



2Q 2014 Stockholder Supplement

August 6, 2014

Safe Harbor Notice



This news release and our public documents to which we refer contain or incorporate by reference certain forward-looking statements which are based on various assumptions (some of which are beyond our control) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "anticipate," "continue," or similar terms or variations on those terms or the negative of those terms.

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 and other securities for purchase; the availability of financing and, if available, the terms of any financings; changes in the market value of our assets; changes in business conditions and the general economy; our ability to grow the commercial mortgage business; credit risks related to our investments in commercial real estate assets and corporate debt; our ability to consummate any contemplated investment opportunities; changes in government regulations affecting our business; our ability to maintain our qualification as a REIT for federal income tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended; risks associated with the businesses of our subsidiaries, including the investment advisory business of a wholly-owned subsidiary and the broker-dealer business of a wholly-owned subsidiary.

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. We do not undertake, and specifically disclaim any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

2Q14 Financial Overview



Unaudited

Income Statement

- GAAP net loss of \$335.5 million, or \$0.37 loss per average common share, resulting in an annualized GAAP loss on average equity of (10.32%)
- Core earnings⁽¹⁾ of \$300.4 million, or \$0.30 per average common share, generating an annualized core return on average equity of 9.24%
- Declared a \$0.30 dividend per common share

Balance Sheet

- Common stock book value per share of \$13.23
- End of period total debt to equity of 5.3x⁽²⁾
- End of period capital ratio of 15.4%⁽³⁾
- Weighted average days to maturity on repurchase agreements of 173 days

Portfolio

- Annualized yield on average interest-earning assets⁽⁴⁾ of 3.20% and annualized interest rate spread of 1.26% during the quarter; net interest margin of 1.57%
- End of period Investment Securities⁽⁵⁾ of \$82.4 billion
- End of period commercial real estate debt and preferred equity of \$1.6 billion with a weighted-average yield of 8.93% at quarter end and commercial real estate held for investment of \$74.4 million with a net equity yield of 9.23%⁽⁶⁾
- End of period corporate debt of \$151.3 million

- (1) Core earnings represents net income excluding net gains (losses) on trading assets and disposal of investments, unrealized gains (losses) on interest rate swaps and Agency interest-only mortgage-backed securities, realized gains (losses) on termination of interest rate swaps, impairment of goodwill and loss on previously held equity interest in CreXus Investment Corp.
- (2) Includes repurchase agreements, Convertible Senior Notes, securitized debt, loan participation and mortgages payable. Securitized debt, loan participation and mortgages payable are non-recourse to the Company.
- (3) Total stockholders' equity divided by total assets.
- (4) Consists of Investment Securities, U.S. Treasury Securities, securities borrowed, commercial real estate debt and preferred equity, corporate debt, reverse repurchase agreements and cash and cash equivalents. Average interest-earning assets reflects the average amortized cost of our investments during the period.
- (5) Investment Securities consist of Agency mortgage-backed securities and Agency debentures.
- (6) Yield on existing investments with twelve or more months of Annaly operating history is based on GAAP net income, excluding depreciation and amortization expense, utilizing trailing twelve month operating results and net economic equity at June 30, 2014. Weighted average year-1 yield on current quarter property acquisitions is 8.97% (net of acquisition fees and closing expenses). Stabilized levered yield on current quarter property acquisitions is estimated to be approximately 13.4%.

Strategy Overview



Unaudited

Portfolio Positioning

- Federal Reserve on track to end QE in October, with lift-off of Federal Funds target rate expected mid-2015
- During the second quarter of 2014, modestly increased leverage, purchased \$11.2 billion of Investment Securities and disposed of \$6.1 billion of Investment Securities resulting in a realized gain of \$5.9 million
- Commercial investments (net of financing) relatively stable and represents 11% of stockholders' equity

Market Opportunities

- Expected levered return on equity of 10% to 13% on purchase of Agency mortgage-backed securities ("Agency MBS") in current market environment
- Pay-ups on specified pools have increased modestly but pricing remains attractive, and high quality specified pools exhibit a superior long-term risk/return tradeoff relative to TBAs in spite of a slight current financing advantage in TBAs
- Expected unlevered return of 3.75% to 5.75% for commercial first mortgages pre-securitization with opportunity to hold subordinated tranches yielding 9.5% to 11.0% post-securitization, and 8% to 10% unlevered return on equity through commercial mezzanine investments
- Expected unlevered stabilized return on commercial real estate property investments of 6% to 8% with opportunity to attractively finance with debt that increases cash-on-cash return to 10% to 13%, not including the potential for asset price appreciation

Liability and Interest Rate Management

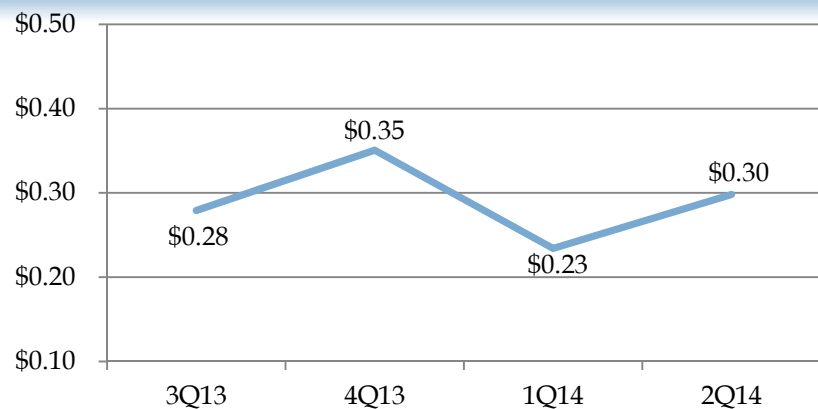
- Selectively add to portfolio as opportunities are presented, taking advantage of the flexibility provided by our current leverage profile (5.3x at 2Q14)
- Selectively utilize derivatives and short TBA contracts to hedge against spikes in volatility, higher interest rates and Agency MBS spread widening



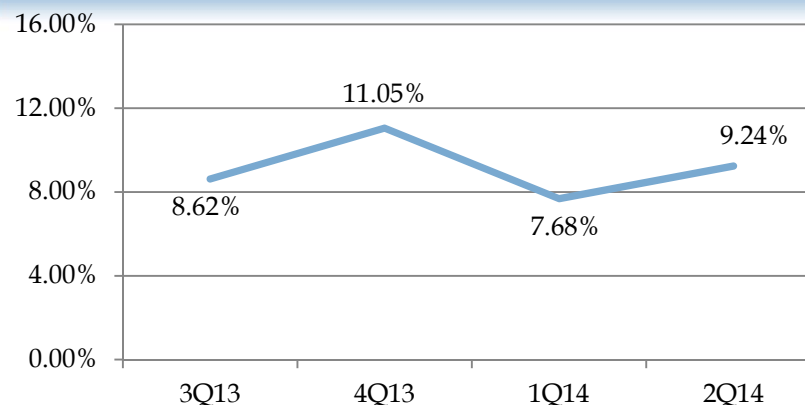
Last Four Quarters Financial Performance

