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DELTA REPORT

10-Q

AOMR - ANGEL OAK MORTGAGE REIT,

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1496
CHANGES	343
DELETIONS	614
ADDITIONS	539

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2023 March 31, 2024
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________
Commission file number 001-40495

Angel Oak Mortgage REIT, Inc.
(Exact name of registrant as specified in its charter)

Maryland	37-1892154
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3344 Peachtree Road Northeast, Suite 1725, Atlanta, Georgia 30326
(Address of Principal Executive Offices and Zip Code)

404-953-4900
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value	**AOMR**	**New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐☒	Non-accelerated filer	☒☐
Smaller reporting company	☒	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 24,965,274 shares of common stock, $0.01 par value per share, outstanding as of November 8, 2023 May 8, 2024.

ANGEL OAK MORTGAGE REIT, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Angel Oak Mortgage REIT, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except for share data)

		As of:		As of:	
		September 30, 2023	December 31, 2022		
	As of: March 31, 2024			March 31, 2024	December 31, 2023
ASSETS	**ASSETS**				
Residential mortgage loans - at fair value	Residential mortgage loans - at fair value	$ 284,383	$ 770,982		
Residential mortgage loans - at fair value					
Residential mortgage loans - at fair value					
Residential mortgage loans in securitization trusts - at fair value	Residential mortgage loans in securitization trusts - at fair value	1,194,119	1,027,442		
Commercial mortgage loans - at fair value		5,219	9,458		
RMBS - at fair value	RMBS - at fair value	579,985	1,055,338		
CMBS - at fair value		6,338	6,111		
U.S. Treasury securities - at fair value	U.S. Treasury securities - at fair value	149,906	—		
Cash and cash equivalents	Cash and cash equivalents	41,894	29,272		
Restricted cash	Restricted cash	1,068	10,589		
Principal and interest receivable	Principal and interest receivable	4,691	17,497		
Unrealized appreciation on TBAs and interest rate futures contracts - at fair value		7,857	14,756		
Other assets					
Other assets					
Other assets	Other assets	20,140	4,767		
Total assets	Total assets	$2,295,600	$2,946,212		
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**				
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES	LIABILITIES				
LIABILITIES					
LIABILITIES					
Notes payable					
Notes payable					
Notes payable	Notes payable	$ 197,797	$ 639,870		

Non-recourse securitization obligation, collateralized by residential mortgage loans in securitization trusts (see Note 2)	Non-recourse securitization obligation, collateralized by residential mortgage loans in securitization trusts (see Note 2)	1,161,296	1,003,485
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	188,101	52,544
Unrealized depreciation on TBAs and interest rate futures contracts - at fair value			
Due to broker	Due to broker	511,953	1,006,022
Accrued expenses			
Accrued expenses			
Accrued expenses	Accrued expenses	1,540	1,288
Accrued expenses payable to affiliate	Accrued expenses payable to affiliate	985	2,006
Interest payable	Interest payable	671	2,551
Income taxes payable			
Management fee payable to affiliate	Management fee payable to affiliate	1,455	1,967
Total liabilities	Total liabilities	$2,063,798	$2,709,733
Commitments and contingencies	Commitments and contingencies		
Commitments and contingencies			
Commitments and contingencies			
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY		
STOCKHOLDERS' EQUITY			
STOCKHOLDERS' EQUITY			
Common stock, $0.01 par value. As of September 30, 2023: 350,000,000 shares authorized, 24,955,566 shares issued and outstanding. As of December 31, 2022: 350,000,000 shares authorized, 24,925,357 shares issued and outstanding.		$ 249	$ 249
Common stock, $0.01 par value. As of March 31, 2024: 350,000,000 shares authorized, 24,965,274 shares issued and outstanding. As of December 31, 2023: 350,000,000 shares authorized, 24,965,274 shares issued and outstanding.			
Common stock, $0.01 par value. As of March 31, 2024: 350,000,000 shares authorized, 24,965,274 shares issued and outstanding. As of December 31, 2023: 350,000,000 shares authorized, 24,965,274 shares issued and outstanding.			

Common stock, $0.01 par value. As of March 31, 2024: 350,000,000 shares authorized, 24,965,274 shares issued and outstanding. As of December 31, 2023: 350,000,000 shares authorized, 24,965,274 shares issued and outstanding.			
Additional paid-in capital	Additional paid-in capital	476,574	475,379
Accumulated other comprehensive loss		(8,172)	(21,127)
Accumulated other comprehensive income (loss)			
Retained earnings (deficit)	Retained earnings (deficit)	(236,849)	(218,022)
Total stockholders' equity	Total stockholders' equity	$ 231,802	$ 236,479
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$2,295,600	$2,946,212

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this statement.

Angel Oak Mortgage REIT, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)
(in thousands, except for share and per share data)

		Three Months Ended		Nine Months Ended	
		September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
INTEREST INCOME, NET					
INTEREST INCOME, NET					
INTEREST INCOME, NET	**INTEREST INCOME, NET**				
Interest income	Interest income	$ 23,900	$ 30,148	$ 71,403	$ 86,959
Interest income					
Interest income					
Interest expense	Interest expense	16,490	18,408	50,742	41,849
Interest expense					
Interest expense					
NET INTEREST INCOME					
NET INTEREST INCOME					
NET INTEREST INCOME	**NET INTEREST INCOME**	7,410	11,740	20,661	45,110
REALIZED AND UNREALIZED GAINS (LOSSES), NET	**REALIZED AND UNREALIZED GAINS (LOSSES), NET**				

REALIZED AND UNREALIZED GAINS (LOSSES), NET					
REALIZED AND UNREALIZED GAINS (LOSSES), NET					
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	(12,044)	17,290	(27,056)	56,423
Net unrealized gain (loss) on trading securities, mortgage loans, debt at fair value option (see Note 2), and derivative contracts		17,299	(100,855)	27,868	(255,021)
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS					
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS					
Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts					
Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts					
Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts					
TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET					
TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET					
TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET	**TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET**	5,255	(83,565)	812	(198,598)
EXPENSES	**EXPENSES**				
EXPENSES					
EXPENSES					
Operating expenses					
Operating expenses					
Operating expenses	Operating expenses	1,370	2,764	5,788	9,525
Operating expenses incurred with affiliate	Operating expenses incurred with affiliate	599	2,141	1,672	3,834
Operating expenses incurred with affiliate					
Operating expenses incurred with affiliate					
Due diligence and transaction costs					
Due diligence and transaction costs					
Due diligence and transaction costs	Due diligence and transaction costs	115	213	136	1,502
Stock compensation	Stock compensation	447	3,340	1,195	5,179
Stock compensation					
Stock compensation					
Securitization costs					
Securitization costs					
Securitization costs	Securitization costs	416	1,115	2,326	3,134
Management fee incurred with affiliate	Management fee incurred with affiliate	1,445	1,951	4,460	5,830
Management fee incurred with affiliate					
Management fee incurred with affiliate					

Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	4,392	11,524	15,577	29,004
INCOME (LOSS) BEFORE INCOME TAXES	**INCOME (LOSS) BEFORE INCOME TAXES**	8,273	(83,349)	5,896	(182,492)
Income tax expense (benefit)		—	—	781	(3,457)
NET INCOME (LOSS)		$ 8,273	$ (83,349)	$ 5,115	$ (179,035)
Preferred dividends		—	(4)	—	(11)
INCOME (LOSS) BEFORE INCOME TAXES					
INCOME (LOSS) BEFORE INCOME TAXES					
Income tax expense					
Income tax expense					
Income tax expense					
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS					
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS					
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS	**NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS**	$ 8,273	$ (83,353)	$ 5,115	$ (179,046)
Other comprehensive income (loss)	Other comprehensive income (loss)	(1,607)	(10,227)	12,955	(11,979)
Other comprehensive income (loss)					
Other comprehensive income (loss)					
TOTAL COMPREHENSIVE INCOME (LOSS)					
TOTAL COMPREHENSIVE INCOME (LOSS)					
TOTAL COMPREHENSIVE INCOME (LOSS)	**TOTAL COMPREHENSIVE INCOME (LOSS)**	$ 6,666	$ (93,580)	$ 18,070	$ (191,025)
Basic earnings (loss) per common share	Basic earnings (loss) per common share	$ 0.33	$ (3.40)	$ 0.20	$ (7.30)
Basic earnings (loss) per common share					
Basic earnings (loss) per common share					
Diluted earnings (loss) per common share					
Diluted earnings (loss) per common share					
Diluted earnings (loss) per common share	Diluted earnings (loss) per common share	$ 0.33	$ (3.40)	$ 0.20	$ (7.30)
Weighted average number of common shares outstanding:	**Weighted average number of common shares outstanding:**				
Weighted average number of common shares outstanding:					
Weighted average number of common shares outstanding:					
Basic					
Basic					
Basic	Basic	24,768,921	24,505,438	24,706,568	24,534.967
Diluted	Diluted	24,957,668	24,505,438	24,933,833	24,534.967
Diluted					
Diluted					

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this statement.

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Angel Oak Mortgage REIT, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
(in thousands)

	Three Months Ended September 30, 2023				
	Common Stock at Par	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings (Deficit)	Total Stockholders' Equity
Stockholders' equity as of June 30, 2023	$ 249	$476,127	$ (6,565)	$(237,135)	$ 232,676
Dividends paid on common stock ($0.32 per share)	—	—	—	(7,987)	(7,987)
Stock compensation	—	447	—	—	447
Unrealized gain on RMBS and CMBS	—	—	(1,607)	—	(1,607)
Net income (loss)	—	—	—	8,273	8,273
Stockholders' equity as of September 30, 2023	$ 249	$476,574	$ (8,172)	$(236,849)	$ 231,802

	Three Months Ended March 31, 2024				
	Common Stock at Par	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings (Deficit)	Total Stockholders' Equity
Stockholder's equity as of December 31, 2023					
Dividends paid on common stock ($0.32 per share)					
Stock compensation					
Unrealized gain on RMBS and CMBS					
Net income					
Stockholders' equity as of March 31, 2024					

	Three Months Ended September 30, 2022					
	Preferred Stock	Common Stock at Par	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Stockholders' Equity
Stockholders' equity as of June 30, 2022	$ 101	$ 249	$ 472,356	$ 1,248	$ (106,670)	367,284
Repurchase of common stock	—	—	(866)	—	—	(866)
Stock compensation	—	—	3,340	—	—	3,340
Dividends declared - preferred	—	—	—	—	(4)	(4)
Unrealized gain on RMBS and CMBS	—	—	—	(10,227)	—	(10,227)
Dividends paid on common stock	—	—	—	—	(11,221)	(11,221)
Net income (loss)	—	—	—	—	(83,349)	(83,349)
Stockholders' equity as of September 30, 2022	$ 101	$ 249	$ 474,830	$ (8,979)	$ (201,244)	$ 264,957

	Three Months Ended March 31, 2023				
	Common Stock at Par	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Stockholders' Equity
Stockholders' equity as of December 31, 2022	$ 249	$ 475,379	$ (21,127)	$ (218,022)	$ 236,479
Dividends paid on common stock ($0.32 per share)	—	—	—	(7,976)	(7,976)
Stock compensation	—	541	—	—	541
Unrealized gain on RMBS and CMBS	—	—	14,804	—	14,804
Net income	—	—	—	530	530
Stockholders' equity as of March 31, 2023	$ 249	$ 475,920	$ (6,323)	$ (225,468)	$ 244,378

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this statement.

Angel Oak Mortgage REIT, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
(in thousands)

	Nine Months Ended September 30, 2023				
	Common Stock at Par	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Stockholders' Equity
Stockholders' equity as of December 31, 2022	$ 249	$ 475,379	$ (21,127)	$ (218,022)	236,479
Stock compensation	—	1,195	—	—	1,195
Unrealized gain on RMBS and CMBS	—	—	12,955	—	12,955
Dividends paid on common stock ($0.32 per share)	—	—	—	(23,942)	(23,942)
Net income (loss)	—	—	—	5,115	5,115
Stockholders' equity as of September 30, 2023	$ 249	$ 476,574	$ (8,172)	$ (236,849)	$ 231,802

	Nine Months Ended September 30, 2022					
	Preferred Stock	Common Stock at Par	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Stockholders' Equity
Stockholders' equity as of December 31, 2021	$ 101	$ 252	$ 476,510	$ 3,000	$ 11,527	491,390
Repurchases of common stock	—	(3)	(6,859)	—	—	(6,862)
Stock compensation	—	—	5,179	—	—	5,179
Dividends declared - preferred	—	—	—	—	(11)	(11)
Unrealized loss on RMBS and CMBS	—	—	—	(11,979)	—	(11,979)
Dividends paid on common stock	—	—	—	—	(33,725)	(33,725)
Net income (loss)	—	—	—	—	(179,035)	(179,035)
Stockholders' equity as of September 30, 2022	$ 101	$ 249	$ 474,830	$ (8,979)	$ (201,244)	$ 264,957

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this statement.

Angel Oak Mortgage REIT, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

		Nine Months Ended			
		September 30, 2023	September 30, 2022		
	Three Months Ended				Three Months Ended
	March 31, 2024			March 31, 2024	March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES	**CASH FLOWS FROM OPERATING ACTIVITIES**				
Net income (loss)	Net income (loss)	$ 5,115	$ (179,035)		
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Net income (loss)					
Net income (loss)					
Adjustments to reconcile net (loss) income to net cash used in operating activities:					
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS					
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS					
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	27,056	(56,423)		
Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts	Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts	(27,868)	255,021		
Accretion of discount on U.S. Treasury securities		(1,201)	—		
Amortization of debt issuance costs	Amortization of debt issuance costs	1,040	1,099		

Net amortization of premiums and discounts on mortgage loans	Net amortization of premiums and discounts on mortgage loans	2,199	8,231
Accretion of non-recourse securitized obligation discount	Accretion of non-recourse securitized obligation discount	1,251	
Stock compensation		1,195	5,179
Accretion of discount on U.S. Treasury securities			
Non-cash equity compensation			
Net change in:	Net change in:		
Purchases of residential mortgage loans from affiliates			
Purchases of residential mortgage loans from affiliates			
Purchases of residential mortgage loans from affiliates			
Purchases of residential mortgage loans from non-affiliates	Purchases of residential mortgage loans from non-affiliates	(5,469)	(427,940)
Purchases of residential mortgage loans from affiliates		(89,673)	(567,324)
Sale of residential mortgage loans into affiliate's securitization trust			
Sale of residential mortgage loans into affiliate's securitization trust			
Sale of residential mortgage loans into affiliate's securitization trust			
Principal payments on residential mortgage loans			
Principal payments on residential mortgage loans in securitization trusts	Principal payments on residential mortgage loans in securitization trusts	74,179	177,846
Principal payments on residential mortgage loans		30,950	71,210

Collateral due to counterparties		—	(200)
Margin received from interest rate futures contracts and TBAs	Margin received from interest rate futures contracts and TBAs	12,602	75,689
Sale of residential mortgage loans into affiliate's securitization trust		313,438	—
Margin received from interest rate futures contracts and TBAs			
Margin received from interest rate futures contracts and TBAs			
Principal and interest receivable on residential mortgage loans	Principal and interest receivable on residential mortgage loans	12,806	(12,689)
Other assets			
Management fee payable to affiliate			
Accrued expenses			
Accrued expenses payable to affiliate			
Income tax expense			
Interest payable			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Other assets		(15,373)	467
Accrued expenses		(528)	3,084
Accrued expenses - affiliate		(1,021)	1,634
Interest payable		(1,880)	3,169
Management fee payable to affiliate		(512)	161
Income tax expense (benefit)		781	(3,457)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		339,087	(644,278)

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this statement.

Angel Oak Mortgage REIT, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

		Nine Months Ended	
		September 30, 2023	September 30, 2022
CASH FLOWS FROM INVESTING ACTIVITIES	**CASH FLOWS FROM INVESTING ACTIVITIES**		
Purchases of investments in RMBS, available for sale			
Purchases of investments in RMBS, available for sale			
Purchases of investments in RMBS, available for sale	Purchases of investments in RMBS, available for sale	(1,006,023)	(1,140,153)
Purchases of investments in RMBS, trading	Purchases of investments in RMBS, trading	(853,934)	—
Sale of investments in RMBS, available for sale	Sale of investments in RMBS, available for sale	1,006,196	1,524,129
Sale of investments in RMBS, trading	Sale of investments in RMBS, trading	832,542	—
Purchase of investment in U.S. Treasury securities	Purchase of investment in U.S. Treasury securities	(848,617)	(349,992)
Investments in majority-owned affiliates			
Principal payments on RMBS and CMBS securities			
Principal payments on RMBS and CMBS securities			
Principal payments on RMBS and CMBS securities			
Maturity of U.S. Treasury securities	Maturity of U.S. Treasury securities	700,000	600,000
Principal payments on RMBS		816	13,219
Purchases of commercial mortgage loans		—	(3,180)
Sale of commercial mortgage loans		4,326	11,026
Principal payments on commercial mortgage loans			
Principal payments on commercial mortgage loans			
Principal payments on commercial mortgage loans	Principal payments on commercial mortgage loans	26	44
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**	(164,668)	655,093
CASH FLOWS FROM FINANCING ACTIVITIES	**CASH FLOWS FROM FINANCING ACTIVITIES**		
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to common stockholders	Dividends paid to common stockholders	(23,942)	(33,725)
Dividends paid to preferred shareholders		—	(11)
Repurchases of common stock		—	(6,862)
Dividends paid to common stockholders			
Dividends paid to common stockholders			
Principal payments on non-recourse securitization obligation			
Principal payments on non-recourse securitization obligation			
Principal payments on non-recourse securitization obligation	Principal payments on non-recourse securitization obligation	(74,179)	(177,111)
Cash paid for debt issuance costs	Cash paid for debt issuance costs	—	(457)
Proceeds from securitization		233,319	675,360
Net proceeds from (payments on) securities sold under agreements to repurchase		135,557	(543,727)

Net proceeds from (repurchases of) securities sold under agreements to repurchase					
Net proceeds from (repurchases of) securities sold under agreements to repurchase					
Net proceeds from (repurchases of) securities sold under agreements to repurchase					
Net proceeds from (payments on) notes payable					
Net proceeds from (payments on) notes payable					
Net proceeds from (payments on) notes payable	Net proceeds from (payments on) notes payable		(442,073)		52,913
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES**		(171,318)		(33,620)
CHANGE IN CASH AND RESTRICTED CASH			3,101		(22,805)
CASH AND RESTRICTED CASH, beginning of period (1)			39,861		52,309
CASH AND RESTRICTED CASH, end of period (1)		$	42,962	$	29,504
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH					
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH					
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH					
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period					
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period					
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**				
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid during the period for interest					
Cash paid during the period for interest					
Cash paid during the period for interest	Cash paid during the period for interest	$	48,862	$	38,535

(1) Cash, cash equivalents, and restricted cash as of September 30, 2023 included cash and cash equivalents of $41.9 million and restricted cash of $1.1 million, and as of September 30, 2022 included cash and cash equivalents of $29.3 million and restricted cash of $10.6 million.

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this statement.

Angel Oak Mortgage REIT, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Organization and Basis of Presentation

Angel Oak Mortgage REIT, Inc. (together with its subsidiaries the “Company”), is a real estate finance company focused on acquiring and investing in first lien non-qualified residential mortgage (“non-QM”) loans and other mortgage-related assets in the U.S. mortgage market. The Company’s strategy is to make credit-sensitive investments primarily in newly-originated first lien non-QM loans that are primarily made to higher-quality non-QM loan borrowers and primarily sourced from the proprietary mortgage lending platform of its affiliate, Angel Oak Mortgage Solutions LLC (together with other non-operational affiliated originators, “Angel Oak Mortgage Lending”), which currently operates primarily through a wholesale channel and has a national origination footprint. The Company may also invest in other residential mortgage loans, residential mortgage-backed securities (“RMBS”), and other mortgage-related assets. The Company’s objective is to generate attractive risk-adjusted returns for its stockholders, through cash distributions and capital appreciation, across interest rate and credit cycles.

The Company is a Maryland corporation incorporated on March 20, 2018. The Company achieves certain of its investment objectives by investing a portion of its assets in its wholly-owned taxable REIT subsidiary, Angel Oak Mortgage REIT TRS, LLC, (“AOMR TRS”), a Delaware limited liability company formed on March 21, 2018, which invests its assets in Angel Oak Mortgage Fund TRS, a Delaware statutory trust formed on June 15, 2018.

The Company is traded on the New York Stock Exchange under the ticker symbol AOMR.

The Operating Partnership

On February 5, 2020, the Company formed Angel Oak Mortgage Operating Partnership, LP, a Delaware limited partnership (the "Operating Partnership"), through which substantially all of its assets are held and substantially all of its operations are conducted, either directly or through subsidiaries. The Company holds all of the limited partnership interests in the Operating Partnership and indirectly holds the sole general partnership interest in the Operating Partnership through the general partner, which is the Company's wholly-owned subsidiary.

The Company's Manager and REIT status

The Company is externally managed and advised by Falcons I, LLC (the "Manager"), a Securities and Exchange Commission-registered investment adviser and an affiliate of Angel Oak Capital Advisors, LLC ("Angel Oak Capital"). The Company has elected to be taxed as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 2019.

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with the instructions to Article 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States of America ("GAAP") for complete financial statements. These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2022 December 31, 2023, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Annual Report on Form 10-K").

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the interim periods presented. Such operating results may not be indicative of the expected results for any other interim periods or the entire year. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements requires the Company to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities, amounts and timing of credit losses, prepayment rates, and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of certain revenues and expenses during the reported periods. It is likely that changes in these estimates (e.g., fair value changes due to inputs and underlying assumptions as described in Note 10 9 — *Fair Value Measurements*, credit performance, prepayments, interest rates, or other reasons) will occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ from the Company's estimates and the differences could be material.

New Accounting Standards and Interpretations

As of September 30, 2023, there were no new accounting standards or interpretations adopted by the Company that had a material effect on its condensed consolidated financial statements.

Reclassifications

Certain comparative period amounts reported in prior periods in the condensed consolidated financial statements have been reclassified to conform to the current year's presentation. For comparative purposes, and to simplify the presentation of the Company's condensed consolidated balance sheet, the deferred tax asset has been reclassified to "other assets" on the condensed consolidated balance sheet as of December 31, 2022. See Note 14 — *Other Assets*.

Certain comparative period amounts have been reclassified for consistency with current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to Specifically, certain cash flows previously presented as cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows for the nine three months-ended September 30, 2022 March 31, 2023, have been reclassified to identify amortization cash flows from investing activities as Purchases of debt issuance costs, net amortization investments in majority-owned affiliates.

Recent Accounting Pronouncements

The Company considers the applicability and impact of premiums and discounts of mortgage loans, and principal payments all Accounting Standards Updates ("ASUs"). There were no recent ASUs that are expected to have a significant impact on residential mortgage loans in securitization trusts.

the Company's condensed consolidated financial statements when adopted or had a significant impact on the Company's condensed consolidated financial statements upon adoption.

Summary of Significant Accounting Policies

The Company's summary of significant accounting policies as set forth in its Annual Report on Form 10-K remain unchanged. During the nine months ended September 30, 2023, the Company elected a new accounting classification regarding certain of its investments in debt securities, as further described below, as the Company classifies securities on a trade-by-trade basis upon purchase. The Company did not transfer any securities between classifications.

The Company classifies its investments in debt securities in accordance with Accounting Standards Codification 320 - *Investments - Debt Securities* ("ASC 320") as "trading," "available for sale," or "held to maturity". Historically, the Company had classified all of its investments in debt securities as available for sale ("AFS"). In the first quarter of 2023, the Company began designating its purchases of Freddie Mac and Fannie Mae-issued whole pool agency residential mortgage-backed securities ("Whole Pool Agency RMBS") and purchases of U.S. Treasury securities as trading securities.

2. Variable Interest Entities

Since its inception, the Company has utilized Variable Interest Entities variable interest entities ("VIEs") for the purpose of securitizing whole mortgage loans to obtain long-term non-recourse financing. The Company evaluates its interest in each VIE to determine if it is the primary beneficiary. Below are descriptions of VIEs for which the Company is and is not the primary beneficiary.

VIEs for Which the Company is the Primary Beneficiary

The Company entered into securitization transactions where it was determined that the Company was has the primary beneficiary, as, with respect power to each securitization vehicle, it controls direct the class of securities with call rights, or "controlling class" of securities, activities that most significantly impact the XS tranche. VIE's economic performance. The Company was the sole entity to contribute residential whole mortgage loans to these securitization vehicles.

