UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: July 30, 2024

Two Harbors Investment Corp.
(Exact name of registrant as specified in its charter)

Maryland	**001-34506**	**27-0312904**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
1601 Utica Avenue South, Suite 900	**St. Louis Park, MN**	**55416**
(Address of Principal Executive Offices)		(Zip Code)

(612) 453-4100
Registrant's telephone number, including area code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol(s)	Name of Exchange on Which Registered:
Common Stock, par value $0.01 per share	TWO	New York Stock Exchange
8.125% Series A Cumulative Redeemable Preferred Stock	TWO PRA	New York Stock Exchange
7.625% Series B Cumulative Redeemable Preferred Stock	TWO PRB	New York Stock Exchange
7.25% Series C Cumulative Redeemable Preferred Stock	TWO PRC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Item 2.02 Results of Operations and Financial Condition.

On July 30, 2024, Two Harbors Investment Corp. issued a press release announcing its financial results for the fiscal quarter ended June 30, 2024. A copy of the press release and the 2024 Second Quarter Earnings Call Presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

The information in Item 2.02 of this Current Report, including Exhibits 99.1 and 99.2 attached hereto, is furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be "filed" for any other purpose, including for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 2.02 of this Current Report, including Exhibits 99.1 and 99.2, shall not be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings (unless the registrant specifically states that the information or exhibit in this Item 2.02 is incorporated by reference).

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Two Harbors Investment Corp., dated July 30, 2024.
99.2	2024 Second Quarter Earnings Call Presentation.
104	Cover Page Interactive Data File, formatted in Inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TWO HARBORS INVESTMENT CORP.

By: /s/ REBECCA B. SANDBERG
Rebecca B. Sandberg
General Counsel and Secretary

Date: July 30, 2024

Two Harbors Investment Corp. Reports Second Quarter 2024 Financial Results

Delivered Stable Results Amidst Heightened Volatility

NEW YORK, July 30, 2024 - Two Harbors Investment Corp. (NYSE: TWO), an MSR + Agency RMBS real estate investment trust (REIT), today announced its financial results for the quarter ended June 30, 2024.

Quarterly Summary

- Reported book value of $15.19 per common share, and declared a second quarter common stock dividend of $0.45 per share, representing a flat quarterly economic return on book value. For the first six months of 2024, generated a 5.8% total economic return on book value.[(1)]
- Generated Comprehensive Income of $0.5 million, or $0.00 per weighted average basic common share.
- Repurchased $10.0 million principal amount of convertible senior notes due 2026.
- Launched direct-to-consumer recapture originations platform.
- Actively managed MSR portfolio through an opportunistic commitment to sell $6.4 billion unpaid principal balance (UPB).
- Settled $327.8 million UPB of MSR through flow-sale acquisitions.
- Post quarter-end, settled an MSR bulk acquisition of $1.6 billion UPB and committed to purchase an additional $1.0 billion UPB through a bulk acquisition.
- Post quarter-end, increased at-the-market common stock offering program by 11.2 million shares, bringing total authorization to 15.0 million shares of common stock.

"This quarter again demonstrates the benefits of our unique portfolio construction of MSR paired with Agency RMBS," stated Bill Greenberg, Two Harbors' President and CEO. "We have strategically allocated more than 60% of our capital to MSR, which in this environment carries low duration and low spread volatility. At our operating mortgage company, RoundPoint, we completed the transfer of all our servicing, and RoundPoint now services over 900,000 loans. We also successfully launched our direct-to-consumer recapture originations platform, and we intend to begin offering a suite of ancillary and home equity products to our customers, including second lien loans, in the third quarter."

"MSR performed well in the second quarter, with valuations being bolstered by the current dynamics of lower supply and high demand. Given the strong bids in the market, we saw some of the largest MSR buyers of the past several years turn into sellers, and we actively managed our MSR portfolio by being both a seller and a buyer of servicing in the quarter," stated Nick Letica, Two Harbors' Chief Investment Officer. "Nominal spreads for Agency RMBS are still wide on a historical basis, and possess tightening potential in a lower volatility environment, which we expect will be associated with the beginning of a Fed cutting cycle."

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(1) Economic return on book value is defined as the increase (decrease) in book value per common share from the beginning to the end of the given period, plus dividends declared in the period, divided by book value as of the beginning of the period.

Operating Performance

The following table summarizes the company's GAAP and non-GAAP earnings measurements and key metrics for the second quarter of 2024 and first quarter of 2024:

Two Harbors Investment Corp. Operating Performance (unaudited) (dollars in thousands, except per common share data)						
	Three Months Ended June 30, 2024			Three Months Ended March 31, 2024		
Earnings attributable to common stockholders	**Earnings**	**Per weighted average basic common share**	**Annualized return on average common equity**	**Earnings**	**Per weighted average basic common share**	**Annualized return on average common equity**
Comprehensive Income	$ 479	$ —	0.1 %	$ 89,370	$ 0.85	22.4 %
GAAP Net Income	$ 44,552	$ 0.43	11.1 %	$ 192,448	$ 1.85	48.2 %
Earnings Available for Distribution[(1)]	$ 17,516	$ 0.17	4.4 %	$ 4,725	$ 0.05	1.2 %
Operating Metrics						
Dividend per common share	$ 0.45			$ 0.45		
Annualized dividend yield[(2)]	13.6 %			13.6 %		
Book value per common share at period end	$ 15.19			$ 15.64		
Economic return on book value[(3)]	— %			5.8 %		
Operating expenses, excluding non-cash LTIP amortization and certain operating expenses[(4)]	$ 37,924			$ 40,300		
Operating expenses, excluding non-cash LTIP amortization and certain operating expenses, as a percentage of average equity[(4)]	6.8 %			7.2 %		

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(1) Earnings Available for Distribution, or EAD, is a non-GAAP measure. Please see page 11 for a definition of EAD and a reconciliation of GAAP to non-GAAP financial information.

(2) Dividend yield is calculated based on annualizing the dividends declared in the given period, divided by the closing share price as of the end of the period.

(3) Economic return on book value is defined as the increase (decrease) in book value per common share from the beginning to the end of the given period, plus dividends declared in the period, divided by the book value as of the beginning of the period.

(4) Excludes non-cash equity compensation expense of $1.6 million for the second quarter of 2024 and $6.1 million for the first quarter of 2024 and certain operating credits of $0.6 million for the second quarter of 2024 and expenses of $1.2 million for the first quarter of 2024. Certain operating expenses predominantly consists of expenses incurred in connection with the company's ongoing litigation with PRCM Advisers LLC. It also includes certain transaction expenses incurred/reversed in connection with the company's acquisition of RoundPoint Mortgage Servicing LLC.

Portfolio Summary

As of June 30, 2024, the company's portfolio was comprised of $11.1 billion of Agency RMBS, MSR and other investment securities as well as their associated notional debt hedges. Additionally, the company held $4.9 billion bond equivalent value of net long to-be-announced securities (TBAs).

The following tables summarize the company's investment portfolio as of June 30, 2024 and March 31, 2024:

Two Harbors Investment Corp. Portfolio
(dollars in thousands)

Portfolio Composition	As of June 30, 2024			As of March 31, 2024		
	(unaudited)			(unaudited)		
Agency RMBS	$	8,035,395	72.4 %	$	8,188,432	72.6 %
Mortgage servicing rights[1]		3,065,415	27.6 %		3,084,879	27.4 %
Other		3,942	— %		3,953	— %
Aggregate Portfolio		11,104,752			11,277,264	
Net TBA position[2]		4,940,593			3,433,417	
Total Portfolio	$	16,045,345		$	14,710,681	

(1) Based on the prior month-end's principal balance of the loans underlying the company's MSR, increased for current month purchases.
(2) Represents bond equivalent value of TBA position. Bond equivalent value is defined as notional amount multiplied by market price. Accounted for as derivative instruments in accordance with GAAP.

Portfolio Metrics Specific to Agency RMBS	As of June 30, 2024		As of March 31, 2024	
	(unaudited)		(unaudited)	
Weighted average cost basis[1]	$	101.28	$	100.70
Weighted average experienced three-month CPR		7.3 %		4.8 %
Gross weighted average coupon rate		5.8 %		5.6 %
Weighted average loan age (months)		31		30

(1) Weighted average cost basis includes Agency principal and interest RMBS only and utilizes carrying value for weighting purposes.

Portfolio Metrics Specific to MSR[1]	As of June 30, 2024		As of March 31, 2024	
(dollars in thousands)	(unaudited)		(unaudited)	
Unpaid principal balance	$	209,389,409	$	213,596,880
Gross coupon rate		3.5 %		3.5 %
Current loan size	$	333	$	335
Original FICO[2]		759		759
Original LTV		71 %		72 %
60+ day delinquencies		0.7 %		0.7 %
Net servicing fee		25.3 basis points		25.3 basis points
	Three Months Ended June 30, 2024		**Three Months Ended March 31, 2024**	
	(unaudited)		(unaudited)	
Fair value (losses) gains	$	(22,857)	$	11,012
Servicing income	$	169,882	$	160,928
Servicing costs	$	5,214	$	6,904
Change in servicing reserves	$	(739)	$	215

(1) Metrics exclude residential mortgage loans in securitization trusts for which the company is the named servicing administrator. Portfolio metrics, other than UPB, represent averages weighted by UPB.
(2) FICO represents a mortgage industry accepted credit score of a borrower.

Other Investments and Risk Management Metrics	As of June 30, 2024	As of March 31, 2024
(dollars in thousands)	(unaudited)	(unaudited)
Net long TBA notional[1]	$ 4,983,000	$ 3,450,000
Futures notional	$ (6,308,900)	$ (5,638,800)
Interest rate swaps notional	$ 11,739,471	$ 9,822,112

(1) Accounted for as derivative instruments in accordance with GAAP.

Financing Summary

The following tables summarize the company's financing metrics and outstanding repurchase agreements, revolving credit facilities, term notes and convertible senior notes as of June 30, 2024 and March 31, 2024:

June 30, 2024	Balance	Weighted Average Borrowing Rate	Weighted Average Months to Maturity	Number of Distinct Counterparties
(dollars in thousands, unaudited)				
Repurchase agreements collateralized by securities	$ 7,834,910	5.48 %	2.78	18
Repurchase agreements collateralized by MSR	600,000	8.49 %	22.72	1
Total repurchase agreements	8,434,910	5.69 %	4.20	19
Revolving credit facilities collateralized by MSR and related servicing advance obligations	1,279,271	8.45 %	20.25	4
Term notes payable collateralized by MSR	—	— %	—	n/a
Unsecured convertible senior notes	259,412	6.25 %	18.54	n/a
Total borrowings	$ 9,973,593			

March 31, 2024	Balance	Weighted Average Borrowing Rate	Weighted Average Months to Maturity	Number of Distinct Counterparties
(dollars in thousands, unaudited)				
Repurchase agreements collateralized by securities	$ 8,102,661	5.52 %	2.91	18
Repurchase agreements collateralized by MSR	258,977	6.92 %	5.28	3
Total repurchase agreements	8,361,638	5.61 %	2.98	19
Revolving credit facilities collateralized by MSR and related servicing advance obligations	1,357,671	8.56 %	15.32	4
Term notes payable collateralized by MSR	295,520	8.24 %	2.83	n/a
Unsecured convertible senior notes	268,953	6.25 %	21.53	n/a
Total borrowings	$ 10,283,782			