Unaudited

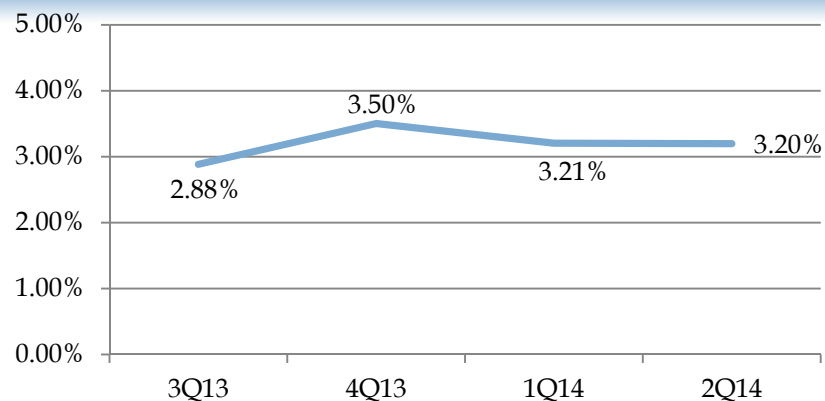
Core EPS



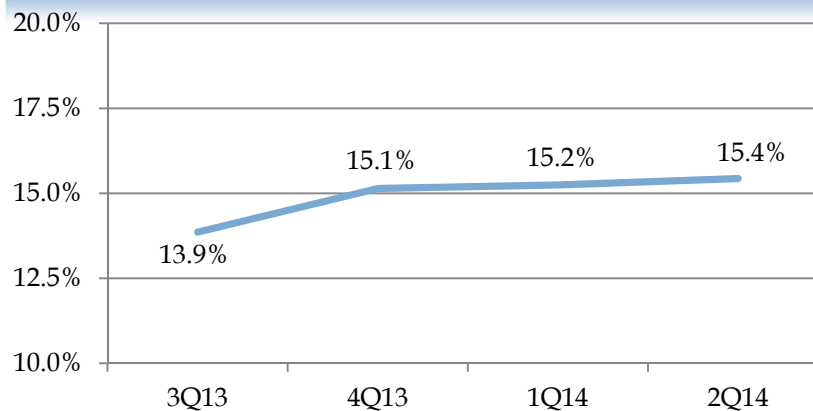
Annualized Core Return on Equity



Annualized Yield on Average Interest-Earning Assets



Capital Ratio





Summary Balance Sheet and Applicable Information

Unaudited, numbers in thousands except per share amounts

	For the quarters ended		
	June 30, 2014	March 31, 2014	June 30, 2013
Investment Securities	\$82,404,064	\$77,758,647	\$95,793,791
Commercial real estate investments	1,660,524	1,680,519	1,005,560
Corporate debt, held for investment	151,344	145,394	61,682
Total Investment Securities and commercial investment portfolio⁽¹⁾	\$84,215,932	\$79,584,560	\$96,861,033
Total assets	\$87,150,945	\$82,414,777	\$102,468,584
Repurchase agreements	\$70,372,218	\$64,543,949	\$81,397,335
Convertible Senior Notes	831,167	827,486	824,229
Securitized debt of consolidated VIE	260,700	260,700	-
Mortgages payable	30,316	19,317	19,361
Participation sold	13,866	13,963	14,324
Total debt	\$71,508,267	\$65,665,415	\$82,255,249
Total liabilities	\$73,702,026	\$69,850,065	\$89,205,280
Cumulative redeemable preferred stock	\$913,059	\$913,059	\$913,059
Common equity ⁽²⁾	12,535,860	11,651,653	12,350,245
Total stockholders' equity	\$13,448,919	\$12,564,712	\$13,263,304
Total debt to total stockholders' equity	5.3x	5.2x	6.2x
Capital ratio	15.4%	15.2%	12.9%
Net capital ratio ⁽³⁾	15.4%	15.4%	13.3%
Common stock book value per share	\$13.23	\$12.30	\$13.03
Total common stock shares outstanding	947,541	947,489	947,483

(1) Consists of commercial real estate debt and preferred equity and corporate debt.

(2) Consists of common stock, additional paid-in capital, accumulated other comprehensive income (loss) and accumulated deficit.

(3) Total stockholders' equity divided by total assets less the net balances of U.S. Treasury securities and U.S. Treasury securities sold, not yet purchased, reverse repurchase agreements and repurchase agreements, and securities borrowed and securities loaned.

Summary Income Statement and Applicable Information



Unaudited, dollars in thousands except per share amounts

	For the quarters ended		
	June 30, 2014	March 31, 2014	June 30, 2013
Total interest income	\$683,962	\$655,901	\$712,936
Total economic interest expense ⁽¹⁾	347,041	385,406	376,982
Economic net interest income ⁽¹⁾	\$336,921	\$270,495	\$335,954
GAAP Net income (loss)	(\$335,512)	(\$203,351)	\$1,638,213
GAAP Net income (loss) available (related) to common shareholders	(353,504)	(221,343)	1,620,221
GAAP Earnings per common share	(\$0.37)	(\$0.23)	\$1.71
Core earnings (loss)	\$300,428	\$239,744	\$294,158
Core earnings (loss) available (related) to common shareholders	282,436	221,752	276,166
Core earnings per common share	\$0.30	\$0.23	\$0.29
Dividends declared per common share	\$0.30	\$0.30	\$0.40
Annualized GAAP return on average equity	(10.32%)	(6.52%)	45.87%
Annualized core return on average equity	9.24%	7.68%	8.24%
Annualized core return on average equity per unit of leverage	1.74%	1.47%	1.33%
Annualized yield on average interest-earning assets	3.20%	3.21%	2.54%
Annualized cost of funds on average interest-bearing liabilities	1.94%	2.31%	1.53%
Annualized interest rate spread	1.26%	0.90%	1.01%
Weighted average three-month constant prepayment rate (CPR)	7%	6%	17%

(1) Includes realized gains (losses) on interest rate swaps.