The retained beneficial interest in VIEs for which the Company is the primary beneficiary is the subordinated tranches of the securitization and further interests in additional interest-only tranches. The following table below sets forth summarizes the fair values key details of the assets Company's loan securitization transactions currently outstanding as of March 31, 2024 and liabilities recorded in December 31, 2023:

As of:	March 31, 2024	December 31, 2023
	($ in thousands)	
Aggregate unpaid principal balance of residential whole loans sold	$ 2,533,008	$ 2,578,595
Face amount of Non-recourse securitization obligation issued by the VIE and purchased by third-party investors	1,619,051	1,619,051
Outstanding amount of Non-recourse securitization obligation, at carrying value	1,198,457	1,220,067
Fair value adjustment for the portion of Non-recourse securitization obligation, at fair value option	(51,816)	(50,912)
Outstanding amount of Non-recourse securitization obligation, total	$ 1,146,641	$ 1,169,154
Weighted average fixed rate for Non-recourse securitization obligation issued	2.91 %	2.91 %
Face amount of Senior Support Certificates received by the Company	$ 91,330	$ 91,330
Cash received	$ 194,746	$ 194,746

During the condensed three months ended March 31, 2024, the Company did not issue and retain bonds on our consolidated balance sheets related to these for any securitization transaction for which the Company was the primary beneficiary.

As of March 31, 2024 and December 31, 2023, as a result of the transactions described above, securitized loans with outstanding principal balance of approximately $1.3 billion and $1.3 billion are included in "Residential mortgage loans in securitization trusts" on the Company's consolidated balance sheets, respectively. As of March 31, 2024 and December 31, 2023, the aggregate carrying value of sold bonds issued by consolidated VIEs was $1.2 billion and $1.2 billion. These sold bonds are disclosed as "Non-recourse securitization obligation, collateralized by residential mortgage loans in securitization trusts" on the Company's consolidated balance sheets. The holders of September 30, 2023 the securitized debt have no recourse to the general credit of the Company, but the Company does have the obligation, under certain circumstances, to repurchase assets from the VIE upon the breach of certain representations and December 31, 2022:

warranties with respect to the residential

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	September 30, 2023	December 31, 2022
	(in thousands)	
Assets:		
Residential mortgage loans in securitization trusts - cost	$ 1,409,089	$ 1,193,879
Fair value adjustment	(214,970)	(166,437)
Residential mortgage loans in securitization trusts - at fair value	$ 1,194,119	$ 1,027,442
Liabilities (1)**:**		
Non-recourse securitization obligations, collateralized by residential mortgage loans - principal balance, amortized cost	$ 434,227	$ 474,070
Less: debt issuance costs capitalized	(105)	(1,145)
Non-recourse securitization obligations, collateralized by residential mortgage loans, amortized cost, net	$ 434,122	$ 472,925
Non-recourse securitization obligations, collateralized by residential mortgage loans - principal balance, net of discount, subject to fair value adjustment	$ 836,130	$ 611,114
Fair value adjustment	(108,956)	(80,554)
Non-recourse securitization obligations, collateralized by residential mortgage loans - at fair value, net	$ 727,174	$ 530,560
Total non-recourse securitization obligations, collateralized by residential mortgage loans, net	$ 1,161,296	$ 1,003,485

whole loans sold to the VIE. In the absence of such a breach, the Company has no obligation to provide any other explicit or implicit support to any VIE.

(1) Debt issuance costs for non-recourse

The Company concluded that the entities created to facilitate the loan securitization obligations electing transactions are VIEs. The Company completed an analysis of whether each VIE created to facilitate the fair value option are recorded securitization transactions should be consolidated by the Company, based on consideration of its involvement in each VIE and whether its involvement reflected a controlling financial interest that resulted in the Company being deemed the primary beneficiary of each VIE. In determining whether the Company would be considered the primary beneficiary, the following factors were assessed:

- whether the Company has both the power to expense upon issuance direct the activities that most significantly impact the economic performance of the securitization. Debt issuance costs incurred with VIE; and
- whether the issuances Company has a right to receive benefits or absorb losses of non-recourse securitization obligations for which the fair value option was not elected are presented at amortized cost.
  Income and expense amounts related entity that could be potentially significant to the consolidated VIEs recorded VIE.

Based on its evaluation of the factors discussed above, including its involvement in the condensed consolidated statements purpose and design of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023 and 2022 is set forth as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(in thousands)			
Interest income	$ 15,733	$ 12,759	$ 41,213	$ 34,646
Interest expense, non-recourse liabilities (1)	(10,956)	(6,983)	(26,121)	(17,245)
Net interest income	$ 4,777	$ 5,776	$ 15,092	$ 17,401
Net unrealized gain (loss) on mortgage loans in securitization trusts - at fair value	(16,863)	(73,178)	(9,404)	(152,931)
Unrealized gain (loss) on mark-to-market of non-recourse securitization obligation - at fair value	22,183	34,357	3,620	67,030
Securitization costs	(416)	(1,115)	(2,326)	(3,405)
Realized losses and operating expenses	(967)	(247)	(2,163)	(695)
Net gain/(loss) from consolidated VIEs	$ 8,714	$ (34,407)	$ 4,819	$ (72,600)

(1) Interest expense includes amortization of debt issuance expense and accretion of non-recourse entity, the Company determined that it was required to consolidate each VIE created to facilitate the loan securitization obligation discount.transactions.

VIEs for Which the Company is Not the Primary Beneficiary

The Company sponsored or participated along with other affiliates and entities managed by Angel Oak Capital in the formation of various entities that were considered to be VIEs. These VIEs were formed to facilitate securitization issuances that were comprised of secured residential whole loans and/or small balance commercial loans contributed to securitization trusts.

These securities were issued as a result of the unconsolidated securitizations where the Company retained bonds from the issuances of securitizations issued by a depositor that the Company does not control. The Company determined that it was not then and is not now the primary beneficiary of any of these securitization entities, and thus has not consolidated the operating results or statements of financial position of any of these entities. The Company performs ongoing reassessments of all VIEs in which the Company has participated since its inception as to whether changes in the facts and circumstances regarding the Company's involvement with a VIE would cause the Company's consolidation conclusion to change, and the Company's assessment of these VIEs remains unchanged.

The securities received in the securitization transactions for which we are not the primary beneficiary were classified as "available for sale" upon receipt and are included in "RMBS - at fair value" and "CMBS - at fair value" "Other Assets" on the condensed consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, and details on the accounting treatment and fair value methodology of the securities can be found in Note 10 9 — *Fair Value Measurements*. See also Note 5 4 — *Investment Securities*, for the fair value of AOMT securities held by the Company, and Note 14 13 - *Other Assets*, for investments in MOAs, majority-owned affiliates ("MOAs"), as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 that were retained by the Company as a result of these securitization transactions.

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3. Residential Mortgage Loans

Residential mortgage loans are mortgage loans on residences located in various states with concentrations in California, Florida, Texas, and Georgia. Residential mortgage loans are measured at fair value. The following table sets forth the cost, unpaid principal balance, net premium on mortgage loans purchased, fair value, weighted average interest rate, and weighted average remaining contractual maturity of the Company's residential mortgage loan portfolio as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023	December 31, 2022
	($ in thousands)	

		March 31, 2024 ($ in thousands)		March 31, 2024	December 31, 2023 ($ in thousands)
Cost	Cost	$ 313,297	$ 886,661		
Unpaid principal balance					
Unpaid principal balance					
Unpaid principal balance	Unpaid principal balance	$ 307,638	$ 864,171		
Net premium on mortgage loans purchased	Net premium on mortgage loans purchased	5,659	22,489		
Change in fair value	Change in fair value	(28,914)	(115,678)		
Fair value	Fair value	$ 284,383	$ 770,982		
Weighted average interest rate	Weighted average interest rate	5.83 %	4.80 %		
Weighted average interest rate					
Weighted average interest rate				7.11 %	6.78 %
Weighted average remaining maturity (years)		29	30		
Weighted average contractual maturity (years)					
Weighted average contractual maturity (years)					
Weighted average contractual maturity (years)				28	29

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At times, various forms of margin maintenance on residential mortgage loans may be required by certain financing facility counterparties. See Note 6 5 — *Notes Payable*.

The following table sets forth data regarding the number of consumer mortgage loans secured by residential real property 90 ninety (90) or more days past due and also those in formal foreclosure proceedings, and the recorded investment and unpaid principal balance of such loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

As of:	As of:	September 30, 2023	December 31, 2022	As of:	March 31, 2024	December 31, 2023
		($ in thousands)				
		($ in thousands)				($ in thousands)

Number of mortgage loans 90 or more days past due	Number of mortgage loans 90 or more days past due		3		11	Number of mortgage loans 90 or more days past due	8	7	7
Recorded investment in mortgage loans 90 or more days past due	Recorded investment in mortgage loans 90 or more days past due	$	2,001	$	7,230				
Unpaid principal balance of loans 90 or more days past due	Unpaid principal balance of loans 90 or more days past due	$	1,938	$	7,043				
Number of mortgage loans in foreclosure	Number of mortgage loans in foreclosure		8		2				
Number of mortgage loans in foreclosure									
Number of mortgage loans in foreclosure							3	2	
Recorded investment in mortgage loans in foreclosure	Recorded investment in mortgage loans in foreclosure	$	6,665	$	820				
Unpaid principal balance of loans in foreclosure	Unpaid principal balance of loans in foreclosure	$	6,462	$	849				

4.Investment Securities

As of March 31, 2024, investment securities were comprised of: (i) non-agency RMBS ("AOMT RMBS") and (ii) Freddie Mac and Fannie Mae whole pool agency RMBS ("Whole Pool Agency RMBS", and together with AOMT RMBS, "RMBS"), and (iii) U.S. Treasury securities. The U.S. Treasury securities held by the Company as of March 31, 2024 subsequently matured on April 9, 2024.

The following table sets forth a summary of RMBS at cost as of March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
	(in thousands)			
AOMT RMBS	$	88,323	$	84,957
Whole Pool Agency RMBS	$	359,892	$	391,964

The following tables sets forth certain information about the Company's investments in RMBS at fair value as of March 31, 2024 and December 31, 2023:

	Real Estate Securities at Fair Value		Securities Sold Under Agreements to Repurchase		Allocated Capital	
March 31, 2024:			*(in thousands)*			
AOMT RMBS (1)						
Mezzanine	$	11,824	$	(702)	$	11,122
Subordinate		58,955		(19,726)		39,229
Interest Only/Excess		13,982		(1,830)		12,152
Retained RMBS in VIEs (2)		—		(22,243)		(22,243)

Total AOMT RMBS	$ 84,761	$ (44,501)	$ 40,260
Whole Pool Agency RMBS (3)			
Fannie Mae	$ 155,229	$ —	$ 155,229
Freddie Mac	205,146	—	205,146
Whole Pool Total Agency RMBS	$ 360,375	$ —	$ 360,375
Total RMBS	$ 445,136	$ (44,501)	$ 400,635

(1) AOMT RMBS held as of March 31, 2024 included both retained tranches of AOMT securitizations in which the Company participated and additional AOMT securities purchased in secondary market transactions.

4. (2) **Commercial Mortgage Loans**

Commercial mortgage loans are mortgage loans on commercial properties located in various states with concentrations in California and Tennessee. Commercial mortgage loans are measured at fair value. The following table sets forth the cost, unpaid principal balance, fair value, weighted average interest rate, and weighted average remaining maturity of the Company's commercial mortgage loan portfolio as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	($ in thousands)	
Cost	$ 5,602	$ 9,928
Unpaid principal balance	$ 5,606	$ 9,928
Change in fair value	(387)	(470)
Fair value	$ 5,219	$ 9,458
Weighted average interest rate	6.24 %	7.03 %
Weighted average remaining maturity (years)	12	8

The net discount on commercial mortgage loans was fully amortized as of December 31, 2022. On July 3, 2023, a commercial mortgage loan was sold for $4.6 million representing the full outstanding principal balance and carrying amount, and accrued costs and fees. There were no commercial mortgage loans more than 90 days overdue or in foreclosure as of September 30, 2023 or December 31, 2022.

5.Investment Securities

As of September 30, 2023, investment securities were comprised of non-agency RMBS ("AOMT RMBS"), Whole Pool Agency RMBS, commercial mortgage backed securities ("CMBS"), and U.S. Treasury securities. The U.S. Treasury securities held by the Company as of September 30, 2023 subsequently matured on October 12, 2023. The Company did not hold any U.S. Treasury securities as of December 31, 2022.

The following table sets forth a summary of AOMT RMBS, Whole Pool Agency RMBS, and AOMT CMBS at cost as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	(in thousands)	
AOMT RMBS	$ 67,479	$ 69,922
Whole Pool Agency RMBS	$ 511,953	$ 1,006,022
CMBS	$ 6,319	$ 6,329

The following table sets forth certain information about the Company's investments in RMBS and CMBS at fair value as of September 30, 2023 and December 31, 2022:

	Real Estate Securities at Fair Value	Securities Sold Under Agreements to Repurchase	Allocated Capital

September 30, 2023:		*(in thousands)*	
AOMT RMBS (1)			
Mezzanine	$ 10,429	$ (1,029)	$ 9,400
Subordinate	52,159	(21,384)	30,775
Interest Only/Excess	12,665	(1,944)	10,721
Retained RMBS in VIEs (2)	—	(15,504)	(15,504)
Total AOMT RMBS	$ 75,253	$ (39,861)	$ 35,392
Whole Pool Agency RMBS			
Fannie Mae	$ 504,732	$ —	$ 504,732
Freddie Mac	—	—	—
Whole Pool Total Agency RMBS	$ 504,732	$ —	$ 504,732
Total RMBS	$ 579,985	$ (39,861)	$ 540,124
AOMT CMBS			
Subordinate	$ 2,933	$ —	$ 2,933
Interest Only/Excess	3,405	—	3,405
Total AOMT CMBS	$ 6,338	$ —	$ 6,338

(1) AOMT RMBS held as of September 30, 2023 included both retained tranches of securitizations in which the Company participated where the Company was not deemed to be the primary beneficiary, and additional securities issued by affiliates of Angel Oak Capital which were purchased in secondary market transactions.

(2)A portion of repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations involving (i.e., consolidated VIEs. VIEs). These bonds, have with a fair value of $122.7 million. The $119.8 million, are not reflected in the consolidated balance sheets, as the Company reflects the underlying assets of the VIE (residential mortgage loans in securitization trusts - at fair value) on its condensed consolidated balance sheets rather than sheets.

(3) The whole pool RMBS presented as of March 31, 2024 were purchased from a broker to whom the bonds, due Company owes approximately $360 million, payable upon the settlement date of the trade. See Note 6 - *Due* to *the accounting rules around this type of securitization. Broker*.

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December 31, 2023		**December 31, 2023**	**Real Estate Securities at Fair Value**	**Securities Sold Under Agreements to Repurchase**	**Allocated Capital**
	(in thousands)				*(in thousands)*
AOMT RMBS (1)					

		Real Estate Securities at Fair Value	**Securities Sold Under Agreements to Repurchase**	**Allocated Capital**
December 31, 2022:			*(in thousands)*	
AOMT RMBS (1)				
Mezzanine				
Mezzanine				
Mezzanine	Mezzanine	$ 1,958	$ (1,470)	$ 488
Subordinate	Subordinate	49,578	(24,982)	24,596
Interest Only/Excess	Interest Only/Excess	10,424	(1,506)	8,918
Retained RMBS in VIEs (2)	**Retained RMBS in VIEs** (2)	—	(24,586)	(24,586)

Total AOMT RMBS	Total AOMT RMBS	$ 61,960	$ (52,544)	$ 9,416
Whole Pool Agency RMBS				
Whole Pool Agency RMBS (3)				
Whole Pool Agency RMBS (3)				
Whole Pool Agency RMBS (3)				
Fannie Mae				
Fannie Mae				
Fannie Mae	Fannie Mae	$ 501,458	$ —	$ 501,458
Freddie Mac	Freddie Mac	491,920	—	491,920
Whole Pool Total Agency RMBS	Whole Pool Total Agency RMBS	$ 993,378	$ —	$ 993,378
Total RMBS	Total RMBS	$1,055,338	$ (52,544)	$1,002,794
AOMT CMBS				
Subordinate		$ 2,901	$ —	$ 2,901
Interest Only/Excess		3,210	—	3,210
Total AOMT CMBS		$ 6,111	$ —	$ 6,111

(1) AOMT RMBS held as of December 31, 2022 December 31, 2023 included both retained tranches of AOMT securitizations in which the Company participated where the Company was not deemed to be the primary beneficiary, and additional AOMT securities issued by affiliates of Angel Oak Capital which were purchased in secondary market transactions.

(2)A portion of repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations involving (i.e., consolidated VIEs. VIEs). These bonds, have with a fair value of $110.5 million. The $124.1 million, are not reflected in the consolidated balance sheets, as the Company reflects the underlying assets of the VIE (residential mortgage loans in securitization trusts - at fair value) on its condensed consolidated balance sheets rather than sheets.

(3) The whole pool RMBS presented as of December 31, 2023 were purchased from a broker to whom the bonds, due Company owes approximately $392 million, payable upon the settlement date of the trade. See Note 6 - *Due* to *the accounting rules around this type of securitization. Broker*

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The following table sets forth certain information about the Company's investments in U.S. Treasury securities as of March 31, 2024 and December 31, 2023:

September 30, 2023 (1):

Date	Face Value	Unamortized Discount, net	Amortized Cost	Unrealized Gain/(Loss)	Fair Value	Net Effective Yield
			($ in thousands)			
March 31, 2024	$ 150,000	$ 195	$ 149,805	$ —	$ 149,805	5.19 %
December 31, 2023	$ 150,000	$ 159	$ 149,841	$ 86	$ 149,927	5.30 %

Date	Face Value	Unamortized Discount, net	Amortized Cost	Unrealized Gain (Loss)	Fair Value	Net Effective Yield
			($ in thousands)			
September 30, 2023	$ 150,000	$ 182	$ 149,818	$ 88	$ 149,906	5.36 %

(1) There were no U.S. Treasury securities held as of December 31, 2022.

6. 5. Notes Payable

The Company has the ability to finance residential and commercial whole loans, utilizing repurchase agreements with lines of credit (notes payable) from various counterparties, ("notes payable"), as further described below. Outstanding borrowings bear interest at floating rates depending on the lending counterparty, the collateral pledged, and the rate in effect for each interest period, as the same may change from time to time at the end of each interest period. Some agreements include upfront fees, fees on unused balances, covenants and concentration limits on types of collateral pledged. Each of these pledged which vary based on the counterparty. One of these agreements, as noted below, is a "static pool" financing facility, where the lender has agreed to finance a certain pool of loans contributed to such financing facility, which does not allow for any revolving financing terms.

Occasionally, a lender may require cash certain margin collateral to be posted as on a warehouse line of credit. There was no margin collateral on such agreements. As required as of September 30, 2023, cash collateral for margin maintenance requirements of approximately $0.8 million was held for the benefit of Global Investment Bank 3 within "restricted cash" on the condensed consolidated balance sheet. The majority of this restricted cash balance is in an economic interest rate hedging account under the control of Global Investment Bank 3, and may be drawn by Global Investment Bank 3 at its discretion. As of December 31, 2022, cash collateral for margin maintenance requirements by whole loan financing counterparties was $5.6 million within "restricted cash" on the condensed consolidated balance sheet, of which $3.8 million was held in a segregated restricted cash account and March 31, 2024 or December 31, 2023.

released to the Company by the applicable lender subsequent to December 31, 2022; the remainder of which was held in the economic interest rate hedging account referred to above.

The following table sets forth the details of the Company's notes payable and drawn amounts for whole loan purchases as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Note Payable	Base Interest Rate	Interest Rate Pricing Spread	Drawn Amount	
			September 30, 2023	December 31, 2022
			($ in thousands)	
Multinational Bank 1 (1)	Average Daily SOFR	2.10%	$ 189,066	$ 352,038
Global Investment Bank 2 (2)	1 month SOFR	2.20% - 3.45%	—	—
Global Investment Bank 3 (3)	Compound SOFR	2.80% - 4.50%	8,731	119,137
Institutional Investors A and B (4)	1 month Term SOFR	3.50%	N/A	168,695
Regional Bank 1 (5)	1 month SOFR	2.50% - 3.50%	N/A	—
Total			$ 197,797	$ 639,870

Note Payable	Base Interest Rate	Interest Rate Pricing Spread	Drawn Amount	
			March 31, 2024	December 31, 2023
			($ in thousands)	
Multinational Bank 1 (1)	Average Daily SOFR	2.00% - 2.10%	$ 188,918	$ 206,183
Global Investment Bank 2 (2)	1 month Term SOFR	2.10% - 3.45%	—	—
Global Investment Bank 3 (3)	Compound SOFR	2.00% - 4.50%	95,084	84,427
Institutional Investors A and B (4)	1 month Term SOFR	3.50%	N/A	—
Regional Bank 1 (5)	1 month SOFR	2.50% - 3.50%	N/A	—
Total			$ 284,002	$ 290,610

(1) On January 25, 2023 March 25, 2024, this financing facility was extended through July 25, 2023 September 25, 2024 in accordance with the terms of the agreement, which contemplates six-month renewals. On July 25, 2023, the Company extended this financing facility through January 25, 2024, renewals, with an interest rate pricing spread of 2.00%. Prior to this extension the interest rate pricing spread was up to 2.10%.

(2) On March 28, 2024 the amended and restated Master Repurchase Agreement was terminated and replaced with a new $250 million Master Repurchase Agreement which has a termination date of March 27, 2026. Further, the interest rate pricing margin will range from 2.10% to 3.35%, based on loan status, dwell time and other factors. Prior to this extension the interest rate pricing spread was up to 3.45%.

(2) (3) This financing facility expires on February 2, 2024.

(3) This static pool financing facility expires on December 19, 2023. The interest rate pricing spread per the agreement began at 2.80% for the first three months following December 19, 2022, exclusive of a 20 basis points index spread adjustment, and increases by an additional 50 basis points every three months thereafter; however, the facility does not, in general, contain "mark to market" provisions. The agreement requires an economic interest rate hedging account ("interest rate futures account") to be maintained to the reasonable satisfaction of Global Investment Bank 3, as described above, which account is for its benefit and under its sole control. On November 7, 2023, this facility was renewed for a twelve month term through November 7, 2024 and was converted from static pool financing to a revolving facility with mark to market features. The amended facility has a maximum borrowing capacity termination date of $200 million with a base interest rate pricing spread of 180 basis points plus a 20 basis points index spread adjustment (see Note 16 — *Subsequent Events*) November 7, 2024.

(4) On October 4, 2022, the Company and a subsidiary entered into two separate master repurchase facilities with two affiliates of an institutional investor ("Institutional Investors A and B") regarding a specific pool of whole loans with financing of approximately $168.7 million on approximately $239.3 million of unpaid principal balance. The These master repurchase agreements were set to expire on January 4, 2023, subject to a one-time option to extend for three months, which the Company did not utilize. The Company repaid this financing facility in full on January 4, 2023. The Company held restricted cash pertaining to this lender's cash collateral requirements included in "restricted cash" on the Company's condensed consolidated balance sheet as of December 31, 2022, as described above, which was released expired by their terms on January 4, 2023.

(5) This agreement expired by its terms on March 16, 2023.

The following table sets forth the total unused borrowing capacity of each financing line as of September 30, 2023 March 31, 2024:

Note Payable	Borrowing Capacity	Balance Outstanding	Available Financing
		(in thousands)	
Multinational Bank 1 (1)	$ 600,000	$ 189,066	$ 410,934
Global Investment Bank 2 (1)	250,000	—	250,000
Global Investment Bank 3 (2)	8,731	8,731	—
Total	$ 858,731	$ 197,797	$ 660,934

Note Payable	Borrowing Capacity	Balance Outstanding	Available Financing
		(in thousands)	
Multinational Bank 1	$ 600,000	$ 188,918	$ 411,082
Global Investment Bank 2	250,000	—	250,000
Global Investment Bank 3	200,000	95,084	104,916
Total	$ 1,050,000	$ 284,002	$ 765,998

(1)Although available financing is uncommitted for each of these lines of credit, the Company's unused borrowing capacity is available if it has eligible collateral to pledge and meets other borrowing conditions as set forth in the applicable agreements.

(2) As of September 30, 2023, this financing facility had no unused borrowing capacity as the outstanding borrowings were based on a static pool of mortgage loans.

7. 6. Due to Broker

The "Due to broker" account on the condensed consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, in the amounts of $512.0 $360 million and $392 million and $1.0 billion,respectively, relates to the purchase of Whole Pool Agency RMBS at quarter-end in the third first and fourth quarters of 2023 2024 and 2022, 2023, respectively. Purchases are accounted for on a trade date basis, and, at times, there may be a timing difference between accounting periods for the trade date and the settlement date of a trade. The trade dates of these purchases were prior to the applicable quarter-end dates. These trades settled on October 12, 2023 April 11, 2024 and January 13, 2023 January 16, 2024, respectively, at which time these assets were simultaneously sold.

The purchase transactions for the unsettled of these Whole Pool Agency RMBS are excluded from the condensed consolidated statements of cash flows until settled as they are noncash transactions.