Borrowings by Collateral Type	As of June 30, 2024	As of March 31, 2024
(dollars in thousands)	(unaudited)	(unaudited)
Agency RMBS	$ 7,834,693	$ 8,102,444
Mortgage servicing rights and related servicing advance obligations	1,879,271	1,912,168
Other - secured	217	217
Other - unsecured[(1)]	259,412	268,953
Total	9,973,593	10,283,782
TBA cost basis	4,950,762	3,421,932
Net payable (receivable) for unsettled RMBS	—	(213,264)
Total, including TBAs and net payable (receivable) for unsettled RMBS	$ 14,924,355	$ 13,492,450
Debt-to-equity ratio at period-end[(2)]	4.5 :1.0	4.6 :1.0
Economic debt-to-equity ratio at period-end[(3)]	6.8 :1.0	6.0 :1.0

Cost of Financing by Collateral Type[(4)]	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024
	(unaudited)	(unaudited)
Agency RMBS	5.54 %	5.63 %
Mortgage servicing rights and related servicing advance obligations[(5)]	8.99 %	9.08 %
Other - secured	5.53 %	6.99 %
Other - unsecured[(1)(5)]	6.89 %	6.87 %
Annualized cost of financing	6.23 %	6.30 %
Interest rate swaps[(6)]	(0.61) %	(0.56) %
U.S. Treasury futures[(7)]	(0.29) %	(0.30) %
TBAs[(8)]	3.44 %	3.57 %
Annualized cost of financing, including swaps, U.S. Treasury futures and TBAs	4.76 %	5.02 %

(1) Unsecured convertible senior notes.
(2) Defined as total borrowings to fund Agency and non-Agency investment securities and MSR, divided by total equity.
(3) Defined as total borrowings to fund Agency and non-Agency investment securities and MSR, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.
(4) Excludes any repurchase agreements collateralized by U.S. Treasuries.
(5) Includes amortization of debt issuance costs.
(6) The cost of financing on interest rate swaps held to mitigate interest rate risk associated with the company's outstanding borrowings includes interest spread income/expense and amortization of upfront payments made or received upon entering into interest rate swap agreements and is calculated using average borrowings balance as the denominator.
(7) The cost of financing on U.S. Treasury futures held to mitigate interest rate risk associated with the company's outstanding borrowings is calculated using average borrowings balance as the denominator. U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.
(8) The implied financing benefit/cost of dollar roll income on TBAs is calculated using the average cost basis of TBAs as the denominator. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements. TBAs are accounted for as derivative instruments in accordance with GAAP.

Conference Call

Two Harbors Investment Corp. will host a conference call on July 31, 2024 at 9:00 a.m. ET to discuss its second quarter 2024 financial results and related information. To participate in the teleconference, please call toll-free (888) 394-8218 approximately 10 minutes prior to the above start time and provide the Conference Code 1669717. The conference call will also be webcast live and accessible online in the News & Events section of the company's website at www.twoharborsinvestment.com. For those unable to attend, a replay of the webcast will be available on the company's website approximately four hours after the live call ends.

Two Harbors Investment Corp.

Two Harbors Investment Corp., a Maryland corporation, is a real estate investment trust that invests in mortgage servicing rights, residential mortgage-backed securities, and other financial assets. Two Harbors is headquartered in St. Louis Park, MN.

Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2023, and any subsequent Quarterly Reports on Form 10-Q, under the caption "Risk Factors." Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; changes in prepayment rates of mortgages underlying our target assets; the rates of default or decreased recovery on the mortgages underlying our target assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; the availability and cost of financing; changes in the competitive landscape within our industry; our ability to effectively execute and to realize the benefits of strategic transactions and initiatives we have pursued or may in the future pursue; our ability to recognize the benefits of our acquisition of RoundPoint Mortgage Servicing LLC and to manage the risks associated with operating a mortgage loan servicer and originator; our decision to terminate our management agreement with PRCM Advisers LLC and the ongoing litigation related to such termination; our ability to manage various operational risks and costs associated with our business; interruptions in or impairments to our communications and information technology systems; our ability to acquire MSR and to maintain our MSR portfolio; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Two Harbors does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in Two Harbors' most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning Two Harbors or matters attributable to Two Harbors or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this press release and the accompanying investor presentation present non-GAAP financial measures, such as earnings available for distribution and related per basic common share measures. The non-GAAP financial measures presented by the company provide supplemental information to assist investors in analyzing the company's results of operations and help facilitate comparisons to industry peers. However, because these measures are not calculated in accordance with GAAP, they should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. The company's GAAP financial results and the reconciliations from these results should be carefully evaluated. See the GAAP to non-GAAP reconciliation table on page 11 of this release.

Additional Information

Stockholders of Two Harbors and other interested persons may find additional information regarding the company at www.twoharborsinvestment.com, at the Securities and Exchange Commission's internet site at www.sec.gov or by directing requests to: Two Harbors Investment Corp., Attn: Investor Relations, 1601 Utica Avenue South, Suite 900, St. Louis Park, MN, 55416, (612) 453-4100.

Contact

Margaret Karr, Head of Investor Relations, Two Harbors Investment Corp., (612) 453-4080, Margaret.Karr@twoharborsinvestment.com

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TWO HARBORS INVESTMENT CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)

	June 30, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Available-for-sale securities, at fair value (amortized cost $8,359,346 and $8,509,383, respectively; allowance for credit losses $3,340 and $3,943, respectively)	$ 8,029,955	$ 8,327,149
Mortgage servicing rights, at fair value	3,065,415	3,052,016
Cash and cash equivalents	624,199	729,732
Restricted cash	162,623	65,101
Accrued interest receivable	35,993	35,339
Due from counterparties	372,192	323,224
Derivative assets, at fair value	13,519	85,291
Reverse repurchase agreements	349,660	284,091
Other assets	196,161	236,857
Total Assets	$ 12,849,717	$ 13,138,800
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	$ 8,434,910	$ 8,020,207
Revolving credit facilities	1,279,271	1,329,171
Term notes payable	—	295,271
Convertible senior notes	259,412	268,582
Derivative liabilities, at fair value	14,264	21,506
Due to counterparties	352,117	574,735
Dividends payable	58,729	58,731
Accrued interest payable	85,680	141,773
Other liabilities	170,037	225,434
Total Liabilities	10,654,420	10,935,410
Stockholders' Equity:		
Preferred stock, par value $0.01 per share; 100,000,000 shares authorized and 24,870,817 and 25,356,426 shares issued and outstanding, respectively ($621,770 and $633,911 liquidation preference, respectively)	601,467	613,213
Common stock, par value $0.01 per share; 175,000,000 shares authorized and 103,622,239 and 103,206,457 shares issued and outstanding, respectively	1,036	1,032
Additional paid-in capital	5,933,250	5,925,424
Accumulated other comprehensive loss	(323,580)	(176,429)
Cumulative earnings	1,610,541	1,349,973
Cumulative distributions to stockholders	(5,627,417)	(5,509,823)
Total Stockholders' Equity	2,195,297	2,203,390
Total Liabilities and Stockholders' Equity	$ 12,849,717	$ 13,138,800

TWO HARBORS INVESTMENT CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands, except share data)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(unaudited)		(unaudited)	
Net interest income (expense):				
Interest income	$ 115,953	$ 117,762	$ 233,736	$ 234,355
Interest expense	154,207	159,561	314,207	302,051
Net interest expense	(38,254)	(41,799)	(80,471)	(67,696)
Net servicing income:				
Servicing income	176,015	175,223	342,348	328,543
Servicing costs	4,475	25,190	11,594	53,556
Net servicing income	171,540	150,033	330,754	274,987
Other (loss) income:				
(Loss) gain on investment securities	(22,437)	2,172	(33,412)	12,970
(Loss) gain on servicing asset	(22,857)	21,679	(11,845)	(6,400)
Gain (loss) on interest rate swap and swaption agreements	22,012	56,533	120,522	(25,621)
(Loss) gain on other derivative instruments	(750)	47,161	46,849	(108,610)
Other income	226	2,200	223	2,200
Total other (loss) income	(23,806)	129,745	122,337	(125,461)
Expenses:				
Compensation and benefits	21,244	8,868	47,773	22,951
Other operating expenses	17,699	11,886	38,751	22,370
Total expenses	38,943	20,754	86,524	45,321
Income before income taxes	70,537	217,225	286,096	36,509
Provision for income taxes	14,201	19,780	26,172	15,872
Net income	56,336	197,445	259,924	20,637
Dividends on preferred stock	(11,784)	(12,115)	(23,568)	(24,480)
Gain on repurchase and retirement of preferred stock	—	2,454	644	2,454
Net income (loss) attributable to common stockholders	$ 44,552	$ 187,784	$ 237,000	$ (1,389)
Basic earnings (loss) per weighted average common share	$ 0.43	$ 1.94	$ 2.27	$ (0.02)
Diluted earnings (loss) per weighted average common share	$ 0.43	$ 1.80	$ 2.16	$ (0.02)
Dividends declared per common share	$ 0.45	$ 0.45	$ 0.90	$ 1.05
Weighted average number of shares of common stock:				
Basic	103,555,755	96,387,877	103,478,847	94,492,389
Diluted	103,910,812	106,062,378	113,136,629	94,492,389
Comprehensive income (loss):				
Net income	$ 56,336	$ 197,445	$ 259,924	$ 20,637
Other comprehensive loss:				
Unrealized loss on available-for-sale securities	(44,073)	(156,306)	(147,151)	(30,375)
Other comprehensive loss	(44,073)	(156,306)	(147,151)	(30,375)
Comprehensive income (loss)	12,263	41,139	112,773	(9,738)
Dividends on preferred stock	(11,784)	(12,115)	(23,568)	(24,480)
Gain on repurchase and retirement of preferred stock	—	2,454	644	2,454
Comprehensive income (loss) attributable to common stockholders	$ 479	$ 31,478	$ 89,849	$ (31,764)

TWO HARBORS INVESTMENT CORP.
INTEREST INCOME AND INTEREST EXPENSE
(dollars in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(unaudited)		(unaudited)	
Interest income:				
Available-for-sale securities	$ 99,211	$ 104,195	$ 199,816	$ 201,233
Other	16,742	13,567	33,920	33,122
Total interest income	115,953	117,762	233,736	234,355
Interest expense:				
Repurchase agreements	113,714	116,946	232,430	221,301
Revolving credit facilities	29,906	29,684	60,153	55,340
Term notes payable	6,008	8,239	12,426	15,882
Convertible senior notes	4,579	4,692	9,198	9,528
Total interest expense	154,207	159,561	314,207	302,051
Net interest expense	$ (38,254)	$ (41,799)	$ (80,471)	$ (67,696)

TWO HARBORS INVESTMENT CORP.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

(dollars in thousands, except share data)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended	
	June 30, 2024	**March 31, 2024**
	(unaudited)	(unaudited)
Reconciliation of comprehensive income to Earnings Available for Distribution:		
Comprehensive income attributable to common stockholders	$ 479	$ 89,370
Adjustment for other comprehensive loss attributable to common stockholders:		
Unrealized loss on available-for-sale securities	44,073	103,078
Net income attributable to common stockholders	$ 44,552	$ 192,448
Adjustments to exclude reported realized and unrealized (gains) losses:		
Realized loss on securities	22,149	10,915
Unrealized loss (gain) on securities	117	(20)
Provision for credit losses	171	80
Realized and unrealized loss (gain) on mortgage servicing rights	22,857	(11,012)
Realized gain on termination or expiration of interest rate swaps and swaptions	(2,388)	(13,890)
Unrealized gain on interest rate swaps and swaptions	(4,609)	(70,325)
Realized and unrealized loss (gain) on other derivative instruments	852	(47,489)
Gain on repurchase and retirement of preferred stock	—	(644)
Other realized and unrealized (gains) losses	(226)	3
Other adjustments:		
MSR amortization(1)	(89,058)	(78,704)
TBA dollar roll income (losses)(2)	4,019	(1,905)
U.S. Treasury futures income(3)	7,211	7,694
Change in servicing reserves	(739)	215
Non-cash equity compensation expense	1,643	6,083
Certain operating expenses(4)	(624)	1,198
Net provision for income taxes on non-EAD	11,589	10,078
Earnings available for distribution to common stockholders(5)	$ 17,516	$ 4,725
Weighted average basic common shares	103,555,755	103,401,940
Earnings available for distribution to common stockholders per weighted average basic common share	$ 0.17	$ 0.05

(1) MSR amortization refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio, which is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.