Components of Economic Net Interest Income



Unaudited, dollars in thousands

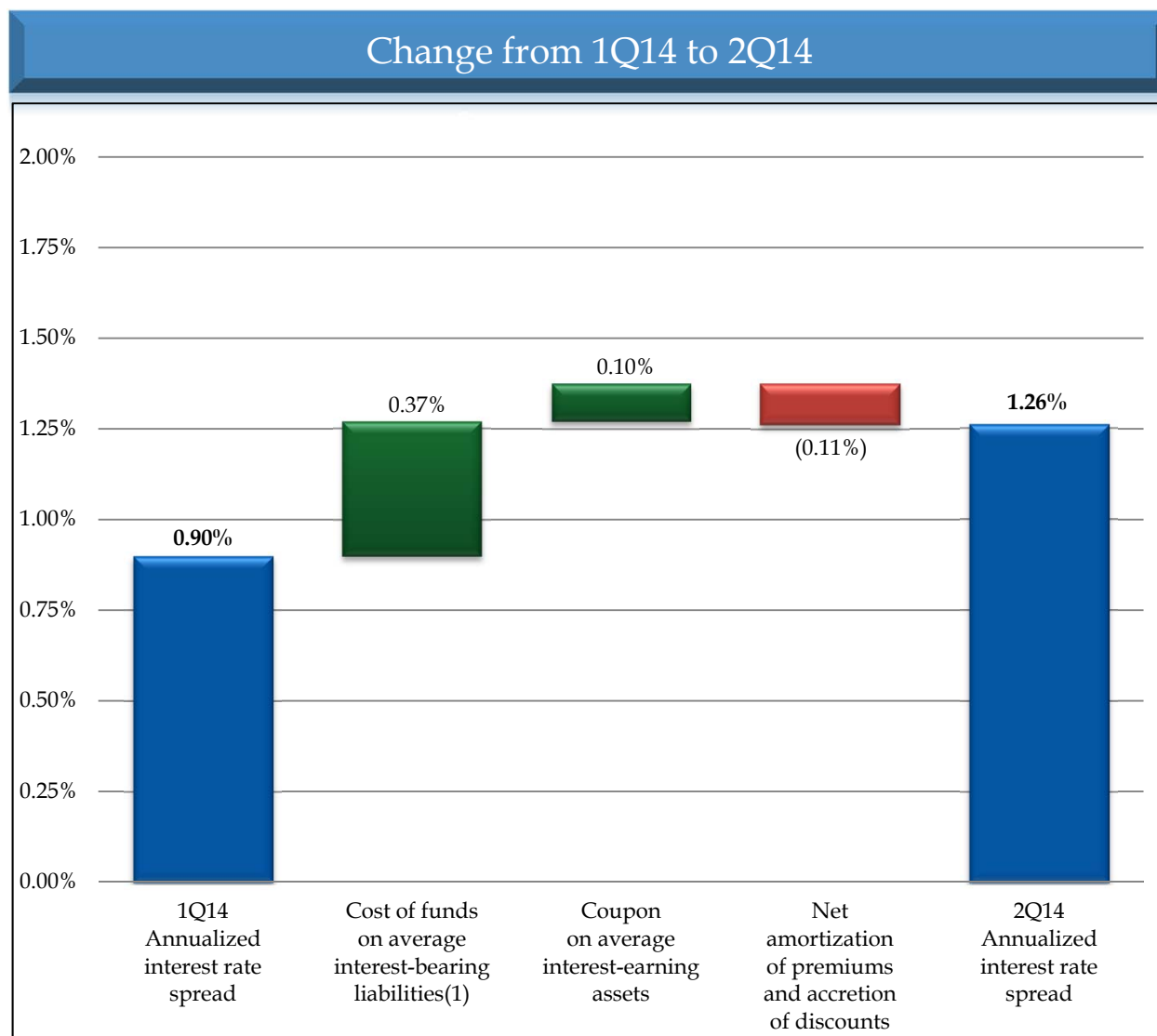
	For the quarters ended		
	June 30, 2014	March 31, 2014	June 30, 2013
Interest income:			
Investment Securities	\$640,287	\$614,419	\$685,148
Commercial investment portfolio	43,325	39,486	15,335
U.S. Treasury securities	-	1,329	7,242
Securities loaned	-	114	2,302
Reverse repurchase agreements	271	500	2,775
Other	79	53	134
<u>Total interest income</u>	<u>\$683,962</u>	<u>\$655,901</u>	<u>\$712,936</u>
Economic interest expense:			
Repurchase agreements	\$103,773	\$103,131	\$141,945
Realized losses on interest rate swaps ⁽¹⁾	220,934	260,435	212,727
Convertible Senior Notes	20,319	18,897	16,364
U.S. Treasury Securities sold, not yet purchased	-	1,076	4,075
Securities borrowed	-	95	1,737
Securitized debt of consolidated VIE	1,853	1,611	-
Participation sold	162	161	134
<u>Total economic interest expense</u>	<u>\$347,041</u>	<u>\$385,406</u>	<u>\$376,982</u>
<u>Economic net interest income</u>	<u>\$336,921</u>	<u>\$270,495</u>	<u>\$335,954</u>

(1) Interest expense related to the Company's interest rate swaps is recorded in Realized gains (losses) on interest rate swaps on the Consolidated Statements of Comprehensive Income (Loss).

