.96%	13.22%	14.82%	16.19%	17.57%
	Annualized EAD return on average equity per unit of economic leverage *	2.03%	2.28%	2.32%	2.57%	2.47%
	Net interest margin (excluding PAA) *	1.48%	1.66%	1.76%	1.90%	1.98%
	Average yield on interest earning assets (excluding PAA) *	4.46%	4.22%	3.96%	3.82%	3.24%
	Average economic cost of interest bearing liabilities *	3.28%	2.77%	2.34%	2.11%	1.54%
	Net interest spread (excluding PAA) *	1.18%	1.45%	1.62%	1.71%	1.70%

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Components of Economic Net Interest Income\*

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Interest income:					
Agency Securities	\$753,007	\$686,912	\$603,102	\$607,082	\$517,528
Resi Credit Securities	57,229	56,477	53,745	46,673	41,388
Residential mortgage loans	181,965	162,202	147,231	135,116	109,977
Commercial investment portfolio	5,812	8,310	9,887	9,144	8,853
Reverse repurchase agreements	3,472	7,593	4,285	919	742
Total interest income	\$1,001,485	\$921,494	\$818,250	\$798,934	\$678,488
Economic interest expense:					
Repurchase agreements	\$917,997	\$841,257	\$698,742	\$569,141	\$324,573
Net interest component of interest rate swaps	(394,677)	(425,293)	(385,706)	(286,600)	(141,110)
Debt issued by securitization vehicles	116,962	101,819	88,934	75,695	64,593
Participations issued	11,860	10,381	11,111	14,408	9,727
Other	—	—	—	4,603	1,598
Total economic interest expense *	\$652,142	\$528,164	\$413,081	\$377,247	\$259,381
Economic net interest income *	\$349,343	\$393,330	\$405,169	\$421,687	\$419,107
PAA cost (benefit)	(6,062)	(11,923)	491	(8,136)	(45,414)
Economic net interest income (excluding PAA) *	\$343,281	\$381,407	\$405,660	\$413,551	\$373,693

Economic Net Interest Income \*

\* Represents a non-GAAP financial measure.



# GAAP Net Income to Earnings Available for Distribution\* Reconciliation

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
GAAP net income (loss)	(\$569,084)	\$161,187	(\$839,328)	(\$886,814)	(\$273,977)
<b>Adjustments to exclude reported realized and unrealized (gains) losses:</b>					
Net (gains) losses on investments and other <sup>(1)</sup>	2,710,208	1,316,837	(1,712)	1,124,924	2,702,512
Net (gains) losses on derivatives <sup>(2)</sup>	(1,732,753)	(1,050,032)	1,286,458	202,337	(1,976,130)
Loan loss provision (reversal)	—	—	(219)	7,258	(1,613)
Business divestiture-related (gains) losses <sup>(3)</sup>	—	—	—	13,013	2,936
<b>Other adjustments:</b>					
Amortization of intangibles	2,384	758	758	758	758
Non-EAD (income) loss allocated to equity method investments <sup>(4)</sup>	(140)	541	(244)	(306)	(2,003)
Transaction expenses and non-recurring items <sup>(5)</sup>	1,882	2,650	1,358	807	1,712
Income tax effect of non-EAD income (loss) items	9,444	12,364	8,278	(418)	(9,444)
TBA dollar roll income and CMBX coupon income <sup>(6)</sup>	(1,016)	1,734	18,183	34,767	105,543
MSR amortization <sup>(7)</sup>	(49,073)	(41,297)	(43,423)	(38,633)	(22,897)
EAD attributable to noncontrolling interests	(3,811)	(3,344)	(3,470)	(1,548)	(1,287)
Premium amortization adjustment cost (benefit)	(6,062)	(11,923)	491	(8,136)	(45,414)
Earnings available for distribution *	361,979	389,475	427,130	448,009	480,696
Dividends on preferred stock	36,854	35,766	31,875	29,974	26,883
Earnings available for distribution attributable to common stockholders *	\$325,125	\$353,709	\$395,255	\$418,035	\$453,813

EAD\*  
Reconciliation

\* Represents a non-GAAP financial measure.  
Detailed endnotes are included within the Appendix at the end of this presentation.

# Quarter-Over-Quarter Changes in Key Metrics

Unaudited

		For the quarters ended				
		9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Book Value Rollforward</b>	Book value per common share, beginning of period	\$20.73	\$20.77	\$20.79	\$19.94	\$23.59
	Net income (loss) available (related) to common stockholders	(1.21)	0.27	(1.79)	(1.96)	(0.70)
	Other comprehensive income (loss) attributable to common stockholders	(0.63)	0.34	2.37	3.68	(2.61)
	Common dividends declared	(0.65)	(0.65)	(0.65)	(0.88)	(0.88)
	Issuance / buyback of common stock / redemption of preferred stock	0.01	—	0.05	0.01	0.54
	Book value per common share, end of period	\$18.25	\$20.73	\$20.77	\$20.79	\$19.94
<b>Net Interest Margin</b>	Prior quarter net interest margin	(0.15%)	0.09%	0.65%	1.42%	2.64%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	0.16%	0.17%	0.22%	0.48%	(0.18%)
	Net amortization of premiums	0.06%	0.14%	(0.12%)	(0.09%)	0.07%
	GAAP interest expense	(0.27%)	(0.55%)	(0.66%)	(1.16%)	(1.11%)
	Current quarter net interest margin	(0.20%)	(0.15%)	0.09%	0.65%	1.42%
<b>Net Interest Spread</b>	Prior quarter net interest spread	(0.73%)	(0.56%)	0.15%	1.09%	2.46%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	0.16%	0.17%	0.22%	0.48%	(0.18%)
	Net amortization of premiums	0.06%	0.14%	(0.12%)	(0.09%)	0.07%
	GAAP interest expense	(0.27%)	(0.48%)	(0.81%)	(1.33%)	(1.26%)
	Current quarter net interest spread	(0.78%)	(0.73%)	(0.56%)	0.15%	1.09%