8. 7. Securities Sold Under Agreements to Repurchase

Transactions involving securities sold under agreements to repurchase are treated as collateralized financial transactions, and are recorded at their contracted repurchase amounts. Margin (if required) for securities sold under agreements to repurchase represents margin collateral amounts held to ensure that the Company has sufficient coverage for securities sold under agreements to repurchase in case of adverse price changes. Restricted cash of margin collateral for securities sold under agreements to repurchase was $0.3 million and $3.9 million $0.3 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following table summarizes certain characteristics of the Company's repurchase agreements as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

September 30, 2023			
March 31, 2024			
Repurchase Agreements			
Repurchase Agreements			
Repurchase Agreements	**Amount Outstanding**	**Weighted Average Interest Rate**	**Weighted Average Remaining Maturity (Days)**

Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
($ in thousands)			
U.S. Treasury securities	$ 148,992	5.50 %	9
AOMT RMBS (1)	$ 44,501	6.96 %	17
Total	$ 193,493	5.84 %	11

December 31, 2023

Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
	($ in thousands)		
AOMT RMBS (1)	$ 39,861	7.08 %	15
U.S. Treasury securities	148,240	5.40 %	11
Total	$ 188,101	5.76 %	12

December 31, 2022

Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
	($ in thousands)		
AOMT RMBS (1)	52,544	6.07 %	13
Total	$ 52,544	6.07 %	13

Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
U.S. Treasury Bills	$ 149,013	5.57 %	10
AOMT RMBS (1)	$ 44,643	7.04 %	16
Total	$ 193,656	5.91 %	11

(1) A portion of repurchase debt outstanding as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs). See Note 5 — 4 - *Investment Securities.*

The repurchase debt against the U.S. Treasury securities was repaid in full upon the maturity of the U.S. Treasury securities.

Although the transactions under repurchase agreements represent committed borrowings until maturity, the lenders retain the right to mark the underlying collateral at fair value. A reduction in the value of pledged assets would require the Company to provide additional collateral or fund margin calls.

9. 8. Derivative Financial Instruments

In the normal course of business, the Company enters into derivative financial instruments to manage its exposure to market risk, including interest rate risk and prepayment risk on its whole loan investments. The derivatives in which the Company invests, and the market risk that the economic hedge is intended to mitigate are further discussed below. Derivative instruments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 included both To-Be-Announced ("TBA") securities and interest rate futures contracts. Restricted cash relating to interest rate futures margin collateral in interest rate futures accounts under the Company's sole control as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 included $0.3 $2.4 million and $1.1 $2.5 million, respectively. There was no TBA margin collateral required as of either September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

The Company uses interest rate futures as economic hedges to hedge a portion of its interest rate risk exposure. Interest rate risk is sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, as well as other factors. The Company's credit risk with respect to economic hedges is the risk of default on its investments that result from a borrower's or counterparty's inability or unwillingness to make contractually required payments.

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The Company may at times hold TBAs in order to mitigate its interest rate risk on certain specified mortgage-backed securities. Amounts or obligations owed by or to the Company are subject to the right of set-off with the TBA counterparty. As part of executing these trades, the Company may enter into agreements with its TBA counterparties that govern the transactions for the TBA purchases or sales made, including margin maintenance, payment and transfer, events of default, settlements, and various other provisions.

Changes in the value of derivatives designed to protect against mortgage-backed securities fair value fluctuations, or economic hedging gains and losses, are reflected in the tables below. All realized and unrealized gains and losses on derivative contracts are recognized in earnings, in "net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS" for realized gains and losses, and "net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts" for unrealized gains and losses.

The Company considers the notional amounts, categorized by primary underlying risk, to be representative of the volume of its derivative activities.

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The following table sets forth the derivative instruments presented on the condensed consolidated balance sheets and notional amounts as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

As of:	Derivatives Not Designated as Hedging Instruments	Number of Contracts	Assets	Liabilities	Notional Amounts: Long Exposure	Notional Amounts: Short Exposure
			($ in thousands)			
September 30, 2023	Interest rate futures	1,099	$ 691	$ —	$ —	$ 109,900
September 30, 2023	TBAs	N/A	$ 7,166	$ —	$ —	$ 523,900
December 31, 2022	Interest rate futures	4,928	$ 2,211	$ —	$ —	$ 492,800
December 31, 2022	TBAs	N/A	$ 12,545	$ —	$ —	$ 1,041,700

As of:	Derivatives Not Designated as Hedging Instruments	Number of Contracts	Assets	Liabilities	Notional Amounts: Long Exposure	Notional Amounts: Short Exposure
			($ in thousands)			
March 31, 2024	Interest rate futures	1,714	$ —	$ 636	$ —	$ 171,400
March 31, 2024	TBAs	N/A	$ —	$ 253	$ —	$ 372,000
December 31, 2023	Interest rate futures	1,489	$ —	$ 840	$ —	$ 148,900
December 31, 2023	TBAs	N/A	$ —	$ 494	$ —	$ 386,700

The gains and losses arising from these derivative instruments in the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 are set forth as follows:

	Derivatives Not Designated as Hedging Instruments	Net Realized Gains (Losses) on Derivative Instruments	Net Change in Unrealized Appreciation (Depreciation) on Derivative Instruments
		(in thousands)	
Three Months Ended September 30, 2023	Interest rate futures	$ 2,828	$ (364)
Three Months Ended September 30, 2023	TBAs	$ 7,421	$ 4,927
Three Months Ended September 30, 2022	Interest rate futures	$ 17,692	$ 6,027
Three Months Ended September 30, 2022	TBAs	$ (10,147)	$ 10,180

	Derivatives Not Designated as Hedging Instruments	Net Realized Gains (Losses) on Derivative Instruments	Net Change in Unrealized Appreciation (Depreciation) on Derivative Instruments

		(in thousands)	
Three Months Ended March 31, 2024	Interest rate futures	$ 3,549	$ 204
Three Months Ended March 31, 2024	TBAs	$ 306	$ 241
Three Months Ended March 31, 2023	Interest rate futures	$ 8,374	$ (9,121)
Three Months Ended March 31, 2023	TBAs	$ (350)	$ (14,052)

	Derivatives Not Designated as Hedging Instruments	Net Realized Gains (Losses) on Derivative Instruments	Net Change in Unrealized Appreciation (Depreciation) on Derivative Instruments
		(in thousands)	
Nine Months Ended September 30, 2023	Interest rate futures	$ 8,599	$ (2,416)
Nine Months Ended September 30, 2023	TBAs	$ 4,900	$ (5,379)
Nine Months Ended September 30, 2022	Interest rate futures	$ 66,805	$ 7,349
Nine Months Ended September 30, 2022	TBAs	$ 3,032	$ (506)

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10. 9. Fair Value Measurements

For financial reporting purposes, we follow a fair value hierarchy established under GAAP that is used to determine the fair value of financial instruments. This hierarchy prioritizes relevant market inputs in order to determine an “exit price” at the measurement date, or the price at which an asset could be sold or a liability could be transferred in an orderly process that is not a forced liquidation or distressed sale. Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets. Level 2 inputs are observable inputs other than quoted prices for an asset or liability that are obtained through corroboration with observable market data. Level 3 inputs are unobservable inputs (e.g., our own data or assumptions) that are used when there is little, if any, relevant market activity for the asset or liability required to be measured at fair value.

In certain cases, inputs used to measure fair value fall into different levels of the fair value hierarchy. In such cases, the level at which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. Our assessment of the significance of a particular input requires judgment and considers factors specific to the asset or liability being measured.

As of September 30, 2023 March 31, 2024, our valuation policy and processes had not changed from those described in our consolidated financial statements for the year ended December 31, 2022 December 31, 2023 included in the Annual Report on Form 10-K. Included in Note 11 10 — *Fair Value Measurements* to the Consolidated Financial Statements for the year ended December 31, 2022 December 31, 2023 included in the Annual Report on Form 10-K is a detailed description of our other financial instruments measured at fair value and their significant inputs, as well as the general classification of such instruments pursuant to the Level 1, Level 2, and Level 3 valuation hierarchy.

The fair value of cash, restricted cash, principal and interest receivable, other assets (excluding investments in majority-owned affiliates) MOA's), notes payable, securities sold under agreements to repurchase, amounts due to broker and accrued expenses (including those payable to an affiliate and management fees payable to an affiliate), and interest payable approximate their carrying values due to the nature of these assets and liabilities.

The Company’s “investments in majority-owned affiliates” included in other assets (see Note 14 13 — *Other Assets*) and a portion of “non-recourse securitization obligations, collateralized by residential mortgage loans” are held at amortized cost. The fair value of these assets and liabilities is disclosed further below in the section titled “*Assets and Liabilities Held at Amortized Cost - Fair Value Disclosure*”.

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The following table sets forth information about the Company’s financial assets and liabilities measured at fair value as of September 30, 2023 March 31, 2024:

	Level 1	Level 2	Level 3	Total
	(in thousands)			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets, at fair value				
Assets, at fair value				

Residential mortgage loans	Residential mortgage loans	$ —	$ 277,373	$ 7,010	$ 284,383
Residential mortgage loans					
Residential mortgage loans					
Residential mortgage loans in securitization trusts	Residential mortgage loans in securitization trusts	—	1,185,006	9,113	1,194,119
Commercial mortgage loans		—	5,219	—	5,219
Investments in securities	**Investments in securities**				
Non-Agency RMBS (1)		—	75,253	—	75,253
AOMT RMBS (1)					
AOMT RMBS (1)					
AOMT RMBS (1)					
Whole Pool Agency RMBS	Whole Pool Agency RMBS	—	504,731	—	504,731
AOMT CMBS (1)		—	6,338	—	6,338
U.S Treasury Securities	**U.S Treasury Securities**	149,906	—	—	149,906
Unrealized appreciation on interest rate futures contracts		691	—	—	691
Unrealized appreciation on TBAs		7,166	—	—	7,166
Other Assets, at fair value (2)					
Total assets, at fair value	**Total assets, at fair value**	$ 157,763	$ 2,053,920	$ 16,123	$ 2,227,806
Liabilities, at fair value	**Liabilities, at fair value**				
Non-recourse securitization obligation, collateralized by residential mortgage loans (2)		—	727,174	—	727,174
Liabilities, at fair value					
Liabilities, at fair value					
Non-recourse securitization obligation, collateralized by residential mortgage loans (3)					
Non-recourse securitization obligation, collateralized by residential mortgage loans (3)					
Non-recourse securitization obligation, collateralized by residential mortgage loans (3)					
Unrealized depreciation on futures contracts					
Unrealized depreciation on TBAs					

Total liabilities, at fair value	**Total liabilities, at fair value**	$ —	$ 727,174	$ —	$ 727,174

(1) Non-Agency AOMT RMBS held as of September 30, 2023 March 31, 2024 included both retained tranches of AOMT securitizations in which the Company participated, and additional AOMT securities purchased in secondary market transactions, and other RMBS purchased in secondary market transactions.

(2) Includes Commercial Loans and AOMT commercial mortgage backed securities ("CMBS)" assets. All AOMT CMBS held as of September 30, 2023 were March 31, 2024 was comprised of a small-balance commercial loan securitization issuance in which the Company participated.

(2) (3) Only the portion subject to fair value measurement, as adjusted for fair value, is presented above. See below for the disclosure of the full debt at fair value.

Transfers from Level 2 to Level 3 were comprised of residential loans more than 90 days overdue (including those in foreclosure). Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. These transfers were not material.

We use third-party valuation firms who utilize proprietary methodologies to value our residential and commercial loans. These firms generally use both market comparable information and discounted cash flow modeling techniques to determine the fair value of our Level 3 assets. Use of these techniques requires determination of relevant input and assumptions, some of which represent significant unobservable inputs such as anticipated credit losses, prepayment rates, default rates, or other valuation assumptions. Accordingly, a significant increase or decrease in any of these inputs in isolation may result in a significantly lower or higher fair value measurement.

The following table sets forth information regarding the Company's significant Level 3 inputs as of September 30, 2023 March 31, 2024:

Asset		**Input Values**	**Asset**	**Fair Value**	**Unobservable Input**	**Range**	**Average**		**Input Values**
	($ in thousands)								
Residential mortgage loans, at fair value									
Residential mortgage loans, at fair value									
Residential mortgage loans, at fair value				$ 6,551	Prepayment rate (annual CPR)	9.39% - 25.92%	15.60%		
		Default rate					Default rate	7.15% - 31.83%	14.05%
		Loss severity					Loss severity	(25.00)% - 32.16%	6.09%
		Expected remaining life					Expected remaining life	0.67 - 4.35 years	2.49 years

Asset	**Fair Value**	**Unobservable Input**	**Range**	**Average**
			Input Values	
	($ in thousands)			
Residential mortgage loans, at fair value	$ 7,010	Prepayment rate (annual CPR)	8.99% - 9.19%	9.09%

Residential mortgage loans in securitization trust, at fair value					
Residential mortgage loans in securitization trust, at fair value					
Residential mortgage loans in securitization trust, at fair value	$ 14,871	Prepayment rate (annual CPR)	4.95% - 19.23%	10.91%
		Default rate	9.77% - 28.13%	17.42%
		Loss severity	(17.50)% - 60.68%	4.00%
		Expected remaining life	0.67 - 4.41 years	2.59 years

		Default rate	16.57% - 24.37%	20.47%
		Loss severity	(0.25)% - 10.00%	1.77%
		Expected remaining life	0.63 - 2.89 years	2.11 years
Residential mortgage loans in securitization trust, at fair value	$ 9,113	Prepayment rate (annual CPR)	2.79% - 12.53%	7.82%
		Default rate	9.22% - 25.78%	15.37%
		Loss severity	(0.16)% - 12.81%	6.66%
		Expected remaining life	1.32 - 3.84 years	2.38 years

Assets and Liabilities Held at Amortized Cost — Fair Value Disclosure

Portion of Non-Recourse Securitization Obligations, Collateralized by Residential Mortgage Loans — Held at Amortized Cost

To determine the fair value of the Company's non-recourse securitization obligations, collateralized by residential mortgage loans, net, held at amortized cost, the Company uses the same method of valuation as described in the Annual Report on Form 10-K, Note 11 10 — *Fair ValueMeasurements* for both the portion of the obligation measured at fair value and the portion of the obligation held at amortized cost, for which fair value is disclosed below.

As of September 30, 2023 March 31, 2024, the total amortized cost basis and fair value of our non-recourse securitization obligations was $1.4 $1.15 billion and $1.1 $1.07 billion, respectively, a difference of approximately $297.9 $86.1 million (which includes AOMT 2022-1, AOMT 2022-4, and AOMT 2023-4, which are marked to fair value; and AOMT 2021-7 and AOMT 2021-4, which are carried at amortized cost, as the fair value option was not elected at the time of the creation of these obligations). The difference between the amortized cost and fair value solely attributable to AOMT 2021-4 and 2021-7 is approximately $80.6 million. The difference between the amortized cost basis value and the fair value is derived from the difference between the period-end market pricing of the underlying bonds, as referred to above, and the amortized cost of the obligation. The fair value of the non-recourse securitization debt is not indicative of the amounts at which we could settle this debt.

As of December 31, 2023, the total amortized cost basis and fair value of our non-recourse securitization obligations was $1.24 billion and $1.09 billion, respectively, a difference of approximately $247.8 million (which includes AOMT 2022-1, AOMT 2022-4, and AOMT 2023-4, which are marked to fair value; and AOMT 2021-7 and AOMT 2021-4, which are carried at amortized cost, as the fair value option was not elected at the time of the creation of these obligations). The fair value solely attributable to AOMT 2021-4 and 2021-7 is approximately $121.4 $81.9 million less than the amortized cost. The difference between the amortized cost basis value and the fair value is derived from the difference between the period-end market pricing of the underlying bonds, as referred to above, and the amortized cost of the obligation. The fair value of the non-recourse securitization debt is not indicative of the amounts at which we could settle this debt.

As of December 31, 2022, the total amortized cost basis and fair value of our non-recourse securitization obligations was $1.1 billion and $914.3 million, respectively, a difference of approximately $170.9 million (which includes AOMT 2022-1 and AOMT 2022-4, which are marked to fair value; and AOMT 2021-7, and AOMT 2021-4, which are carried at amortized cost, as the fair value option was not elected at the time of the creation of these obligations). The difference between the amortized cost and fair value solely attributable to AOMT 2021-4 and 2021-7 is approximately $90.3 million. The difference between the amortized cost basis value and the fair value is derived from the difference between the period-end market pricing of the underlying bonds, as referred to above, and the amortized cost of the obligation. The fair value of the non-recourse securitization debt is not indicative of the amounts at which we could settle this debt.

Investments in Majority-Owned Affiliates

To determine the fair value of the Company's investments in majority-owned affiliates, which are held at amortized cost and included in "other assets", the Company uses the prices of the underlying bonds in the investments to determine fair value. The Company utilizes PriceServe, Bank of America's independent fixed income pricing service, as the primary valuation source for these bonds. PriceServe obtains its price quotes from actual sales or quotes for sale of the same or similar securities and/or provides model-based valuations that consider inputs derived from recent market activity including default rates, conditional prepayment rates, loss severity, expected yield to maturity, baseline discount margin/yield, recovery assumptions, tranche type, collateral coupon, age and loan size, and other inputs specific to each security. We believe that these quotes are most reflective of the price that would be achieved if the bonds were sold to an independent third party on the date of the condensed consolidated financial statements.

The amortized cost and fair value of this investment as of March 31, 2024 was approximately $18.0 million and $22.8 million, respectively. The amortized cost and fair value of these investments as of September 30, 2023 December 31, 2023 was approximately $14.7 $16.2 million and $13.3 $16.7 million, respectively.

The following table sets forth information about the Company's financial assets and liabilities measured at fair value as of December 31, 2022 December 31, 2023:

	Level 1	Level 1	Level 2	Level 3	Total
	(in thousands)				(in thousands)
Assets, at fair value					
Residential mortgage loans					
Residential mortgage loans					
Residential mortgage loans					
Residential mortgage loans in securitization trusts					
Investments in securities					
AOMT RMBS (1)					
AOMT RMBS (1)					
AOMT RMBS (1)					
Whole Pool Agency RMBS					
U.S. Treasury Securities.					

	Level 1	Level 2	Level 3	Total
Other Assets, at fair value (2)				
	(in thousands)			
Assets, at fair value				

Residential mortgage loans		$ —	$ 763,786	$ 7,196	$ 770,982
Residential mortgage loans in securitization trusts		—	1,018,686	8,756	1,027,442
Commercial mortgage loans		—	9,458	—	9,458
Investments in securities					
Non-Agency RMBS (1)		—	61,960	—	61,960
Whole Pool Agency RMBS		—	993,378	—	993,378
AOMT CMBS (1)		—	6,111	—	6,111
Unrealized appreciation on interest rate futures contracts		2,211	—	—	2,211
Unrealized appreciation on TBAs		12,545	—	—	12,545
Other Assets, at fair value (2)					
Other Assets, at fair value (2)					
Total assets, at fair value	**Total assets, at fair value**	$ 14,756	$ 2,853,379	$ 15,952	$ 2,884,087
Liabilities, at fair value	**Liabilities, at fair value**				
Non-recourse securitization obligation, collateralized by residential mortgage loans (2)		$ —	$ 530,560	$ —	$ 530,560
Liabilities, at fair value					
Liabilities, at fair value					
Non-recourse securitization obligation, collateralized by residential mortgage loans (3)					
Non-recourse securitization obligation, collateralized by residential mortgage loans (3)					
Non-recourse securitization obligation, collateralized by residential mortgage loans (3)					
Unrealized depreciation on futures contracts					
Unrealized depreciation on TBAs					

Total liabilities, at fair value	Total liabilities, at fair value	$ —	$ 530,560	$ —	$ 530,560

(1) Non-Agency AOMT RMBS held as of December 31, 2022 December 31, 2023 included both retained tranches of AOMT securitizations in which the Company participated, additional AOMT securities purchased in secondary market transactions, and other RMBS purchased in secondary market transactions.

(2) Includes Commercial Loans and AOMT CMBS assets. All AOMT CMBS held as of December 31, 2022 December 31, 2023 was comprised of a small-balance commercial loan securitization issuance in which the Company participated.

(2) (3) Only the portion subject to fair value measurement, as adjusted for fair value, is presented above. See below for the disclosure of the full debt at fair value.

All unrealized gains and losses arising from valuation changes in residential and commercial mortgage loans, TBAs, and futures contracts are recognized in net income for the periods presented.

Transfers from Level 2 to Level 3 were comprised of residential loans more than 90 days overdue (including those in foreclosure) and commercial mortgage loans in special servicing or otherwise considered “non-performing” by the Company’s third-party valuation providers. Transfers between Levels are deemed to take place on the first day of the reporting period in which the transfer has taken place. These transfers Transfers between Level 2 and Level 3 were not material.

immaterial for the year ended December 31, 2023.

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We use third-party valuation firms who utilize proprietary methodologies to value our residential and commercial loans. These firms generally use both market comparable information and discounted cash flow modeling techniques to determine the fair value of our Level 3 assets. Use of these techniques requires determination of relevant input and assumptions, some of which represent significant unobservable inputs such as anticipated credit losses, prepayment rates, default rates, or other valuation assumptions. Accordingly, a significant increase or decrease in any of these inputs in isolation may result in a significantly lower or higher fair value measurement.

The following table sets forth information regarding the Company’s significant Level 3 inputs as of December 31, 2022 December 31, 2023:

				Input Values										
				Input Values										**Input Values**
Asset	**Asset**	**Fair Value**	**Unobservable Input**	**Range**	**Average**	**Asset**	**Fair Value**		**Unobservable Input**	**Range**		**Average**		
		($ in thousands)												
Residential mortgage loans, at fair value	Residential mortgage loans, at fair value	$ 7,196	Prepayment rate (annual CPR)	4.92% - 14.99%	9.39%	Residential mortgage loans, at fair value	$ 6,036	Prepayment rate (annual CPR)	Prepayment rate (annual CPR)	6.86% - 19.93%		13.40%		
			Default rate	4.56% - 24.36%	11.43%									
			Loss severity	(0.25)% - 12.54%	7.84%									
			Expected remaining life	0.62 - 3.43 years	2.75 years									
			Default rate								Default rate		12.69% - 13.64%	13.16%
			Loss severity								Loss severity		(25.00)% - 40.13%	4.12%
			Expected remaining life								Expected remaining life		0.67 - 4.09 years	2.22 years

Residential mortgage loans in securitization trust, at fair value	Residential mortgage loans in securitization trust, at fair value	$ 8,756	Prepayment rate (annual CPR)	3.24% - 14.55%	7.84%
			Default rate	7.42% - 35.78%	19.07%
			Loss severity	0% - 10.00%	9.23%
			Expected remaining life	1.42 - 3.72 years	2.32 years

Residential mortgage loans in securitization trust, at fair value								
Residential mortgage loans in securitization trust, at fair value		$ 13,263	Prepayment rate (annual CPR)	5.97% - 20.71%		12.32%		
	Default rate				Default rate		4.38% - 28.66%	16.92%
	Loss severity				Loss severity		(13.99)% - 19.60%	4.14%
	Expected remaining life				Expected remaining life		0.67 - 5.67 years	2.72 years

11. 10. Related Party Transactions

Residential Mortgage Loan Purchases

The Company has residential loan purchase agreements with various affiliates of the Company. The purchase price of the loans is generally equal to the outstanding principal of the mortgage, adjusted by a premium or discount, depending on market conditions. The Company purchases the mortgage loans on a servicing released basis.

The following table sets forth certain financial information pertaining to whole loan activity purchased from affiliates during the nine month period and year ended September 30, 2023 as of March 31, 2024 and 12 month period ended December 31, 2022 December 31, 2023:

As of and for the Year-to-Date/Year Ended:		Amount of Loans Purchased from Affiliates during the Year-to-Date/Year Ended	Number of Loans Purchased from Affiliates during the Year-to-Date/Year Ended	Number of Loans Purchased from Affiliates, Owned and Held as of the Periods Ended(1)
			($ in thousands)	
September 30, 2023	$	89,673	232	593
December 31, 2022	$	567,324	1,141	845

As of and for the Year-to-Date/Year Ended:		Amount of Loans Purchased from Affiliates during the Year-to-Date/Year	Number of Loans Purchased from Affiliates during the Year-to-Date/Year	Number of Loans Purchased from Affiliates, Owned and Held as of Year-to-Date/Year End (1):
			($ in thousands)	
March 31, 2024	$	32,036	96	650
December 31, 2023	$	199,793	475	589

(1) Excludes loans held in residential mortgage loans in securitization trust, at fair value consolidated securitizations.

Securitization Transactions and Majority-Owned Affiliate

From time to time, the Company participates in securitization transactions with other affiliates of Angel Oak Capital. See Note 2 — *Variable Interest Entities*, "*VIEs for Which the Company is Not the Primary Beneficiary"* and Note 14 13 — *Other Assets*.

Management Fee

The Company's management agreement, effective as of June 21, 2021, by and among the Company, the Operating Partnership, and the Manager (the "Management Agreement"), provides that the Company will pay the Manager, in arrears, on a quarterly basis, an aggregate fixed management fee equal to 1.5% per annum of the Company's Equity (as is defined in the Management Agreement).

