



Angel Oak Mortgage REIT, Inc.

First Quarter 2025 Earnings Supplement

Important Notices

References herein to our “Company,” “AOMR,” “we,” “us,” or “our” refer to Angel Oak Mortgage REIT, Inc. and its subsidiaries, including Angel Oak Mortgage Operating Partnership, LP (the “Operating Partnership”), unless the context requires otherwise. 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, Angel Oak Mortgage Solutions LLC (together with other non-operational affiliated originators, “Angel Oak Mortgage Lending”). References to “AOMT” refer to Angel Oak Mortgage Trust, Angel Oak’s securitization platform, including its subsidiaries and affiliates. References to “MM” mean in millions. References to “UPB” mean unpaid principal balance.

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This presentation contains certain forward-looking statements that are subject to various risks and uncertainties, including, without limitation, statements relating to the performance of our investments. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “endeavor,” “seek,” “anticipate,” “estimate,” “believe,” “could,” “project,” “predict,” “continue” or by the negative of these words and phrases or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe existing or future plans and strategies, contain projections of results of operations, liquidity and/or financial condition or state other forward-looking information. Our ability to predict future events or conditions or their impact or the actual effect of existing or future plans or strategies is inherently uncertain. Although we believe that such forward-looking statements are based on reasonable assumptions, actual results and performance in the future could differ materially from those set forth in or implied by such forward-looking statements. 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:

(see next page):



Important Notices

- 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;
- general volatility of the markets in which we invest;
- changes in the availability of attractive loans and other investment opportunities, including non-QM loans sourced from Angel Oak Mortgage 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;
- 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 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, wildfires, 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, 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;
- the occurrence of certain geopolitical events (including global trade disputes related to tariffs) that affect the normal and peaceful course of international relations;
- 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 or Federal Home Loan Mortgage Corporation 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 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.

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 of this presentation. Actual results and performance may 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. Except as required by applicable law, we assume no obligation, and do not intend to, update or otherwise revise any of our forward-looking statements, whether as a result of new information, future events or otherwise.



Q1 2025 Highlights & Financial Results



Financial Results

18% Net Interest Income growth vs. Q1 2024, GAAP and Economic Book Value¹ increase of 5.2% and 2.4%, respectively, vs. Q4 2024

Q1 25 Net Interest Income (“NII”)	Q1 2025 NII of \$10.1MM versus Q1 2024 NII of \$8.6MM, an expansion of 18%
Q1 25 GAAP & Distributable Earnings per Share (“EPS”)¹	GAAP Diluted EPS: \$0.87 / common share Dist. EPS: \$0.17 / common share
Q1 25 GAAP / Economic Book Value (“BV”)¹	GAAP BV: \$10.70 / common share Economic BV: \$13.41 / common share
Dividend	Declared dividend of \$0.32 / common share to be paid on May 30, 2025

KEY COMMENTARY

- Q1 2025 Net Interest Income of \$10.1MM reflects a 17.6% increase versus the same quarter of 2024, driven by methodical, accretive loan purchases and securitizations and interest rate savings
- Q1 2025 GAAP Book Value increased 5.2% and Economic Book Value increased 2.4% versus Q4 2024
- Purchased \$259.0MM of loans with a weighted average coupon (“WAC”) of 7.67%, weighted average loan-to-value ratio (“LTV”) of 70.0%, and a weighted average credit score of 751 in Q1 2025
- Subsequent to quarter end, executed the AOMT 2025-4 securitization as the sole contributor of loans, contributing a total scheduled unpaid principal balance of \$284.3MM. The loans contributed to AOMT 2025-4 carried a weighted average coupon rate of 7.5%, a weighted average LTV of 70.9%, and a weighted average non-zero credit score of 752
- The weighted average 90+ day delinquency rate across residential whole loans, loans in securitization trust, and RMBS portfolios was 2.71%² as of the end of the first quarter of 2025

¹ See Appendix for definition and reconciliation to comparable GAAP metrics.