Change in Annualized Interest Rate Spread



Unaudited



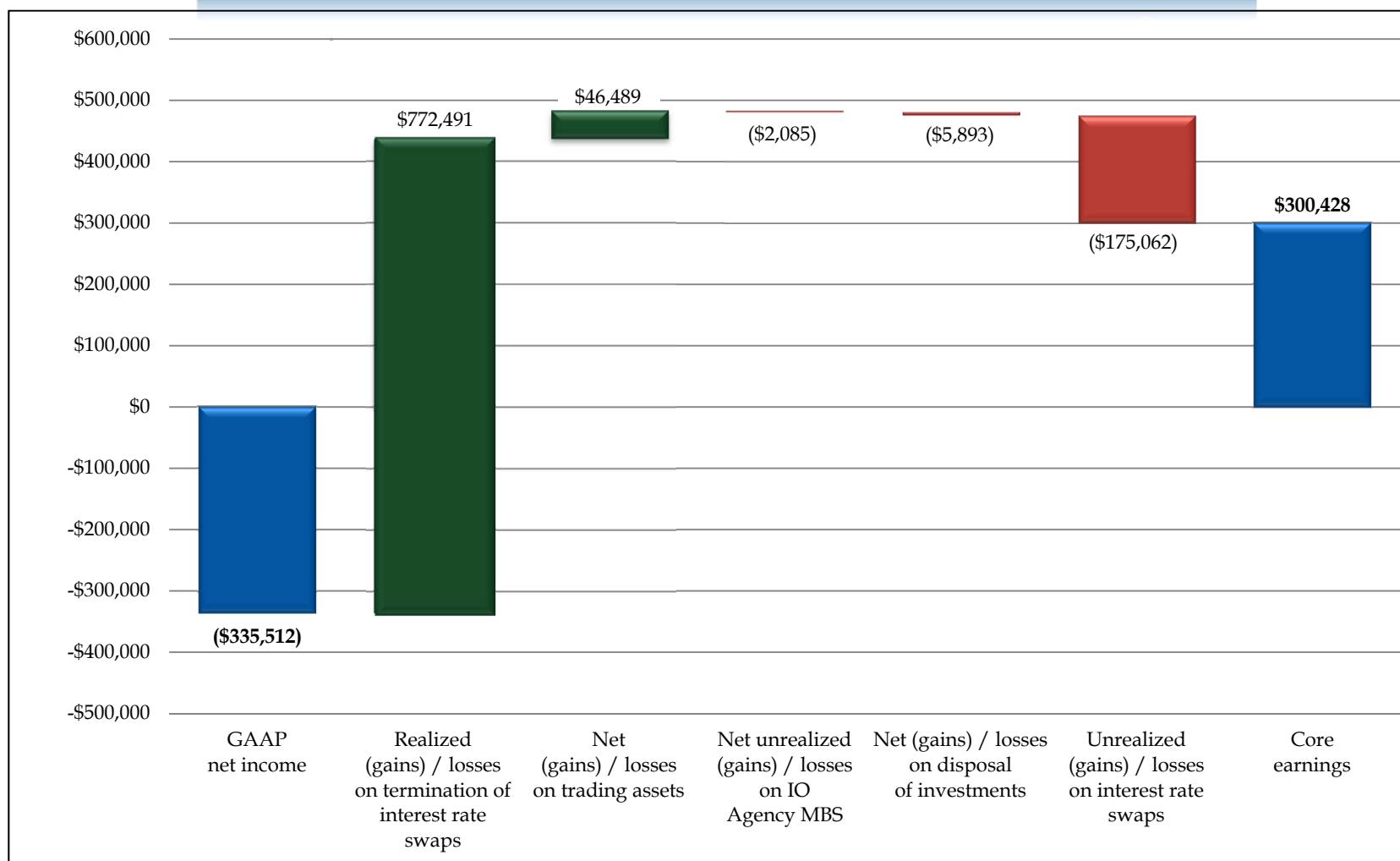
Note: Graph shows relative changes in contribution from 1Q14 to 2Q14. For example, cost of funds on average interest-bearing assets increased annualized interest rate spread by 0.37% more in 2Q14 versus 1Q14.
(1) Includes realized gains (losses) on interest rate swaps.

Reconciliation to Core Earnings



Unaudited, dollars in thousands

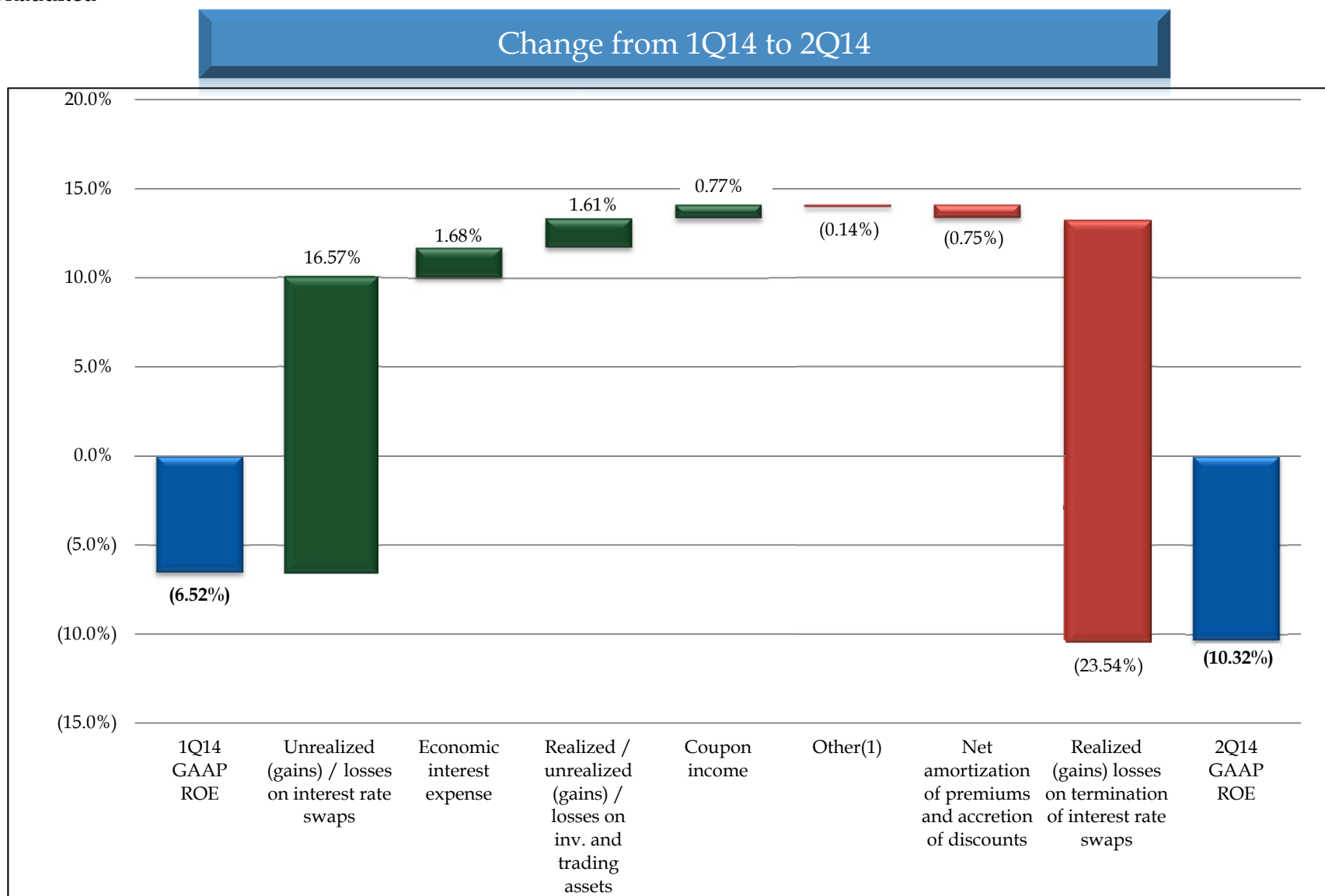
Reconciliation of 2Q14 GAAP Net Income to Core Earnings