Incentive Fee

Under the Management Agreement, the Manager is also entitled to an incentive fee, which is calculated and payable in cash with respect to each calendar quarter (or part thereof that the Management Agreement is in effect) in arrears in an amount, not less than zero, equal to the excess of (1) the product of (a) 15% and (b) the excess of (i) the Company's Distributable Earnings (as defined in the Management Agreement) for the previous 12-month period, over (ii) the product of (A) the Company's Equity (as defined in the Management Agreement)

in the previous 12-month period, and (B) 8% per annum, over (2) the sum of any incentive fee earned by the Manager with respect to the first three calendar quarters of such previous 12-month period. To date, the incentive fee has not been earned and no expense has been recognized in the Company's financial statements.

Operating Expense Reimbursements

The Company is also required to pay the Manager reimbursements for certain general and administrative expenses pursuant to the Management Agreement. Accrued expenses payable to affiliate and operating expenses incurred with affiliate are substantially comprised of payroll reimbursements to an affiliate of the Manager.

12. 11. Commitments and Contingencies

The Company, from time to time, may be party to litigation relating to claims arising in the normal course of business. As of September 30, 2023 March 31, 2024, the Company was not aware of any legal claims that could materially impact its financial condition. As of September 30, 2023 March 31, 2024, the Company had no unfunded commitments.

The Company has a loan release obligation on the facility with Global Investment Bank 3 that is eligible for up to a 100% reduction based on certain criteria that may extended beyond the current term of the financing facility. The maximum potential liability is $0.7 million, which has not been recorded in the condensed consolidated financial statements as the actual liability is not currently determinable.

The Company has entered into forward purchase commitments with counterparties whereby the Company commits to purchasing residential mortgage loans at a particular price, provided the residential mortgage loans close with the counterparties. As of September 30, 2023 March 31, 2024, the Company has a total purchase commitments of $113 $80.1 million related to both Angel Oak Mortgage Lending and third parties. These commitments represent off-balance sheet risk where the Company may be required to extend credit.

13. 12. Accumulated Other Comprehensive Income/(Loss)

The following table sets forth the net unrealized gain/(loss) on AFS available-for-sale ("AFS") securities for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, which is the sole sole component of the changes in the Company's Accumulated Other Comprehensive Income/(Loss) ("AOCI") for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
		(in thousands)	
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in thousands)		(in thousands)
AOCI balance, beginning of period	AOCI balance, beginning of period	$ (6,565)	$ 1,248
Net unrealized gain/(loss) on AFS securities	Net unrealized gain/(loss) on AFS securities	(1,607)	(10,227)

Net unrealized gain/(loss) on AFS securities			
Net unrealized gain/(loss) on AFS securities			
AOCI balance, end of period	AOCI balance, end of period	$ (8,172)	$ (8,979)

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	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(in thousands)	
AOCI balance, beginning of period	$ (21,127)	$ 3,000
Net unrealized gain/(loss) on AFS securities	12,955	(11,979)
AOCI balance, end of period	$ (8,172)	$ (8,979)

14. 13. Other Assets

The following table sets forth the detail of other assets included in the condensed consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023
		($ in thousands)				($ in thousands)
		March 31, 2024				
		($ in thousands)				
Investments in Majority-Owned Affiliates	Investments in Majority-Owned Affiliates	$ 14,701	$ —			
Commercial Mortgage Loans						
CMBS						
Deferred tax asset	Deferred tax asset	3,457	3,457			
Prepaid expenses	Prepaid expenses	1,697	1,310			
Protective advances and other assets	Protective advances and other assets	285	—	Protective advances and other assets	347	285
Total other assets	Total other assets	$ 20,140	$ 4,767			

Investments in Majority-Owned Affiliates ("MOA")

In 2023 and the first and third quarters quarter of 2023, 2024, the Company participated in securitization transactions AOMT 2023-1, AOMT 2023-5, AOMT 2023-7, and AOMT 2023-5, 2024-3, which involved MOAs in which the Company received a investments of 41.21% investment, 34.42%, 10.35%, and 34.42% investment, 10.98%, respectively, in each case proportional to its share of the unpaid principal balance of the residential whole loans contributed to the securitizations. The purpose of the MOAs is to retain and hold risk retention bonds issued by the securitization trust. Each MOA is a limited liability company and is accounted for as an equity method investment and held at amortized cost. The investment will be tested for impairment at least annually utilizing undiscounted cash flows of the underlying risk retention bonds. See Note 10 9 — *Fair Value Measurements*.

Commercial Mortgage Loans

Commercial mortgage loans are measured at fair value. As of March 31, 2024 and December 31, 2023, the cost and unpaid principal balance of the assets was $5.6 million and $5.6 million, with a fair value of $5.2 million and $5.2 million, respectively. The weighted average interest rate was 6.24% with a weighted average maturity of 12 years, as of March 31, 2024. There were no commercial mortgage loans more than ninety (90) days past due or in foreclosure as of March 31, 2024 or December 31, 2023.

Commercial Mortgage Backed Securities

CMBS are held at fair value. As of March 31, 2024 and December 31, 2023, the cost of these assets were $6.3 million and $6.3 million, with a fair value of $6.6 million and $6.6 million, respectively. There was no repurchase debt held against these assets at March 31, 2024 or December 31, 2023.

15. 14. Equity and Earnings per Share ("EPS")

In the calculations of basic and diluted earnings per common share for the three months ended March 31, 2024 and nine month periods ended September 30, 2023 and 2022, 2023, the Company included participating securities, which are certain equity awards that have non-forfeitable dividend participation rights. Dividends and undistributed earnings allocated to participating securities under the basic and diluted earnings per share calculations require specific shares to be included that may differ in certain circumstances.

For the three and nine month periods months ended September 30, 2023 March 31, 2024, there were 186,645 186,886 anti-dilutive outstanding restricted stock awards and 95,832 performance 123,767 performance-based restricted stock units. To date we have expensed $0.1 million related to the performance-based restricted stock units based on current market conditions. However, these units were not included in the diluted weighted average common shares outstanding.

For the three months ended March 31, 2023, there were no anti-dilutive outstanding restricted stock awards, although the market-based "total stockholder return" conditions for performance share 64,096 performance-based restricted stock units had not been achieved and thus these units were not included in the diluted weighted average common shares outstanding.

For the three and nine month periods ended September 30, 2022, there were 425,461 outstanding restricted stock awards that were anti-dilutive and thus not included in the diluted weighted average common shares outstanding. There were 56,978 market-based performance share units outstanding as of September 30, 2022.

The following table sets forth the calculation of basic and diluted earnings per share for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	September 30, 2023	September 30, 2022
	(in thousands, except share and per share data)	
Basic Earnings (Loss) per Common Share:		
Net income (loss) to common stockholders	$ 8,273	$ (83,353)
Dividends allocated to participating securities	(60)	—
Net income (loss) to common stockholders - basic	$ 8,213	$ (83,353)
Basic weighted average common shares outstanding	24,768,921	24,505,438
Basic earnings (loss) per common share	$ 0.33	$ (3.40)
Diluted Earnings (Loss) per Common Share:		
Net income (loss) to common stockholders - basic	$ 8,273	$ (83,353)
Dividends allocated to participating securities	(60)	—
Net income (loss) to common stockholders - diluted	$ 8,213	$ (83,353)
Basic weighted average common shares outstanding	24,768,921	24,505,438
Net effect of dilutive equity awards	188,747	—
Diluted weighted average common shares outstanding	24,957,668	24,505,438
Diluted earnings (loss) per common share	$ 0.33	$ (3.40)

The following table sets forth the calculation of basic and diluted earnings per share for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
	(in thousands, except share and per share data)	

March 31, 2024	March 31, 2024	March 31, 2023

			(in thousands, except share and per share data)		*(in thousands, except share and per share data)*
Basic Earnings (Loss) per Common Share:	**Basic Earnings (Loss) per Common Share:**				
Net income (loss) to common stockholders					
Net income (loss) to common stockholders					
Net income (loss) to common stockholders	Net income (loss) to common stockholders	$	5,115	$	(179,046)
Dividends allocated to participating securities	Dividends allocated to participating securities		(123)		—
Net income (loss) to common stockholders - basic	Net income (loss) to common stockholders - basic	$	4,992	$	(179,046)
Basic weighted average common shares outstanding	Basic weighted average common shares outstanding		24,706,568		24,534,967
Basic earnings (loss) per common share	**Basic earnings (loss) per common share**	$	0.20	$	(7.30)
Diluted Earnings (Loss) per Common Share:	**Diluted Earnings (Loss) per Common Share:**				
Diluted Earnings (Loss) per Common Share:					
Diluted Earnings (Loss) per Common Share:					
Net income (loss) to common stockholders - basic					
Net income (loss) to common stockholders - basic					
Net income (loss) to common stockholders - basic	Net income (loss) to common stockholders - basic	$	5,115	$	(179,046)

Dividends allocated to participating securities	Dividends allocated to participating securities	(123)	—
Net income (loss) to common stockholders - diluted	Net income (loss) to common stockholders - diluted	$ 4,992	$ (179,046)
Basic weighted average common shares outstanding	Basic weighted average common shares outstanding	24,706,568	24,534,967
Net effect of dilutive equity awards	Net effect of dilutive equity awards	227,265	—
Diluted weighted average common shares outstanding	Diluted weighted average common shares outstanding	24,933,833	24,534,967
Diluted earnings (loss) per common share	**Diluted earnings (loss) per common share**	$ 0.20	$ (7.30)

16. 15. Subsequent Events

On November 7, 2023 April 11, 2024, we converted our loan the Company securitized residential mortgage loans with an unpaid principal balance of $300 million in the issuance of AOMT 2024-4. Similar to certain previous securitizations, the Company will consolidate the VIE used to facilitate this transaction. See Note 2 "Variable Interest Entities" for a discussion of the accounting policies applied to the consolidation of VIEs and transfers of financial assets in connection with financing facility with Global Investment Bank 3 from static pool financing to a revolving facility with mark to market features. The amended facility has a maximum borrowing capacity of $200 million with a base interest rate pricing spread of 180 basis points plus a 20 basis points index spread adjustment and an expiration date of November 7, 2024. transactions.

On November 8, 2023 May 7, 2024, the Company declared a dividend of $0.32 per share of common stock, to be paid on November 30, 2023 May 31, 2024 to common stockholders of record as of November 22, 2023 May 22, 2024.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is intended to help the reader understand the results of operations and financial condition of Angel Oak Mortgage REIT, Inc. The following should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto. References herein to our "Company," "we," "us," or "our" refer to Angel Oak Mortgage REIT, Inc. and its subsidiaries unless the context requires otherwise. including Angel Oak Mortgage Operating Partnership, LP (our "operating partnership"), through which we hold substantially all of our assets and conduct our operations. Unless otherwise indicated, the term "Angel Oak" refers collectively to Angel Oak Capital Advisors, LLC ("Angel Oak Capital") and its affiliates, including Falcons I, LLC, our external manager (our "Manager"), Angel Oak Companies, LP ("Angel Oak Companies"), and the proprietary mortgage lending platform of its affiliate, affiliates Angel Oak Mortgage Solutions LLC (together with other non-operational affiliated originators, "Angel Oak Mortgage Lending").

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Annual Report on Form 10-K"). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in other reports we file with the Securities and Exchange Commission (the "SEC"). We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Factors that could have a material adverse effect on future results and performance relative to those set forth in or implied by the related forward-looking statements, as well as on our business, financial condition, liquidity, results of operations and prospects, include, but are not limited to:

- the effects of adverse conditions or developments in the financial markets and the economy upon our ability to acquire target assets such as non-qualified residential mortgage ("non-QM") loans, particularly those sourced from Angel Oak's proprietary mortgage lending platform, Angel Oak Mortgage Lending;

- the level and volatility of prevailing interest rates and credit spreads;
- changes in our industry, inflation, interest rates, business strategies, target assets, the debt or equity markets, the general economy (or in specific regions) or the residential real estate finance and real estate markets specifically;
- changes in our business strategies or target assets;
- general volatility of the markets in which we invest;
- changes in the availability of attractive loan and other investment opportunities, including non-QM loans sourced from Angel Oak Mortgage Lending platforms; Lending;
- the ability of our Manager to locate suitable investments for us, manage our portfolio, and implement our strategy;
- our ability to profitably execute securitization transactions;
- our ability to obtain and maintain financing arrangements on favorable terms, or at all;
- the adequacy of collateral securing our investments and a decline in the fair value of our investments;
- the timing of cash flows, if any, from our investments;
- our ability to profitably execute securitization transactions;
- the operating performance, liquidity, and financial condition of borrowers;
- increased rates of default and/or decreased recovery rates on our investments;
- changes in prepayment rates on our investments;
- the departure of any of the members of senior management of our the Company, our Manager, or Angel Oak;
- the availability of qualified personnel;
- conflicts with Angel Oak, including our Manager and its personnel, including our officers, and entities managed by Angel Oak;
- events, contemplated or otherwise, such as acts of God, including hurricanes, earthquakes, and other natural disasters, including those resulting from global climate change, pandemics, acts of war or terrorism, the initiation or escalation of military conflicts (such as the Russian invasion of Ukraine), and others that may cause unanticipated and uninsured performance declines, disruptions in markets, and/or losses to us or the owners and operators of the real estate securing our investments;
- impact of and changes in governmental regulations, tax laws and rates, accounting principles and policies and similar matters;
- the level of governmental involvement in the U.S. mortgage market;
- future changes with respect to the Federal National Mortgage Association (“Fannie Mae”) or Federal Home Loan Mortgage Corporation (“Freddie Mac” and collectively together with Fannie Mae, the “GSEs”) in the mortgage market and related events, including the lack of certainty as to the future roles of these entities and the U.S. Government in the mortgage market and changes to legislation and regulations affecting these entities;
- effects of hedging instruments on our target assets and our returns, and the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- our ability to make distributions to our stockholders in the future at the level contemplated by our stockholders or the market generally, or at all;
- our ability to continue to qualify as a real estate investment trust (a “REIT”) for U.S. federal income tax purposes; and
- our ability to maintain our exclusion from regulation as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report and in the Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management’s views only as of the date such statements are made. The risks summarized under Item 1A. “Risk Factors” in the Annual Report on Form 10-K could cause actual results and performance to differ materially from those set forth in or implied by our forward-looking statements. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us.

Important Information Regarding Our Disclosure to Investors

We may use our website (www.angeloakreit.com) to communicate with our investors and disclose company information. The information disclosed through our website may be considered material, so investors should monitor our website in addition to press releases, SEC filings and public conference calls and webcasts. The contents of our website referenced herein are not incorporated by reference into this report.

General

Angel Oak Mortgage REIT, Inc. is a real estate finance company focused on acquiring and investing in first lien non-QM loans and other mortgage-related assets in the U.S. mortgage market. Our strategy is to make credit-sensitive investments primarily in newly-originated first lien non-QM loans that are primarily made to higher-quality non-QM loan borrowers and primarily sourced from Angel Oak's proprietary mortgage lending platform, Angel Oak Mortgage Lending, which currently operates primarily through a wholesale channel and has a national origination footprint. We also may invest in other residential mortgage loans, RMBS, and other mortgage-related assets, which, collectively with non-QM loans, we refer to as our target assets. Further, we also may identify and acquire our target assets through the secondary market when market conditions and asset prices are conducive to making attractive purchases. Our objective is to generate attractive risk-adjusted returns for our stockholders, through cash distributions and capital appreciation, across interest rate and credit cycles.

We are externally managed and advised by our Manager, Falcons I, LLC, a registered investment adviser under the Investment Advisers Act of 1940 and an affiliate of Angel Oak Capital, a leading alternative credit manager with market leadership in mortgage credit that includes asset management, lending and capital markets. Angel Oak Mortgage Lending, an affiliated Angel Oak mortgage origination platform, is a market leader in non-QM loan production and, as of September 30, 2023, had originated over $18.2 billion in total non-QM loan volume since its inception in 2011. production.

Through our relationship with our Manager, we benefit from Angel Oak's vertically integrated platform and in-house expertise, providing us with the resources that we believe are necessary to generate attractive risk-adjusted returns for our stockholders. Angel Oak Mortgage Lending provides us with proprietary access to non-QM loans, as well as transparency over the underwriting process and the ability to acquire loans with our desired credit and return profile. We believe our ability to identify and acquire target assets through the secondary market is bolstered by Angel Oak's experience in the mortgage industry and expertise in structured credit investments. In addition, we believe we have significant competitive advantages due to Angel Oak's analytical investment tools, extensive relationships in the financial community, financing and capital structuring skills, investment surveillance capabilities, and operational expertise.

We have elected to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2019. Commencing with our taxable year ended December 31, 2019, we believe that we have been organized and operated, and we intend to continue to operate in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code of 1986 (the "Code"). Our qualification as a REIT, and maintenance of such qualification, depends on our ability to meet, on a continuing basis, various complex requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels, and the concentration of ownership of our stock. We also intend to operate our business in a manner that will allow us to maintain our exclusion from regulation as an investment company under the Investment Company Act. Our common stock commenced trading on the New York Stock Exchange on June 17, 2021.

We expect to derive our returns primarily from the difference between the interest we earn on loans we make invest in and our cost of capital, as well as the returns from bonds, including risk retention securities, that are retained after securitizing the underlying loan collateral.

Trends and Recent Developments

Overall macroeconomic environment and its effect on us

Investors maintained a close watch on key inflation, 2024 kicked off with optimism around federal funds rate cuts over the course of the year, with variability in analyst projections of the number and size of rate reductions. However, in the first quarter, stubborn employment and housing data during the third quarter of 2023 while inflation readings have delayed market expectations for when the Federal Reserve Bank ("Fed") continued will begin to work toward cut rates. In its May 2024 meeting, the Fed indicated that it still expects to cut rates in 2024, but the timing has been pushed to later in the year versus the initial analyst consensus.

30 year fixed residential conforming mortgage rates increased over the course of the first quarter, ending just below 7% before increasing back above 7% after the end of the quarter. Additionally, a potential "soft landing" following cumulative federal funds rate increases new set of 5.25% since March rules announced in conjunction with a landmark $418 million legal settlement by the National Association of 2022. The Fed increased Realtors will prohibit agent's compensation from being included on multiple listing services (MLS), end a requirement that brokers subscribe to MLS, and introduce a requirement that MLS participants enter into written agreements with their buyers. Taken together, the federal funds rate by 25 basis points effect is expected to drive down broker commissions and increase home purchases when implemented in July 2023 before skipping a rate increase at its September 2023 meeting; despite this skip, the Fed signaled that rates are likely to stay at this level for longer, which drove an increase in medium-term and long-term treasury yields. With that said, interest rate and spread volatility has generally lessened as we have progressed through 2023. For now, the Fed and investors alike continue to monitor economic data for consistent and/or sustained signs that suggest federal funds rate movements in either direction.

Commensurate with federal funds rate increases, residential mortgage rates have increased to nearly 8% for a 30 year-fixed mortgage, marking their highest level since 2002. Two years ago, the average 30-year fixed residential mortgage rate was roughly 3%. Though current mortgage rates are below average rates in the decades leading up to 2002, suppressed home sales activity suggests that borrowers are still in the process of acclimating to the accelerated increase in rates.

2024.

The two-year and five-year Treasury yields each experienced a modest increases increase of approximately 17 37 basis points and 47 basis points, respectively, during the third quarter. However, spreads were more stable in line first quarter, which, combined with the aforementioned reductions in relatively muted volatility, which mitigated the overall mark-to-market had a limited impact on the value valuation of our portfolio. These movements drove a net decrease Net of new loan purchases and securitizations, we observed an increase of approximately 123 124 basis points in the weighted average price of our residential whole loans portfolio during the third quarter (excluding newly-originated loans purchased during the quarter). first quarter. Additionally, we have increased the weighted average coupon of our residential whole loans portfolio by 99 33 basis points since the end of the second quarter 2023 to 5.83% 7.11% as of the third end of the first quarter of 2023. Since 2024. The AOMT 2024-4 securitization executed subsequent to March 31, 2024 reduced the quarter ended September 30, 2023, additional loan purchases and purchase commitments have increased the weighted average coupon unpaid principal balance of our residential whole loans portfolio by an additional 54 basis points to 6.37% as over 75%. Consistent with our loan acquisition and securitization process, we are refilling the balance of November 6,2023. We our residential whole loans portfolio with high-quality, current market coupon loans that we expect to continue contribute to purchase newly originated loans, which should continue to improve portfolio valuations and future securitization execution. transactions.

Our investment performance

Net Interest Margin ("NIM"). We held Despite holding fewer target assets in the first nine months quarter of 2023 2024 as compared to the comparable period first quarter of 2022, thereby generating less 2023, an increase in the yield of our target assets generated greater interest income. Though income than the first quarter of 2023. Borrowings on our borrowings whole loan portfolio decreased as well, higher reducing our overall interest expense, despite continued high variable interest rates caused our interest expense in the first quarter of 2024 compared to increase. the first quarter of 2023.

Net realized loss. Our net realized loss for the nine months quarter ended September 30, 2023 March 31, 2024 was primarily due to a realized losses loss on the sale of whole loans contributed into the AOMT 2023-1 and AOMT 2023-5 securitizations during the first and third quarter of 2023, respectively. Because these securitizations 2024-3 securitization in which we participated. As this securitization did not result in the consolidation of the AOMT 2024-3 VIE entities, entity, we recognized a loss on the sale of these loans; however, the realized loss loans. This was less than the previous period's unrealized loss for these loans, which drove overall positive economics for the securitizations. Additionally, our net partially offset by realized gains on the economic hedges of our interest rate futures and TBAs were lower in the first nine months of 2023 as compared to the first nine months of 2022, as the magnitude of the impact from rate and spread m To-Be-Announced ("TBA") securities.

ovement has been lower in 2023 than it was in 2022.

Net unrealized gain. Our net unrealized gain in the first nine months quarter of 2023 2024 was primarily due to an increase in the valuation of our residential whole loans and loans in securitization trust portfolios, as well as the reversal of the unrealized loss (and thereby the recognition of net realized loss discussed above) on the sale of residential mortgage loans into the AOMT 2023-1 and AOMT 2023-5 securitizations, offset by unrealized losses associated with valuations of securitized loans and whole pool loans. The comparable period of 2022 saw unrealized losses related to valuation of residential and securitized loans. 2024-3 securitization.

Whole loans and securitization activity

During the three month period quarter ended September 30, 2023 March 31, 2024, we purchased $78.1 million $43.2 million of newly-originated, current market coupon non-QM residential mortgage loans, with a weighted average coupon of 8.34% 8.14%, weighted average loan-to-value ratio ("LTV")of 71.65% 68.7% and weighted average credit score of 753. 747.

In January 2023, March 2024, we participated in AOMT 2023-1, 2024-3, an approximately $580 million $439.6 million scheduled principal balance securitization backed by a pool of residential mortgage loans, to which we contributed loans with a scheduled unpaid principal balance of approximately $241.3 million $48.7 million. On June 29, 2023 We participated in this securitization alongside other Angel Oak entities, and may strategically enter into similar securitizations in the future.

Subsequent to March 31, 2024, we issued AOMT 2023-4, securitizing a total of approximately $285 million on unpaid principal balance of seasoned non-QM Mortgage loans. On August 22, 2023, we participated in AOMT 2023-5, 2024-4, an approximately $260.6 million $300 million scheduled principal balance securitization backed by a pool of residential mortgage loans, to which we contributed loans with a scheduled principal balance of approximately $93.8 million.

loans. We issued AOMT 2023-4 2024-4 as the sole participant in the securitization. We own and hold As the call rights on the XS tranche of bonds, which is the "controlling class" of the bonds, and are the sole member of the Depositor entity in the 2023-4 securitization. Given the accounting rules surrounding these types of transactions, primary beneficiary we have consolidated the AOMT 2023-4 2024-4 securitization, maintaining the residential mortgage loans held in the securitization trust and the related financing obligation thereto on our condensed consolidated balance sheet as of the applicable balance sheet date.

AOMT 2023-1 and AOMT 2023-5 were securitization transactions entered into with other Angel Oak affiliates, for which we are not considered to be a "primary beneficiary" of the applicable securitization vehicle. Therefore, the bonds retained from these securitizations, as well as from our securitizations prior to 2021, are held on our condensed consolidated balance sheets as of September 30, 2023 and December 31, 2021. We may strategically enter into similar securitization transactions in the future.

Whole loan financing facilities activity

We continuously evaluate our lender base and may enter into new agreements and / or exit agreements as we deem prudent, in accordance with our core financial strategy of purchasing whole loans and financing them until securitized. See Liquidity and Capital Resources, for a full description of our financing arrangements. Our total borrowing capacity was $1.1 billion as of March 31, 2024 Highlights of whole loan financing facilities activity during over the nine months first quarter of 2024 are as follows:

- During the quarter ended September 30, 2023 March 31, 2024, we maintained our the same whole loan financing facility lender base as of December 31, 2022 December 31, 2023.
- During the quarter ended March 31, 2024, with the exception of the expiration of an unused line of credit with a regional bank in the first quarter of 2023 and the repayment of Institutional Investors A and B in the first quarter of 2023. This we (i) renewed our loan financing facility has been extended to January 25, 2024 and as of July 25, 2023, with Multinational Bank 1 in accordance with the mechanism for six-month renewal periods simultaneously decreasing the interest rate pricing spread decreased to 2.10%. Additionally, subsequent to September 30, 2023, the Company converted its margin and (ii) replaced our existing $250 million loan financing facility with Global Investment Bank 3 from static pool 2 with a new $250 million loan financing to a revolving facility with mark to market features. The interest rate spread on this facility decreased to 2.00% and the economic interest rate hedging account requirement was eliminated. The advance rate for performing non-seasoned loans to 85%. Global Investment Bank 2.