# Quarter-Over-Quarter Changes in Key Metrics *(cont'd)*

Unaudited

		For the quarters ended				
		9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Net Interest Margin (excluding PAA)*</b>	Prior quarter net interest margin (excluding PAA) *	1.66%	1.76%	1.90%	1.98%	2.20%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets (including average TBA dollar roll and CMBX balances)	0.31%	0.49%	0.09%	0.67%	(0.04%)
	Net amortization of premiums (excluding PAA)	0.07%	0.05%	(0.05%)	0.07%	0.42%
	TBA dollar roll income and CMBX coupon income	(0.01%)	(0.07%)	(0.07%)	(0.29%)	(0.26%)
	Interest expense and net interest component of interest rate swaps	(0.55%)	(0.57%)	(0.11%)	(0.53%)	(0.34%)
Current quarter net interest margin (excluding PAA) *		1.48%	1.66%	1.76%	1.90%	1.98%
<b>Net Interest Spread (excluding PAA)*</b>	Prior quarter net interest spread (excluding PAA) *	1.45%	1.62%	1.71%	1.70%	1.76%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon on average interest earning assets	0.15%	0.17%	0.22%	0.48%	(0.17%)
	Net amortization of premiums (excluding PAA)	0.09%	0.09%	(0.08%)	0.10%	0.54%
	Interest expense and net interest component of interest rate swaps	(0.51%)	(0.43%)	(0.23%)	(0.57%)	(0.43%)
	Current quarter net interest spread (excluding PAA) *		1.18%	1.45%	1.62%	1.71%

\* Represents a non-GAAP financial measure.

# Quarter-Over-Quarter Changes in Annualized Return on Average Equity

Unaudited

		For the quarters ended				
		9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Annualized GAAP Return (Loss) on Average Equity</b>	Prior quarter annualized GAAP return (loss) on average equity	5.42%	(28.84%)	(31.78%)	(9.94%)	30.60%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon income	4.18%	1.88%	0.22%	4.71%	1.40%
	Net amortization of premiums and accretion of discounts	0.35%	0.98%	(0.73%)	(0.70%)	0.35%
	GAAP interest expense	(5.06%)	(4.60%)	(3.66%)	(9.26%)	(8.49%)
	Net servicing income	0.60%	(0.11%)	(0.04%)	0.25%	0.66%
	Net gains (losses) on investments and other	(52.19%)	(44.06%)	40.38%	57.77%	(76.28%)
	Net gains (losses) on derivatives	25.83%	80.55%	(33.98%)	(73.83%)	40.84%
	Business divestiture-related gains (losses) <sup>(1)</sup>	0.00%	0.00%	0.46%	(0.36%)	0.74%
	Loan loss provision	0.00%	(0.01%)	0.27%	(0.32%)	(0.90%)
	Other <sup>(2)</sup>	0.69%	(0.37%)	0.02%	(0.10%)	1.14%
Current quarter annualized GAAP return (loss) on average equity		(20.18%)	5.42%	(28.84%)	(31.78%)	(9.94%)
<b>Annualized EAD Return on Average Equity</b>	Prior quarter annualized EAD return on average equity *	13.22%	14.82%	16.19%	17.57%	17.49%
	<i>Quarter-over-quarter changes in contribution:</i>					
	Coupon income	4.23%	1.90%	0.25%	4.79%	1.44%
	Net amortization of premiums (excluding PAA)	0.54%	0.57%	(0.43%)	0.66%	3.23%
	Interest expense and net interest component of interest rate swaps	(5.42%)	(3.60%)	(0.69%)	(4.16%)	(3.44%)
	Net servicing income	0.61%	(0.11%)	(0.04%)	0.25%	0.67%
	TBA dollar roll income and CMBX coupon income	(0.10%)	(0.57%)	(0.62%)	(2.60%)	(1.90%)
	Other <sup>(3)</sup>	(0.12%)	0.21%	0.16%	(0.32%)	0.08%
Current quarter annualized EAD return on average equity *		12.96%	13.22%	14.82%	16.19%	17.57%

\* Represents a non-GAAP financial measure.  
Detailed endnotes are included within the Appendix at the end of this presentation.