Change in Annualized GAAP Return on Average Equity



Unaudited



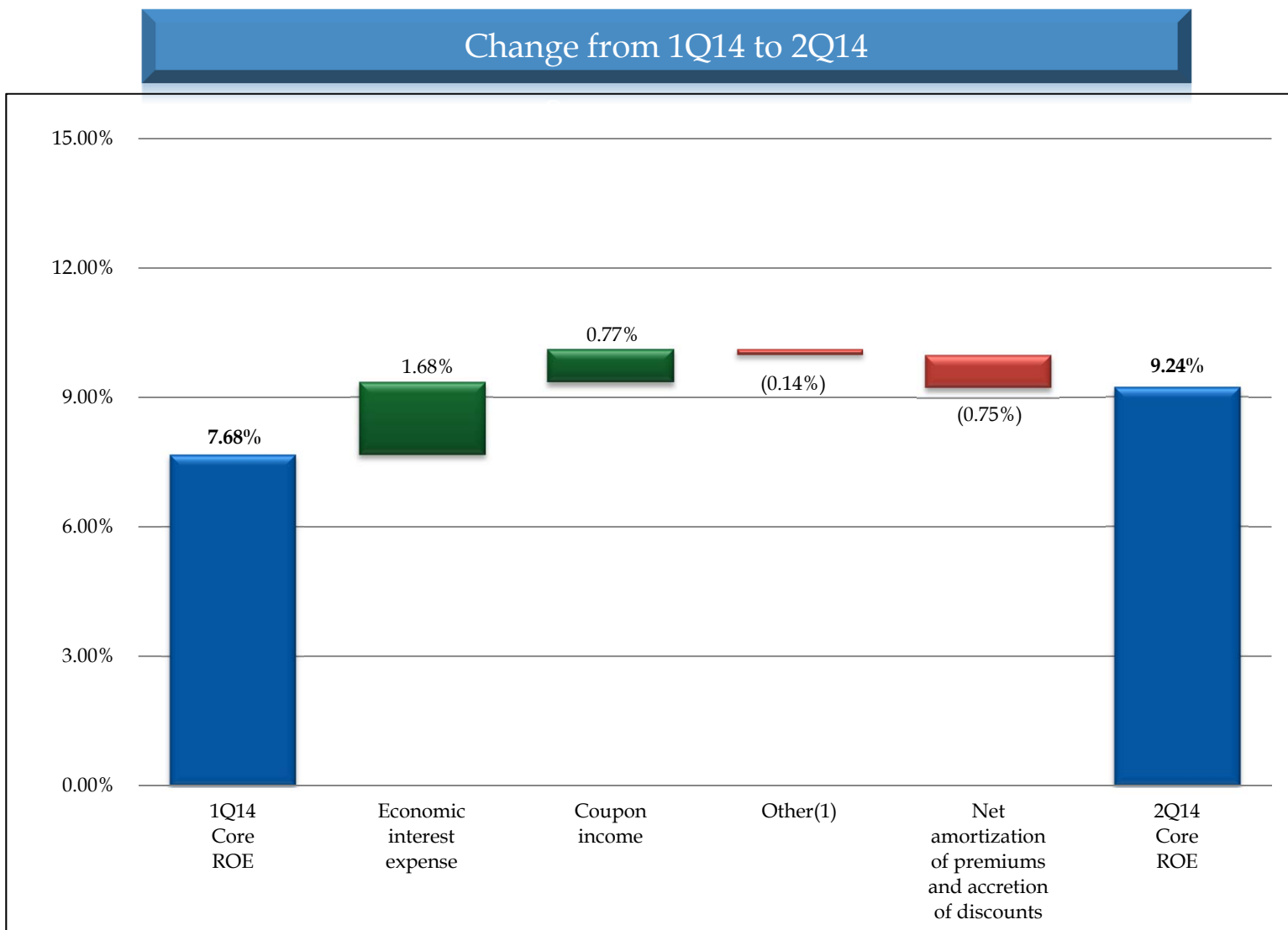
Note: Graph shows relative changes in contribution from 1Q14 to 2Q14. For example, unrealized (gains)/losses on interest rate swaps increased annualized ROE by 16.57% more in 2Q14 versus 1Q14.

(1) Other includes investment advisory income, dividend income from affiliates, other income (loss), general and administrative expenses, and income taxes.

Change in Annualized Core Return on Average Equity



Unaudited



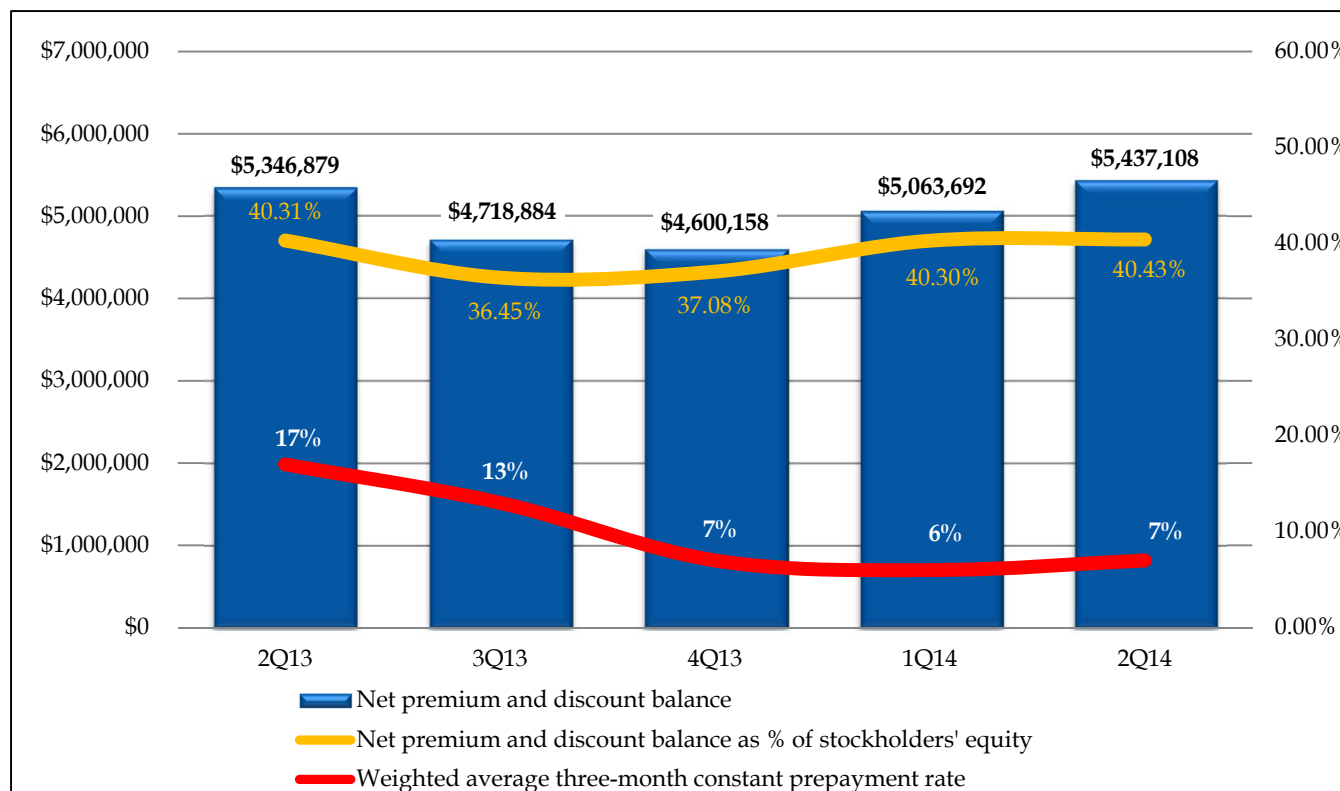
Note: Graph shows relative changes in contribution from 1Q14 to 2Q14. For example, economic interest expense increased annualized core ROE by 1.68% more in 2Q14 versus 1Q14.