(2) TBA dollar roll income is the economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.

(3) U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.

(4) Certain operating expenses predominantly consists of expenses incurred in connection with the company's ongoing litigation with PRCM Advisers LLC. It also includes certain transaction expenses incurred/reversed in connection with the company's acquisition of RoundPoint Mortgage Servicing LLC.

(5) EAD is a non-GAAP measure that we define as comprehensive income attributable to common stockholders, excluding realized and unrealized gains and losses on the aggregate portfolio, gains and losses on repurchases of preferred stock, provision for (reversal of) credit losses, reserve expense for representation and warranty obligations on MSR, non-cash compensation expense related to restricted common stock and certain operating expenses. As defined, EAD includes net interest income, accrual and settlement of interest on derivatives, dollar roll income on TBAs, U.S. Treasury futures income, servicing income, net of estimated amortization on MSR and certain cash related operating expenses. EAD provides supplemental information to assist investors in analyzing the company's results of operations and helps facilitate comparisons to industry peers. EAD is one of several measures our board of directors considers to determine the amount of dividends to declare on our common stock and should not be considered an indication of our taxable income or as a proxy for the amount of dividends we may declare.


An MSR + Agency REIT
Second Quarter 2024
Earnings Call
JULY 31, 2024
TWO HARBORS
Investment Corp.

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS

This presentation includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2023, and any subsequent Quarterly Reports on Form 10-Q, under the caption "Risk Factors." Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; changes in prepayment rates of mortgages underlying our target assets; the rates of default or decreased recovery on the mortgages underlying our target assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; the availability and cost of financing; changes in the competitive landscape within our industry; our ability to effectively execute and to realize the benefits of strategic transactions and initiatives we have pursued or may in the future pursue; our ability to recognize the benefits of our acquisition of RoundPoint Mortgage Servicing LLC and to manage the risks associated with operating a mortgage loan servicer and originator; our decision to terminate our management agreement with PRCM Advisers LLC and the ongoing litigation related to such termination; our ability to manage various operational risks and costs associated with our business; interruptions in or impairments to our communications and information technology systems; our ability to acquire mortgage servicing rights (MSR) and to maintain our MSR portfolio; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Two Harbors does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in Two Harbors' most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning Two Harbors or matters attributable to Two Harbors or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

This presentation may include industry and market data obtained through research, surveys, and studies conducted by third parties and industry publications. We have not independently verified any such market and industry data from third-party sources. This presentation is provided for discussion purposes only and may not be relied upon as legal or investment advice, nor is it intended to be inclusive of all the risks and uncertainties that should be considered. This presentation does not constitute an offer to purchase or sell any securities, nor shall it be construed to be indicative of the terms of an offer that the parties or their respective affiliates would accept.

Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the company's independent auditors.

Financials Overview

TWO HARBORS Investment Corp.

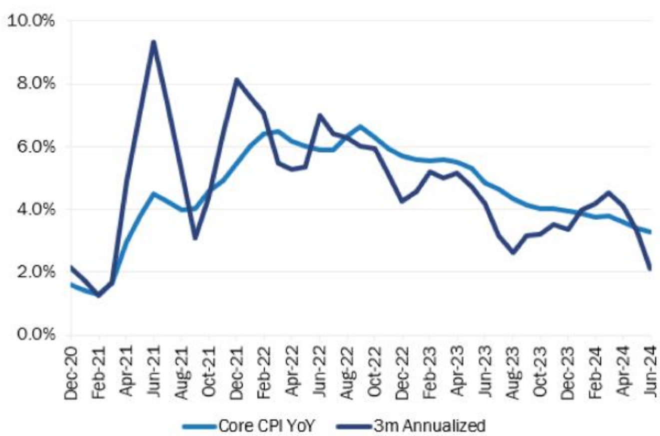
Book Value per Share	Common Stock Dividend	Economic Return on Book Value(1)
$15.19	$0.45	0.0%
Comprehensive Income per Share	**Investment Portfolio(2)**	**Quarter-End Economic Debt-to-Equity(3)**
$0.00	$16.0b	6.8x

Note: Financial data throughout this presentation is as of or for the quarter ended June 30, 2024, unless otherwise noted. Per share metrics utilize basic common shares as the denominator. The End Notes are an integral part of this presentation. See slides 29 through 34 at the back of this presentation for information related to certain financial metrics and defined terms used herein.

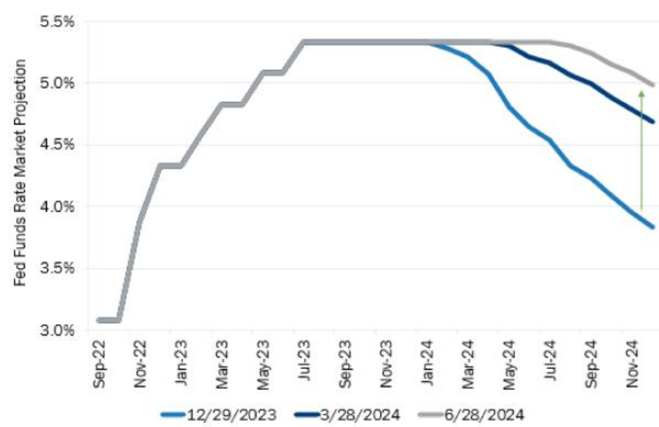
Markets Overview

- Interest rates rose modestly and volatility increased, primarily owing to conflicting economic data
  - The 10-year Treasury yield rose by approximately 50 basis points, then fell by approximately 50 basis points, and ultimately ended the quarter 20 basis points higher at 4.40%
- The Federal Reserve left rates unchanged, and their projections moved Fed Funds rate expectations down from three cuts to one in 2024; many forecasts shifted the first cut further out in time, reinforcing a higher-for-longer environment
  - Post quarter-end, a weaker-than-expected CPI reading led the market to fully price in an interest rate cut expected in September

I. 3-MONTH ANNUALIZED CORE CPI[1]



II. FED FUNDS RATE EXPECTATIONS[2]



RoundPoint Operations Update

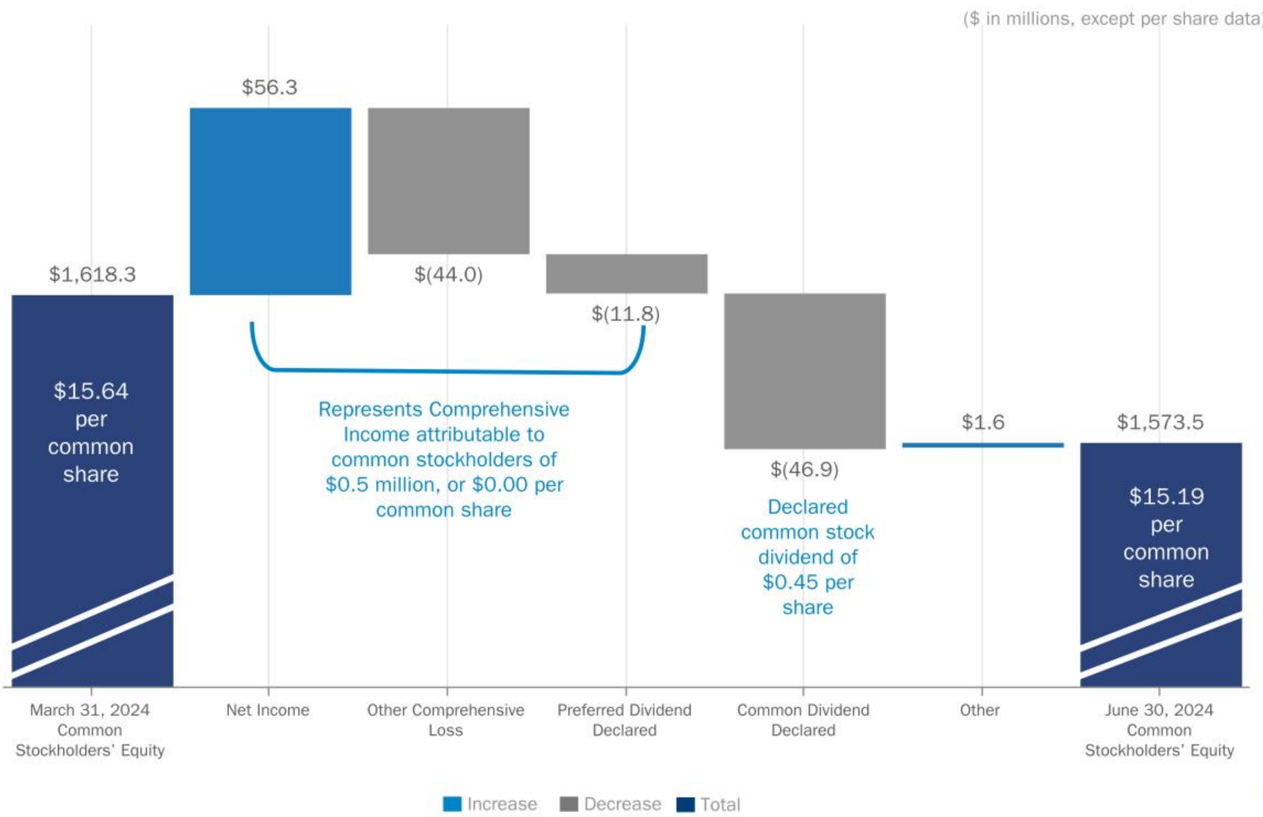
TWO HARBORS
Investment Corp.