# Residential & Other Investments Overview as of September 30, 2023

Unaudited, dollars in thousands

Agency Fixed-Rate Securities (Pools)							
Original Weighted Avg. Years to Maturity	Current Face Value	% <sup>(3)</sup>	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
<=15 years <sup>(1)</sup>	\$2,161,806	3.0%	4.45%	100.9%	94.2%	11.0%	\$2,036,555
20 years	311,675	0.5%	3.47%	100.7%	92.0%	8.7%	286,829
>=30 years <sup>(2)</sup>	68,778,093	96.5%	4.42%	100.4%	92.3%	7.2%	63,493,892
Total/Weighted Avg.	\$71,251,574	100.0%	4.42%	100.4%	92.4%	7.2%	\$65,817,276

TBA Contracts						
Type	Notional Value	% <sup>(4)</sup>	Weighted Avg. Coupon	Implied Cost Basis		Implied Market Value
15-year	\$—	—%	—%	\$—		\$—
30-year	1,950,000	100.0%	5.89%	1,965,117		1,925,614
Total/Weighted Avg.	\$1,950,000	100.0%	5.89%	\$1,965,117		\$1,925,614

Agency Adjustable-Rate Securities							
Weighted Avg. Months to Reset	Current Face Value	% <sup>(3)</sup>	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
0 - 24 months	\$205,181	91.6%	5.12%	109.4%	102.2%	15.6%	\$209,744
25 - 40 months	18,929	8.4%	3.00%	112.0%	95.7%	15.0%	18,110
Total/Weighted Avg.	\$224,110	100.0%	4.94%	109.6%	101.7%	15.5%	\$227,854

Agency Interest-Only Collateralized Mortgage-Backed Obligations							
Type	Current Notional Value	% <sup>(4)</sup>	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-Month CPR	Estimated Fair Value
Interest-only	\$845,980	6.3%	3.47%	18.1%	15.6%	7.4%	\$131,927
Inverse interest-only	1,211,612	9.0%	0.65%	23.4%	8.9%	8.1%	107,549
Multifamily interest-only	11,342,393	84.7%	0.57%	3.0%	2.7%	—%	306,930
Total/Weighted Avg.	\$13,399,985	100.0%	0.76%	5.8%	4.1%	7.8%	\$546,406

# Residential & Other Investments Overview as of September 30, 2023 *(cont'd)*

Unaudited, dollars in thousands

Mortgage Servicing Rights							
Type	Unpaid Principal Balance	Servicing Fee	Weighted Avg. Note Rate	Valuation	Discount Rate	Projected CPR	Estimated Fair Value
MSR held directly	\$153,378,506	0.26%	3.0%	145.7%	9.4%	4.9%	\$2,234,813
MSR of limited partnership interest <sup>(1)</sup>	2,628,750						36,409
Total/Weighted Avg.	\$156,007,256	0.26%	3.0%	145.7%	9.4%	4.9%	\$2,271,222

Residential Credit Portfolio							
Sector	Current Face / Notional Value	% <sup>(2)</sup>	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value		Estimated Fair Value
Residential credit risk transfer	\$941,199	6.0%	9.65%	99.9%	104.4%		\$982,951
Alt-A	145,165	0.8%	5.15%	97.4%	85.1%		123,593
Prime	1,116,998	1.2%	3.43%	95.3%	76.7%		188,202
Subprime	254,577	1.3%	6.79%	87.8%	80.5%		205,060
NPL/RPL	1,299,627	7.5%	4.32%	99.4%	93.6%		1,216,347
Prime jumbo	9,374,884	2.0%	4.12%	106.4%	94.0%		330,659
Residential mortgage loans	14,910,846	81.2%	5.28%	99.9%	88.8%		13,243,486
Total/Weighted Avg.	\$28,043,296	100.0%	5.45%				\$16,290,298

Other Credit Products							
Type	Current Face / Notional Value		Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value		Estimated Fair Value
CRE CLO	\$224,701		7.19%	99.5%	99.0%		\$222,382

# Residential Credit Securities Detail as of September 30, 2023

Unaudited, dollars in thousands

Product	Estimated Fair Value	Payment Structure		Investment Characteristics <sup>(1)</sup>			
		Senior	Subordinate	Coupon	Credit Enhancement	60+ Delinquencies	3M VPR <sup>(2)</sup>
Credit Risk Transfer	\$982,951	\$—	\$982,951	9.65%	1.74%	0.79%	5.78%
Alt-A	123,593	53,276	70,317	5.15%	15.08%	2.30%	9.36%
Prime	188,202	41,042	147,160	3.43%	8.09%	0.44%	3.86%
Subprime	205,060	72,579	132,481	6.79%	23.26%	7.63%	7.40%
Re-Performing Loan Securitizations	788,855	425,023	363,832	4.69%	27.77%	21.03%	4.62%
Non-Performing Loan Securitizations	427,492	376,249	51,243	3.61%	41.73%	57.01%	15.06%
Prime Jumbo	330,659	91,556	239,103	4.12%	3.16%	0.35%	4.55%
<b>Total</b>	<b>\$3,046,812</b>	<b>\$1,059,725</b>	<b>\$1,987,087</b>	<b>6.01%</b>	<b>17.06%</b>	<b>14.46%</b>	<b>6.99%</b>

Product	Bond Coupon				Estimated Fair Value
	ARM	Fixed	Floater	Interest Only	
Credit Risk Transfer	\$—	\$—	\$982,951	\$—	\$982,951
Alt-A	1,052	122,541	—	—	123,593
Prime	—	183,001	—	5,201	188,202
Subprime	—	182,533	22,423	104	205,060
Re-Performing Loan Securitizations	—	788,855	—	—	788,855
Non-Performing Loan Securitizations	—	427,492	—	—	427,492
Prime Jumbo	—	240,078	21,203	69,378	330,659
<b>Total</b>	<b>\$1,052</b>	<b>\$1,944,500</b>	<b>\$1,026,577</b>	<b>\$74,683</b>	<b>\$3,046,812</b>