² Based on % of unpaid principal balance that is 90+ days delinquent across Whole Loans, RMBS, and Residential Loans In Securitization Trust



Net Interest Income and Average Asset Balances

	<u>Q1 2025</u>		<u>Q1 2024</u>	
	Interest Income / Expense	Average Balance	Interest Income / Expense	Average Balance
\$000s				
Interest Income				
Residential Mortgage Loans	\$ 5,281	\$ 304,007	\$ 6,432	\$ 383,233
Residential Mortgage Loans in Securitization Trust	23,104	1,685,423	14,546	1,211,143
Commercial Mortgage Loans	108	5,210	72	5,215
RMBS and Majority-Owned Affiliate	3,651	145,289	3,103	178,444
CMBS	269	5,752	418	6,571
US Treasury Securities	38	4,167	224	17,224
Other Interest Income	416	38,641	417	39,553
Total Interest Income	\$ 32,867		\$ 25,212	
Interest Expense				
Notes Payable	\$ 3,762	\$ 240,628	\$ 5,460	\$ 293,300
Non-Recourse Securitization Obligation	16,843	1,575,721	10,198	1,157,431
Repurchase Facilities	863	62,631	975	69,254
Senior Unsecured Notes	1,312	47,803	-	-
Total Interest Expense	\$ 22,780		\$ 16,633	
Net Interest Income	\$ 10,087		\$ 8,579	

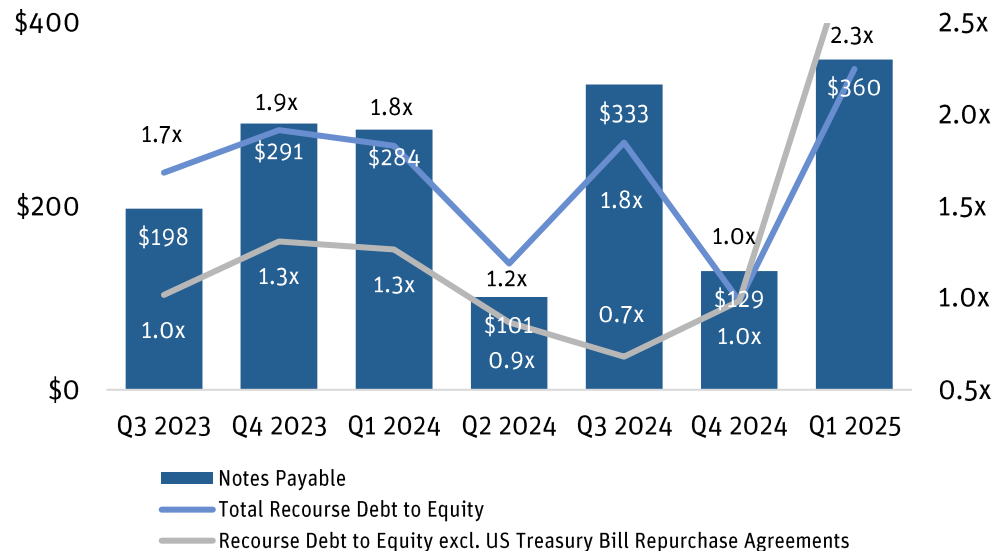


Recourse Debt to Equity Trend

KEY COMMENTARY

- As of March 31, 2025, our Recourse Debt to Equity Ratio was approximately 2.3x
 - Subsequent to quarter end, we used the proceeds of the AOMT 2025-4 securitization to pay down \$242MM of recourse warehouse financing and replaced it with non-recourse leverage, reducing our Recourse Debt to Equity Ratio to approximately 1.3x
 - Our Recourse Debt to Equity Ratio is expected to remain below 2.5x going forward

Notes Payable vs. Recourse Debt¹ to Equity Trend (\$ millions)



¹ Recourse debt excludes Non-Recourse Financing Obligations, collateralized by residential loans in securitization trusts



AOMR 2025-4 Securitization

In April, AOMR was the sole participant in the \$284.3MM AOMT 2025-4 securitization and contributed loans with a 7.50% Weighted Average Coupon