Key Financial Metrics

As a real estate finance company, we believe the key financial measures and indicators for our business are Distributable Earnings, Distributable Earnings Return on Average Equity, Book Value per Share of Common Stock, and Economic Book Value per Share of Common Stock.

Distributable Earnings

Distributable Earnings is a non-GAAP measure and is defined as net income (loss) allocable to common stockholders as calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP"), excluding (1) unrealized gains and losses on our aggregate portfolio, (2) impairment losses, (3) extinguishment of debt, (4) non-cash equity compensation expense, (5) the incentive fee earned by our Manager, (6) realized gains or losses on swap terminations and (7) certain other nonrecurring gains or losses. We believe that the presentation of Distributable Earnings provides investors with a useful measure to facilitate comparisons of financial performance among our REIT peers, but has important limitations. We believe Distributable Earnings as described above helps evaluate our financial performance without the impact of certain transactions but is of limited usefulness as an analytical tool. As a REIT, we are generally required to distribute at least 90% of our annual REIT taxable income and to pay U.S. federal income tax at the regular corporate rate to the extent that we annually distribute less than 100% of such taxable income. Given these requirements and our belief that dividends are generally one of the principal reasons that stockholders invest in our common stock, generally we intend to attempt to pay dividends to our stockholders in an amount equal to our REIT taxable income, if and to the extent authorized by our Board of Directors. Distributable Earnings is one of a number of factors considered by our Board of Directors in declaring dividends and, while not a direct measure of REIT taxable income, over time, the measure can be considered a useful indicator of our dividends. Distributable Earnings should not be viewed in isolation and is not a substitute for net income computed in accordance with GAAP. Our methodology for calculating Distributable Earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and as a result, our Distributable Earnings may not be comparable to similar measures presented by other REITs.

We also use Distributable Earnings to determine the incentive fee, if any, payable to our Manager pursuant to the management agreement (the "Management Agreement") that we and Angel Oak Mortgage the Operating Partnership LP (the "Operating Partnership") entered into with our Manager upon the completion of our IPO on June 21, 2021. For information on the fees that are payable to our Manager under the Management Agreement, see "Note 11 10 – *Related Party Transactions"* in our unaudited condensed consolidated financial statements included in this report.

Distributable Earnings were approximately a gain of $2.8 million and a loss of $9.1 million for the three months ended March 31, 2024 and 2023, respectively. The primary drivers of this quarter's Distributable Earnings as compared to GAAP net income are the adjustments to remove unrealized gains associated with our residential loans and residential loans in securitization trusts and non-recourse securitization obligation portfolios.

The table below sets forth a reconciliation of net income (loss) allocable to common stockholders, calculated in accordance with GAAP, to Distributable Earnings for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended Three Months Ended Three Months Ended
	March 31, 2024 March 31, 2024 March 31, 2024
	(in thousands) *(in thousands)* *(in thousands)*
Net income (loss) allocable to common stockholders	
Adjustments:	
Adjustments:	
Adjustments:	
Net unrealized (gains) losses on trading securities	
Net unrealized (gains) losses on trading securities	
Net unrealized (gains) losses on trading securities	
Net unrealized (gains) losses on derivatives	
Net unrealized (gains) losses on derivatives	
Net unrealized (gains) losses on derivatives	
Net unrealized (gains) losses on residential loans in securitization trusts and non-recourse securitization obligation	
Net unrealized (gains) losses on residential loans in securitization trusts and non-recourse securitization obligation	
Net unrealized (gains) losses on residential loans in securitization trusts and non-recourse securitization obligation	
Net unrealized (gains) losses on residential loans	
Net unrealized (gains) losses on residential loans	
Net unrealized (gains) losses on residential loans	
Net unrealized (gains) losses on commercial loans	
Net unrealized (gains) losses on commercial loans	

		Three Months Ended		Nine Months Ended	
Net unrealized (gains) losses on commercial loans					
Non-cash equity compensation expense					
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(in thousands)			
Net income (loss) allocable to common stockholders		$ 8,273	$ (83,353)	$ 5,115	$ (179,046)
Adjustments:					
Net unrealized (gains) losses on derivatives		(4,563)	(10,936)	7,794	(1,570)
Net unrealized (gains) losses on trading securities		4,857	—	7,134	—
Net unrealized (gains) losses on residential loans in securitization trusts and non-recourse securitization obligation		(5,319)	38,822	5,784	79,298
Net unrealized (gains) losses on residential loans		(12,338)	73,195	(48,497)	176,320
Net unrealized (gains) losses on commercial loans		64	(226)	(83)	759
Non-cash equity compensation expense					
Non-cash equity compensation expense	Non-cash equity compensation expense	447	3,340	1,195	5,179
Distributable Earnings	**Distributable Earnings**	$ (8,579)	$ 20,842	$ (21,558)	$ 80,940
Distributable Earnings					
Distributable Earnings					

Distributable Earnings Return on Average Equity

Distributable Earnings Return on Average Equity is a non-GAAP measure and is defined as annual or annualized Distributable Earnings divided by average total stockholders' equity. We believe that the presentation of Distributable Earnings Return on Average Equity provides investors with a useful measure to facilitate comparisons of financial performance among our REIT peers, but has important limitations. Additionally, we believe Distributable Earnings Return on Average Equity provides investors with additional detail on the Distributable Earnings generated by our invested equity capital. We believe Distributable Earnings Return on Average Equity as described above helps evaluate our financial performance without the impact of certain transactions but is of limited usefulness as an analytical tool. Therefore, Distributable Earnings Return on Average Equity should not be viewed in isolation and is not a substitute for net income computed in accordance with GAAP. Our methodology for calculating Distributable Earnings Return on Average Equity may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and as a result, our Distributable Earnings Return on Average Equity may not be comparable to similar measures presented by other REITs. Set forth below is our computation of Distributable Earnings Return on Average Equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(in thousands)			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
		($ in thousands)			
		($ in thousands)			
		($ in thousands)			
Annualized Distributable Earnings	Annualized Distributable Earnings	$ (34,315)	$ 83,368	$ (28,747)	$ 107,920
Average total common stockholders' equity		$ 232,575	$ 316,070	$ 236,629	$ 386,191
Average total stockholders' equity					

Average total stockholders' equity												
Average total stockholders' equity												
Distributable Earnings Return on Average Equity	Distributable Earnings Return on Average Equity		(14.8)	%		26.4	%		(12.1)	%	27.9	%
Distributable Earnings Return on Average Equity												
Distributable Earnings Return on Average Equity												

Book Value per Share of Common Stock

The following table sets forth the calculation of our book value per share of common stock as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		September 30, 2023	December 31, 2022		
		(in thousands except for share and per share data)			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024		December 31, 2023	
	(in thousands except for share and per share data)				(in thousands except for share and per share data)
Total stockholders' equity	Total stockholders' equity	$ 231,802	$ 236,479		
Number of shares of common stock outstanding at period end	Number of shares of common stock outstanding at period end	24,955,566	24,925,357		
Number of shares of common stock outstanding at period end					
Number of shares of common stock outstanding at period end					
Book value per share of common stock	Book value per share of common stock	$ 9.29	$ 9.49		

Economic Book Value per Share of Common Stock

"Economic book value" is a non-GAAP financial measure of our financial position. To calculate our economic book value, the portions of our non-recourse financing obligation held at amortized cost are adjusted to fair value. These adjustments are also reflected in the table below in our end of period total stockholders' equity. Management considers economic book value to provide investors with a useful supplemental measure to evaluate our financial position as it reflects the impact of fair value changes for our legally held retained bonds, irrespective of the accounting model applied for GAAP reporting purposes. Economic book value does not represent and should not be considered as a substitute for book value per share of common stock or stockholders' equity, as determined in accordance with GAAP, and our calculation of this measure may not be comparable to similarly titled measures reported by other companies.

The following table sets forth a reconciliation from GAAP total stockholders' equity and book value per share of common stock to economic book value and economic book value per share of common stock as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		September 30, 2023	December 31, 2022
		(in thousands except for share and per share data)	

	March 31, 2024		
	March 31, 2024		
	March 31, 2024		December 31, 2023
	(in thousands except for share and per share data)	*(in thousands except for share and per share data)*	

GAAP total stockholders' equity	GAAP total stockholders' equity	$ 231,802	$ 236,479
Adjustments:	Adjustments:		
Adjustments:			
Adjustments:			
Fair value adjustment for securitized debt held at amortized cost			
Fair value adjustment for securitized debt held at amortized cost			
Fair value adjustment for securitized debt held at amortized cost	Fair value adjustment for securitized debt held at amortized cost	97,592	90,348
Stockholders' equity including economic book value adjustments	Stockholders' equity including economic book value adjustments	$ 329,394	$ 326,827
Number of shares of common stock outstanding at period end	Number of shares of common stock outstanding at period end	24,955,566	24,925,357
Number of shares of common stock outstanding at period end			
Number of shares of common stock outstanding at period end			
Book value per share of common stock	Book value per share of common stock	$ 9.29	$ 9.49

Economic book value per share of common stock	Economic book value per share of common stock	$	13.20	$	13.11

Results of Operations

Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

The following table sets forth a summary of our results of operations for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended		Three Months Ended
		September 30, 2023	September 30, 2022	
		(in thousands)		
	Three Months Ended March 31, 2024 (in thousands)	March 31, 2024		March 31, 2023 (in thousands)
INTEREST INCOME, NET	INTEREST INCOME, NET			
Interest income				
Interest income				
Interest income	Interest income	$ 23,900	$ 30,148	
Interest expense	Interest expense	16,490	18,408	
NET INTEREST INCOME	NET INTEREST INCOME	$ 7,410	$ 11,740	
REALIZED AND UNREALIZED GAINS (LOSSES), NET	REALIZED AND UNREALIZED GAINS (LOSSES), NET			
REALIZED AND UNREALIZED GAINS (LOSSES), NET				
REALIZED AND UNREALIZED GAINS (LOSSES), NET				
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS				
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS				
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	$ (12,044)	$ 17,290	
Net unrealized gain (loss) on trading securities, mortgage loans, debt at fair value option (see Financial Statements — Note 2), and derivative contracts	Net unrealized gain (loss) on trading securities, mortgage loans, debt at fair value option (see Financial Statements — Note 2), and derivative contracts	17,299	(100,855)	

TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET	**TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET**	$ 5,255	$ (83,565)
EXPENSES	**EXPENSES**		
EXPENSES			
EXPENSES			
Operating expenses			
Operating expenses			
Operating expenses	Operating expenses	$ 1,370	$ 2,764
Operating expenses incurred with affiliate	Operating expenses incurred with affiliate	599	2,141
Due diligence and transaction costs	Due diligence and transaction costs	115	213
Stock compensation	Stock compensation	447	3,340
Securitization costs	Securitization costs	416	1,115
Management fee incurred with affiliate	Management fee incurred with affiliate	1,445	1,951
Total operating expenses	Total operating expenses	$ 4,392	$ 11,524
INCOME (LOSS) BEFORE INCOME TAXES	**INCOME (LOSS) BEFORE INCOME TAXES**	$ 8,273	$ (83,349)
Income tax expense (benefit)		—	—
NET INCOME (LOSS)		$ 8,273	$ (83,349)
Preferred dividends		—	(4)
INCOME (LOSS) BEFORE INCOME TAXES			
INCOME (LOSS) BEFORE INCOME TAXES			
Income tax expense			
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS			
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS			
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS	**NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS**	$ 8,273	$ (83,353)
Other comprehensive income (loss)	Other comprehensive income (loss)	(1,607)	(10,227)
TOTAL COMPREHENSIVE INCOME (LOSS)	**TOTAL COMPREHENSIVE INCOME (LOSS)**	$ 6,666	$ (93,580)

Net Interest Income

The following table sets forth the components of net interest income for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended			
		September 30, 2023		September 30, 2022	
		(in thousands)			

		Three Months Ended					
		Three Months Ended					
		Three Months Ended					
	March 31, 2024				March 31, 2024		March 31, 2023
	(in thousands)						*(in thousands)*

Interest income	Interest income	Interest income / expense	Average balance	Interest income / expense	Average balance	Interest income / expense	Average balance	Interest income / expense	Average balance
Residential mortgage loans	Residential mortgage loans	$4,272	$ 289,916	$13,162	$1,106,402				
Residential mortgage loans in securitization trusts	Residential mortgage loans in securitization trusts	15,208	1,228,074	12,759	1,123,361				
Commercial mortgage loans	Commercial mortgage loans	58	6,329	309	11,412				
RMBS and Majority-Owned Affiliate	RMBS and Majority-Owned Affiliate	3,067	171,128	3,418	402,899				
CMBS	CMBS	147	6,453	423	9,051				
U.S. Treasury securities	U.S. Treasury securities	541	46,607	—	—				
Other interest income	Other interest income	607	42,669	77	27,636				
Total interest income	Total interest income	23,900		30,148					
Interest expense	Interest expense								
Interest expense									
Interest expense									
Notes payable									
Notes payable									
Notes payable	Notes payable	4,117	205,915	10,364	948,845				
Non-recourse securitization obligation, collateralized by residential mortgage loans	Non-recourse securitization obligation, collateralized by residential mortgage loans	10,956	1,191,406	7,467	1,082,841				
Repurchase facilities	Repurchase facilities	1,417	87,279	577	50,988				

Total interest expense	**Total interest expense**	16,490	18,408
Net interest income	**Net interest income**	$7,410	$11,740

Net interest income

Net interest income

Net interest income for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $7.4 million $8.6 million and $11.7 million $6.8 million, respectively. Net interest Interest income decreased increased in the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to the composition of the portfolio during September 30, 2023 having a lower average balance of residential mortgage loans and RMBS, which resulted in decreased interest income from these asset classes, partially offset by higher interest income generated from a larger asset balance of residential mortgage loans in securitization trusts. Meanwhile, interest expense decreased in the three months ended September 30, 2023 was relatively flat, with less expense associated with notes payable offset by increased expense associated with non-recourse securitization obligation, collateralized by residential mortgage loans as compared to the same period in 2022 due to a lower average balance of notes payable offset by increases in the floating interest rates associated with this debt. 2023.

Total Realized and Unrealized Gains (Losses)

The components of total realized and unrealized gains (losses), net for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 are set forth as follows:

	Three Months Ended	
	September 30, 2023	**September 30, 2022**
	(in thousands)	
Realized and unrealized gain (loss) on residential mortgage loans in securitization trust, net of non-recourse securitization obligation	$ 4,352	$ (39,567)

	Three Months Ended March 31, 2024	**March 31, 2024**	**Three Months Ended March 31, 2023**
	(in thousands)		*(in thousands)*
Realized and unrealized gain (loss) on securitization, net of unrealized gain (loss) on non-recourse securitization obligation			

Realized gain (loss) on RMBS	Realized gain (loss) on RMBS	(598)	10,972
Realized and unrealized gain (loss) on Whole Pool Agency RMBS		(12,367)	—
Unrealized gain (loss) on Whole Pool Agency RMBS			
Realized gain (loss) on CMBS	Realized gain (loss) on CMBS	(101)	280

Realized gain (loss) on interest rate futures	Realized gain (loss) on interest rate futures	2,828	17,692
Realized and unrealized gain (loss) on TBAs	Realized and unrealized gain (loss) on TBAs	12,349	(5,229)
Realized and unrealized gain (loss) on residential mortgage loans	Realized and unrealized gain (loss) on residential mortgage loans	(856)	(73,526)
Realized and unrealized gain (loss) on commercial mortgage loans	Realized and unrealized gain (loss) on commercial mortgage loans	(35)	(204)
Realized and unrealized loss on U.S. Treasury securities	Realized and unrealized loss on U.S. Treasury securities	47	—
Unrealized appreciation (depreciation) on interest rate futures	Unrealized appreciation (depreciation) on interest rate futures	(364)	6,017
Realized gain/(loss) on AOMT MOA			
Total realized and unrealized gains (losses), net	**Total realized and unrealized gains (losses), net**	$ 5,255	$ (83,565)

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, total realized and unrealized gains and (losses), net resulted in a net gains gain of $5.3 million $9.3 million and net losses $83.6 million of $0.7 million, respectively. During the three months ended September 30, 2023 March 31, 2024, gains on securitization, net of unrealized gain (loss) on non-recourse securitization obligation, interest rate futures, and residential mortgage loans drove the key driver of overall gain to our portfolio. During the net gain was three months ended March 31, 2023, increased optimism and stability in interest rate markets drove gains in the valuation of our residential mortgage loans in securitization trust, net of non-recourse securitization obligation portfolio. During the three months ended September 30, 2022, market volatility resulting in widening portfolio which were offset by losses associated with TBAs and interest rate spreads caused the valuation of our portfolio of mortgage loans to decrease, which further resulted in total realized and unrealized losses that were only partially offset by net gains from TBAs and futures contracts. futures.

Expenses

Operating Expenses

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our operating expenses were $1.4 million $2.0 million and $2.8 million $2.2 million, respectively. Our operating expenses decreased compared to the comparative period due to cost savings actions such as in-sourcing of key accounting functions, vendor contract negotiations, and a decrease in servicing fees associated with servicing our whole loans portfolios. loans.

Operating Expenses Incurred with Affiliate

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our operating expenses incurred with affiliate were $0.6 million $0.5 million and $2.1 million $0.5 million, respectively. These expenses, which are substantially comprised of payroll reimbursements to our Manager, decreased during were relatively flat in the comparative period primarily due first three months of 2024 compared to the separation first three months of our former chief executive officer in September 2022. 2023.

Due Diligence and Transaction Costs

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our due diligence and transaction costs were $115 $49.5 thousand and $213 $0.0 thousand, respectively. Our due diligence and transaction expenses decreased increased slightly over the comparative period as we purchased fewer did not purchase any whole loans during the three months ended September 30, 2023 than the three months ended September 30, 2022 March 31, 2023.

Stock Compensation

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our stock compensation expense was $0.4 million $0.6 million and $3.3 million $0.5 million, respectively. Our stock compensation expense decreased increased for the three months ended September 30, 2023, March 31, 2024 due to stock forfeitures as well as a one-time severance expense an increase in the comparative period of 2022 associated with the departure of our former chief executive officer. Other estimated impact for outstanding performance-based restricted stock awards vest over one, three, or four years (depending on the tranche of award), commencing on the one-year anniversary of the grant date. unit awards.

Securitization Costs

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we incurred $0.4 million $0.2 million and $1.1 million $0.9 million of securitization expense, costs, respectively. The expense incurred during in both periods was a proportional allocation of expenses in conjunction with our share of the three months ended September 30, 2023 is related loans contributed to the AOMT 2023-5 securitization. The 2024-3 securitization costs incurred for in the comparable period first quarter of 2024 and AOMT 2023-1 securitization in 2022 were associated with the AOMT 2022-4 securitization. first quarter of 2023, respectively.

Management Fee Incurred with Affiliate

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our management fee incurred with affiliate was $1.4 million $1.3 million and $2.0 million, respectively. The decrease is due to the decrease in our average Equity (as defined in the Management Agreement) for the three months ended September 30, 2023 as compared to the same period in 2022. The Management Agreement includes an adjustment to “Equity” (as defined in the Management Agreement) for Distributable Earnings , which is the primary departure from equity as calculated in accordance with GAAP.

Nine Months Ended September 30, 2023 and 2022

The following table sets forth a summary of our results of operations for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended	
	September 30, 2023	September 30, 2022
	(in thousands)	
INTEREST INCOME, NET		
Interest income	$ 71,403	$ 86,959
Interest expense	50,742	41,849
NET INTEREST INCOME	20,661	45,110
REALIZED AND UNREALIZED GAINS (LOSSES), NET		
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	(27,056)	56,423
Net unrealized gain (loss) on trading securities, mortgage loans, debt at fair value option (see Note 2), and derivative contracts	27,868	(255,021)
TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET	812	(198,598)
EXPENSES		
Operating expenses	5,788	9,525
Operating expenses incurred with affiliate	1,672	3,834
Due diligence and transaction costs	136	1,502
Stock compensation	1,195	5,179
Securitization costs	2,326	3,134
Management fee incurred with affiliate	4,460	5,830
Total operating expenses	15,577	29,004
INCOME (LOSS) BEFORE INCOME TAXES	5,896	(182,492)
Income tax expense (benefit)	781	(3,457)
NET INCOME (LOSS)	5,115	(179,035)
Preferred dividends	—	(11)
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS	$ 5,115	$ (179,046)
Other comprehensive income (loss)	12,955	(11,979)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 18,070	$ (191,025)

Net Interest Income

The following table sets forth the components of net interest income for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended			
	September 30, 2023		September 30, 2022	
	(in thousands)			
Interest income	Interest income / expense	Average balance	Interest income / expense	Average balance
Residential mortgage loans	$ 18,457	$ 467,538	$ 39,171	$ 1,148,332
Residential mortgage loans in securitization trusts	39,753	1,106,621	33,599	995,000
Commercial mortgage loans	458	8,215	951	17,164
RMBS	9,225	164,244	12,692	381,085
CMBS	790	6,394	423	9,663
U.S. Treasury securities	1,201	45,506	8	59,999
Other interest income	1,519	37,482	115	46,157
Total interest income	71,403		86,959	
Interest expense				
Notes payable	21,222	366,032	23,022	975,913
Non-recourse securitization obligation, collateralized by residential mortgage loans	26,121	1,080,156	17,874	954,344
Repurchase facilities	3,399	89,726	953	185,685
Total interest expense	50,742		41,849	
Net interest income	$ 20,661		$ 45,110	

Net interest income for the nine months ended September 30, 2023 and 2022 was $20.7 million and $45.1 million, respectively. Net interest income decreased in the nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to the composition of our portfolio during September 30, 2023 having a lower average balance of residential mortgage loans and RMBS, which resulted in decreased interest income from these asset classes, partially offset by interest income generated from residential mortgage loans in securitization trusts. Meanwhile, interest expense on non-recourse securitization obligations, collateralized by residential mortgage loans increased due to an increase in the average balance and securitization spread associated with these assets in the nine months ended September 30, 2023 as compared to the same period in 2022, which resulted in an increased interest expense on lower interest income during the nine months ended September 30, 2023 as compared to the comparative period.

Total Realized and Unrealized Gains (Losses)

The components of total realized and unrealized gains (losses), net for the nine months ended September 30, 2023 and 2022 are set forth as follows:

	Nine Months Ended	
	September 30, 2023	September 30, 2022
	(in thousands)	
Realized and unrealized gain (loss) on residential mortgage loans in securitization trust, net of non-recourse securitization obligation	$ (7,948)	$ (82,642)
Realized loss on RMBS, net	(1,545)	(16,884)
Unrealized gain (loss) on Whole Pool Agency RMBS	(12,627)	—
Realized gain (loss) on CMBS	(241)	34
Realized gain (loss) on interest rate futures	8,599	60,745
Realized and unrealized gain (loss) on TBAs	(479)	14,171
Realized and unrealized (loss) gain on residential mortgage loans	17,268	(180,152)
Realized and unrealized (loss) gain on commercial mortgage loans	113	(1,209)
Realized and unrealized loss on U.S. Treasury securities	88	—
Unrealized appreciation on interest rate futures	(2,416)	7,339
Total realized and unrealized gains (losses), net	$ 812	$ (198,598)

For the nine months ended September 30, 2023 and 2022, total realized and unrealized gains (losses), net resulted in a net gain position of $0.8 million and net loss $198.6 million, respectively. During the nine months ended September 30, 2023, continued market volatility resulting in widening interest rate spreads caused the valuation of our residential mortgage loans in securitization trust and whole pool agency RMBS to decrease, which was offset by gains in our residential mortgage loans portfolio and interest rate futures. In the nine months ended September 30, 2022, the net realized and unrealized loss was primarily due to extreme interest rate and spread volatility as the Fed began its rate hike cycle, leading to large unrealized losses on residential mortgage loans and residential mortgage loans in securitization trust and realized losses on RMBS.

Expenses

Operating Expenses

For the nine months ended September 30, 2023 and 2022, our operating expenses were $5.8 million and $9.5 million, respectively. Our operating expenses decreased during the comparative period due to cost savings actions such as in-sourcing of key accounting functions, vendor contract negotiations, and a decrease in servicing fees associated with servicing our whole loan portfolio.

Operating Expenses Incurred with Affiliate

For the nine months ended September 30, 2023 and 2022, our operating expenses incurred with affiliate were $1.7 million and $3.8 million, respectively. These expenses, which are substantially comprised of payroll reimbursements to our Manager, decreased during the comparative period primarily due to the separation of our former chief executive officer.