# Hedging & Liabilities as of September 30, 2023

Unaudited, dollars in thousands

	<b>Maturity</b>	<b>Current Notional<sup>(1)(2)</sup></b>	<b>Weighted Avg. Pay Rate</b>	<b>Weighted Avg. Receive Rate</b>	<b>Weighted Avg. Years to Maturity<sup>(3)</sup></b>	
<b>Interest Rate Swaps</b>	0 to 3 years	\$18,782,358	2.28%	5.20%	0.76	
	> 3 to 6 years	7,964,799	2.89%	5.30%	4.36	
	> 6 to 10 years	28,331,637	2.71%	5.33%	7.89	
	Greater than 10 years	2,640,760	3.63%	5.24%	20.86	
	<b>Total / Weighted Avg.</b>	<b>\$57,719,554</b>	<b>2.61%</b>	<b>5.27%</b>	<b>5.68</b>	
	<b>Type</b>	<b>Current Underlying Notional</b>	<b>Weighted Avg. Underlying Fixed Rate</b>	<b>Weighted Avg. Underlying Floating Rate</b>	<b>Weighted Avg. Underlying Years to Maturity</b>	<b>Weighted Avg. Months to Expiration</b>
<b>Interest Rate Swaptions</b>	Long Pay	\$1,500,000	2.17%	SOFR	7.45	9.42
	Long Receive	\$500,000	1.65%	SOFR	10.55	6.60
	<b>Type</b>	<b>Long Contracts</b>	<b>Short Contracts</b>	<b>Net Positions</b>	<b>Weighted Avg. Years to Maturity</b>	
<b>Futures Positions</b>	U.S. Treasury Futures - 2 year	\$—	(\$12,261,400)	(\$12,261,400)	1.97	
	U.S. Treasury Futures - 5 year	\$—	\$—	\$—	—	
	U.S. Treasury Futures - 10 year & Greater	\$—	(\$7,308,200)	(\$7,308,200)	9.80	
	<b>Total / Weighted Avg.</b>	<b>\$—</b>	<b>(\$19,569,600)</b>	<b>(\$19,569,600)</b>	<b>4.89</b>	
	<b>Maturity</b>	<b>Principal Balance</b>	<b>Weighted Avg. Rate At Period End</b>			
<b>Repurchase Agreements and Other Secured Financing</b>	Within 30 days	\$29,960,779	5.50%			
	30 to 59 days	24,249,559	5.52%			
	60 to 89 days	1,136,067	5.96%			
	90 to 119 days	296,742	6.95%			
	Over 120 days <sup>(4)</sup>	9,550,674	5.74%			
<b>Total / Weighted Avg.</b>	<b>\$65,193,821</b>	<b>5.56%</b>				
		<b>Principal Balance</b>	<b>Weighted Average Rate</b>		<b>Days to Maturity<sup>(5)</sup></b>	
<b>Total Indebtedness</b>			<b>At Period End</b>	<b>For the Quarter</b>		
	Repurchase agreements	\$64,693,821	5.54%	5.44%	52	
	Other secured financing	500,000	8.08%	8.01%	381	
	Debt issued by securitization vehicles	11,531,812	4.14%	4.15%	12,402	
	Participations issued	807,950	7.04%	6.41%	10,896	
<b>Total indebtedness</b>	<b>\$77,533,583</b>					

Detailed endnotes are included within the Appendix at the end of this presentation.



# Quarter-Over-Quarter Interest Rate & MBS Spread Sensitivity

Unaudited

## Assumptions:

- The interest rate sensitivity and MBS spread sensitivity are based on the portfolios as of September 30, 2023 and June 30, 2023
- The interest rate sensitivity reflects instantaneous parallel shifts in rates
- The MBS spread sensitivity shifts MBS spreads instantaneously and reflects exposure to MBS basis risk
- All tables assume no active management of the portfolio in response to rate or spread changes

Interest Rate Sensitivity <sup>(1)</sup>				
Interest Rate Change (bps)	As of September 30, 2023		As of June 30, 2023	
	Estimated Percentage Change in Portfolio Market Value <sup>(2)</sup>	Estimated Change as a % of NAV <sup>(2)(3)</sup>	Estimated Percentage Change in Portfolio Market Value <sup>(2)</sup>	Estimated Change as a % of NAV <sup>(2)(3)</sup>
(75)	0.4%	3.2%	0.1%	0.6%
(50)	0.3%	2.5%	0.1%	1.0%
(25)	0.2%	1.5%	0.1%	0.7%
25	(0.2%)	(1.8%)	(0.2%)	(1.2%)
50	(0.4%)	(3.8%)	(0.4%)	(2.9%)
75	(0.7%)	(6.0%)	(0.6%)	(5.0%)

MBS Spread Sensitivity <sup>(1)</sup>				
MBS Spread Shock (bps)	As of September 30, 2023		As of June 30, 2023	
	Estimated Change in Portfolio Market Value <sup>(2)</sup>	Estimated Change as a % of NAV <sup>(2)(3)</sup>	Estimated Change in Portfolio Market Value <sup>(2)</sup>	Estimated Change as a % of NAV <sup>(2)(3)</sup>
(25)	1.4%	12.3%	1.4%	10.6%
(15)	0.8%	7.4%	0.8%	6.3%
(5)	0.3%	2.4%	0.3%	2.1%
5	(0.3%)	(2.4%)	(0.3%)	(2.1%)
15	(0.8%)	(7.3%)	(0.8%)	(6.2%)
25	(1.4%)	(12.1%)	(1.3%)	(10.4%)