(1) Other includes investment advisory income, dividend income from affiliates, other income (loss), general and administrative expenses, and income taxes.

Agency MBS and Debentures Portfolio Net Premium and Discount Balance and Constant Prepayment Rate



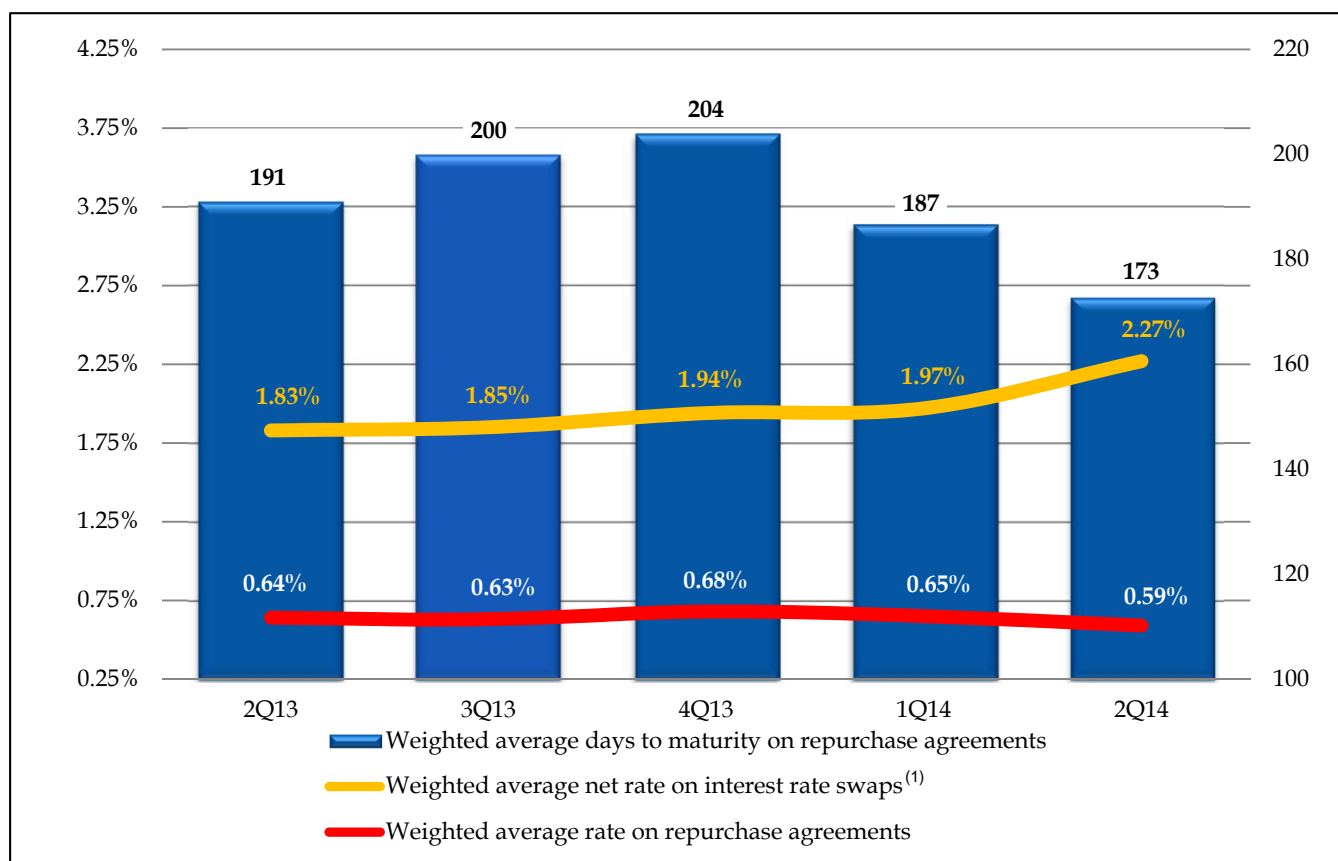
Unaudited, dollars in thousands



Interest Rate and Liability Management



Unaudited



(1) Excludes forward starting swaps.

Note: Interest rates do not take into consideration outstanding Convertible Senior Notes, securitized debt of consolidated VIE, loan participation or mortgages payable.

Hedges and Liabilities as of June 30, 2014



Unaudited, dollars in thousands

Interest Rate Swaps				
Maturity	Current Notional ⁽¹⁾	Weighted Avg. Pay Rate ⁽²⁾⁽³⁾	Weighted Avg. Receive Rate ⁽²⁾	Weighted Avg. Years to Maturity ⁽²⁾
0 to <3 years	\$702,539	2.23%	0.16%	2.97
>=3 to <6 years	6,338,000	1.66%	0.19%	4.53
>= 6 to <10 years	18,488,800	2.52%	0.22%	8.01
Greater than 10 years	5,301,800	3.58%	0.19%	20.03
Total / Weighted Avg.	\$30,831,139	2.48%	0.21%	8.87

Interest Rate Swaptions					
Type	Current Underlying Notional	Weighted-Avg. Underlying Pay Rate	Weighted-Avg. Underlying Receive Rate	Weighted Avg. Underlying Years to Maturity	Weighted Avg. Months to Expiration
Long	\$2,600,000	3.16%	3M LIBOR	9.76	3.86
Short	-	-	-	-	-

Repurchase Agreements		
Maturity	Principal Balance	Weighted Avg. Rate
Within 30 days	\$19,443,213	0.37%
30 to 59 days	21,751,921	0.31%
60 to 89 days	2,931,207	0.39%
90 to 119 days	2,698,579	0.45%
Over 120 days ⁽⁴⁾	23,547,298	1.07%
Total / Weighted Avg.	\$70,372,218	0.59%

(1) Notional amount includes \$1.3 billion in forward starting pay fixed swaps.

(2) Excludes forward starting swaps.

(3) Weighted average fixed rate on forward starting pay fixed swaps was 3.10%.