INCREASING SHAREHOLDER VALUE

Cost Efficiencies	Additional Income	Hedges Portfolio
Focused on additional operational efficiencies to deliver lower cost-to-service per loan	Subservicing, direct-to-consumer originations, and ancillary products offer new sources of returns	Protects value of Two Harbors' MSR portfolio when interest rates decline and refinances increase
Completed all servicing transfers from existing third-party subservicers to RoundPoint, in accordance with previously articulated transfer plan	Focused on generating new revenue sources, including ancillary products and second lien loans, that have different performance and risk characteristics than investments in MSR and RMBS	Launched in-house, direct-to-consumer originations platform with goal of retaining existing customers
$225 Billion Serviced UPB	**908,000** Loans Serviced	**Over 60** Loans in Originations Pipeline(1)

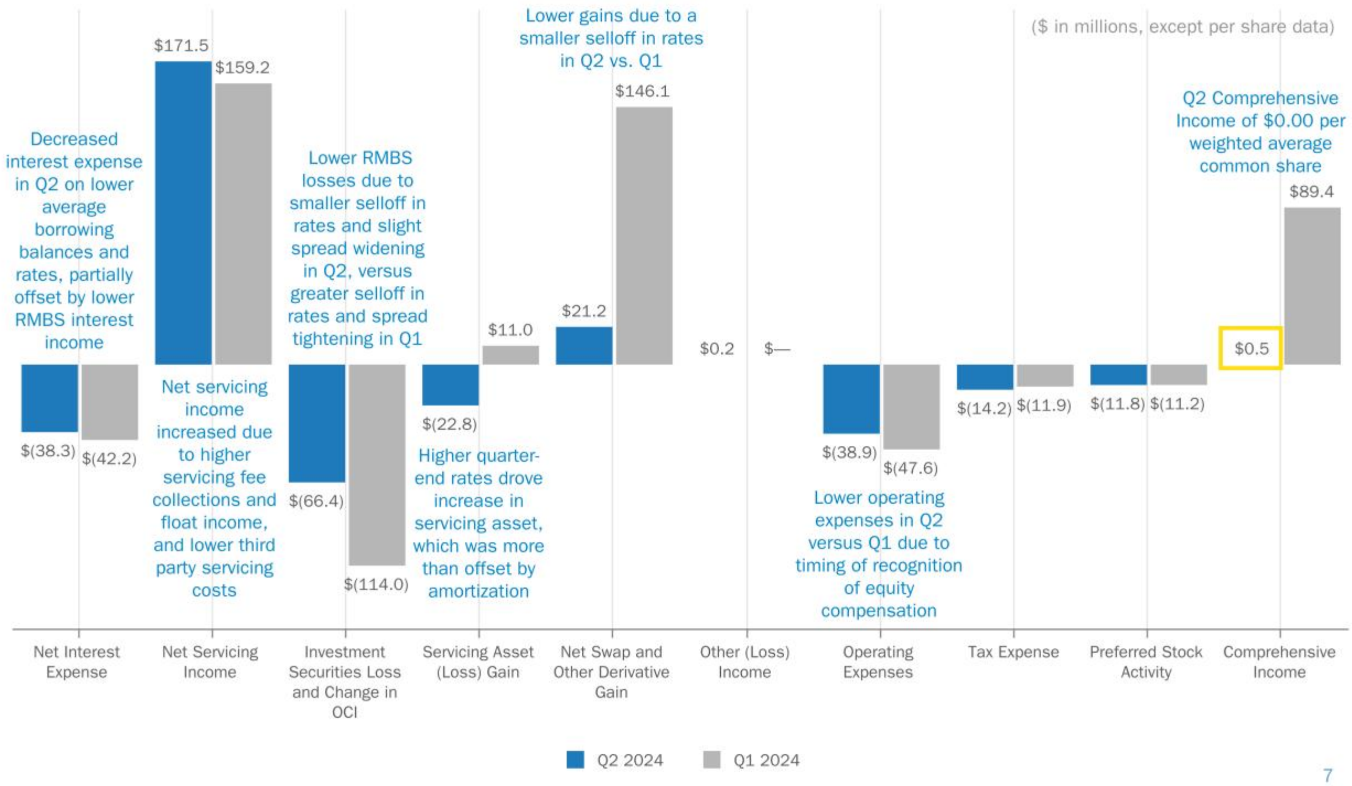
Book Value Summary

- Reported book value of $15.19 per common share, and declared a second quarter common stock dividend of $0.45 per share, representing a flat quarterly economic return on book value[1]



Comprehensive Income Summary

- Generated Comprehensive Income of $0.5 million, or $0.00 per weighted average common share
- Performance affected by a small widening of RMBS spreads and an increase in realized volatility relative to the first quarter

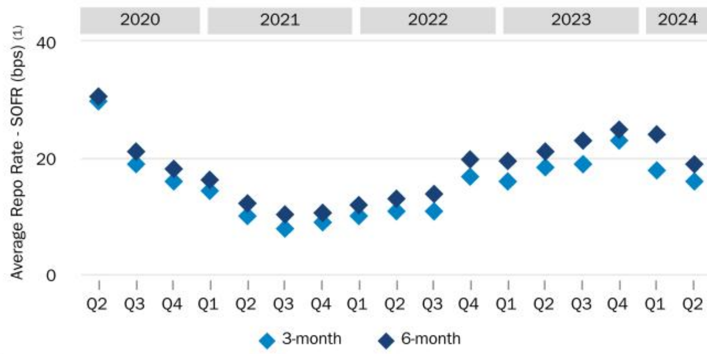


Balance Sheet and Liquidity Position

BALANCE SHEET AS OF JUNE 30, 2024

AGENCY RMBS

- $7.8 billion of outstanding repurchase agreements with 18 counterparties
- Weighted average days to maturity of 85 days



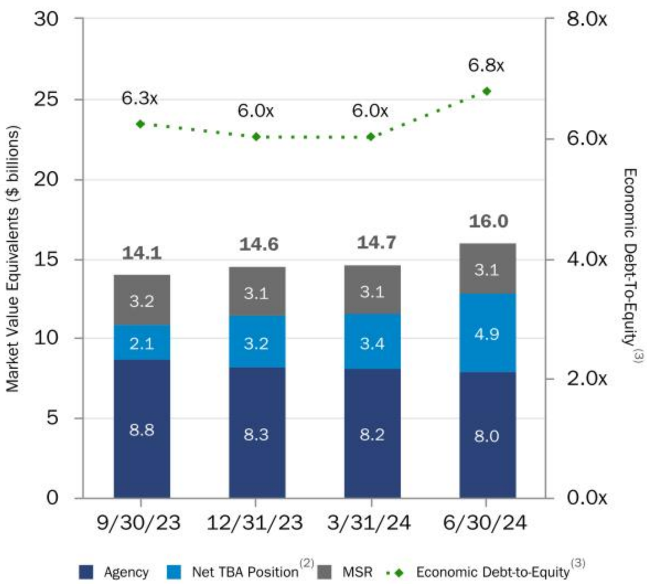
MORTGAGE SERVICING RIGHTS

- $1.8 billion of outstanding borrowings under bilateral MSR asset financing facilities
- 5-year MSR term notes matured in June; replaced with increased capacity on repurchase agreements secured by the variable funding note
- $630 million of unused MSR asset financing capacity; $214 million committed and $416 million uncommitted
- $59 million outstanding borrowings and $91 million of unused, committed capacity for servicing advance receivables

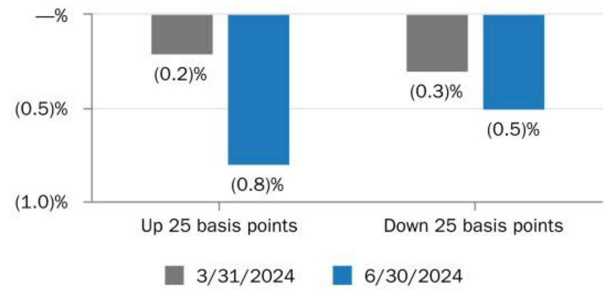
Portfolio Composition and Risk Positioning

PORTFOLIO COMPOSITION[1]

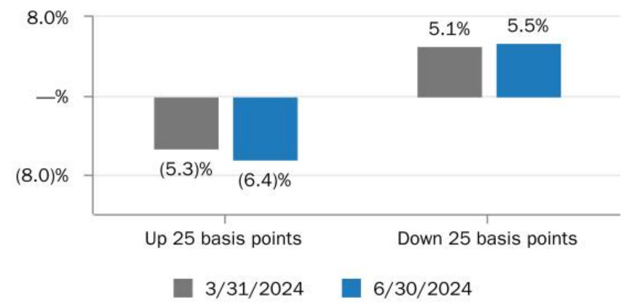
At June 30, 2024, $16.0 billion portfolio
Includes $11.1 billion settled positions



INTEREST RATE EXPOSURE[4]



MORTGAGE SPREAD EXPOSURE[5]



Note: Sensitivity data as of June 30, 2024. The above scenarios are provided for illustration purposes only and are not necessarily indicative of Two Harbors' financial condition and operating results, nor are they necessarily indicative of the financial condition or results of operations that may be expected for any future period or date. See Slide 17 in the Appendix for more information on our risk positioning.

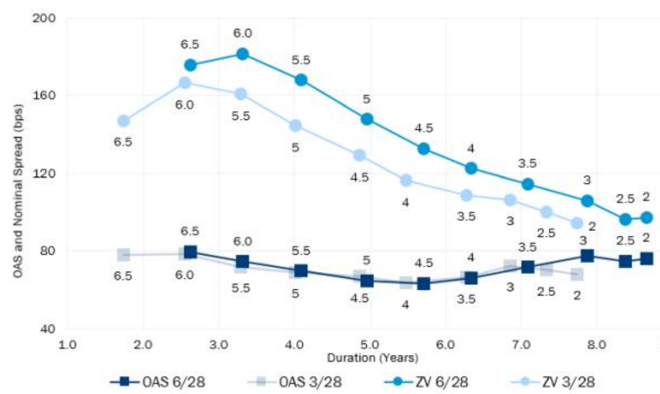
Agency RMBS Investment Landscape

AGENCY SPREADS REMAIN RANGE BOUND AND LESS REACTIVE TO HIGHER RATES

- Nominal current coupon spreads widened by 8 basis points over the quarter, driven by an increase in rate volatility
- Nominal spreads are still wide and possess tightening potential in a lower volatility environment
- The spread volatility of RMBS has declined over the past two quarters compared to 2022 and 2023
- The curve of nominal spreads across coupons steepened, while the option-adjusted spread curve remained quite flat

I. RMBS SPREADS REMAIN ATTRACTIVE[1]

II. NOMINAL SPREAD CURVE HAS STEEPENED[2]

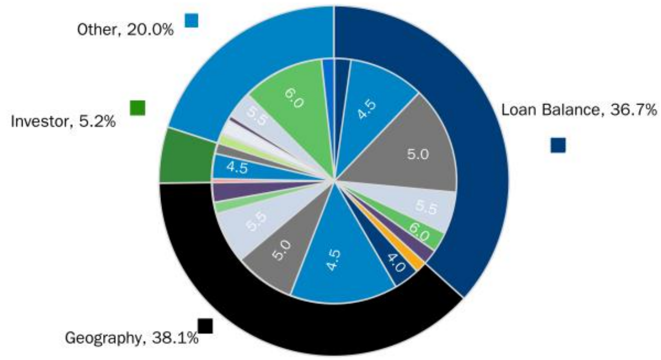


Agency RMBS

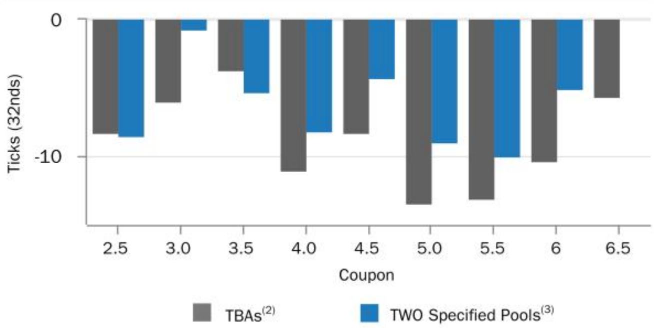
QUARTERLY HIGHLIGHTS

- Added approximately $1.6 billion notional 5% - 6% TBAs, to position for expected potential spread tightening and lower volatility
- Rotated approximately $665 million notional lower coupon securities into 6% - 6.5% TBAs to capture wider spreads in higher coupons
- Added approximately $450 million 6.5% pools and reduced the same coupon TBAs to benefit from a potential rally in rates and increased prepayments
- Weighted average specified pool portfolio prepayment speed of 7.2%, compared to 5.1% in first quarter 2024[1]

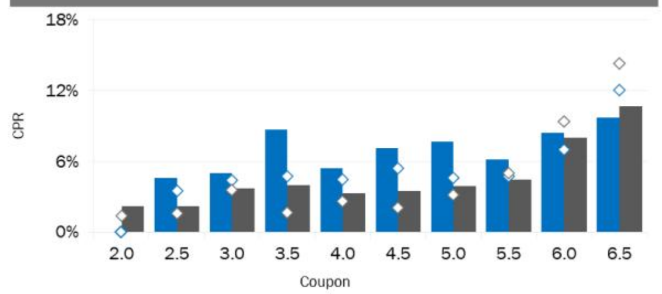
I. SPECIFIED POOL PORTFOLIO[1]