# Appendix

# Consolidated Statements of Financial Condition

Dollars in thousands, except per share data

	9/30/2023 (unaudited)	6/30/2023 (unaudited)	3/31/2023 (unaudited)	12/31/2022	9/30/2022 (unaudited)
<b>Assets</b>					
Cash and cash equivalents	\$ 1,241,122	\$ 1,236,872	\$ 1,794,173	\$ 1,576,714	\$ 1,466,171
Securities	69,860,730	71,202,461	69,238,185	65,789,907	66,839,353
Loans, net	1,793,140	1,154,320	1,642,822	1,809,832	1,551,707
Mortgage servicing rights	2,234,813	2,018,896	1,790,980	1,748,209	1,705,254
Assets transferred or pledged to securitization vehicles	11,450,346	11,318,419	10,277,588	9,121,912	9,202,014
Assets of disposal group held for sale	—	—	—	—	11,371
Derivative assets	549,833	457,119	400,139	342,064	1,949,530
Receivable for unsettled trades	1,047,566	787,442	679,096	575,091	2,153,895
Principal and interest receivable	1,158,648	944,537	773,722	637,301	262,542
Intangible assets, net	12,778	15,163	15,921	16,679	17,437
Other assets	299,447	195,248	219,391	233,003	247,490
<b>Total assets</b>	<b>\$ 89,648,423</b>	<b>\$ 89,330,477</b>	<b>\$ 86,832,017</b>	<b>\$ 81,850,712</b>	<b>\$ 85,406,764</b>
<b>Liabilities and stockholders' equity</b>					
<b>Liabilities</b>					
Repurchase agreements	\$ 64,693,821	\$ 61,637,600	\$ 60,993,018	\$ 59,512,597	\$ 54,160,731
Other secured financing	500,000	500,000	250,000	250,000	250,000
Debt issued by securitization vehicles	9,983,847	9,789,282	8,805,911	7,744,160	7,844,518
Participations issued	788,442	492,307	673,431	800,849	745,729
Liabilities of disposal group held for sale	—	—	—	—	1,151
Derivative liabilities	97,616	156,182	473,515	204,172	764,535
Payable for unsettled trades	2,214,319	4,331,315	3,259,034	1,157,846	9,333,646
Interest payable	198,084	140,620	118,395	325,280	30,242
Dividends payable	321,629	321,031	321,023	412,113	411,762
Other liabilities	173,608	74,795	28,657	74,269	912,895
<b>Total liabilities</b>	<b>78,971,366</b>	<b>77,443,132</b>	<b>74,922,984</b>	<b>70,481,286</b>	<b>74,455,209</b>
<b>Stockholders' equity</b>					
Preferred stock, par value \$0.01 per share <sup>(2)</sup>	1,536,569	1,536,569	1,536,569	1,536,569	1,536,569
Common stock, par value \$0.01 per share <sup>(3)</sup>	4,948	4,939	4,939	4,683	4,679
Additional paid-in capital	23,572,996	23,550,346	23,543,091	22,981,320	22,967,665
Accumulated other comprehensive income (loss)	(2,694,776)	(2,382,531)	(2,550,614)	(3,708,896)	(5,431,436)
Accumulated deficit	(11,855,267)	(10,933,044)	(10,741,863)	(9,543,233)	(8,211,358)
<b>Total stockholders' equity</b>	<b>10,564,470</b>	<b>11,776,279</b>	<b>11,792,122</b>	<b>11,270,443</b>	<b>10,866,119</b>
Noncontrolling interests	112,587	111,066	116,911	98,983	85,436
<b>Total equity</b>	<b>10,677,057</b>	<b>11,887,345</b>	<b>11,909,033</b>	<b>11,369,426</b>	<b>10,951,555</b>
<b>Total liabilities and equity</b>	<b>\$ 89,648,423</b>	<b>\$ 89,330,477</b>	<b>\$ 86,832,017</b>	<b>\$ 81,850,712</b>	<b>\$ 85,406,764</b>