2025-4 Securitization Details at Issuance

Class	Total Balance	Balance Sold	Initial Coupon	Fair Market Value
A1	\$208,257,000	\$208,257,000	5.86%	\$208,254,064
A2	\$10,235,000	\$10,235,000	6.06%	\$10,234,832
A3	\$22,603,000	\$22,603,000	6.41%	\$22,602,959
M1-A	\$15,352,000	\$15,352,000	6.97%	\$15,351,779
M1-B	\$14,927,000	\$13,647,000	7.04%	\$13,470,891
B-1	\$5,686,000		7.04%	\$5,571,274
B-2	\$3,554,000		7.04%	\$3,393,648
B-3	\$3,696,227		7.04%	\$3,249,415
XS	\$284,310,227		N/A	\$6,802,406
A-IO-S	\$284,310,227		N/A	\$1,884,181
Total	\$284,310,227	\$270,094,000		\$290,815,449

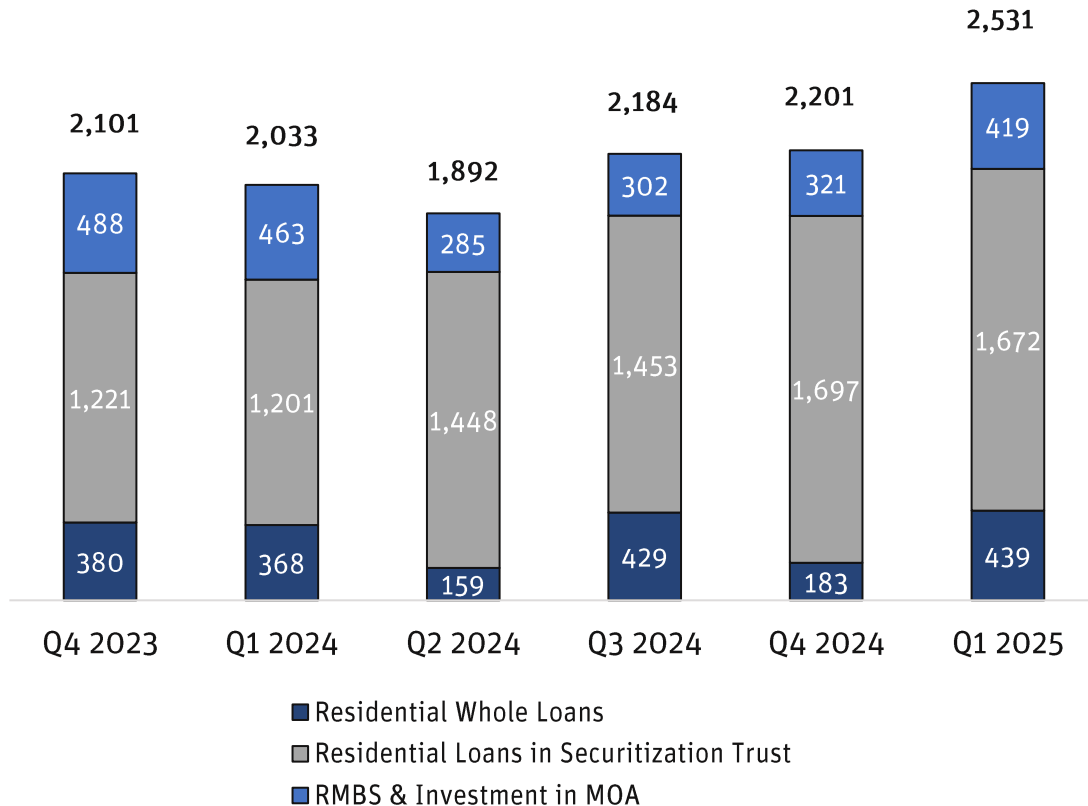
KEY COMMENTARY

- \$284.3MM Securitization; Face Value of securities sold \$270.1MM
- 7.50% weighted average coupon of loans
- The A1 through M1-A tranches were sold as well as the majority of the M1-B tranche; the Company retains the economics of the unsold tranches
- Weighted average credit score: 752; weighted average LTV: 70.9%



Target Asset Composition

Target Asset Composition^{1,2}
(\$ millions)