(4) Of the total repurchase agreements, approximately 13% have a remaining maturity over one year.

Agency MBS and Debentures Overview as of June 30, 2014



Unaudited, dollars in thousands

Agency Fixed-Rate Securities								
Weighted Avg. Years to Maturity	Current Face Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-Month CPR	Estimated Fair Value
<=15 years	\$6,441,260	9.2%	3.26%	103.7%	104.7%	2.7%	5.8%	\$6,746,263
20 years	6,856,431	9.8%	3.67%	105.3%	105.4%	0.1%	5.5%	7,224,392
>=30 years	56,359,608	80.7%	3.91%	106.2%	105.1%	2.8%	6.4%	59,247,369
Callables	173,245	0.3%	3.10%	99.5%	91.8%	0.0%	0.0%	159,045
Total/Weighted Avg. ⁽¹⁾	\$69,830,544	100.0%	3.83%	105.9%	105.1%	2.5%	6.2%	\$73,377,069

Agency Adjustable-Rate Securities								
Weighted Avg. Months to Reset	Current Face Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-Month CPR	Estimated Fair Value
0 - 24 months	\$1,596,030	40.3%	2.60%	100.0%	106.6%	98.7%	12.0%	\$1,700,136
25 - 40 months	303,495	7.7%	5.16%	99.7%	106.6%	59.6%	29.3%	323,131
41 - 60 months	30,318	0.8%	5.35%	100.5%	105.8%	100.0%	25.9%	32,061
61 - 90 months	353,297	8.9%	3.77%	102.9%	105.5%	0.0%	13.4%	372,558
>90 months	423,837	10.7%	3.28%	102.1%	103.4%	0.0%	15.4%	437,988
Step-Ups	1,250,000	31.6%	2.52%	99.9%	95.2%	0.0%	0.0%	1,189,682
Total/Weighted Avg. ⁽¹⁾	\$3,956,977	100.0%	2.97%	100.4%	102.5%	66.0%	14.8%	\$4,055,556

(1) Weighted averages for percentages subject to HARP and three-month CPR exclude Callables and Step-up securities.

Agency MBS and Debentures Overview as of June 30, 2014 (cont'd)



Unaudited, dollars in thousands

Agency Fixed-Rate and Floating-Rate Collateralized Mortgage-Backed Obligations								
Type	Current Face Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-Month CPR	Estimated Fair Value
Fixed-Rate	\$3,696,907	100.0%	3.20%	102.7%	100.2%	3.2%	8.4%	\$3,705,742
Floating-Rate	-	-	-	-	-	-	-	-
Total/Weighted Avg.	\$3,696,907	100.0%	3.20%	102.7%	100.2%	3.2%	8.4%	\$3,705,742

Agency Interest-Only Collateralized Mortgage-Backed Obligations								
Type	Current Notional Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-Month CPR	Estimated Fair Value
Interest-Only	\$6,184,947	77.2%	3.31%	12.9%	13.9%	2.8%	8.1%	\$856,722
Inverse Interest-Only	1,827,194	22.8%	6.09%	22.3%	22.4%	0.0%	8.8%	408,975
Total/Weighted Avg.	\$8,012,141	100.0%	3.94%	15.1%	15.8%	2.2%	8.3%	\$1,265,697

Quarter-Over-Quarter Interest Rate and MBS Spread Sensitivity



Unaudited

Assumptions:

- The interest rate sensitivity and spread sensitivity are based on the portfolios as of June 30, 2014 and March 31, 2014
- The interest rate sensitivities reflect instantaneous parallel shifts in rates
- The 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

Interest Rate Change (bps)	As of June 30, 2014		As of March 31, 2014	
	Projected Percentage Change in Portfolio Value, with Effect of Interest Rate Swaps ⁽¹⁾	Estimated Change as a % of NAV ⁽¹⁾⁽²⁾	Projected Percentage Change in Portfolio Value, with Effect of Interest Rate Swaps ⁽¹⁾	Estimated Change as a % of NAV ⁽¹⁾⁽²⁾
(75)	0.7%	4.5%	0.4%	2.4%
(50)	0.6%	3.9%	0.4%	2.4%
(25)	0.4%	2.6%	0.2%	1.6%
25	(0.5%)	(3.5%)	(0.3%)	(2.2%)
50	(1.2%)	(7.5%)	(0.7%)	(4.7%)
75	(1.8%)	(11.9%)	(1.1%)	(7.5%)

MBS Spread Sensitivity

MBS Spread Shock (bps)	As of June 30, 2014		As of March 31, 2014	
	Estimated Change in Portfolio Market Value	Estimated Change as a % of NAV ⁽¹⁾⁽²⁾	Estimated Change in Portfolio Market Value	Estimated Change as a % of NAV ⁽¹⁾⁽²⁾
(25)	1.4%	8.8%	1.3%	9.0%
(15)	0.8%	5.3%	0.8%	5.4%
(5)	0.3%	1.7%	0.3%	1.8%
5	(0.3%)	(1.7%)	(0.3%)	(1.8%)
15	(0.8%)	(5.2%)	(0.8%)	(5.3%)
25	(1.3%)	(8.6%)	(1.3%)	(8.8%)

(1) Scenarios include Investment Securities and derivative instruments.

(2) NAV represents book value of equity.



Commercial Real Estate Overview as of June 30, 2014

Unaudited, dollars in thousands

Debt Investments	Number of Loans	Book Values ⁽¹⁾	% of Portfolio	Yield ⁽²⁾	Weighted Avg LTV ^{(2) (3)}	Weighted Avg Maturity (years) ^{(2) (4)}
Financeable Debt Investments	3	\$103,492	7%	4.16%	66%	4.53
Securitized Investments	10	399,541	25%	5.62%	73%	3.55
Balance Sheet Debt Investments:						
Senior Debt Investments	3	\$260,672	16%	9.42%	70%	1.07
B Note Debt Investments	1	15,932	1%	4.98%	63%	0.53
Mezzanine Loan Investments	33	562,705	35%	11.10%	74%	4.16
Preferred Equity Investments	5	249,200	16%	11.03%	92%	6.08
Balance Sheet Debt Investment Subtotal:	42	\$1,088,509	68%	10.59%	77%	3.81
Total Debt Investments	55	\$1,591,542	100%	8.93%	75%	3.79

Equity Investments	Number of Properties	Book Value	% of Portfolio	Yield ⁽⁵⁾
Real Estate Held for Investment ⁽⁶⁾	5	\$74,355	100%	9.23%
Total Equity Investments	5	\$74,355	100%	9.23%

(1) Book values exclude net origination fees.

(2) Total weighted based on book value.

(3) Based on most recent third party appraisal, which may be prior to loan origination/purchase date, and on an "as is" basis at the time of underwriting.