Due Diligence and Transaction Costs

For the nine months ended September 30, 2023 and 2022, our due diligence and transaction costs were $136 thousand and $1.5 million, respectively. Our due diligence and transaction expenses decreased over the comparative period as we purchased fewer whole loans during the nine months ended September 30, 2023 than the nine months ended September 30, 2022.

Stock Compensation

For the nine months ended September 30, 2023 and 2022 our stock compensation expense was $1.2 million and $5.2 million, respectively. Our stock compensation expense decreased for the nine months ended September 30, 2023, due to stock forfeitures as well as no 2023 stock compensation expense related to our former chief executive officer. Additionally, the nine months ended September 30, 2023 did not include a one-time severance expense associated with the departure of our former chief executive officer Other restricted stock awards vest over one, three, or four years (depending on the tranche of award), commencing on the one-year anniversary of the grant date.

Securitization Costs

Securitization costs of $2.3 million were incurred for the nine months ended September 30, 2023 in connection with the AOMT 2023-1, AOMT 2023-4, and AOMT 2023-5 securitization transactions. There were $3.1 million of securitization costs incurred for the comparable period in 2022, associated with the AOMT 2022-1 and AOMT 2022-4 securitizations.

Management Fee Incurred with Affiliate

For the nine months ended September 30, 2023 and 2022, our management fee incurred with affiliate was $4.5 million and $5.8 million, respectively. The decrease is due to the decrease in our average Equity as defined in the Management Agreement for the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022. 2023. The calculation of Equity for the purposes of the Management Agreement includes an adjustment to "Equity" as defined in the Management Agreement for addition of Distributable Earnings, which is the primary departure from the calculation of equity as calculated in accordance with GAAP. GAAP, which has caused Equity (as defined in the Management Agreement) to decrease.

Our Portfolio

As of September 30, 2023 March 31, 2024, our portfolio consisted of approximately $2.1 billion $2.0 billion of residential mortgage loans, RMBS, and other target assets. Certain of these portfolio assets are located in states such as Florida and California where natural disasters such as hurricanes and earthquakes may occasionally occur. We require all of our collateral to be adequately insured. The graphs in the subsequent detail of residential mortgage loans, residential mortgage loans held in securitization trusts, and residential mortgage loans underlying RMBS issuances show the percentage of residential mortgage loans held in each state where there is a concentration of loans.

The following table sets forth additional information regarding our portfolio, including the manner in which our equity capital was allocated among investment types, as of September 30, 2023 March 31, 2024:

Portfolio:	Fair Value	Collateralized Debt	Allocated Capital	% of Total Capital
	($ in thousands)			
Residential mortgage loans	$ 284,383	$ 197,797	$ 86,586	37.4 %
Residential mortgage loans in securitization trust	1,194,119	1,161,296	$ 32,823	14.1 %
Commercial mortgage loans	5,219	—	5,219	2.3 %
Total whole loan portfolio	$1,483,721	$ 1,359,093	$124,628	53.8 %

Portfolio:	Fair Value		Collateralized Debt		All Ca	
	($ in thousands)					
Residential mortgage loans	$ 368,446	$	$ 284,002	$	$ 84,444	32.1
Residential mortgage loans in securitization trust	1,201,210	1,146,641	1,146,641	$	$ 54,569	2
Total whole loan portfolio	$1,569,656	$	$1,430,643	$	$139,013	52.8

Investment securities	**Investment securities**											
Investment securities												
Investment securities												
RMBS	RMBS	$ 579,985	$ 39,861	$ 540,124	233.0 %							
CMBS		6,338	—	6,338	2.7 %							
RMBS												
RMBS							$ 445,136		$ 44,501		$ 400,635	
U.S. Treasury securities	U.S. Treasury securities	149,906	148,240	1,666	0.7 %	U.S. Treasury securities	149,805	148,992	148,992	813	813	
Total investment securities	**Total investment securities**	$ 736,229	$ 188,101	$ 548,128	236.4 %	**Total investment securities**	$ 594,941	$	$ 193,493	$	$ 401,448	152.4
Investments in Majority-Owned Affiliates		$ 14,701		$ 14,701	6.3 %							
Investment in Majority-Owned Affiliate												
Investment in Majority-Owned Affiliate												
Investment in Majority-Owned Affiliate							$ 18,021		$ —		$ 18,021	
Total investment portfolio												
Total investment portfolio												
Total investment portfolio	**Total investment portfolio**	$ 2,234,650	$ 1,547,194	$ 687,456	296.6 %		$ 2,182,618	$	$ 1,624,136	$	$ 558,482	212.1
Target assets (1)	**Target assets** (1)	$ 2,070,044	$ 1,398,954	$ 671,089	289.5 %	**Target assets** (1)	$ 2,032,813	$	$ 1,475,144	$	$ 557,669	211.8
Cash	Cash	$ 41,894	$ —	$ 41,894	18.0 %							
Cash												
Cash							$ 39,421		$ —		$ 39,421	
Other assets and liabilities (2)	Other assets and liabilities (2)	(497,548)	—	(497,548)	(214.6)%	Other assets and liabilities (2)	(334,580)	—	—	(334,580)	(334,580)	
Total	**Total**	$ 1,778,996	$ 1,547,194	$ 231,802	100.0 %	**Total**	$ 1,887,459	$	$ 1,624,136	$	$ 263,323	100.0

(1) "Target assets" as defined by us excludes U.S. Treasury securities, and includes our investment in a Majority-Owned Affiliate. Affiliates.

(2) Other assets and liabilities presented is calculated as a net liability substantially comprised of $512.0 million $359.9 million due to broker for our quarter-end purchase of certain Freddie Mac and Fannie Mae-issued whole pool agency residential mortgage-backed securities ("Whole Pool Agency RMBS"), and excluding the portion of "other assets" which includes our investment in a Majority-Owned Affiliate, which is considered a target asset.

As of December 31, 2022 December 31, 2023, our portfolio consisted of approximately $2.9 billion $2.1 billion of residential mortgage loans, RMBS, and other target assets. The following table sets forth additional information regarding our portfolio including the manner in which our equity capital was allocated among investment types, as of December 31, 2022 December 31, 2023:

		Fair Value	Collateralized Debt	Allocated Capital	% of Total Capital		Fair Value	Collateralized Debt	Al C
	Fair Value								
Portfolio:	Portfolio:	($ in thousands)				Portfolio:	($ in thousands)		

Residential mortgage loans	Residential mortgage loans	$ 770,982	$ 639,870	$ 131,112	55.4 %	Residential mortgage loans	$ 380,040	$	$ 290,610	$	$ 89,430		34.9
Residential mortgage loans in securitization trust	Residential mortgage loans in securitization trust	1,027,442	1,003,485	23,957	10.1 %	Residential mortgage loans in securitization trust	1,221,067	1,169,154	1,169,154	51,913		51,913	
Commercial mortgage loans		9,458	—	9,458	4.0 %								
Total whole loan portfolio	**Total whole loan portfolio**	$1,807,882	$ 1,643,355	$ 164,527	69.5 %	**Total whole loan portfolio**	$1,601,107	$	$1,459,764	$	$141,343		55.2
Investment securities	**Investment securities**												
Investment securities													
Investment securities													
RMBS	RMBS	$1,055,338	52,544	$1,002,794	424.1 %								
CMBS		6,111	—	6,111	2.6 %								
RMBS													
RMBS							$ 472,058		44,643		$427,415		
Investment in Majority-Owned Affiliates						Investment in Majority-Owned Affiliates	16,232		—		16,232		
U.S. Treasury Securities						U.S. Treasury Securities	149,927		149,013		914		
Total investment securities	**Total investment securities**	$1,061,449	$ 52,544	$1,008,905	426.7 %	**Total investment securities**	$ 638,217	$	$ 193,656	$	$444,561		173.6
Total investment portfolio													
Total investment portfolio													
Total investment portfolio	**Total investment portfolio**	$2,869,331	$ 1,695,899	$1,173,432	496.2 %		$ 2,239,324	$	$ 1,653,420	$	$ 585,904	228.8	
Target assets (1)	**Target assets (1)**	$2,869,331	$ 1,695,899	$1,173,432	496.2 %	**Target assets (1)**	$2,089,397	$	$1,504,407	$	$585,904		228.8
Cash	Cash	$ 29,272	$ —	$ 29,272	12.4 %								
Cash													
Cash							$ 41,625		$ —		$ 41,625		
Other assets and liabilities (2)	Other assets and liabilities (2)	(966,225)	—	(966,225)	(408.6)%	Other assets and liabilities (2)	(371,423)	—	—	(371,423)		(371,423)	
Total	**Total**	$1,932,378	$ 1,695,899	$ 236,479	100.0 %	**Total**	$1,909,526	$	$1,653,420	$	$256,106		100.0

(1) "Target assets" as presented above comprises the total investment portfolio, as there were no defined by us excludes U.S. Treasury securities, held as of December 31, 2022. and includes our investment in a Majority-Owned Affiliates.

(2) Other assets and liabilities presented is calculated as a net liability substantially comprised of $1.01 billion $392.0 million due to broker for our quarter-end purchase of certain Freddie Mac and Fannie Mae-issued Whole Pool Agency RMBS. RMBS, and excluding the portion of "other assets" which includes our investment in a Majority-Owned Affiliates, which is considered a target asset. Additionally, other assets includes $5.2 million of commercial loans and $6.6 million of CMBS.

Residential Mortgage Loans

The following table sets forth additional information on the residential mortgage loans in our portfolio as of September 30, 2023 March 31, 2024:

	Portfolio Range	Portfolio Weighted Average
	($ in thousands)	
Unpaid principal balance (“UPB”)	$0 6 - $3,410$3,357	$517 441
Interest rate	2.99% - 12.5% 12.50%	5.83% 7.11%
Maturity date	9/27/2048 - 8/25/ 11/27/2063	September October 2053
FICO score at loan origination	612 628 - 817 825	744 748
LTV at loan origination	17.6% 9.1% - 90% 90.0%	69.67% 70.0%
DTI at loan origination	2.6% 1.94% - 59.10% 59.1%	31.90% 30.6%
Percentage of first lien loans	N/A	100%
Percentage of loans 90+ days delinquent (based on UPB)	N/A	2.70% 2.2%

The following table sets forth additional information on the residential mortgage loans in our portfolio as of December 31, 2022 December 31, 2023:

	Portfolio Range	Portfolio Weighted Average
	($ in thousands)	
UPB Unpaid principal balance (“UPB”)	$59 18 - $3,441 $3,410	$496 492
Interest rate	2.88% 2.99% - 9.99% 12.50%	4.80% 6.8%
Maturity date	9/21/2036 27/2048 - 6/20/2062 11/27/2063	February December 2053
FICO score at loan origination	575 624 - 823 825	737 748
LTV at loan origination	8% 9.00% - 95% 90.00%	70% 69.4%
DTI at loan origination	1.20% 1.90% - 59.06% 59.10%	31.26% 30.9%
Percentage of first lien loans	N/A	100%
Percentage of loans 90+ days delinquent (based on UPB)	N/A	0.91% 0.9%

The following charts illustrate the distribution of the credit scores and interest rates by the number of loans in our residential mortgage loan portfolio as of September 30, 2023 March 31, 2024:

Resi Loans Credit Score Distribution.jpg

Resi Loans Coupon Distribution.jpg

The following charts illustrate the distribution of the credit scores and interest rates by the number of loans in our residential mortgage loan portfolio as of December 31, 2022 December 31, 2023:

Resi Loans Credit Score Distribution.jpg

Resi Loans Coupon Distribution.jpg

The following charts illustrate additional characteristics of our residential mortgage loans in our portfolio that we owned directly as of September 30, 2023 March 31, 2024, based on the product profile, borrower profile, and geographic location (percentages are based on the aggregate unpaid principal balance of such loans):

Characteristics of Our Residential Mortgage Loans as of September 30, 2023 March 31, 2024:

Resi1.jpg resi2.jpg

Resi Loans by Product Type.jpg

Resi Loans by Borrower Type.jpg

Resi Loans Geography.jpg

Note: No state in “Other” represents more than a 3% concentration of the residential mortgage loans in our portfolio that we owned directly as of September 30, 2023 March 31, 2024. Numbers presented may add to more than 100% due to rounding.

The following charts illustrate additional characteristics of the residential mortgage loans in our portfolio that we owned directly as of December 31, 2022 December 31, 2023, based on the product profile, borrower profile, and geographic location (percentages are based on the aggregate unpaid principal balance of such loans):

Characteristics of Our Residential Mortgage Loans as of December 31, 2022 December 31, 2023:

2023 Resi Loan Product Type 2.13.jpg

Residential Loans by Borrower Type.jpg

2023 Resi Loan Borrower Type 2.13.jpg

Resi Loans Geography.jpg

Note: No state in "Other" represents more than a 3% concentration of the residential mortgage loans in our portfolio that we owned directly as of December 31, 2022 December 31, 2023. Numbers presented may add to more than 100% due to rounding.

Residential Mortgage Loans Held in Securitization Trusts

The following table sets forth the information regarding the underlying collateral of our residential mortgage loans held in securitization trusts as of September 30, 2023 March 31, 2024:

	($ in thousands)
UPB	$1,361,688 1,312,169
Fair Value	$1,201,210
Number of loans	3,152 3,053
Weighted average loan coupon	4.67% 4.66%
Average loan amount	434 $432
Weighted average LTV at loan origination and deal date	69% 68.0%
Weighted average credit score at loan origination and deal date	742
Current 3-month constant prepayment rate ("CPR") (1)	5.6% 5.0%
Percentage of loans 90+ days delinquent (based on UPB)	0.8% 1.3%

(1) CPR is a method of expressing the prepayment rate for a mortgage pool that assumes that a constant fraction of the remaining principal is prepaid each month or year.

The following chart illustrates the geographic distribution of the underlying collateral of our residential mortgage loans held in securitization trusts as of September 30, 2023 March 31, 2024 (percentages are based on the aggregate unpaid principal balance of such loans):

Loans in Trust Geography.jpg

Note: No state in "Other" represents more than a 4% 3% concentration of the underlying collateral of our residential mortgage loans held in securitization trusts as of September 30, 2023 March 31, 2024. Numbers presented may add to more than 100% due to rounding.

The following table sets forth the information regarding the underlying collateral of our residential mortgage loans held in securitization trusts as of December 31, 2022 December 31, 2023:

	($ in thousands)
UPB	$1,151,332 1,334,963
Fair Value	$1,221,067
Number of loans	2,664 3,112
Weighted average loan coupon	4.72% 4.7%
Average loan amount	$434 429
Weighted average LTV at loan origination and deal date	69% 68.0%
Weighted average credit score at loan origination and deal date	743 742
Current 3-month CPR	5.4% 5.6%
Percentage of loans 90+ days delinquent (based on UPB)	—% 1.0%

The following chart illustrates the geographic distribution of the underlying collateral of our residential mortgage loans held in securitization trusts as of December 31, 2022 December 31, 2023 (percentages are based on the aggregate unpaid principal balance of such loans):

Loans in Trust Geography.jpg

Note: No state in “Other” represents more than a 3% concentration of the underlying collateral of our residential mortgage loans held in securitization trusts as of December 31, 2022 December 31, 2023. Numbers presented may add to more than 100% due to rounding.

Commercial Mortgage Loans

The following table provides additional information on the commercial mortgage loans in our portfolio as of September 30, 2023:

	Portfolio Range	Portfolio Weighted Average
	($ in thousands)	
UPB	$241 - $3,162	$1,120
Interest rate	5.50% - 8.38%	6.24%
Loan term	8.10 - 26.44 years	12.47 years
LTV at loan origination	50.0% - 75.0%	58.10%

The following table provides additional information on the commercial mortgage loans in our portfolio as of December 31, 2022:

	Portfolio Range	Portfolio Weighted Average
	($ in thousands)	
UPB	$242 - $4,300	$1,656
Interest rate	5.50% - 8.38%	7.03%
Loan term	0.42 - 27.18 years	7.68 years
LTV at loan origination	46.7% - 75.0%	50.90%

The following charts illustrate the geographic location of the commercial mortgage loans in our portfolio that we owned directly as of September 30, 2023and December 31, 2022 (percentages are based on the aggregate unpaid principal balance of such loans):

Geographic Diversification of Our Commercial Mortgage Loans as of September 30, 2023:

comm loans geo.jpg

Numbers presented may add to more than 100% due to rounding.

Geographic Diversification of Our Commercial Mortgage Loans as of December 31, 2022:

Commercial Loans Geography DECEMBER 2022 UPDATE.jpg

Note: Numbers presented may add to more than 100% due to rounding.

RMBS

We have participated in numerous securitization transactions pursuant to which we contributed to a securitization trust under the purview of AOMT I, LLC, non-QM loans that we had accumulated and held on our balance sheet. These loans were purchased from affiliated and unaffiliated entities. In return, we received bonds from these securitization trusts, and cash. At times, we were allocated certain risk retention securities as part of these transactions. Risk retention securities represent at least 5% of a horizontal or vertical slice of the bonds issued as part of the transaction.

Certain information regarding the mortgage loans underlying our portfolio of RMBS issued in such securitization transactions is set forth below as of September 30, 2023 March 31, 2024, unless otherwise stated:

	AOMT 2019-2	AOMT 2019-4	AOMT 2019-6	AOMT 2020-3	AOMT 2023-1 (5)	AOMT 2023-5 (5)
	($ in thousands)					
UPB of loans	$102,501	$103,551	$137,598	$170,477	$556,632	$253,456
Number of loans	354	374	508	524	1,036	523
Weighted average loan coupon	7.00 %	7.00 %	6.40 %	5.80 %	5.20 %	5.30 %

	AOMT 2019 Securitizations	AOMT 2019 Securitizations	AOMT 2020 Securitizations	AOMT 2023 Securitizations	AOM Secur
	($ in thousands)				*($ in thousands)*
UPB of loans		$318,671	$164,661	$1,168,534	$436,161
Number of loans					
Weighted average loan coupon		7.10 %	5.80 %	5.30 %	5.30 %

Average loan amount	Average loan amount	$290	$277	$271	$325	$537	$485	Average loan amount	$276	$327	$521	$466
Weighted average LTV at loan origination and deal date	Weighted average LTV at loan origination and deal date	71.30 %	70.70 %	68.40 %	74.10 %	69.70 %	70.20 %	Weighted average LTV at loan origination and deal date	69.5 %	74.1 %	69.2 %	69.3 %
Weighted average credit score at loan origination and deal date	Weighted average credit score at loan origination and deal date	697	701	718	720	729	735	Weighted average credit score at loan origination and deal date	707	720	731	733
Current 3-month CPR (1) (6)		31.20 %	21.70 %	6.50 %	12.40 %	6.60 %	27.30 %					
Current 3-month CPR (1, 6)								Current 3-month CPR (1, 6)	12.9 %	3.9 %	6.5 %	7.7 %
90+ day delinquency (as a % of UPB)	90+ day delinquency (as a % of UPB)	12.90 %	8.10 %	3.50 %	3.40 %	1.20 %	0.10 %	90+ day delinquency (as a % of UPB)	8.3 %	3.4 %	0.9 %	0.1 %
90+ Delinquency (as a % of Original Balance)		2.00 %	1.50 %	1.00 %	1.20 %	1.40 %	0.40 %					
Weighted Average 90+ Delinquency (as a % of Original Balance)								Weighted Average 90+ Delinquency (as a % of Original Balance)	1.4 %	1.3 %	0.9 %	0.1 %
Weighted Average LTV of 90+ Delinquent Loans (FHFA HPI Estimate) (2)	Weighted Average LTV of 90+ Delinquent Loans (FHFA HPI Estimate) (2)	51.30 %	48.50 %	55.10 %	74.10 %	73.70 %	81.90 %	Weighted Average LTV of 90+ Delinquent Loans (FHFA HPI Estimate) (2)	52.6 %	— %	69.9 %	70.4 %
Fair value of first loss piece (3)		$11,700	$3,568	$1,927	$20,619	$4,472	$2,867					
Fair value of first loss piece (3,5)								Fair value of first loss piece (3,5)	$18,057	$21,389	$52,531	$31,406
Investment thickness (4)	Investment thickness (4)	33.91 %	15.37 %	9.30 %	18.20 %	3.49 %	10.13 %					

(1) CPR is a method of expressing the prepayment rate for a mortgage pool that assumes that a constant fraction of the remaining principal is prepaid each month or year.

(2AOMT 2020-3 does not have LTV or Federal Housing Finance Agency Home Price Index Estimates (“FHFA HPI Estimates”); accordingly, original LTV is used.

(3) (2) Represents the fair value of the securities we hold in the first loss tranche in each securitization.

(4) (3) Represents the average size of the subordinate securities we own as investments in each securitization relative to the average overall size of the securitization.

(4) The fair value of the first loss piece presented for AOMT 2023-1 is the total at risk for the Majority-Owned Affiliate.

(5) The fair value of the first loss pieces presented for AOMT 2023-1, AOMT 2023-5, AOMT 2023-7, and AOMT 2023-5 2024-3 is the total at risk for the Majority-Owned Affiliate. Affiliates.

(6) AOMT 2023-5 2024-3 reflects the one-month CPR CPR.

Certain information regarding the mortgage loans underlying our portfolio of RMBS issued in AOMT securitization transactions is set forth below as of December 31, 2022 December 31, 2023, unless otherwise stated:

	AOMT 2019-2	AOMT 2019-4	AOMT 2019-6	AOMT 2020-3
	($ in thousands)			
UPB of loans	$119,217	$120,242	$148,148	$189,763
Number of loans	409	421	555	578
Weighted average loan coupon	7.00 %	7.07 %	6.40 %	5.83 %
Average loan amount	$291	$286	$267	$328
Weighted average LTV at loan origination and deal date	73 %	72 %	69 %	74 %
Weighted average credit score at loan origination and deal date	696	699	717	720
Current 3-month CPR (1)	12.14 %	18.30 %	12.32 %	5.56 %
90+ day delinquency (as a % of UPB)	11.79 %	11.54 %	3.06 %	4.37 %
90+ Delinquency (as a % of Original Balance)	2.30 %	2.30 %	1.00 %	1.90 %
Weighted Average LTV of 90+ Delinquent Loans (FHFA HPI Estimate) (2)	53.00 %	51.40 %	54.40 %	74.10 %
Fair value of first loss piece (3)	$12,708	$3,669	$1,984	$20,106

	AOMT 2019 Securitizations	AOMT 2020 Securitizations	AOMT 2023 Securitizations
	($ in thousands)		
UPB of loans	$331,376	$167,028	$1,192,450
Number of loans	1197	512	2288
Weighted average loan coupon	6.90 %	5.80 %	5.30 %
Average loan amount	$277	$326	$521
Weighted average LTV at loan origination and deal date	70 %	74 %	70 %
Weighted average credit score at loan origination and deal date	707	720	733
Current 3-month CPR (1, 6)	14.3 %	5.4 %	4.3 %
90+ day delinquency (as a % of UPB)	9.0 %	3.0 %	1.6 %
Weighted Average 90+ Delinquency (as a % of Original Balance)	1.5 %	1.1 %	1.3 %
Weighted Average LTV of 90+ Delinquent Loans (FHFA HPI Estimate) (2)	50.8 %	74.1 %	72.8 %

Fair value of first loss piece (3,5,6)					$18,057	$21,389	$55,056
Investment thickness (4)	29.17 %	13.24 %	13.78 %	16.35 %	19.15 %	18.57 %	3.78 %

(1) CPR is a method of expressing the prepayment rate for a mortgage pool that assumes that a constant fraction of the remaining principal is prepaid each month or year.

(2) AOMT 2020-3 does not have LTV or Federal Housing Finance Agency Home Price Index Estimates ("FHFA HPI Estimates; as such, Estimates"); accordingly, original LTV is used.

(3) Represents the fair value of the securities we hold in the first loss tranche in each securitization.

(4) Represents the average size of the subordinate securities we own as investments in each securitization relative to the average overall size of the securitization.

(5) The fair value of the first loss pieces presented for AOMT 2023-1, AOMT 2023-5, and AOMT 2023-7 is the total at risk for the Majority-Owned Affiliates.

(6) AOMT 2023-5 reflects one-month CPR.

The following table provides certain information with respect to our RMBS portfolio both received in AOMT securitization transactions and acquired from other third parties as of September 30, 2023 March 31, 2024:

	RMBS			Repurchase Debt (1)			Allocated Capital		
	AOMT	Third Party RMBS	Total	AOMT	Third Party RMBS	Total	AOMT	Third Party RMBS	Total
	(in thousands)								
Mezzanine	$10,429	$ —	$ 10,429	$ (1,029)	$ —	(1,029)	$ 9,400	$ —	$ 9,400
Subordinate	52,159	—	52,159	(21,384)	—	(21,384)	30,775	—	$ 30,775
Interest only / excess	12,665	—	12,665	(1,944)	—	(1,944)	10,721	—	$ 10,721
Whole pool (2)	—	504,732	504,732	—	—	—	—	504,732	$504,732
Retained RMBS in VIEs (3)	—	—	—	(15,504)	—	(15,504)	(15,504)	—	$ (15,504)
Subtotal Investment in Majority Owned Affiliates									
Total	$75,253	$504,732	$579,985	$(39,861)	$ —	$(39,861)	$35,392	$504,732	$540,124

(1) Repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs).