Key Commentary

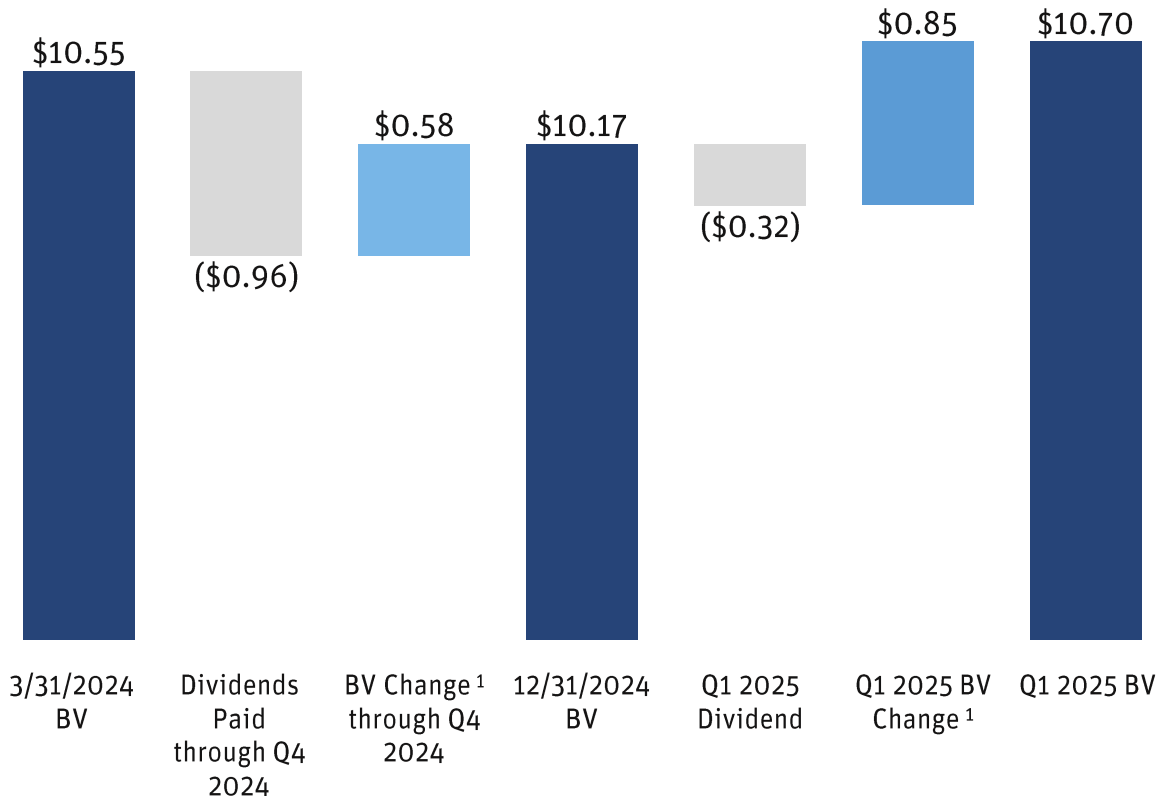
- Whole loan purchases drove the majority of the increase in total Target Assets in Q1 2025 vs Q4 2024
- Residential Whole Loans and Residential Loans in Securitization Trusts balance increased by \$232MM in the first quarter, supported by both new loan purchases and valuation tailwinds
- The quarter over quarter increase in RMBS & Investment in MOA is driven by approximately \$100MM more Whole Pool RMBS securities held short term at quarter end in Q1 2025 versus Q4 2024; excluding these holdings, RMBS & Investment in MOA was relatively flat

¹ Reflects Target Asset Balances as of quarter end, which includes Residential Loans, Residential Loans in Securitization Trust, RMBS, Investment in majority-owned affiliate ("MOA"), Commercial Loans, and CMBS

² The balance of Commercial Loans and CMBS represents the difference between displayed totals and the sum of Residential Loans, Residential Loans in Securitization Trust, RMBS, and Investment in MOA