(4) Maturity dates assume all of the borrowers' extension options are exercised.

(5) Total weighted based on net equity investment value.

(6) Yield on existing investments with twelve or more months of Annaly operating history is based on GAAP net income, excluding depreciation and amortization expense, utilizing trailing twelve month operating results and net economic equity at June 30, 2014. Weighted average year-1 yield on current quarter property acquisitions is 8.97% (net of acquisition fees and closing expenses). Stabilized levered yield on current quarter property acquisitions is estimated to be approximately 13.4%.

Last Five Quarters Summary Data



Unaudited, dollars in thousands

	For the quarters ended				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
<i>Portfolio-Related Data:</i>					
Investment Securities	\$82,404,064	\$77,758,647	\$73,358,834	\$83,031,687	\$95,793,791
Commercial real estate investments	\$1,660,524	\$1,680,519	\$1,644,101	\$1,287,606	\$1,005,560
Corporate debt	\$151,344	\$145,394	\$117,687	\$75,988	\$61,682
Total Investment Securities and commercial investment portfolio	\$84,215,932	\$79,584,560	\$75,120,622	\$84,395,281	\$96,861,033
Total assets	\$87,150,945	\$82,414,777	\$81,922,460	\$93,433,157	\$102,468,584
Agency mortgage-backed securities and debentures:					
% Fixed-rate	95%	93%	91%	91%	92%
% Adjustable-rate	5%	7%	9%	9%	8%
Weighted-average three-month constant prepayment rate (CPR)	7%	6%	7%	13%	17%
Net premium and discount balance in Agency MBS and debentures portfolio	\$5,437,108	\$5,063,692	\$4,600,158	\$4,718,884	\$5,346,879
Net premium and discount balance as % of stockholder's equity	40.43%	40.30%	37.08%	36.45%	40.31%



Last Five Quarters Summary Data (cont'd)

Unaudited, dollars in thousands except per share amounts

	For the quarters ended				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
<u>Liabilities, Capital and Hedging Data:</u>					
Repurchase agreements	\$70,372,218	\$64,543,949	\$61,781,001	\$69,211,309	\$81,397,335
Convertible Senior Notes	\$831,167	\$827,486	\$825,262	\$824,512	\$824,229
Securitized debt of consolidated VIE	\$260,700	\$260,700	-	-	-
Mortgages payable	\$30,316	\$19,317	\$19,332	\$19,346	\$19,361
Participation sold	\$13,866	\$13,963	\$14,065	\$14,164	\$14,324
Total debt	\$71,508,267	\$65,665,415	\$62,639,660	\$70,069,331	\$82,255,249
Total liabilities	\$73,702,026	\$69,850,065	\$69,517,405	\$80,487,433	\$89,205,280
Cumulative redeemable preferred stock	\$913,059	\$913,059	\$913,059	\$913,059	\$913,059
Common equity	\$12,535,860	\$11,651,653	\$11,491,996	\$12,032,665	\$12,350,245
Total stockholders' equity	\$13,448,919	\$12,564,712	\$12,405,055	\$12,945,724	\$13,263,304
Weighted average days to maturity of repurchase agreements	173	187	204	200	191
Weighted average rate on repurchase agreements	0.59%	0.65%	0.68%	0.63%	0.64%
Total debt to total stockholders' equity	5.3x	5.2x	5.0x	5.4x	6.2x
Capital ratio	15.4%	15.2%	15.1%	13.9%	12.9%
Net capital ratio	15.4%	15.4%	15.9%	14.8%	13.3%
Common stock book value per share	\$13.23	\$12.30	\$12.13	\$12.70	\$13.03
Total common stock shares outstanding	947,541	947,489	947,433	947,305	947,483
Interest rate swaps:					
Notional amount of interest rate swaps ⁽¹⁾ and swaptions as a % of repurchase agreements	48%	94%	92%	85%	63%
Weighted average pay rate on interest rate swaps ⁽²⁾⁽³⁾	2.48%	2.16%	2.14%	2.06%	2.05%
Weighted average receive rate on interest rate swaps ⁽²⁾⁽⁴⁾	0.21%	0.19%	0.20%	0.21%	0.22%
Weighted average net rate on interest rate swaps	2.27%	1.97%	1.94%	1.85%	1.83%

(1) Notional amount includes \$1.3 billion in forward starting pay fixed swaps as of June 30, 2014 and \$3.1 billion in forward starting pay fixed swaps, offset by \$1.4 billion in forward starting receive fixed swaps, as of March 31, 2014.

(2) Excludes forward starting swaps.

(3) Weighted average fixed rate on forward starting pay fixed swaps was 3.10% and 3.00% as of June 30, 2014 and March 31, 2014, respectively.

(4) Weighted average fixed rate on forward starting receive fixed swaps was 1.18% as of March 31, 2014.



Last Five Quarters Summary Data (cont'd)

Unaudited, dollars in thousands except per share amounts

	For the quarters ended				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
<i>Performance-Related Data:</i>					
Total interest income	\$683,962	\$655,901	\$771,249	\$697,160	\$712,936
Total economic interest expense	\$347,041	\$385,406	\$379,575	\$373,385	\$376,982
Economic net interest income	\$336,921	\$270,495	\$391,674	\$323,775	\$335,954
GAAP Net income (loss)	(\$335,512)	(\$203,351)	\$1,028,749	\$192,458	\$1,638,213
GAAP Net income (loss) available (related) to common shareholders	(\$353,504)	(\$221,343)	\$1,010,757	\$174,466	\$1,620,221
GAAP Earnings per common share	(\$0.37)	(\$0.23)	\$1.07	\$0.18	\$1.71
Core earnings	\$300,428	\$239,744	\$350,106	\$282,292	\$294,158
Core earnings available to common shareholders	\$282,436	\$221,752	\$332,114	\$264,300	\$276,166
Core earnings per common share	\$0.30	\$0.23	\$0.35	\$0.28	\$0.29
Dividends declared per common share	\$0.30	\$0.30	\$0.30	\$0.35	\$0.40
Total common and preferred dividends declared	\$302,253	\$302,239	\$302,222	\$349,549	\$396,888
Annualized GAAP return on average equity	(10.32%)	(6.52%)	32.46%	5.87%	45.87%
Annualized core return on average equity	9.24%	7.68%	11.05%	8.62%	8.24%
Annualized core return on average equity per unit of leverage	1.74%	1.47%	2.19%	1.59%	1.33%
Annualized interest rate spread during the quarter:					
Annualized yield on average interest-earning assets	3.20%	3.21%	3.50%	2.88%	2.54%
Annualized cost of funds on average interest-bearing liabilities	1.94%	2.31%	2.07%	1.81%	1.53%
Annualized interest rate spread	1.26%	0.90%	1.43%	1.07%	1.01%