II. RMBS QUARTERLY PERFORMANCE



III. SPECIFIED POOL PREPAYMENT SPEEDS



Market Value[4] ($ billions)	$—	$—	$0.20	$0.06	$0.56	$2.13	$1.80	$1.18	$1.13	$0.47

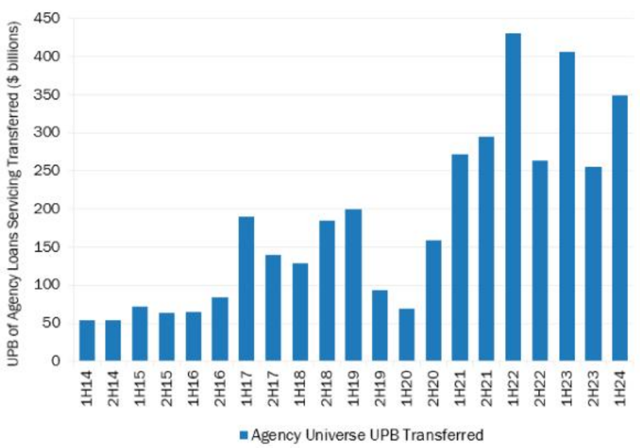
TBAs (Q2-2024)[5] · TWO Specified Pools (Q2-2024)
TBAs (Q1-2024)[5] · TWO Specified Pools (Q1-2024)

Mortgage Servicing Rights Investment Landscape

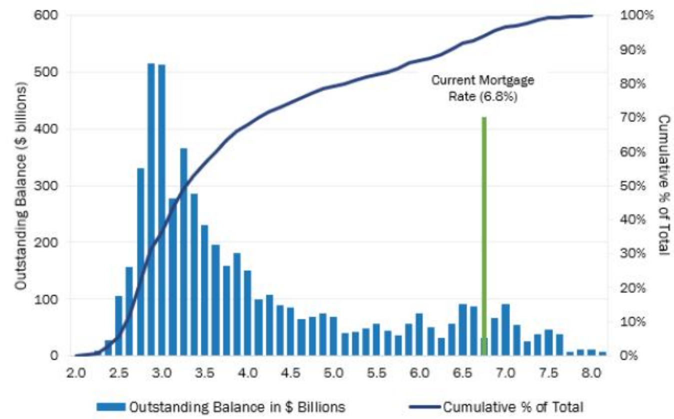
MSR VALUATIONS TIGHTER WITH STRONG BIDS FOR BULK PACKAGES

- MSR performed well, with valuations being bolstered by a few large non-bank originators competing on lower supply
- Strong bids in market resulted in large MSR buyers turning into sellers
- Servicing transfer volumes declined from record levels over the past two years, will likely continue to normalize
- Primary mortgage rates hovered around 7%; the refinanceable share of 30-year mortgages remained below 5%

I. SERVICING TRANSFERS 2014-PRESENT[1]



II. COMPOSITION OF MARKET VS. CURRENT RATES[2]



Mortgage Servicing Rights

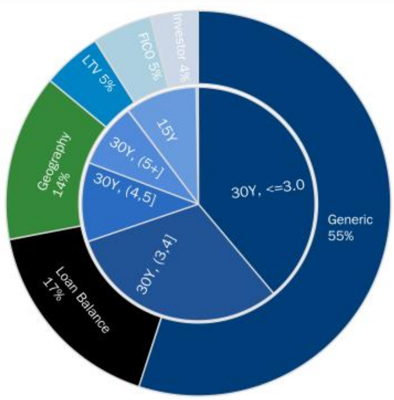
QUARTERLY HIGHLIGHTS

- Settled $327.8 million UPB through flow acquisitions and recapture
- Actively managed MSR portfolio through an opportunistic commitment to sell $6.4 billion UPB
- Price multiple increased to 5.8x from 5.7x
- Prepay speeds increased to 5.3% CPR from 3.8% CPR, as expected due to seasonality
- Weighted average coupon of 3.47%
- Post quarter end, settled a MSR bulk acquisition of $1.6 billion UPB and committed to purchase an additional $1.0 billion UPB through a bulk acquisition

I. MSR PORTFOLIO CHARACTERISTICS[1]

	6/30/2024	3/31/2024
Fair value ($ millions)	$ 3,065	$ 3,085
Price multiple	5.8x	5.7x
UPB ($ millions)	$ 210,836	$ 214,992
Gross coupon rate	3.47%	3.47%
Current loan size ($ thousands)	$ 334	$ 335
Original FICO[2]	759	759
Original Loan-to-Value (LTV)	71%	72%
60+ day delinquencies	0.6%	0.7%
Net servicing fee (bps)	25.3	25.3
Loan age (months)	47	44
3-month CPR	5.3%	3.8%

II. MSR PORTFOLIO[3]



III. 30-YEAR MSR PREPAYMENT SPEEDS[4]

Return Potential and Outlook

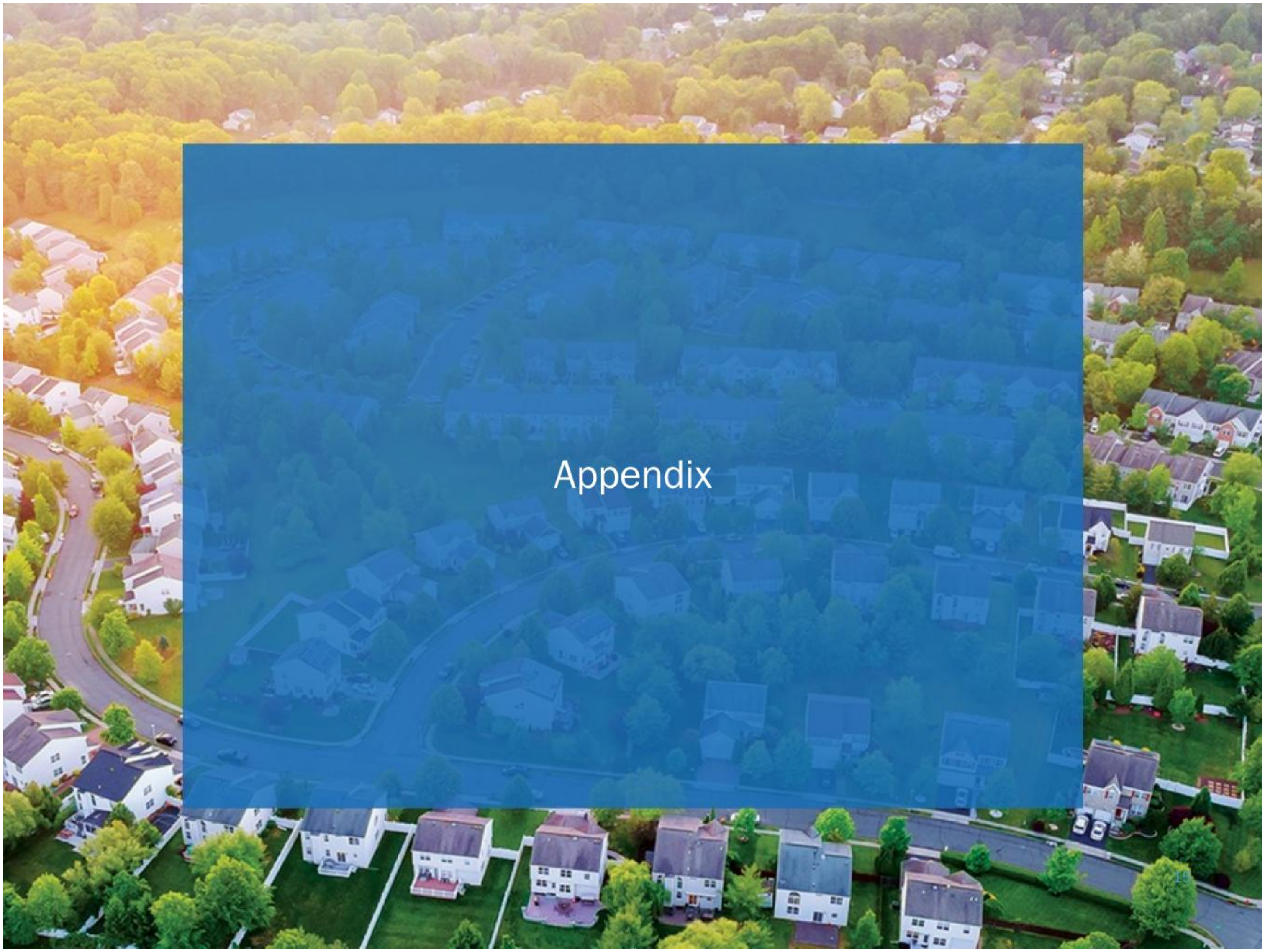
ATTRACTIVE RETURN OPPORTUNITIES FOR UNIQUELY POSITIONED MSR AND AGENCY RMBS STRATEGY

As of June 30, 2024	PORTFOLIO MARKET VALUE ($ millions)	INVESTED CAPITAL ALLOCATED[1]	STATIC RETURN ESTIMATE[2]		
SERVICING					
MSR	2,980				
RMBS[3]	4,023				
Total	**7,003**	**61%**	**13%**	-	**16%**
SECURITIES					
RMBS[3]	8,495				
Other Securities	507				
Total	**9,002**	**39%**	**15%**	-	**17%**

	INVESTED CAPITAL ($ millions)		STATIC TWO HARBORS RETURN ESTIMATE[4]		
Total Portfolio Before Corporate and Tax Expenses			**13.7%**	-	**16.3%**
Corporate and Tax Expenses[5]			(2.8)%	-	(2.8)%
Total Return to Invested Capital			**10.8%**	-	**13.4%**
INVESTED CAPITAL					
Convertible Notes	262		6.5%		
Preferred Equity[6]	622		8.6%		
Common Equity	**1,574**		**12.5%**	-	**16.5%**
PROSPECTIVE QUARTERLY STATIC RETURN PER BASIC COMMON SHARE[7]:			**$0.47 - $0.63**		

- **Market Presence:** Our size allows us to be nimble and actively allocate capital to MSR and Agency RMBS
- **Investment Strategy:** Our portfolio is uniquely constructed with MSR and Agency RMBS as well as our own operational platform, RoundPoint Mortgage Servicing LLC
- **Market Environment:** MSR is stable, with very little duration and convexity risks. Agency RMBS spreads are historically wide in nominal terms and can be expected to tighten should implied interest rate volatility return to historical norms
- **Financing and Liquidity:** We have a strong balance sheet and diversified financing for both MSR and Agency RMBS

Note: This slide presents estimates for illustrative purposes only, using Two Harbors' base case assumptions (e.g., spreads, prepayment speeds, financing costs and expenses), and does not contemplate market-driven value changes, active portfolio management, and certain operating expenses. Actual results may differ materially.