GAAP Book Value per Share



GAAP Book Value Change Drivers & Highlights

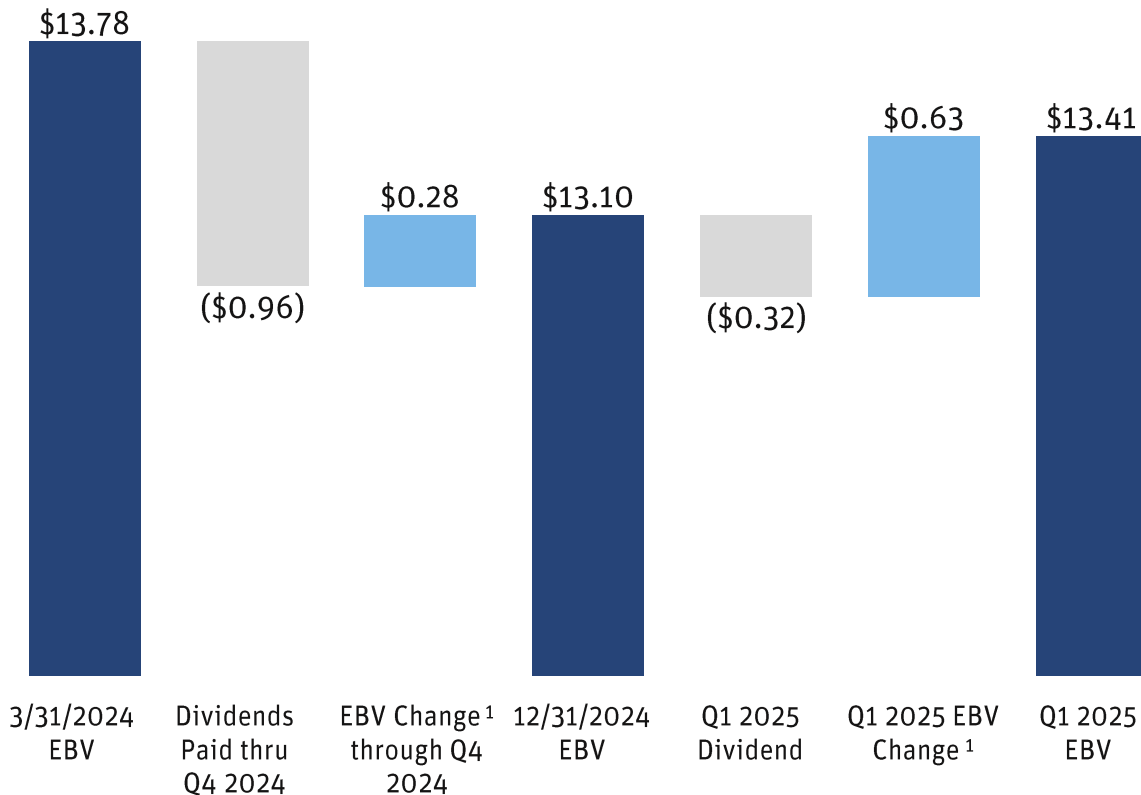
- GAAP Book Value increased by \$0.53, or 5.2%, as of the end of Q1 2025 versus the end of Q4 2024, and by \$0.15, or 1.5% versus the end of Q1 2024
- Change in GAAP Book Value per Share in Q1 2025 versus Q4 2024 was driven by newly originated loan purchase activity and valuation tailwinds in the first quarter of 2025 as compared to the end of Q4 2024, further buoyed by continued profitable earnings growth

Note: All Book Value statistics represented on a per share basis

¹ Excluding quarterly dividend impact



Economic Book Value



Economic Book Value Growth Drivers & Highlights

- Economic Book Value ² increased by \$0.31, or 2.4%, as of the end of Q1 2025 versus the end of Q4 2024, and decreased by \$0.37, or (2.7%), versus the end of Q1 2024
- Change in Economic Book Value per Share in Q1 2025 versus Q4 2024 was driven by newly originated loan purchase activity and valuation tailwinds in the first quarter of 2025 as compared to the end of Q4 2024, further buoyed by continued profitable earnings growth

Economic Book Value reflects the impact of fair value changes for retained bonds associated with loans in securitization trusts

Note: All Book Value statistics represented on a per share basis

¹Excluding quarterly dividend impact

² See Appendix for definition and reconciliation to comparable GAAP metrics



Distributable Earnings

	Three Months Ended	
	March 31, 2025	March 31, 2024
	<i>(in thousands)</i>	
Net income (loss) allocable to common stockholders	\$ 20,531	\$ 12,874
Adjustments:		
Net unrealized (gains) losses on trading securities	1,032	1
Net unrealized (gains) losses on derivatives	1,042	(445)
Net unrealized (gains) losses on residential loans in securitization trusts and non-recourse securitization obligation	(15,657)	(5,147)
Net unrealized (gains) losses on residential loans	(3,041)	(5,071)
Net unrealized (gains) losses on commercial loans	-	(22)
Non-cash equity compensation expense	237	630
Distributable Earnings	\$ 4,144	\$ 2,820