# Consolidated Statements of Comprehensive Income (Loss)

Unaudited, dollars in thousands, except per share data

For the quarters ended	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Net interest income</b>					
Interest income	\$ 1,001,485	\$ 921,494	\$ 818,250	\$ 798,934	\$ 678,488
Interest expense	1,046,819	953,457	798,787	663,847	400,491
Net interest income	(45,334)	(31,963)	19,463	135,087	277,997
<b>Net servicing income</b>					
Servicing and related income	97,620	83,790	84,273	82,040	74,486
Servicing and related expense	9,623	8,930	7,880	7,659	7,780
Net servicing income	87,997	74,860	76,393	74,381	66,706
<b>Other income (loss)</b>					
Net gains (losses) on investments and other	(2,713,126)	(1,308,948)	1,712	(1,124,924)	(2,702,512)
Net gains (losses) on derivatives	2,127,430	1,475,325	(900,752)	84,263	2,117,240
Loan loss (provision) reversal	—	—	219	(7,258)	1,613
Business divestiture-related gains (losses)	—	—	—	(13,013)	(2,936)
Other, net	26,250	9,105	15,498	7,569	1,526
Total other income (loss)	(559,446)	175,482	(883,323)	(1,053,363)	(585,069)
<b>General and administrative expenses</b>					
Compensation expense	30,064	30,635	29,391	29,714	27,744
Other general and administrative expenses	9,845	12,280	11,437	13,291	10,178
Total general and administrative expenses	39,909	42,915	40,828	43,005	37,922
Income (loss) before income taxes	(556,692)	175,464	(828,295)	(886,900)	(278,288)
Income taxes	12,392	14,277	11,033	(86)	(4,311)
Net income (loss)	(569,084)	161,187	(839,328)	(886,814)	(273,977)
Net income (loss) attributable to noncontrolling interests	(6,879)	(5,846)	4,928	1,548	1,287
Net income (loss) attributable to Annaly	(562,205)	167,033	(844,256)	(888,362)	(275,264)
Dividends on preferred stock	36,854	35,766	31,875	29,974	26,883
Net income (loss) available (related) to common stockholders	\$ (599,059)	\$ 131,267	\$ (876,131)	\$ (918,336)	\$ (302,147)
<b>Net income (loss) per share available (related) to common stockholders</b>					
Basic	\$ (1.21)	\$ 0.27	\$ (1.79)	\$ (1.96)	\$ (0.70)
Diluted	\$ (1.21)	\$ 0.27	\$ (1.79)	\$ (1.96)	\$ (0.70)
<b>Weighted average number of common shares outstanding</b>					
Basic	494,330,361	494,165,256	489,688,364	468,250,672	429,858,876
Diluted	494,330,361	494,358,982	489,688,364	468,250,672	429,858,876
<b>Other comprehensive income (loss)</b>					
Net income (loss)	\$ (569,084)	\$ 161,187	\$ (839,328)	\$ (886,814)	\$ (273,977)
Unrealized gains (losses) on available-for-sale securities	(825,286)	(294,045)	675,374	445,896	(2,578,509)
Reclassification adjustment for net (gains) losses included in net income (loss)	513,041	462,128	482,908	1,276,644	1,457,999
Other comprehensive income (loss)	(312,245)	168,083	1,158,282	1,722,540	(1,120,510)
Comprehensive income (loss)	(881,329)	329,270	318,954	835,726	(1,394,487)
Comprehensive income (loss) attributable to noncontrolling interests	(6,879)	(5,846)	4,928	1,548	1,287
Comprehensive income (loss) attributable to Annaly	(874,450)	335,116	314,026	834,178	(1,395,774)
Dividends on preferred stock	36,854	35,766	31,875	29,974	26,883
Comprehensive income (loss) attributable to common stockholders	\$ (911,304)	\$ 299,350	\$ 282,151	\$ 804,204	\$ (1,422,657)

# Income Statement Gains (Losses) Detail

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Net gains (losses) on disposal of investments and other	(\$616,525)	(\$610,397)	(\$521,592)	(\$1,289,865)	(\$1,464,360)
Net unrealized gains (losses) on instruments measured at fair value through earnings	(2,096,601)	(698,551)	523,304	164,941	(1,238,152)
Net gains (losses) on investments and other	(\$2,713,126)	(\$1,308,948)	\$1,712	(\$1,124,924)	(\$2,702,512)
Net interest component of interest rate swaps	\$394,677	\$425,293	\$385,706	\$286,600	\$141,110
Realized gains (losses) on termination or maturity of interest rate swaps	16,416	48,148	(145,819)	(183,018)	(83,393)
Unrealized gains (losses) on interest rate swaps	1,475,547	841,702	(956,272)	8,382	1,251,350
Net gains (losses) on other derivatives	240,790	160,182	(184,367)	(27,701)	808,173
Net gains (losses) on derivatives	\$2,127,430	\$1,475,325	(\$900,752)	\$84,263	\$2,117,240

## Other Income Statement Details

# Non-GAAP Reconciliations

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. 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 ("EAD"), or the premium amortization adjustment ("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 these non-GAAP financial measures and reconciliations to their most directly comparable GAAP results are provided on the following pages. A reconciliation of GAAP net income (loss) to non-GAAP Earnings available for distribution for the quarters ended September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022 and September 30, 2022, is provided on page 9 of this supplemental information.

[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 and CMBX coupon income, (c) net servicing income less realized amortization of MSR, (d) other income (loss) (excluding amortization of intangibles, non-EAD income allocated to equity method investments and other non-EAD components of other income (loss)), (e) general and administrative expenses (excluding transaction expenses and non-recurring items), and (f) income taxes (excluding the income tax effect of non-EAD income (loss) items) and excludes (g) the premium amortization adjustment ("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.

## [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.

# Non-GAAP Reconciliations *(cont'd)*

## [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 and CMBX derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements and other secured financing. Debt issued by securitization vehicles and participations issued are non-recourse to the Company and are excluded from economic leverage.

## [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 and the net interest component of interest rate swaps. 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).

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

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

# Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b><i>Economic leverage ratio reconciliation</i></b>					
Repurchase agreements	\$64,693,821	\$61,637,600	\$60,993,018	\$59,512,597	\$54,160,731
Other secured financing	500,000	500,000	250,000	250,000	250,000
Debt issued by securitization vehicles	9,983,847	9,789,282	8,805,911	7,744,160	7,844,518
Participations issued	788,442	492,307	673,431	800,849	745,729
Total GAAP debt	\$75,966,110	\$72,419,189	\$70,722,360	\$68,307,606	\$63,000,978
Less non-recourse debt:					
Debt issued by securitization vehicles	(\$9,983,847)	(\$9,789,282)	(\$8,805,911)	(\$7,744,160)	(\$7,844,518)
Participations issued	(788,442)	(492,307)	(673,431)	(800,849)	(745,729)
Total recourse debt	\$65,193,821	\$62,137,600	\$61,243,018	\$59,762,597	\$54,410,731
Plus / (Less):					
Cost basis of TBA and CMBX derivatives	\$1,965,117	\$3,625,443	\$12,241,647	\$11,050,351	\$16,209,886
Payable for unsettled trades	2,214,319	4,331,315	3,259,034	1,157,846	9,333,646
Receivable for unsettled trades	(1,047,566)	(787,442)	(679,096)	(575,091)	(2,153,895)
Economic debt *	\$68,325,691	\$69,306,916	\$76,064,603	\$71,395,703	\$77,800,368
Total equity	\$10,677,057	\$11,887,345	\$11,909,033	\$11,369,426	\$10,951,555
Economic leverage ratio *	6.4x	5.8x	6.4x	6.3x	7.1x

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.



# Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<i>Economic capital ratio reconciliation</i>					
Total GAAP assets	\$89,648,423	\$89,330,477	\$86,832,017	\$81,850,712	\$85,406,764
Less:					
Gross unrealized gains on TBA derivatives <sup>(1)</sup>	(7,232)	(21,460)	(167,065)	(17,056)	(28,032)
Debt issued by securitization vehicles	(9,983,847)	(9,789,282)	(8,805,911)	(7,744,160)	(7,844,518)
Plus:					
Implied market value of TBA derivatives	1,925,614	3,627,716	12,020,810	10,578,676	15,182,806
Total economic assets *	\$81,582,958	\$83,147,451	\$89,879,851	\$84,668,172	\$92,717,020
Total equity	\$10,677,057	\$11,887,345	\$11,909,033	\$11,369,426	\$10,951,555
Economic capital ratio <sup>*(2)</sup>	13.1%	14.3%	13.2%	13.4%	11.8%
<i>Premium Amortization Reconciliation</i>					
Premium amortization expense	\$24,272	\$33,105	\$56,534	\$38,829	\$39,406
Less:					
PAA cost (benefit)	(6,062)	(11,923)	491	(8,136)	(45,414)
Premium amortization expense (excluding PAA)	\$30,334	\$45,028	\$56,043	\$46,965	\$84,820
<i>Interest Income (excluding PAA) Reconciliation</i>					
GAAP interest income	\$1,001,485	\$921,494	\$818,250	\$798,934	\$678,488
PAA cost (benefit)	(6,062)	(11,923)	491	(8,136)	(45,414)
Interest income (excluding PAA) *	\$995,423	\$909,571	\$818,741	\$790,798	\$633,074
<i>Economic Interest Expense Reconciliation</i>					
GAAP interest expense	\$1,046,819	\$953,457	\$798,787	\$663,847	\$400,491
Add:					
Net interest component of interest rate swaps	(394,677)	(425,293)	(385,706)	(286,600)	(141,110)
Economic interest expense *	\$652,142	\$528,164	\$413,081	\$377,247	\$259,381
<i>Economic Net Interest Income (excluding PAA) Reconciliation</i>					
Interest income (excluding PAA) *	\$995,423	\$909,571	\$818,741	\$790,798	\$633,074
Less:					
Economic interest expense *	652,142	528,164	413,081	377,247	259,381
Economic net interest income (excluding PAA) *	\$343,281	\$381,407	\$405,660	\$413,551	\$373,693

\* Represents a non-GAAP financial measure.

Detailed endnotes are included within the Appendix at the end of this presentation.

# Non-GAAP Reconciliations (cont'd)

Unaudited, dollars in thousands

	For the quarters ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<i>Economic Metrics (excluding PAA)</i>					
Average interest earning assets	\$89,300,922	\$86,254,955	\$82,644,998	\$82,859,799	\$78,143,337
Interest income (excluding PAA) *	\$995,423	\$909,571	\$818,741	\$790,798	\$633,074
Average yield on interest earning assets (excluding PAA) *	4.46%	4.22%	3.96%	3.82%	3.24%
Average interest bearing liabilities	\$77,780,989	\$75,424,564	\$70,635,632	\$69,981,694	\$65,755,563
Economic interest expense *	\$652,142	\$528,164	\$413,081	\$377,247	\$259,381
Average economic cost of interest bearing liabilities *	3.28%	2.77%	2.34%	2.11%	1.54%
Economic net interest income (excluding PAA)*	\$343,281	\$381,407	\$405,660	\$413,551	\$373,693
Net interest spread (excluding PAA) *	1.18%	1.45%	1.62%	1.71%	1.70%
Interest income (excluding PAA) *	\$995,423	\$909,571	\$818,741	\$790,798	\$633,074
TBA dollar roll income and CMBX coupon income	(1,016)	1,734	18,183	34,767	105,543
Economic interest expense *	(652,142)	(528,164)	(413,081)	(377,247)	(259,381)
Subtotal	\$342,265	\$383,141	\$423,843	\$448,318	\$479,236
Average interest earning assets	\$89,300,922	\$86,254,955	\$82,644,998	\$82,859,799	\$78,143,337
Average TBA contract and CMBX balances, implied cost basis	2,960,081	6,303,202	13,949,884	11,499,881	18,837,475
Subtotal	\$92,261,003	\$92,558,157	\$96,594,882	\$94,359,680	\$96,980,812
Net interest margin (excluding PAA) *	1.48%	1.66%	1.76%	1.90%	1.98%

\* Represents a non-GAAP financial measure.