Appendix

Effective Coupon Positioning

Coupon (%)	TBA Market Price[1]	TBA Notional ($m)	Specified Pools Par Value ($m)[2]	MSR/Agency IO UPB ($m)[3]	Combined ($m)	ZV to SOFR Spreads for Specified Pools[4]
2.5%	$ 81.86	$ 250	$ —	$ —	$ 250	—
3.0%	$ 85.25	—	230	—	230	106
3.5%	$ 88.66	159	64	—	223	118
4.0%	$ 91.67	—	612	—	612	119
4.5%	$ 94.44	(797)	2,235	—	1,438	121
5.0%	$ 96.81	404	1,845	—	2,249	137
5.5%	$ 98.75	2,275	1,194	(1,909)	1,560	159
6.0%	$ 100.38	2,164	1,119	(2,121)	1,162	177
6.5%	$ 101.86	528	461	—	989	186
Total		**$ 4,983**	**$ 7,760**	**$ (4,030)**	**$ 8,713**	**142**

Risk Positioning

BOOK VALUE EXPOSURE TO CHANGES IN RATES

			% Change in Common Book Value			
2-Year Rate (basis points)	10-Year Rate (basis points)		Agency P&I RMBS/TBA	MSR/Agency IO RMBS[1]	Other[2]	Combined
-25	0	Bull Steepener[3]	2.6 %	1.1 %	(3.3)%	0.4 %
0	-25	Bull Flattener[4]	6.9 %	(3.5)%	(4.2)%	(0.8)%
-50	-50	Parallel Shift[5]	18.5 %	(5.2)%	(15.1)%	(1.8)%
-25	-25	Parallel Shift[5]	9.5 %	(2.5)%	(7.5)%	(0.5)%
0	0	Base	— %	— %	— %	— %
+25	+25	Parallel Shift[5]	(10.0)%	1.8 %	7.4 %	(0.8)%
+50	+50	Parallel Shift[5]	(20.5)%	3.3 %	14.6 %	(2.6)%
+25	0	Bear Flattener[3]	(2.5)%	(1.0)%	3.2 %	(0.3)%
0	+25	Bear Steepener[4]	(7.5)%	2.8 %	4.1 %	(0.6)%

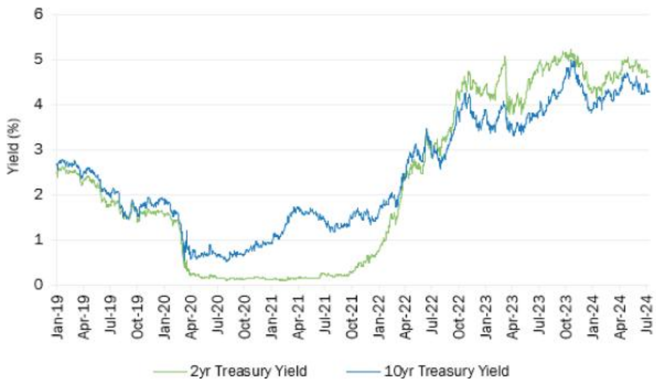
BOOK VALUE EXPOSURE TO CURRENT COUPON SPREAD[6]

	% Change in Common Book Value		
Parallel Shift in Spreads (basis points)	Agency P&I RMBS/TBA	MSR/Agency IO RMBS[1]	Combined
-25	7.5 %	(2.0)%	5.5 %
0	— %	— %	— %
+25	(8.0)%	1.6 %	(6.4)%

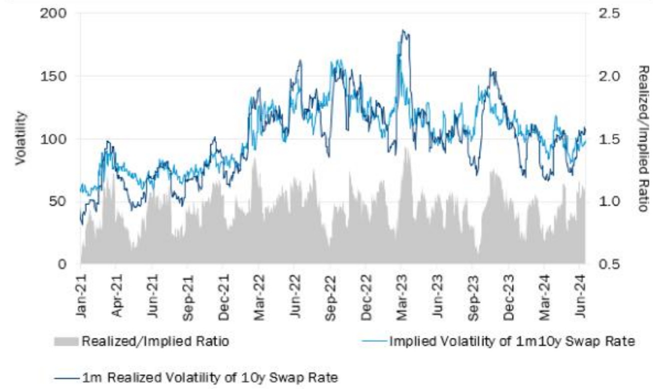
Note: Sensitivity data as of June 30, 2024. The above scenarios are provided for illustration purposes only and are not necessarily indicative of Two Harbors' financial condition and operating results, nor are they necessarily indicative of the financial condition or results of operations that may be expected for any future period or date.

Markets Overview

I. 2-YEAR AND 10-YEAR INTEREST RATE YIELDS[1]

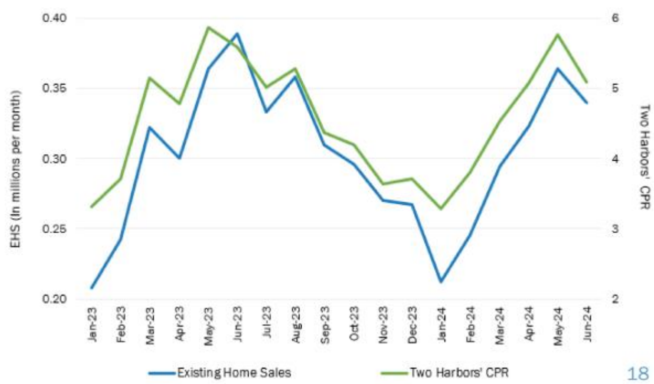


II. ACTUAL VS. IMPLIED VOLATILITY[2]



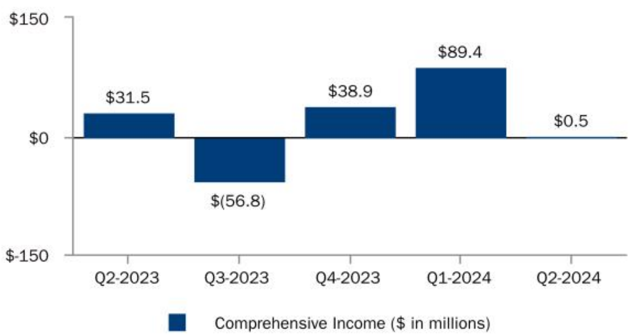
III. MORTGAGE SPREAD VOLATILITY[3]

IV. TWO MSR SPEEDS AND EXISTING HOME SALES[4]



Financial Performance

COMPREHENSIVE (LOSS) INCOME



QUARTERLY ECONOMIC RETURN ON BOOK VALUE[1]

DIVIDEND YIELD[2]

BOOK VALUE AND DIVIDEND PER COMMON SHARE[2]

Earnings Available for Distribution

($ millions, except per share data)	Q2-2024	Q1-2024	Variance
Interest income	$ 115.9	$ 117.8	$ (1.9)
Interest expense	154.2	160.0	5.8
Net interest expense	(38.3)	(42.2)	3.9
Servicing income	176.0	166.3	9.7
Servicing costs	5.2	6.9	1.7
Net servicing income	170.8	159.4	11.4
MSR amortization[1]	(89.0)	(78.7)	(10.3)
Interest spread income on interest rate swaps	15.0	14.3	0.7
TBA dollar roll losses[2]	4.0	(1.9)	5.9
U.S. Treasury futures income[3]	7.2	7.7	(0.5)
Other derivatives income	0.1	0.1	—
Total other (loss) income	(62.7)	(58.5)	(4.2)
Total expenses	37.9	40.3	2.4
Provision for income taxes	2.6	1.9	(0.7)
Earnings Available for Distribution[4]	**$ 29.3**	**$ 16.5**	**$ 12.8**
Dividends on preferred stock	(11.8)	(11.8)	—
Earnings Available for Distribution available to common stockholders	**$ 17.5**	**$ 4.7**	**$ 12.8**
Earnings Available for Distribution per weighted average basic common share	**$ 0.17**	**$ 0.05**	
Earnings Available for Disribution annualized return on average common equity	**4.4 %**	**1.2 %**	
Operating expenses, excluding non-cash LTIP amortization and certain operating expenses, as a percentage of average equity[5]	6.8 %	7.2 %	

- Second quarter EAD increase primarily driven by:
  - Lower interest expense due to lower average balances and rates
  - Higher net servicing income from higher servicing fee and float income, and lower third-party servicing costs, offset by higher MSR amortization
  - Higher TBA dollar roll income from increase in dollar roll drop and rotation to, and increase in, higher coupon TBAs
- EAD is expected to continue to diverge from ongoing earnings power[6]
  - EAD for assets utilizes concepts of amortized cost and yield-to-maturity at purchase (RMBS) or amortized cost and original pricing yield (MSR), as opposed to market value and expected return
  - EAD may not reflect total return of hedging derivatives, and impacts to EAD differ depending on the instrument utilized

Q2-2024 Portfolio Yields and Financing Costs

($ thousands) Portfolio Asset Type	Measure	Average Amortized Cost	Income[1]	Average Yield
Available-for-sale securities	GAAP	$ 8,300,435	$ 99,211	4.78%
Adjustments to include other portfolio items:				
Mortgage servicing rights[2][3]	Non-GAAP	1,906,336	55,781	11.70%
Agency derivatives[2][4]	Non-GAAP	16,256	103	2.53%
TBAs[2][5]	Non-GAAP	4,290,484	40,878	3.81%
Total portfolio	Non-GAAP	$ 14,513,511	$ 195,973	5.40%
Financing Collateral Type	**Measure**	**Average Outstanding Balance**	**Expense[6]**	**Average Cost**
Borrowings collateralized by available-for-sale securities	GAAP	$ 7,734,155	$ 107,110	5.54%
Adjustments to include other financing items:				
Borrowings collateralized by mortgage servicing rights and advances	GAAP	1,887,241	42,421	8.99%
Borrowings collateralized by Agency derivatives[4]	GAAP	5,961	91	6.11%
Convertible senior notes[7]	GAAP	265,930	4,579	6.89%
Interest rate swaps[2][8]	Non-GAAP		(15,015)	(0.42)%
U.S. Treasury futures[2][9]	Non-GAAP		(7,211)	(0.20)%
TBAs[2][5]	Non-GAAP	4,290,484	36,859	3.44%
Total financing	Non-GAAP	$ 14,183,771	$ 168,834	4.76%
Net Spread	**Measure**			**Average Yield, less Cost**
Net spread on AFS securities	GAAP			(0.76%)
Net spread on total portfolio	Non-GAAP			0.64%

GAAP to EAD Reconciliation

Reconciliation of GAAP to non-GAAP Information ($ thousands, except for per common share data)	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024
Comprehensive income attributable to common stockholders	**$ 479**	**$ 89,370**
Adjustment for other comprehensive loss attributable to common stockholders:		
Unrealized loss on available-for-sale securities	44,073	103,078
Net income attributable to common stockholders	**$ 44,552**	**$ 192,448**
Adjustments to exclude reported realized and unrealized (gains) losses:		
Realized loss on securities	22,149	10,915
Unrealized loss (gain) on securities	117	(20)
Provision for credit losses	171	80
Realized and unrealized loss (gain) on mortgage servicing rights	22,857	(11,012)
Realized gain on termination or expiration of interest rate swaps and swaptions	(2,388)	(13,890)
Unrealized gain on interest rate swaps and swaptions	(4,609)	(70,325)
Realized and unrealized loss (gain) on other derivative instruments	852	(47,489)
Gain on repurchase and retirement of preferred stock	—	(644)
Other realized and unrealized (gains) losses	(226)	3
Other adjustments:		
MSR amortization[(1)]	(89,058)	(78,704)
TBA dollar roll income (losses)[(2)]	4,019	(1,905)
U.S. Treasury futures income[(3)]	7,211	7,694
Change in servicing reserves	(739)	215
Non-cash equity compensation expense	1,643	6,083
Certain operating expenses[(4)]	(624)	1,198
Net provision for income taxes on non-EAD	11,589	10,078
Earnings available for distribution to common stockholders	$ 17,516	$ 4,725
Weighted average basic common shares	103,555,755	103,401,940
Earnings available for distribution to common stockholders per weighted average basic common share	$ 0.17	$ 0.05

Note: Earnings Available for Distribution, or EAD, is a non-GAAP measure that we define as comprehensive income attributable to common stockholders, excluding realized and unrealized gains and losses on the aggregate portfolio, gains and losses on repurchases of preferred stock, provision for (reversal of) credit losses, reserve expense for representation and warranty obligations on MSR, non-cash compensation expense related to restricted common stock, and certain operating expenses. As defined, EAD includes net interest income, accrual and settlement of interest on derivatives, dollar roll income on TBAs, U.S. Treasury futures income, servicing income, net of estimated amortization on MSR and certain cash related operating expenses. EAD provides supplemental information to assist investors in analyzing the company's results of operations and helps facilitate comparisons to industry peers. EAD is one of several measures our board of directors considers to determine the amount of dividends to declare on our common stock and should not be considered an indication of our taxable income or as a proxy for the amount of dividends we may declare.