(2) The whole pool RMBS presented as of March 31, 2024 were purchased from a broker to whom the Company owes approximately $360.0 million, payable upon the settlement date of the trade. See Note 6 — *Due to Broker* in our unaudited condensed consolidated financial statements included in this report.

(3) A portion of repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs). These bonds, with a fair value of $119.8 million, are not reflected in the condensed consolidated balance sheets, as the Company reflects the assets of the VIE (residential mortgage loans in securitization trusts - at fair value) on its condensed consolidated balance sheets.

The following table provides certain information with respect to our RMBS portfolio both received in AOMT securitization transactions and acquired from other third parties as of December 31, 2023:

	RMBS			Repurchase Debt (1,3)			Allocated Capital		
	AOMT	Third Party RMBS	Total	AOMT	Third Party RMBS	Total	AOMT	Third Party RMBS	Total
	(in thousands)								

	RMBS AOMT	RMBS Third Party RMBS	RMBS Total	Repurchase Debt AOMT	Repurchase Debt Third Party RMBS	Repurchase Debt Total	Allocated Capital AOMT	Allocated Capital Third Party RMBS	Allocated Capital Total
Mezzanine	$ 10,972	$ —	$ 10,972	$ 844	$ —	$ 844	$ 10,128	$ —	$ 10,128
Subordinate	55,665	—	55,665	19,812	—	19,812	35,853	—	$ 35,853
Interest only / excess	13,059	—	13,059	1,871	—	1,871	11,188	—	$ 11,188
Whole pool (2)	—	392,362	392,362	—	—	—	—	392,362	$ 392,362
Retained RMBS in VIEs (3)	—	—	—	22,116	—	22,116	(22,116)	—	(22,116)
Subtotal	$ 79,696	$ 392,362	$ 472,058	$ 44,643	$ —	$ 44,643	$ 35,053	$ 392,362	$ 427,415
Investment in Majority Owned Affiliates	$ 16,232	$ —	$ 16,232	$ —	$ —	$ —	$ 16,232	$ —	$ 16,232
Total	$ 95,928	$ 392,362	$ 488,290	$ 44,643	$ —	$ 44,643	$ 51,285	$ 392,362	$ 443,647

(1) Repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs).

(2) The whole pool RMBS presented as of September 30, 2023 December 31, 2023 were purchased from a broker to whom the Company owes approximately $512.0 million, $392.0 million, payable upon the settlement date of the trade. See Note 7 6 — *Due to Broker* in our unaudited condensed consolidated financial statements included in this report.

(3) A portion of repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs). These bonds, with a fair value of $122.7 million, are not reflected in the condensed consolidated balance sheets, as the Company reflects the assets of the VIE (residential mortgage loans in securitization trusts - at fair value) on its condensed consolidated balance sheets.

The following table provides certain information with respect to our RMBS portfolio both received in AOMT securitization transactions and acquired from other third parties as of December 31, 2022:

	RMBS			Repurchase Debt (1)			Allocated Capital		
	AOMT	Third Party RMBS	Total	AOMT	Third Party RMBS	Total	AOMT	Third Party RMBS	Total
					(in thousands)				
Mezzanine	$ 1,958	$ —	$ 1,958	$ 1,470	$ —	$ 1,470	$ 488	$ —	$ 488
Subordinate	49,578	—	49,578	24,982	—	24,982	24,596	—	$ 24,596
Interest only / excess	10,424	—	10,424	1,506	—	1,506	8,918	—	$ 8,918
Whole pool (2)	—	993,378	993,378	—	—	—	—	993,378	$ 993,378
Retained RMBS in VIEs (3)	—	—	—	24,586	—	24,586	(24,586)	—	(24,586)
Total	$ 61,960	$ 993,378	$ 1,055,338	$ 52,544	$ —	$ 52,544	$ 9,416	$ 993,378	$ 1,002,794

(1) Repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs).

(2) The whole pool RMBS presented as of December 31, 2022 were purchased from a broker to whom the Company owes approximately $1.0 billion, payable upon the settlement date of the trade. See Note 7 — *Due to Broker* in our unaudited condensed consolidated financial statements included in this report.

(3) A portion of repurchase debt includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs). These bonds, with a fair value of $110.5 million $124.1 million, are not reflected in the condensed consolidated balance sheets, as the Company reflects the assets of the VIE (residential mortgage loans in securitization trusts - at fair value) on its condensed consolidated balance sheets.

The following table sets forth information with respect to our RMBS ending balances, at fair value, as of September 30, 2023 for the period ended March 31, 2024:

	Senior	Mezzanine	Subordinate	Interest Only	Whole Pool	Total
			(in thousands)			
Beginning fair value		$ 9,533	$ 49,938	$ 12,438	$ 388,063	$ 459,972
Acquisitions:						
Retained bonds received in securitizations		1,400	2,917	1,040	—	5,357
Secondary market purchases of AOMT securities		—	—	—	—	—

Retained bonds received in securitizations						
Retained bonds received in securitizations						
Third party securities						
Third party securities						
Third party securities	Third party securities	—	—	—	511,953	511,953
Effect of principal payments / called deals	Effect of principal payments / called deals	(467)	—	—	(382,917)	(383,384)
IO and excess servicing prepayments	IO and excess servicing prepayments	—	—	(473)	—	(473)
Changes in fair value, net	Changes in fair value, net	(37)	(696)	(340)	(12,367)	(13,440)
Ending fair value	Ending fair value	$ 10,429	$ 52,159	$12,665	$504,732	$579,985

The following table sets forth information with respect to our RMBS ending balances, at fair value, as of December 31, 2022 for the year ended December 31, 2023:

		Senior	Mezzanine	Subordinate	Interest Only	Whole Pool	Total
				(in thousands)			
	Senior	Senior	Mezzanine	Subordinate	Interest Only	Whole Pool	Total
	(in thousands)					*(in thousands)*	
Beginning fair value	Beginning fair value	$3,076	$ 2,178	$ 90,350	$17,975	$ 372,055	$ 485,634
Acquisitions:	Acquisitions:						
Secondary market purchases of AOMT securities		—	—	—	—	—	—
Retained bonds received in securitizations							
Retained bonds received in securitizations							
Retained bonds received in securitizations							
Third party securities							
Third party securities							
Third party securities	Third party securities	—	—	—	—	3,151,406	3,151,406
Effect of principal payments / called deals	Effect of principal payments / called deals	(3,041)	(171)	(29,612)	(169)	(2,533,834)	(2,566,827)
IO and excess servicing prepayments	IO and excess servicing prepayments	—	—	2,256	(21,256)	—	(19,000)
Changes in fair value, net	Changes in fair value, net	(35)	(49)	(13,416)	13,874	3,751	4,125

Ending fair value	Ending fair value	$ —	$ 1,958	$ 49,578	$10,424	$ 993,378	$1,055,338

The following chart illustrates the geographic diversification of the loans underlying our portfolio of RMBS issued in AOMT securitization transactions as of September 30, 2023 March 31, 2024 (percentages are based on the aggregate unpaid principal balance of such loans):

Geographic Diversification of Loans Underlying Our Portfolio
of RMBS Issued in AOMT Securitization Transactions
(as of September 30, 2023 March 31, 2024)

RMBS Geography.jpg

te: No state in “Other” represents more than a 4% concentration of the loans underlying our portfolio of RMBS issued in AOMT securitization transactions as of September 30, 2023 March 31, 2024. Numbers presented may add to more than 100% due to rounding.

The following chart illustrates the geographic diversification of the loans underlying our portfolio of RMBS issued in AOMT securitization transactions as of December 31, 2022 December 31, 2023 (percentages are based on the aggregate unpaid principal balance of such loans):

Geographic Diversification of Loans Underlying Our Portfolio
of RMBS Issued in AOMT Securitization Transactions
(as of December 31, 2022 December 31, 2023)

RMBS Geography.jpg

ote: No state in “Other” represents more than a 4% concentration of the loans underlying our portfolio of RMBS issued in AOMT securitization transactions as of December 31, 2022 December 31, 2023. Numbers presented may add to more than 100% due to rounding.

CMBS

In November 2020, we participated in a securitization transaction of a pool of small balance commercial mortgage loans consisting of mortgage loans secured by commercial properties pursuant to which we contributed to AOMT 2020-SBC1 commercial mortgage loans with a carrying value of approximately $31.2 million that we had accumulated and held on our balance sheet, and we received bonds from AOMT 2020-SBC1 with a fair value of approximately $8.9 million.

Certain information regarding the commercial mortgage loans underlying our portfolio of CMBS issued in the AOMT 2020-SBC1 securitization transaction is shown below as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
	($ in thousands)		($ in thousands)		($ in thousands)
UPB of loans	$112,302	$122,432		$109,742	$112,302
Number of loans	146	160		142	145
Weighted average loan coupon	7.4 %	7.4 %		7.5 %	7.5 %
Average loan amount	$769	$765		$773	$774
Weighted average LTV at loan origination and deal date	56.2 %	58.4 %		56.2 %	56.2 %

The following table provides certain information with respect to the CMBS we received in connection with the AOMT 2020-SBC1 securitization transactions as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	March 31, 2024						
	CMBS						
	(in thousands)						
		March 31, 2024			December 31, 2023		
		CMBS	Repurchase Debt	Allocated Capital	CMBS	Repurchase Debt	Allocated Capital
					(in thousands)		

		September 30, 2023			December 31, 2022		
Subordinate							
		CMBS	Repurchase Debt	Allocated Capital	CMBS	Repurchase Debt	Allocated Capital
Subordinate							
		(in thousands)					
Senior		$ —	$ —	$ —	$ —	$ —	$ —
Mezzanine		—	—	—	—	—	—
Subordinate	Subordinate	2,933	—	2,933	2,901	—	2,901
Interest only / excess	Interest only / excess	3,405	—	3,405	3,210	—	3,210
Total	Total	$ 6,338	$ —	$ 6,338	$ 6,111	$ —	$ 6,111

Liquidity and Capital Resources

Overview

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund our investments and operating costs, make distributions to our stockholders, and satisfy other general business needs. Our financing sources currently include payments of principal and interest we receive on our investment portfolio, unused borrowing capacity under our in-place loan financing lines and repurchase facilities, and securitizations of our whole loans. Our financing sources historically have included the foregoing, as well as capital contributions from our investors prior to our IPO, and the proceeds from our IPO and concurrent private placement (which capital has all been deployed). Going forward, we may also utilize other types of borrowings, including bank credit facilities and warehouse lines of credit, among others. We may also seek to raise additional capital through public or private offerings of equity, equity-related, or debt securities, depending upon market conditions. The use of any particular source of capital and funds will depend on market conditions, availability of these sources, and the investment opportunities available to us.

We have used and expect to continue to use loan financing lines to finance the acquisition and accumulation of mortgage loans or other mortgage-related assets pending their eventual securitization. Upon accumulating an appropriate amount of assets, we have financed and expect to continue to finance a substantial portion of our mortgage loans utilizing fixed-rate term securitization funding that provides long-term financing for our mortgage loans and locks in our cost of funding, regardless of future interest rate movements.

Securitizations may either take the form of the issuance of securitized bonds or the sale of “real estate mortgage investment conduit” securities backed by mortgage loans or other assets, with the securitization proceeds being used in part to repay pre-existing loan financing lines and repurchase facilities. We have sponsored and participated in securitization transactions with other entities that are managed by Angel Oak, and may continue to do so in the future, along with sponsoring sole securitization transactions in which we are the sole participant and contributor. transactions.

We believe these identified sources of financing will be adequate for purposes of meeting our short-term (within one year) and our longer-term liquidity needs. We cannot predict with certainty the specific transactions we will undertake to generate sufficient liquidity to meet our obligations as they come due. We will adjust our plans as appropriate in response to changes in our expectations and any potential changes in market conditions.

Description of Existing Financing Arrangements

As of September 30, 2023 March 31, 2024, we were a party to three warehouse loan financing lines, which permitted borrowings in an aggregate amount of up to $0.9 billion $1.1 billion. During the nine months quarter ended September 30, 2023 March 31, 2024, an unused we renewed our loan financing facility with a regional bank expired Multinational Bank 1 in accordance with its terms. We also refinanced a static pool the mechanism for six-month renewal periods simultaneously decreasing the interest rate pricing margin and replaced our existing $250 million loan financing facility held with institutional investors into Global Investment Bank 2 with a different static pool new $250 million loan financing facility with another lender, and terminated the initial static pool financing facility. Global Investment Bank 2 Borrowings under warehouse loan financing lines or placed with institutional investors (in general, each a “loan financing facility”) may be used to purchase whole loans for securitization or loans purchased for long-term investment purposes.

Our financing facilities are generally subject to limits on borrowings related to specific asset pools (“advance rates”) and other restrictive covenants, as is usual and customary. As of September 30, 2023 March 31, 2024, the advance rates (when required) of our three active lenders ranged from 60% 65% to 92%, depending on the asset type and loan delinquency status. Our most restrictive covenants (when covenants are required by any of our three active lenders) included (1) our minimum tangible net worth must not (i) decline 20% or more in the previous 30 days, 25% or more in the previous 90 days, or 35% or more in the previous year, or if shorter, in the period from September 30, 2022 to the applicable date of determination, or (ii) fall below $200.0 million of tangible net worth as of September 30, 2022 plus 50% of any capital contribution made or raised after September 30, 2022; (2) our minimum liquidity must not fall below the greatest of (i) the product of 5% and the aggregate repurchase price for a specific loan financing facility as of such date of determination, (ii) $10.0 million and (iii) any other amount of liquidity that we have covenanted to maintain in any other note, indenture, loan agreement, guaranty, swap agreement or any other contract, agreement or transaction (including, without limitation, any repurchase agreement, loan and security agreement, or similar credit facility or agreement for borrowed funds); and (3) the maximum ratio of our and our subsidiaries’ total indebtedness to tangible net worth must not be greater than 5:1. Our minimum liquidity requirement as of September 30, 2023 March 31, 2024 was $10.0 million. Other restrictive covenants with which we were bound to comply during the first quarter of 2023 related to a regional bank financing facility which we allowed to expire by its terms, and included additional requirements around GAAP net income.

A description of each loan financing facility in place during the nine-months quarter ended September 30, 2023 March 31, 2024 is set forth as follows:

Multinational Bank 1 Loan Financing Facility. On April 13, 2022, we and two of our subsidiaries entered into a master repurchase agreement with a multinational bank (“Multinational Bank 1”). Our subsidiaries are each considered a “Seller” under this agreement. From time to time and pursuant to the agreement, either of our subsidiaries may sell to Multinational Bank 1, and later repurchase, up to $600.0 million aggregate borrowings on mortgage loans.

Pursuant to the terms of the master repurchase agreement, the agreement may be renewed every three months for a maximum six-month term. This loan financing facility has been extended to January 25, 2024, and as As of July 25, 2023 March 31, 2024, the interest rate pricing spread decreased to 2.10% termination date of the master repurchase agreement was September 25, 2024.

The amount expected to be paid by Multinational Bank 1 for each eligible mortgage loan is based on an advance rate as a percentage of either the outstanding principal balance of the mortgage loan or the market value of the mortgage loan, whichever is less. Pursuant to the agreement, Multinational Bank 1 retains the right to determine the market value of the mortgage loans in its sole commercially reasonable discretion. The loan financing line is marked-to-market. Additionally, Multinational Bank 1 is under no obligation to purchase the eligible mortgage loans we offer to sell to them. The interest rate on any outstanding balance under the master repurchase agreement that the applicable subsidiary is required to pay Multinational Bank 1 is generally in line with other similar agreements that the Company or one or more of its subsidiaries has entered into, where the interest rate is equal to the sum of (1) a interest rate pricing spread, as described above, of March 25, 2024, 2.00% and (2) the average SOFR for each U.S. Government Securities Business Day (as defined in the master repurchase agreement) beginning on April 11, 2022 and ending on the day that is two U.S. Government Securities Business Days prior to the date the applicable loan is repurchased by the applicable subsidiary.

The obligations of the subsidiaries under the master repurchase agreement are guaranteed by the Company pursuant to a guaranty executed contemporaneously with the master repurchase agreement. In addition, and similar to other repurchase agreements that the Company has entered into, the Company is subject to various financial and other covenants, including those relating to (1) maintenance of a minimum tangible net worth; (2) a maximum ratio of indebtedness to tangible net worth; and (3) minimum liquidity.

The agreement contains margin call provisions that provide Multinational Bank 1 with certain rights in the event of a decline in the market value of the purchased mortgage loans. Under these provisions, Multinational Bank 1 may require us or our subsidiaries to transfer cash sufficient to eliminate any margin deficit resulting from such a decline.

In addition, the agreement contains events of default (subject to certain materiality thresholds and grace periods), including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, bankruptcy or insolvency proceedings and other events of default customary for this type of transaction. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the agreement and Multinational Bank 1's right to liquidate the mortgage loans then subject to the agreement.

We and our subsidiaries are also required to pay certain customary fees to Multinational Bank 1 and to reimburse Multinational Bank 1 for certain costs and expenses incurred in connection with its structuring, management, and ongoing administration of the master repurchase agreement.

Global Investment Bank 2 Loan Financing Facility. On February 13, 2020 March 28, 2024, we and two of our subsidiary subsidiaries entered into a master repurchase agreement with a global investment bank ("Global Investment Bank 2"), replacing the existing master repurchase agreement with Global Investment Bank 2 entered into on February 13, 2020. We and our subsidiary Our two subsidiaries are each considered a "Seller" under this agreement. From time to time, we and one of our subsidiaries have amended such master repurchase agreement with Global Investment Bank 2. Pursuant to the agreement, we or on of our subsidiary subsidiaries may sell to Global Investment Bank 2, and later repurchase, up to

$250.0 $250.0 million aggregate borrowings on mortgage loans. The agreement is set to terminate on February 2, 2024 March 27, 2026, unless terminated earlier pursuant to the terms of the agreement.

Prior to the amendment executed on February 4, 2022, the

The principal amount paid by Global Investment Bank 2 for each mortgage loan was is based on a percentage of the market value, cost-basis value, or unpaid principal balance of the mortgage loan (depending on the type of loan and certain other factors and subject to certain other adjustments). Pursuant to the agreement, Global Investment Bank 2 retained retains the right to determine the market value of the mortgage loan collateral in its sole good faith discretion. Additionally, Global Investment Bank 2 was is under no obligation to purchase the eligible mortgage loans we offered offer to sell to them. Prior to the February 4, 2022 amendment, upon Upon our or our subsidiary's repurchase of the mortgage loan, we or our subsidiary were subsidiaries are required to repay Global Investment Bank 2 the principal amount related to such mortgage loan plus accrued and unpaid interest at a rate (determined based on the type of loan) equal to the sum of (1) the greater of (A) 0.00% and (B) one-month LIBOR and (2) a pricing spread generally ranging from 2.00% to 3.25%.

Effective as of February 4, 2022, interest accrues on any outstanding balance under the master repurchase agreement at a rate based on Term SOFR (which is defined as the forward-looking term rate based on the Secured Overnight Financing Rate for a corresponding tenor of one month). Additionally, the agreement was also amended to remove any draw fees and adjust the pricing rate whereby upon the Company's or the subsidiary's repurchase of a mortgage loan, the Company or the subsidiary is required to repay Global Investment Bank 2 the principal amount related to such mortgage loan plus accrued and unpaid interest at a rate (determined based on the type of loan) equal to the sum of (A) the greater of (i) 0.00% and (ii) Term SOFR (which is defined as the forward-looking term rate based on the Secured Overnight Financing Rate for a corresponding tenor of one month) and (B) a pricing spread generally ranging from 2.20% 2.10% to 3.45% 3.35%.

The he obligations of the subsidiaries under the master repurchase agreement requires us are guaranteed by the Company pursuant to maintain a guaranty executed contemporaneously with the master repurchase agreement. In addition, and similar to other repurchase agreements that the Company has entered into, the Company is subject to various financial and other covenants, which include requirements surrounding: including those relating to (1) adjusted maintenance of a minimum tangible net worth; (2) liquidity; a maximum ratio of indebtedness to tangible net worth; and (3) our indebtedness to our adjusted tangible net worth. minimum liquidity.

The agreement contains margin call provisions that provide Global Investment Bank 2 with certain rights in the event of a decline in the market value or cost-basis value of the purchased mortgage loans. Under these provisions, Global Investment Bank 2 may require us or our subsidiary to transfer cash sufficient to eliminate any margin deficit resulting from such a decline.

In addition, the agreement contains events of default (subject to certain materiality thresholds and grace periods), including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, bankruptcy or insolvency proceedings and other events of default customary for this type of transaction. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the agreement and Global Investment Bank 2's right to liquidate the mortgage loans then subject to the agreement.

We and our subsidiary are also required to pay certain customary fees to Global Investment Bank 2 and to reimburse Global Investment Bank 2 for certain costs and expenses incurred in connection with its structuring, management and ongoing administration of the agreement.

Global Investment Bank 3 Static Loan Pool Financing. Financing Facility. On October 24, 2018, we and one two of our subsidiaries entered into a master repurchase agreement with a global investment bank ("Global Investment Bank 3") for which we serve as guarantor of our subsidiaries' obligations . We, and our subsidiary, Our subsidiaries, are each considered a "Seller" under this agreement. Pursuant to the initial agreement, (prior to December 19, 2022, as further described below), we or our subsidiary subsidiaries could sell to Global Investment Bank 3, and later repurchase, up to $200.0 million aggregate borrowings on mortgage loans, although Global Investment Bank 3 was under no obligation to purchase the loans we our subsidiaries offered to sell to them. The term of the initial agreement was extended such that it terminates on December 19, 2023, as further described below.

Subsequent to September 30, 2023, the Company converted its loan financing facility with Global Investment Bank 3 from static pool financing to a revolving facility with mark to market features. The amended facility has a maximum borrowing capacity of $200 million with a twelve month term and a termination date of November 7, 2024. The base interest rate spread on this facility was reduced to 1.80%, plus a 0.20% basis points index spread adjustment, and the advance rate for performing non-seasoned loans was increased to 85%. Additionally, the economic interest rate futures account (as defined below) requirement was eliminated.

On December 19, 2022 January 1, 2022, the facility was amended to increase transition the facility limit up reference rate from a LIBOR-based index to $286.0 million, finance a static pool of mortgage loans, and extend the termination date to December 19, 2023; however, the amendment did not extend the revolving period, which ended on December 19, 2022. Additionally, the amendment generally removed “mark to market” provisions and now requires an economic interest rate hedging account (“interest rate futures account”) which account is for the benefit of Global Investment Bank 3 and under its sole control, subject to recoupment to meet hedging margin calls. As of September 30, 2023, the facility limit was $8.7 million.

During 2022, interest accrued at the sum of Compounded SOFR and a SOFR adjustment of 20 basis points (though the SOFR adjustment was later amended by the December 19, 2022 amendment, as further described below). Compounded Compound SOFR. Compound SOFR is determined on a one-month basis and is defined as a daily rate as determined by Global Investment Bank 3 to be the “USD-SOFR-Compound” rate as defined in the International Swaps and Derivatives Association, Inc. definitions. The December 19, 2022 amendment changed

On November 7, 2023, the facility’s termination date was extended to November 7, 2024. In addition, the base interest rate spread was reduced to 2.80% 1.80% plus a 0.20% index spread adjustment. The advance rate for performing non-seasoned loans was increased to 85%.

The loan financing line is marked-to-market at fair value, where Global Investment Bank 3 retains the first three months following right to determine the amendment date, which increases market value of the mortgage loan collateral in its sole and good faith discretion and in a commercially reasonable manner and is under no obligation to purchase the eligible mortgage loans we offered to sell to them. Further, the principal amount paid by an additional 50 basis points every three months thereafter. Global Investment Bank 3 for each eligible mortgage loan is based on a percentage of the outstanding principal balance of the mortgage loan or the market value of the mortgage loan, whichever is less.

Prior to December 19, 2022, the agreement contained The Agreement contains margin call provisions that provided provide Global Investment Bank 3 with certain rights in the event of a decline in the market value of the purchased mortgage loans. Under those provisions, Global Investment Bank 3 could have required require us or our subsidiary subsidiaries to transfer cash sufficient to eliminate any margin deficit resulting from such a decline. These margin call provisions were largely removed pursuant to the amendment executed on December 19, 2022, as described above, and replaced with the interest rate futures account described above, maintained for the benefit of and under the sole control of Global Investment Bank 3. At times, we may hold certain cash collateral resulting from the interest rate futures account as restricted cash under this agreement.

The agreement requires us to maintain various financial and other customary covenants. The agreement also sets forth events of default (subject to certain materiality thresholds and grace periods), including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, bankruptcy or insolvency proceedings and other events of default customary for this type of transaction. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the agreement and Global Investment Bank 3’s right to liquidate the mortgage loans then subject to the agreement.

We and our subsidiary subsidiaries are also required to pay certain customary fees to Global Investment Bank 3 and to reimburse Global Investment Bank 3 for certain costs and expenses incurred in connection with its structuring, management, and ongoing administration of the agreement.