# Endnotes

## Page 3

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 (5.04%) and 1.35% for the quarters ended September 30, 2023 and June 30, 2023, respectively.
3. GAAP leverage is computed as the sum of repurchase agreements, other secured financing, debt issued by securitization vehicles and participations issued divided by total equity. Economic leverage is computed as the sum of recourse debt, cost basis of to-be-announced ("TBA") and CMBX derivatives outstanding, and net forward purchases (sales) of investments divided by total equity. Recourse debt consists of repurchase agreements and other secured financing. 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. Excludes \$126 million of unsettled commitments as of June 30, 2023. There were no unsettled commitments as of September 30, 2023. 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.
6. Net interest margin represents interest income less interest expense divided by average interest earning assets. Net interest margin (excluding PAA) represents the sum of the Company's interest income (excluding PAA) plus TBA dollar roll income and CMBX coupon income less interest expense and the net interest component of interest rate swaps divided by the sum of average interest earning assets plus average TBA contract and CMBX balances.
7. 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).
8. Average GAAP cost of interest bearing liabilities represents annualized interest expense divided by average interest bearing liabilities. Average interest bearing liabilities reflects the average balances during the period. Average economic cost of interest bearing liabilities represents annualized economic interest expense divided by average interest bearing liabilities. Economic interest expense is comprised of GAAP interest expense and the net interest component of interest rate swaps.

## Page 4

1. Includes assets related to the sale of the Company's Middle Market Lending portfolio at September 30, 2022.

## Page 5

1. Includes liabilities related to the sale of the Company's Middle Market Lending portfolio at September 30, 2022.
2. Consists of common stock, additional paid-in capital, accumulated other comprehensive income (loss) and accumulated deficit.

## Page 5 (continued)

3. Utilizes an actual/360 factor.
4. The average and period-end rates are net of reverse repurchase agreements. Without netting reverse repurchase agreements, the average rate and the period-end rate was unchanged for each period.
5. Measures total notional balances of interest rate swaps, interest rate swaptions (excluding receiver swaptions) and futures 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.

## Page 6

1. Includes GAAP interest expense and the net interest component of interest rate swaps.
2. Net of dividends on preferred stock.

## Page 7

1. Includes dividend equivalents on share-based awards.
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 (5.04%), 1.35%, (7.21%), (7.95%) and (2.49%) for the quarters ended September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022 and September 30, 2022, respectively.

## Page 9

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 \$394.7 million, \$425.3 million, \$385.7 million, \$286.6 million and \$141.1 million for the quarters ended September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022 and September 30, 2022, respectively.
3. Includes losses (gains) related to the sale of the Company's Middle Market Lending portfolio for the quarters ended December 31, 2022 and September 30, 2022.
4. 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 reported in Other, net in the Company's Consolidated Statement of Comprehensive Income (Loss).
5. All quarters presented include costs incurred in connection with securitizations of residential whole loans.
6. TBA dollar roll income and CMBX coupon income each represent a component of Net gains (losses) on derivatives. CMBX coupon income totaled \$0.0 million and \$0.5 million for the quarters ended September 30, 2023 and June 30, 2023, respectively, and \$1.1 million for each of the other quarters presented.
7. 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.

# Endnotes *(cont'd)*

## Page 12

1. Includes gains (losses) related to the sale of the Company's Middle Market Lending portfolio for the quarters ended December 31, 2022 and September 30, 2022.
2. Includes other, net, general and administrative expenses and income taxes.
3. Includes other, net (excluding non-EAD items), MSR amortization (a component of net gains (losses) on investments and other), general and administrative expenses (excluding transaction related expenses) and income taxes (excluding non-EAD income tax).

## Page 13

1. Includes Agency-backed multifamily securities with an estimated fair value of \$1.9 billion.
2. Includes fixed-rate collateralized mortgage obligations with an estimated fair value of \$78.9 million.
3. Weighted by current face value.
4. Weighted by current notional value.

## Page 14

1. Included in Other assets in the Company's Consolidated Statements of Financial Condition.
2. Weighted by estimated fair value.

## Page 15

1. Investment characteristics exclude the impact of interest-only securities.
2. Represents the 3 month voluntary prepayment rate.

## Page 16

1. Current notional is presented net of receiver swaps. As of September 30, 2023, notional amount includes \$734.0 million of forward starting pay fixed swaps.
2. As of September 30, 2023, 0%, 11% and 89% of the Company's interest rate swaps were linked to LIBOR, the Federal funds rate and the Secured Overnight Financing Rate, respectively.
3. The weighted average years to maturity of payer interest rate swaps is offset by the weighted average years to maturity of receiver interest rate swaps. As such, the net weighted average years to maturity for each maturity bucket may fall outside of the range listed.
4. Approximately 4% of the total repurchase agreements and other secured financing have a remaining maturity over one year.
5. Determined based on estimated weighted average lives of the underlying debt instruments.

## Page 17

1. Interest rate and MBS spread sensitivity are based on results from third party models in conjunction with internally derived inputs. Actual results could differ materially from these estimates.
2. Scenarios include Residential Investment Securities, residential mortgage loans, MSR and derivative instruments.
3. Net asset value ("NAV") represents book value of common equity.

## Page 19

1. Derived from the audited consolidated financial statements at December 31, 2022.
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 494,814,038 shares issued and outstanding at September 30, 2023, 493,893,288 shares issued and outstanding at June 30, 2023, 493,880,938 shares issued and outstanding at March 31, 2023, 468,309,810 shares issued and outstanding at December 31, 2022, 467,911,144 shares issued and outstanding at September 30, 2022.

## Page 25

1. Included in Derivative assets in the Company's Consolidated Statements of Financial Condition.
2. Economic capital ratio is computed as total equity divided by total economic assets.