Agency RMBS Portfolio

	Par Value ($ millions)	Market Value ($ millions)	Weighted Average CPR[1]	% Prepay Protected[2]	Amortized Cost Basis ($ millions)	Gross Weighted Average Coupon	Weighted Average Age (Months)
30-Year Fixed							
≤ 2.5%	$ —	$ —	— %	— %	$ —	— %	—
3.0%	230	197	3.3 %	85.6 %	204	3.7 %	32
3.5%	64	57	5.5 %	72.1 %	56	4.3 %	30
4.0%	612	564	3.8 %	100.0 %	603	4.6 %	49
4.5%	2,235	2,131	7.9 %	100.0 %	2,285	5.1 %	46
5.0%	1,845	1,800	7.7 %	100.0 %	1,880	5.8 %	27
5.5%	1,194	1,184	6.9 %	99.8 %	1,204	6.4 %	24
6.0%	1,119	1,129	7.0 %	95.9 %	1,144	6.9 %	20
≥ 6.5%	461	473	— %	100.0 %	472	7.5 %	8
	7,760	7,535	7.5 %	98.8 %	7,848	5.8 %	31
Other P&I[3]	483	467	0.2 %	— %	476	5.2 %	16
IOs and IIOs[4]	697	33	8.1 %	— %	46	5.8 %	182
Total Agency RMBS	$ 8,940	$ 8,035		92.6 %	$ 8,370		

($ millions)	Notional Amount	Bond Equivalent Value[5]	Through-the-Box Speeds[6]
TBA Positions			
≤ 2.5%	$ 250	$ 205	2.2 %
3.0%	—	—	3.7 %
3.5%	159	142	4.0 %
4.0%	—	—	3.3 %
4.5%	(797)	(753)	3.5 %
5.0%	404	391	3.9 %
5.5%	2,275	2,247	4.5 %
6.0%	2,164	2,172	8.0 %
≥ 6.5%	528	537	10.7 %
Net TBA Position	$ 4,983	$ 4,941	

Mortgage Servicing Rights Portfolio[1]

	Number of Loans	Unpaid Principal Balance ($ millions)	Gross Coupon Rate	Current Loan Size ($ thousands)	Loan Age (months)	Original FICO[2]	Original LTV	60+ Day Delinquencies	3-Month CPR	Net Servicing Fee (bps)
30-Year Fixed										
≤ 3.25%	296,456	$ 92,418	2.8%	$ 369	41	768	70%	0.3%	4.3%	25.1
3.25% - 3.75%	143,056	36,644	3.4%	325	54	753	73%	0.8%	5.6%	25.2
3.75% - 4.25%	103,144	21,177	3.9%	270	76	752	75%	1.1%	6.2%	25.5
4.25% - 4.75%	57,644	10,471	4.4%	260	75	739	76%	1.8%	6.6%	25.3
4.75% - 5.25%	40,208	9,406	4.9%	354	44	746	78%	1.4%	5.6%	25.2
> 5.25%	64,327	18,148	6.0%	384	24	746	77%	1.5%	6.6%	26.5
	704,835	188,264	3.6%	344	48	758	73%	0.8%	5.2%	25.3
15-Year Fixed										
≤ 2.25%	22,365	5,591	2.0%	296	38	777	57%	0.2%	4.6%	25.0
2.25% - 2.75%	37,634	7,543	2.4%	248	41	772	58%	0.1%	5.3%	25.0
2.75% - 3.25%	32,873	4,186	2.9%	183	67	765	60%	0.2%	7.9%	25.3
3.25% - 3.75%	18,447	1,716	3.4%	143	80	756	63%	0.5%	8.8%	25.4
3.75% - 4.25%	8,648	688	3.9%	135	75	741	63%	0.8%	8.1%	25.3
> 4.25%	6,483	775	5.0%	224	36	742	62%	0.8%	10.0%	28.2
	126,450	20,499	2.6%	234	50	769	59%	0.2%	6.2%	25.2
Total ARMs	2,298	627	4.9%	369	56	761	71%	0.8%	13.3%	25.5
Total Portfolio	833,583	$ 209,390	3.5%	$ 333	48	759	71%	0.7%	5.3%	25.3

Mortgage Servicing Rights UPB Roll-Forward

$ millions	Q2-2024	Q1-2024	Q4-2023	Q3-2023	Q2-2023
UPB at beginning of period	$ 213,597	$ 215,647	$ 218,662	$ 222,622	$ 212,445
Bulk purchases of mortgage servicing rights	—	2,906	—	—	14,234
Flow purchases of mortgage servicing rights	328	211	829	472	539
Sales of mortgage servicing rights	—	(1,430)	(62)	—	—
Scheduled payments	(1,639)	(1,646)	(1,640)	(1,640)	(1,595)
Prepaid	(2,873)	(2,111)	(2,127)	(2,787)	(2,993)
Other changes	(23)	20	(15)	(5)	(8)
UPB at end of period	$ 209,390	$ 213,597	$ 215,647	$ 218,662	$ 222,622

Financing

$ millions

Outstanding Borrowings and Maturities[1]	Repurchase Agreements	Revolving Credit Facilities	Convertible Notes	Total Borrowings	Percent (%)
Within 30 days	$ 1,655.9	$ —	$ —	$ 1,655.9	16.6 %
30 to 59 days	1,483.4	—	—	1,483.4	14.9 %
60 to 89 days	1,840.3	—	—	1,840.3	18.4 %
90 to 119 days	1,630.4	244.1	—	1,874.5	18.8 %
120 to 364 days	1,224.9	—	—	1,224.9	12.3 %
One to three years	—	1,035.2	259.4	1,294.6	13.0 %
	$ 8,434.9	$ 1,279.3	$ 259.4	$ 9,973.6	100.0 %

Collateral Pledged for Borrowings	Repurchase Agreements[2]	Revolving Credit Facilities[2]	Convertible Notes	Total Collateral Pledged	Percent (%)
Available-for-sale securities, at fair value	$ 8,025.2	$ —	n/a	$ 8,025.2	70.9 %
Mortgage servicing rights, at fair value	1,012.6	2,049.7	n/a	3,062.3	27.0 %
Restricted cash	97.5	1.5	n/a	99.0	0.9 %
Due from counterparties	22.6	—	n/a	22.6	0.2 %
Derivative assets, at fair value	6.5	—	n/a	6.5	0.1 %
Other assets (includes servicing advances)	—	103.1	n/a	103.1	0.9 %
	$ 9,164.4	$ 2,154.3	n/a	$ 11,318.7	100.0 %

Futures

Type & Maturity	Notional Amount ($M)	Carrying Value ($M)[1]	Weighted Average Months to Expiration
U.S. Treasury futures			
2 year	$ (2,249.2)	$ —	3.0
5 year	(1,375.3)	—	3.0
10 year	(1,557.5)	—	2.7
20 year	173.6	—	2.7
Eris SOFR swap futures - 10 year	(30.0)	—	122.6
SOFR futures			
< 1 year	(1,083.0)	—	5.7
> 1 and < 2 years	(187.5)	—	14.6
Total futures	$ (6,308.9)	$ —	4.2

Interest Rate Swaps[1]

Maturities	Notional Amount ($M)[2]	Average Fixed Pay Rate[3]	Average Receive Rate[3]	Average Maturity (Years)[3]
Payers				
≤ 1 year	$ 2,647.7	4.730 %	5.330 %	0.7
> 1 and ≤ 3 years	2,762.0	4.273 %	5.330 %	1.6
> 3 and ≤ 5 years	2,474.8	3.546 %	5.330 %	3.5
> 5 and ≤ 7 years	173.0	— %	— %	—
> 7 and ≤ 10 years	1,163.1	3.693 %	5.330 %	9.0
> 10 years	559.8	3.825 %	5.330 %	15.0
	$ 9,780.4	4.238 %	5.330 %	3.3

Maturities	Notional Amount ($M)[4]	Average Pay Rate[5]	Average Fixed Receive Rate[5]	Average Maturity (Years)[5]
Receivers				
≤ 1 year	$ 786.6	5.330 %	4.025 %	0.7
> 1 and ≤ 3 years	651.9	— %	— %	—
> 3 and ≤ 5 years	260.0	5.330 %	3.328 %	3.3
> 5 and ≤ 7 years	—	— %	— %	—
> 7 and ≤ 10 years	—	— %	— %	—
> 10 years	260.6	5.330 %	3.444 %	19.5
	$ 1,959.1	5.330 %	3.770 %	5.0

End Notes

PAGE 3 - Financials Overview

1. Economic return on book value is defined as the increase (decrease) in book value per common share from the beginning to the end of the given period, plus dividends declared in the period, divided by book value as of the beginning of the period.
2. Includes $11.1 billion in settled positions and $4.9 billion net TBA position, which represents the bond equivalent value of the company's TBA position. Bond equivalent value is defined as notional amount multiplied by market price. TBA contracts accounted for as derivative instruments in accordance with GAAP. For additional detail on the portfolio, see slides 11 and 13, and Appendix slides 23 and 24.
3. Economic debt-to-equity is defined as total borrowings to fund Agency and non-Agency investment securities and MSR, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.

PAGE 4 - Markets Overview

1. Source: Bloomberg and Bureau of Labor Statistics data, as of the dates noted.
2. Source: Bloomberg data, as of the dates noted.

PAGE 5 - RoundPoint Operations Update

1. Data for loans in originations pipeline as of July 25, 2024.

PAGE 6 - Book Value Summary

1. Economic return on book value is defined as the increase (decrease) in book value per common share from the beginning to the end of the given period, plus dividends declared in the period, divided by book value as of the beginning of the period.

PAGE 8 - Balance Sheet and Liquidity Position

1. Source: Bloomberg. Represents the average spread between repurchase rates and the Secured Overnight Financing Rate (SOFR) over trailing three-month and six-month periods between Q2 2020 and Q2 2024 (as of June 30, 2024).

PAGE 9 - Portfolio Composition and Risk Positioning

1. For additional detail on the portfolio, see Appendix slides 23 and 24.
2. Net TBA position represents the bond equivalent value of the company's TBA position. Bond equivalent value is defined as notional amount multiplied by market price. TBA contracts accounted for as derivative instruments in accordance with GAAP.
3. Economic debt-to-equity is defined as total borrowings to fund Agency and non-Agency investment securities and MSR, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.
4. Interest rate exposure represents estimated change in common book value for theoretical parallel shift in interest rates.
5. Spread exposure represents estimated change in common book value for theoretical parallel shifts in spreads.

PAGE 10 - Agency RMBS Investment Landscape

1. Source: J.P. Morgan DataQuery. Data is model-based and represents universal mortgage-backed securities (UMBS) generic TBA spreads as of the dates noted. In 2023, J.P. Morgan updated their model affecting only 2023 data.
2. Spreads generated using prepayment speeds generated with The Yield Book® Software using internally calibrated prepayment dials. Data as of June 30, 2024.