Institutional Investors A and B Static Loan Pool Financing. On October 4, 2022, the Company and a subsidiary entered into two separate master repurchase facilities with two affiliates of an institutional investor (“Institutional Investors A and B”) regarding a specific pool of whole loans with financing of approximately $168.7 million on approximately $239.3 million of unpaid principal balance. The master repurchase agreements were set to expire on January 4, 2023, with a one-time three month extension period option. The Company subsequently repaid these financing facilities in full on January 4, 2023, at which time the facilities were terminated pursuant to their terms.

Pursuant to the agreements, interest accrued under the master repurchase agreements at a rate based on one-month Term SOFR (defined as the forward-looking term rate based on the Secured Overnight Financing Rate for a corresponding tenor of one month) and a spread of 3.5%, with one-month Term SOFR subject to a floor of 2.0%.

We and our subsidiary were also required to pay certain customary fees to Institutional Investors A and B, and to reimburse Institutional Investors A and B for certain costs and expenses incurred in connection with the structuring, management, and administration of the agreements.

The agreements contained provisions for a cash collateral account subject to a margin percentage. As of December 31, 2022, the Company held restricted cash pertaining to this lender’s cash collateral requirements included in “restricted cash” of approximately $3.8 million on the Company’s condensed consolidated balance sheet as of December 31, 2022, which was released on January 4, 2023 at which time the facilities were terminated pursuant to their terms.

Regional Bank 1 Loan Financing Facility. On December 21, 2018, we and one of our subsidiaries entered into a master repurchase agreement with a regional bank (“Regional Bank 1”). From time to time, we and our subsidiary have amended such master repurchase agreement with Regional Bank 1. We and our subsidiary were each considered a “Seller” under this agreement. Pursuant to the agreement, we or our subsidiary could sell to Regional Bank 1, and later repurchase, up to $50.0 million aggregate borrowings on mortgage loans. The agreement was amended on March 7, 2022 to extend the term to March 16, 2023. Additionally, the amendment increased the aggregate purchase price limit to $75.0 million from $50.0 million, and beginning March 8, 2022, provided that interest accrued on any new transactions under the loan financing line at a rate based on Term SOFR (which is defined as the forward-looking term rate based on the Secured Overnight Financing Rate for a corresponding tenor of one month) plus an additional pricing spread.

The amount paid by Regional Bank 1 for each mortgage loan was based on the loan type. Pursuant to the agreement, Regional Bank 1 retained the right to determine the market value of the mortgage loan collateral in its sole discretion. The agreement contained margin call provisions that provided Regional Bank 1 with certain rights in the event of a decline in the market value of the purchased mortgage loans. Under these provisions, Regional Bank 1 could have required us or our subsidiary to transfer cash and/or additional eligible mortgage loans with an aggregate market value sufficient to eliminate any margin deficit resulting from such a decline.

The agreement required us to maintain various standard financial covenants similar to the financial covenants required by our active lenders, as described above, along with a GAAP net income-based covenant. In addition, the agreement set forth events of default customary for this type of transaction. The remedies for such events of default were also customary for this type of transaction and included the acceleration of the principal amount outstanding under the agreement and Regional Bank 1’s right to liquidate the mortgage loans then subject to the agreement.

We and our subsidiary were also required to pay certain customary fees to Regional Bank 1 and to reimburse Regional Bank 1 for certain costs and expenses incurred in connection with its structuring, management, and administration of the agreement.

This financing facility was substantially unused, and expired by its terms on March 16, 2023.

The following table sets forth the details of our financing lines as of each of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

				Interest Rate Pricing Spread	Drawn Amount						Drawn Amount
Note Payable	Note Payable	Base Interest Rate	Interest Rate Pricing Spread	Interest Rate Pricing Spread	September 30, 2023	December 31, 2022	Note Payable	Base Interest Rate	March 31, 2024	Interest Rate Pricing Spread	December 31, 2023

				($ in thousands)	
				($ in thousands)	($ in thousands)
Multinational Bank 1 (1)	Multinational Bank 1 (1)	Average Daily SOFR	2.10%	$ 189,066	$ 352,038
Global Investment Bank 2 (2)					
Global Investment Bank 2 (2)					
Global Investment Bank 2 (2)	Global Investment Bank 2 (2)	1 month SOFR	2.20% - 3.45%	—	—
Global Investment Bank 3 (3)	Global Investment Bank 3 (3)	Compound SOFR	2.80% - 4.50%	8,731	119,137
Institutional Investors A and B (4)	Institutional Investors A and B (4)	1 month Term SOFR	3.50%	N/A	168,695
Institutional Investors A and B (4)					
Institutional Investors A and B (4)					
Regional Bank 1 (5)	Regional Bank 1 (5)	1 month SOFR	2.50% - 3.50%	N/A	—
Regional Bank 1 (5)					
Regional Bank 1 (5)					
Total	Total			$ 197,797	$ 639,870

(1) On January 25, 2023 March 25, 2024, this financing facility was extended through July 25, 2023 September 25, 2024 in accordance with the terms of the agreement, which contemplates six-month renewals. On July 25, 2023, the Company extended this financing facility through January 25, 2024, renewals, with an interest rate pricing spread of 2.00%. Prior to this extension the interest rate pricing spread was up to 2.10%.

(2) This financing facility expires On March 28, 2024 the amended and restated Master Repurchase Agreement was terminated and replaced with a new $250 million Master Repurchase Agreement which has a termination date of March 27, 2026. Further, the interest rate pricing margin will range from 2.10% to 3.35%, based on February 2, 2024 loan status, dwell time and other factors. Prior to this extension the interest rate pricing spread was up to 3.45%.

(3) This static pool financing facility expires on December 19, 2023. The interest rate pricing spread per the agreement began at 2.80% for the first three months following December 19, 2022, exclusive of has a 20 basis points index spread adjustment, and increases by an additional 50 basis points every three months thereafter; however, the facility does not, in general, contain "mark to market" provisions. The agreement requires an economic interest rate hedging account ("interest rate futures account") to be maintained to the reasonable satisfaction of Global Investment Bank 3, as described above, which account is for its benefit and under its sole control. On November 7, 2023, this facility was renewed for a twelve month term with a new expiration termination date of November 7, 2024 and was converted from static pool financing to a revolving facility with mark to market features. The amended facility has a maximum borrowing capacity of $200 million with an interest rate pricing spread of 180 basis points plus a 20 basis points index spread adjustment (see Note 16 — *Subsequent Events*).

(4) On October 4, 2022, the Company and a subsidiary entered into two separate master repurchase facilities with two affiliates of an institutional investor ("Institutional Investors A and B") regarding a specific pool of whole loans with financing of approximately $168.7 million on approximately $239.3 million of unpaid principal balance. The master repurchase These agreements were set to expire on January 4, 2023, subject to a one-time option to extend for three months, which the Company did not utilize. The Company repaid this financing facility in full expired by their terms on January 4, 2023. The Company held restricted cash pertaining to this lender's cash collateral requirements included in "restricted cash" on the Company's condensed consolidated balance sheet as of December 31, 2022, as described above, which was released on January 4, 2023.

(5) This agreement expired by its terms on March 16, 2023.

The following table sets forth the total unused borrowing capacity of each financing line as of September 30, 2023 March 31, 2024:

Note Payable	**Borrowing Capacity**	**Balance Outstanding**	**Available Financing**
		(in thousands)	

Multinational Bank 1 (1)	$ 600,000	$ 189,066	$ 410,934
Global Investment Bank 2 (1)	250,000	—	250,000
Global Investment Bank 3 (2)	8,731	8,731	—
Total	$ 858,731	$ 197,797	$ 660,934

Note Payable	Borrowing Capacity	Balance Outstanding	Available Financing
		(in thousands)	
Multinational Bank 1	$ 600,000	$ 188,918	$ 411,082
Global Investment Bank 2	250,000	—	250,000
Global Investment Bank 3	200,000	95,084	104,916
Total	$ 1,050,000	$ 284,002	$ 765,998

(1)Although available financing is uncommitted, the Company's unused borrowing capacity is available if it has eligible collateral to pledge and meets other borrowing conditions as set forth in the applicable agreements.

(2) As of September 30, 2023, agreements.March 31, 2024, this financing facility had no unused borrowing capacity as the outstanding borrowings were based on a static pool pools of mortgage loans.

Short-Term Repurchase Facilities. In addition to our existing loan financing lines, we employ short-term repurchase facilities to borrow against U.S. Treasury securities, securities issued by AOMT, Angel Oak's securitization platform, and other securities we may acquire in accordance with our investment guidelines. The following table sets forth certain characteristics of our short-term repurchase facilities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

September 30, 2023

Repurchase Agreements	Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
		($ in thousands)		
U.S. Treasury securities	U.S. Treasury securities	$ 148,240	5.40 %	11
RMBS (1)	RMBS (1)	$ 39,861	7.08 %	15
Total	Total	$ 188,101	5.76 %	12

March 31, 2024

Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
Repurchase Agreements	($ in thousands)		
U.S. Treasury securities			
U.S. Treasury securities	$ 148,992	5.50 5.50 %	9
RMBS (1)	$ 44,501	6.96 6.96 %	17
Total	$ 193,493	5.84 5.84 %	11

December 31, 2022

December 31, 2023

December 31, 2023

December 31, 2023

Repurchase Agreements	Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
		($ in thousands)		
RMBS (1)	RMBS (1)	52,544	6.07 %	13
Total	Total	$ 52,544	6.07 %	13

Repurchase Agreements	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (Days)
Repurchase Agreements			
	($ in thousands)		
RMBS (1)			
RMBS (1)			
RMBS (1)	44,643	7.04 7.04 %	16
Total	$ 193,656	5.91 5.91 %	11

(1) A portion of repurchase debt outstanding as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 includes borrowings against retained bonds received from on-balance sheet securitizations (i.e., consolidated VIEs).

The repurchase debt against the U.S. Treasury securities was repaid in full upon the maturity of the U.S. Treasury securities.

The following table presents the amount of collateralized borrowings outstanding under repurchase facilities as of the end of each quarter, the average amount of collateralized borrowings outstanding under repurchase facilities during the quarter and the highest balance of any month end during the quarter:

Quarter End	Quarter End	Quarter End Balance	Average Balance in Quarter	Highest Month-End Balance in Quarter
		(in thousands)		
Q4 2021		609,251	206,897	609,251
Q1 2022		477,422	272,282	477,422
Q2 2022				
Q2 2022				
Q2 2022	Q2 2022	128,365	92,598	132,629
Q3 2022	Q3 2022	67,454	50,988	67,454
Q4 2022	Q4 2022	52,544	56,426	63,357
Q1 2023	Q1 2023	442,214	180,165	442,214
Q2 2023	Q2 2023	340,701	101,731	340,701
Q3 2023	Q3 2023	188,101	87,279	188,101
Q4 2023				
Q1 2024				

Quarter End	Quarter End Balance	Average Balance in Quarter	Highest Month-End Balance in Quarter
			(in thousands)

We utilize short-term repurchase facilities on our RMBS portfolio and to finance assets for REIT asset test purposes. Over time, the need to purchase securities for REIT asset test purposes will be reduced as we obtain and participate in additional securitizations and acquire assets directly for investment purposes. We will continue to use repurchase facilities on our RMBS portfolio to add additional leverage which increases the yield on those assets. Our use of repurchase facilities is generally highest at the end of any particular quarter, as shown in the table above, where the quarter-end balance and the highest month-end balance in each quarter are generally equivalent.

Securitization Transactions

In March 2024, we and other affiliated entities participated in asecuritization transaction of a pool of residential mortgage loans, approximately 60% of which were mortgage loans originated by our affiliated mortgage origination companies, secured primarily by first liens on one-to-four family residential properties. In the transaction, AOMT 2024-3 issued approximately $439.6 million in face value of bonds. Our proportionate share of 10.98% of the retained bonds and investments in majority owned affiliates (“MOAs”) was approximately $4.0 million, including a retained discount on issuance of approximately $0.9 million. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $35.9 million and retained cash of $4.6 million, which was used for operational purposes.

We derecognized the mortgage loans sold in AOMT 2024-3 and recorded an investment in majority-owned affiliates located within “other assets” on our consolidated balance sheet as of March 31, 2024.

In December 2023, we and other affiliated entities participated in asecuritization transaction of a pool of residential mortgage loans, approximately 60% of which were mortgage loans originated by our affiliated mortgage origination companies, secured primarily by first liens on one-to-four family residential properties. In the transaction, AOMT 2023-7 issued approximately $397.2 million in face value of bonds. Our proportionate share of 10.36% of the retained bonds and investments in MOAs was approximately $3.5 million, including a retained discount on issuance of approximately $1.4 million. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $30.9 million and retained cash of $3.6 million, which was used for operational purposes.

We derecognized the mortgage loans sold in AOMT 2023-7 and recorded an investment in majority-owned affiliates located within “other assets” on our consolidated balance sheet as of March 31, 2024.

In August 2023, we and other affiliated entities participated in a securitization transaction of a pool of residential mortgage loans, approximately 36% of which were mortgage loans originated by our affiliated mortgage origination companies, secured primarily by first liens on one-to-four family residential properties. In the transaction, AOMT 2023-5 issued approximately $260.6 million in face value of bonds. Our proportionate share of 34.42% of the retained bonds and investments in MOAs was approximately $8.7 million, including a retained discount on issuance of approximately $2.7 million. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $63.4 million and retained cash of $10.7 million, which was used for operational purposes.

Given the accounting rules surrounding this type of transaction, we We derecognized the mortgage loans sold in AOMT 2023-5 and recorded an investment in majority-owned affiliate affiliates located within “other assets” on our condensed consolidated balance sheet as of September 30, 2023 March 31, 2024.

In June 2023, we were the sole participant in a securitization transaction of a pool of residential mortgage loans, approximately 48% of which were mortgage loans originated by third parties and the remainder of which were originated by our affiliated mortgage origination companies, secured exclusively by first liens on one-to-four family residential properties. In the transaction, AOMT 2023-4 issued approximately $259.4 million in face value of bonds. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $197.3 million and retained cash of $35.7 million, which was used for new loan purchases and operational purposes.

We are the sole member of the Depositor and also own and hold the call rights on the XS tranche of bonds, which is the “controlling class” of the bonds. Given the accounting rules surrounding this type of transaction, we We have consolidated the AOMT 2023-4 securitization on our condensed consolidated balance sheet, maintaining the residential mortgage loans held in the securitization trust and the related financing obligation thereto on our condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022 March 31, 2024.

In January 2023, we and other affiliated entities participated in a securitization transaction of a pool of residential mortgage loans, approximately 59% of which were mortgage loans originated by our affiliated mortgage origination companies, secured primarily by first liens on one-to-four family residential properties. In the transaction, AOMT 2023-1 issued approximately $552.9 million in face value of bonds. Our proportionate share of 41.21% of the retained bonds and investments in MOAs was approximately $21.8 million, including a retained discount on issuance of approximately $6.8 million. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $190.1 million and retained cash of $15.9 million, which was used for operational purposes.

Given the accounting rules surrounding this type of transaction, we We derecognized the mortgage loans sold in this transaction and recorded an investment in majority-owned affiliate located within “other assets” on our condensed consolidated balance sheet as of September 30, 2023 March 31, 2024.

In July 2022, we were the sole participant in asecuritization transaction of a pool of residential mortgage loans, approximately 48% of which were mortgage loans originated by third parties and the remainder of which were originated by our affiliated mortgage origination companies, secured primarily by first liens on one-to-four family residential properties. In the transaction, AOMT 2022-4 issued approximately $177.6 million in face value of bonds. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $152.2 million and retained cash of $2.3 million, which was used for operational purposes.

We are the sole member of the Depositor and also own and hold the call rights on the XS tranche of bonds, which is the “controlling class” of the bonds. Given the accounting rules surrounding this type of transaction, we have consolidated the AOMT 2022-4 securitization on our condensed consolidated balance sheet, maintaining the residential mortgage loans held in the securitization trust and the related financing obligation thereto on our condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022.

In February 2022, we were the sole participant in asecuritization transaction of a pool of residential mortgage loans, approximately 56% of which were mortgage loans originated by third parties and the remainder of which were originated by our affiliated mortgage origination companies, secured primarily by first liens on one-to-four family residential properties. In the transaction, AOMT 2022-1 issued approximately $551.8 million in face value of bonds. We used the proceeds of the securitization transaction to repay outstanding debt of approximately $458.3 million and retained cash of $60.9 million, which was used to acquire additional non-QM loans, pay down repurchase facilities, and acquire other target assets.

We are the sole member of the Depositor and also own and hold the call rights on the XS tranche of bonds, which is the “controlling class” of the bonds. Given the accounting rules surrounding this type of transaction, we have consolidated the AOMT 2022-1 securitization on our condensed consolidated balance sheet, maintaining the residential mortgage loans held in the securitization trust and the related financing obligation thereto on our condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022.

Leverage and Hedging Strategies

We finance our assets with what we believe to be a prudent amount of leverage, which will vary from time to time based upon the particular characteristics of our portfolio, availability of financing, and market conditions.

Subject to maintaining our qualification as a REIT and maintaining our exclusion from regulation as an investment company under the Investment Company Act, we expect to utilize various derivative instruments and other hedging instruments to mitigate interest rate risk, credit risk and other risks. For example, we may enter into hedging transactions with respect to interest rate exposure on one or more of our assets or liabilities. Any such hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swap contracts, index swap contracts, interest rate cap or floor contracts, futures or forward contracts, and options.

Cash Availability

Cash and cash equivalents

Our cash balance as of September 30, 2023 March 31, 2024 was sufficient to meet our liquidity covenants under our financing facilities. We believe that we maintain sufficient cash to fund margin calls on our mark to market financing facilities or our economic hedge agreements, should such margin calls occur. Due to the conversion of our financing facility with Global Investment Bank 3 to a static pool financing facility, which limited our mark-to-market exposure, some of our cash was restricted, as further described below, and held in an economic interest rate hedging account for the benefit of Global Investment Bank 3, for its benefit and under its control.

We may also participate in upcoming securitizations either solely or with other Angel Oak entities. We also have the ability to leverage currently unleveraged securities or whole loan assets, if we deem those actions advisable.

Restricted Cash

Restricted cash of approximately $1.1 million $2.8 million as of September 30, 2023 March 31, 2024 was comprised of: $0.8 $0.1 million was held for the benefit of Global Investment Bank 3, the majority of which balance is in an economic interest rate hedging account under the control of Global Investment Bank 3, and may be drawn by Global Investment Bank 3 at its discretion, $0.3 million $2.4 million in interest rate futures margin collateral for the interest rate futures under our sole control; and margin collateral for securities sold under agreements to repurchase of zero.$0.3 million.

Restricted cash of approximately $10.6 million $2.9 million as of December 31, 2022 December 31, 2023 was comprised of: $5.6 million in margin collateral required by certain whole loan financing facility counterparties, the majority of which cash margin required was fully released subsequent to December 31, 2022; $1.1 million $2.5 million in interest rate futures margin collateral; and margin collateral for securities sold under agreements to repurchase of $3.9 million. $0.3 million. Our counterparties did not require any margin collateral for TBAs as of December 31, 2022 December 31, 2023.

Cash Flows

		Nine Months Ended	
		September 30, 2023	September 30, 2022
		(in thousands)	
Cash flows provided by (used in) operating activities	Cash flows provided by (used in) operating activities	$ 339,087	$ (635,830)
Cash flows provided by (used in) investing activities	Cash flows provided by (used in) investing activities	$ (164,668)	$ 502,541
Cash flows provided by (used in) financing activities		$ (171,318)	$ (33,620)

	Three Months Ended	Three Months Ended	
	March 31, 2024	March 31, 2024	March 31, 2023
	(in thousands)	(in thousands)	
Cash flows provided by financing activities			

Net increase in cash and restricted cash	Net increase in cash and restricted cash	$	3,101	$	(22,805)

The cash provided by operating activities of $339.1 million $40.2 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to the use cash provided of cash of $635.8 million $276.6 million for the nine three months ended September 30, 2022 March 31, 2023 was primarily due to the sale volume of residential mortgage loans sold into an affiliate's securitization trust during the first three months of 2023, while in 2022, we purchased residential mortgage loans. as compared to 2024.

The use of investing cash flows of $164.7 $(4.8) million for the nine three months ended September 30, 2023 March 31, 2024 as compared to cash provided by investing activities of $502.5 million $(421.0) million for the nine three months ended September 30, 2022 March 31, 2023 were primarily due to the timing of purchases and maturities of U.S. Treasury securities in the comparative period. period of 2023.

The use of financing Financing cash flows used of $171.3 $(37.7) million for the nine three months ended September 30, 2023 March 31, 2024 as compared to the use of $33.6 million $162.2 million provided for the nine three months ended September 30, 2022 March 31, 2023 were primarily due to the activity within net borrowings under repurchase agreements and notes payable for the comparative periods, and proceeds from non-recourse securitization transactions in the 2022 comparative period. periods.

Cash Flows - Residential and Commercial Loan Classification

Residential loan activity is recognized in the statement of cash flows as an operating activity, as our residential mortgage loans are generally held for a short period of time with the intent to securitize these loans. Commercial mortgage loan activity is recognized in the statement of cash flows as an investing activity, as our commercial mortgage loan portfolio is generally deemed to be held for investing purposes.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. A discussion of critical accounting policies and estimates is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" section in the Annual Report on Form 10-K. Our critical accounting policies and estimates have not materially changed since December 31, 2022 December 31, 2023. Management discusses the ongoing development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors.

We expect quarter-to-quarter GAAP earnings volatility from our business activities. This volatility can occur for a variety of reasons, particularly changes in the fair values of consolidated assets and liabilities. In addition, the amount or timing of our reported earnings may be impacted by technical accounting issues and estimates.

Recent Accounting Pronouncements

Refer to the notes to our condensed consolidated financial statements included in this report for a discussion of recent accounting pronouncements and any expected impact on the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is recorded, processed, summarized, and reported accurately and on a timely basis. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under Item 1A. "Risk Factors" in the Annual Report on Form 10-K. There have been no material changes to our principal risks that we believe are material to our business, results of operations, and financial condition from the risk factors previously disclosed in the Annual Report on Form 10-K. The risks described in the Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

There were no issuer purchases of equity securities during the quarter ended September 30, 2023 March 31, 2024.

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the quarter ended September 30, 2023 March 31, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number		Description
3.1		Articles of Amendment and Restatement of the Company, dated June 17, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 23, 2021)
3.2		Articles of Amendment of the Company, effective as of March 10, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 2, 2023)
3.3		Third Amended and Restated Bylaws of the Company, effective as of March 10, 2023 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on March 2, 2023)
31.1	†	Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	†	Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.Def		Definition Linkbase Document
101.Pre		Presentation Linkbase Document
101.Lab		Labels Linkbase Document
101.Cal		Calculation Linkbase Document
101.Sch		Schema Document
101.Ins		Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
0.104 104		The cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL

† Filed herewith.
* Exhibit is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

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 thereunto duly authorized:

ANGEL OAK MORTGAGE REIT, INC.

Date: November 8, 2023 May 8, 2024

By: /s/ Sreeniwas Prabhu

Sreeniwas Prabhu

Chief Executive Officer and President

(Principal Executive Officer)

Date: November 8, 2023 May 8, 2024

By: /s/ Brandon R. Filson

Brandon R. Filson

Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sreeniwas Prabhu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 of Angel Oak Mortgage REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 8, 2024

/s/ Sreeniwas Prabhu

Sreeniwas Prabhu

Chief Executive Officer and President

width:100%">

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brandon Filson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 of Angel Oak Mortgage REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 8, 2024

/s/ Brandon Filson

Brandon Filson

Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION

Pursuant to 18 U.S.C. §1350, Section 1350, as Adopted

Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the undersigned officer Quarterly Report on Form 10-Q of Angel Oak Mortgage REIT, Inc. (the "Registrant" "Company") hereby certifies that the Registrant's Quarterly Report on Form 10-Q for the quarterly annual period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report" "Report"), I, Sreeniwas Prabhu, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 1934; and that the

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant. Company.

Date: November 8, 2023 May 8, 2024

/s/ Sreeniwas Prabhu

Sreeniwas Prabhu

Chief Executive Officer and President

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 , as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed "filed" as part of the Quarterly Report Form 10-K or as a separate disclosure document. document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference to any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

EXHIBIT 32.2

CERTIFICATION

Pursuant to 18 U.S.C. §1350, Section 1350, as Adopted

Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the undersigned officer Quarterly Report on Form 10-Q of Angel Oak Mortgage REIT, Inc. (the "Registrant" "Company") hereby certifies that the Registrant's Quarterly Report on Form 10-Q for the quarterly annual period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report" "Report"), I, Brandon Filson, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 1934; and that the

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant. Company.

Date: November 8, 2023 May 8, 2024

/s/ Brandon Filson

Brandon Filson

Chief Financial Officer and Treasurer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 , as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed "filed" as part of the Quarterly Report Form 10-K or as a separate disclosure document. document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference to any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.2 is expressly and specifically incorporated by reference in any such filing.

DISCLAIMER

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