End Notes (continued)

PAGE 11 - Agency RMBS

1. Specified pools include securities with implicit or explicit prepayment protection, including lower loan balances (securities collateralized by loans less than or equal to $300K of initial principal balance), higher LTVs (securities collateralized by loans with greater than or equal to 80% LTV), certain geographic concentrations, loans secured by investor-owned properties, and lower FICO scores, as well as securities without such protection, including large bank-serviced and others.
2. Represents UMBS generic TBA performance during the quarter.
3. Specified pool performance excludes (1) certain coupons in which we were not invested for the full duration of the quarter and (2) certain coupons with de minimis balances.
4. Specified pool market value by coupon as of June 30, 2024.
5. Three-month prepayment speeds of delivered TBA contracts; average of J.P. Morgan, Bank of America, and Citi data.

PAGE 12 - Mortgage Servicing Rights Investment Landscape

1. Source: RiskSpan and, for June 2024, management's internal estimates.
2. Source: RiskSpan. UMBS30 UPB as of April 1, 2024 Factor Date; Freddie Mac's Primary Mortgage Market Survey (PMMS) as of June 30, 2024.

PAGE 13 - Mortgage Servicing Rights

1. MSR portfolio based on the prior month-end's principal balance of the loans underlying the Company's MSR, increased for current month purchases. Portfolio metrics, other than fair value and UPB, represent averages weighted by UPB.
2. FICO represents a mortgage industry accepted credit score of a borrower.
3. MSR portfolio based on the prior month-end's principal balance of the loans underlying the Company's MSR, increased for current month purchases and excluding unsettled MSR on loans for which the company is the named servicer.
4. MSR portfolio based on the prior month-end's principal balance of the loans underlying the Company's MSR, increased for current month purchases and excluding unsettled MSR on loans for which the company is the named servicer as well as MSR on loans recently settled for which transfer to the company is not yet complete.
5. Three-month prepayment speeds of delivered TBA contracts; average of J.P. Morgan, Bank of America, and Citi data.

End Notes (continued)

PAGE 14 - Return Potential and Outlook

1. Capital allocated represents management's internal allocation. Certain financing balances and associated interest expenses are allocated between investments based on management's assessment of leverage ratios and required capital or liquidity to support the investment.
2. Market return estimates reflect static assumptions using quarter-end spreads and market data.
3. Includes Agency pools and TBA positions. Net TBA position represents the bond equivalent value of the company's TBA position. Bond equivalent value is defined as notional amount multiplied by market price. TBA contracts accounted for as derivative instruments in accordance with GAAP.
4. Estimated return on invested capital reflects static return assumptions using quarter-end portfolio valuations.
5. Total expenses includes operating expenses and tax expenses within the company's taxable REIT subsidiaries.
6. Preferred equity coupon represents the 5-year yield along the forward curve to account for floating rate resets.
7. Prospective quarterly static return estimate per basic common share reflects portfolio performance expectations given current market conditions and represents the comprehensive income attributable to common stockholders (net of dividends on preferred stock).

PAGE 16 - Effective Coupon Positioning

1. Represents UMBS TBA market prices as of June 30, 2024.
2. Specified pools include securities with implicit or explicit prepayment protection, including lower loan balances (securities collateralized by loans less than or equal to $300K of initial principal balance), higher LTVs (securities collateralized by loans with greater than or equal to 80% LTV), certain geographic concentrations, loans secured by investor-owned properties, and lower FICO scores, as well as securities without such protection, including large bank-serviced and others.
3. MSR/Agency IO represents an internally calculated exposure of a synthetic TBA position and the current coupon equivalents of our MSR, including the effect of unsettled MSR, and Agency IO RMBS.
4. Spreads generated with The Yield Book® Software using internally calibrated dials.

PAGE 17 - Risk Positioning

1. MSR/Agency IO RMBS includes the effect of unsettled MSR.
2. Other includes all other derivative assets and liabilities and borrowings. Other excludes TBAs, which are included in the Agency P&I RMBS/TBA category.
3. Bull Steepener/Bear Flattener is a shift in short-term rates that represents estimated change in common book value for theoretical non-parallel shifts in the yield curve. Analysis uses a +/- 25 basis point shift in 2-year rates while holding long-term rates constant.
4. Bull Flattener/Bear Steepener is a shift in long-term rates that represents estimated change in common book value for theoretical non-parallel shifts in the yield curve. Analysis uses a +/- 25 basis point shift in 10-year rates while holding short-term rates constant.
5. Parallel shift represents estimated change in common book value for theoretical parallel shift in interest rates.
6. Book value exposure to current coupon spread represents estimated change in common book value for theoretical parallel shifts in spreads.

End Notes (continued)

PAGE 18 - Markets Overview
1. Source: Bloomberg, as of dates noted.
2. Source: Bloomberg, as of dates noted.
3. Source: J.P. Morgan DataQuery.
4. Source: National Association of Realtors via Bloomberg and RiskSpan as of June 30, 2024.

PAGE 19 - Financial Performance
1. Economic return on book value is defined as the increase (decrease) in book value per common share from the beginning to the end of the given period, plus dividends declared in the period, divided by the book value as of the beginning of the period.
2. Historical dividends may not be indicative of future dividend distributions. The company ultimately distributes dividends based on its taxable income per common share, not GAAP earnings. The annualized dividend yield on the company's common stock is calculated based on the closing price of the last trading day of the relevant quarter.

PAGE 20 - Earnings Available for Distribution
1. MSR amortization refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio, which is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.
2. TBA dollar roll income is the economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
3. U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.
4. Earnings Available for Distribution, or EAD, is a non-GAAP measure. Please see Appendix slide 22 for a definition of EAD and a reconciliation of GAAP to non-GAAP financial information.
5. Certain operating expenses predominantly consists of expenses incurred in connection with the company's ongoing litigation with PRCM Advisers LLC. It also includes certain transaction expenses incurred in connection with the company's acquisition of RoundPoint Mortgage Servicing LLC.
6. Agency fixed-rate RMBS use the GAAP concept of amortized cost and yield-to-maturity determined at time of purchase. Net servicing income and MSR amortization is based on original pricing yield and does not include the benefit of increased float income and lower compensating interest. Financing costs are largely variable and short-term, responding more quickly to rising rates than our longer-term assets. U.S. Treasury futures income represents the sum of the implied net cash and expected change in price of a financed U.S. Treasury security, but excludes unexpected price change.

End Notes (continued)

PAGE 21 - Portfolio Yields and Financing Costs

1. Includes interest income, net of premium amortization/discount accretion, on Agency and non-Agency investment securities, servicing income, net of estimated amortization and servicing expenses, on MSR, and the implied asset yield portion of dollar roll income on TBAs. Amortization on MSR refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio, which is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
2. As reported elsewhere in the company's filings with the Securities and Exchange Commission, MSR, Agency derivatives, TBA, interest rate swap agreements and U.S. Treasury futures are reported at fair value in the company's consolidated financial statements in accordance with GAAP, and the GAAP presentation and disclosure requirements for these items do not define or include the concepts of yield or cost of financing, amortized cost, or outstanding borrowings.
3. Amortized cost on MSR for a given period equals the net present value of the remaining future cash flows (obtained by applying original prepayment assumptions to the actual unpaid principal balance at the start of the period) using a discount rate equal to the original pricing yield. Original pricing yield is the discount rate which makes the net present value of the cash flows projected at purchase equal to the purchase price. MSR amortized cost is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.
4. Represents inverse interest-only Agency RMBS which are accounted for as derivative instruments in accordance with GAAP.
5. Both the implied asset yield and implied financing benefit/cost of dollar roll income on TBAs are calculated using the average cost basis of TBAs as the denominator. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements. TBAs are accounted for as derivative instruments in accordance with GAAP.
6. Includes interest expense and amortization of deferred debt issuance costs on borrowings under repurchase agreements (excluding those collateralized by U.S. Treasuries), revolving credit facilities, term notes payable and convertible senior notes, interest spread income/expense and amortization of upfront payments made or received upon entering into interest rate swap agreements, and the implied financing benefit/cost portion of dollar roll income on TBAs. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
7. Unsecured convertible senior notes.
8. The cost of financing on interest rate swaps held to mitigate interest rate risk associated with the company's outstanding borrowings is calculated using average borrowings balance as the denominator.
9. The cost of financing on U.S. Treasury futures held to mitigate interest rate risk associated with the company's outstanding borrowings is calculated using average borrowings balance as the denominator. U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.

PAGE 22 - GAAP to EAD Reconciliation

1. MSR amortization refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio, which is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.
2. TBA dollar roll income is the economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
3. U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.
4. Certain operating expenses predominantly consists of expenses incurred in connection with the company's ongoing litigation with PRCM Advisers LLC. It also includes certain transaction expenses incurred/reversed in connection with the company's acquisition of RoundPoint Mortgage Servicing LLC.

End Notes (continued)

PAGE 23 - Agency RMBS Portfolio

1. Weighted average actual one-month CPR released at the beginning of the following month based on RMBS held as of the preceding month-end.
2. Determination of the percentage of prepay protected 30-year fixed Agency RMBS includes securities with implicit or explicit prepayment protection, including lower loan balances (securities collateralized by loans less than or equal to $300K of initial principal balance), higher LTVs (securities collateralized by loans with greater than or equal to 80% LTV), certain geographic concentrations, loans secured by investor-owned properties, and lower FICO scores.
3. Other P&I includes 15-year fixed, Hybrid ARMs, CMO and DUS pools.
4. IOs and IIOs represent market value of $9.4 million of Agency derivatives and $23.3 million of interest-only Agency RMBS. Agency derivatives are inverse interest-only Agency RMBS, which are accounted for as derivative instruments in accordance with GAAP.
5. Bond equivalent value is defined as the notional amount multiplied by market price. TBA contracts accounted for as derivative instruments in accordance with GAAP.
6. Three-month prepayment speeds of delivered TBA contracts; average of J.P. Morgan, Bank of America, and Citi data.

PAGE 24 - Mortgage Servicing Rights Portfolio

1. MSR portfolio excludes residential mortgage loans for which the company is the named servicing administrator. Portfolio metrics, other than fair value and UPB, represent averages weighted by UPB.
2. FICO represents a mortgage industry-accepted credit score of a borrower.

PAGE 26 - Financing

1. As of June 30, 2024, outstanding borrowings had a weighted average of 6.6 months to maturity.
2. Repurchase agreements and revolving credit facilities secured by MSR and/or other assets may be over-collateralized due to operational considerations.

PAGE 27 - Futures

1. Exchange-traded derivative instruments (futures and options on futures) require the posting of an “initial margin” amount determined by the clearing exchange, which is generally intended to be set at a level sufficient to protect the exchange from the derivative instrument’s maximum estimated single-day price movement. The company also exchanges “variation margin” based upon daily changes in fair value, as measured by the exchange. The exchange of variation margin is considered a settlement of the derivative instrument, as opposed to pledged collateral. Accordingly, the receipt or payment of variation margin is accounted for as a direct reduction to the carrying value of the exchange-traded derivative asset or liability.

PAGE 28 - Interest Rate Swaps

1. The Company did not hold any interest rate swaptions at June 30, 2024.
2. Includes $1.9 billion notional amount of forward starting interest rate swaps.
3. Weighted averages exclude forward starting interest rate swaps. As of June 30, 2024, forward starting interest rate swap payers had a weighted average fixed pay rate of 4.0% and weighted average maturities of 5.4 years.
4. Includes $651.9 million notional amount of forward starting interest rate swaps.
5. Weighted averages exclude forward starting interest rate swaps. As of June 30, 2024, forward starting interest rate swap receivers had a weighted average fixed receive rate of 4.5% and weighted average maturities of 2.0 years.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