Key Commentary

- Distributable Earnings excludes a total of \$16.6MM of unrealized gains, primarily driven by valuation increases to residential whole loans and loans in securitization trusts and non-recourse securitization obligation in the first quarter of 2025
- Realized losses associated with interest rate hedges against certain assets are included in Distributable Earnings, but the unrealized gains associated with increases in the valuation of those assets are excluded

Note: Please see Appendix for the Company's definition of Distributable Earnings.



Key Portfolio Statistics



Key Portfolio Statistics: Residential Loans

RESIDENTIAL LOAN PORTFOLIO:

Residential Loans represent individual loans awaiting securitization

Total Fair Value: \$439.5MM

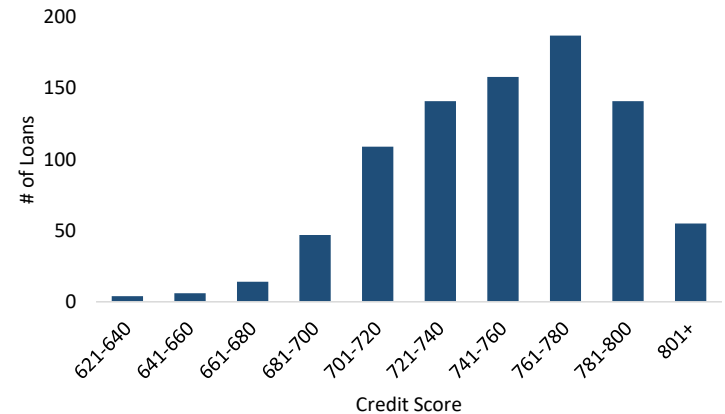
Weighted Average Coupon: 7.55%

Weighted Average LTV at Origination: 71.2%

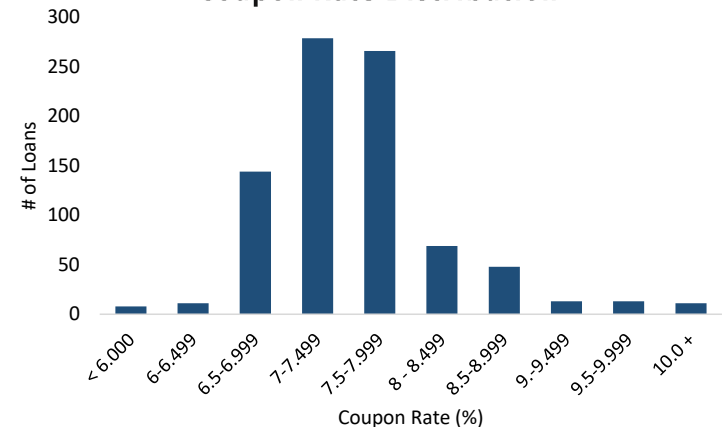
Weighted Average FICO Score at Loan Origination: 750

% of Loans 90+ Days Delinquent (based on Unpaid Principal Balance): 0.6%

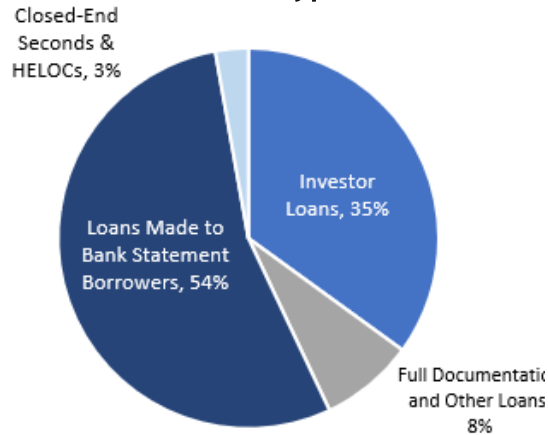
Residential Loan Portfolio Credit Score Distribution



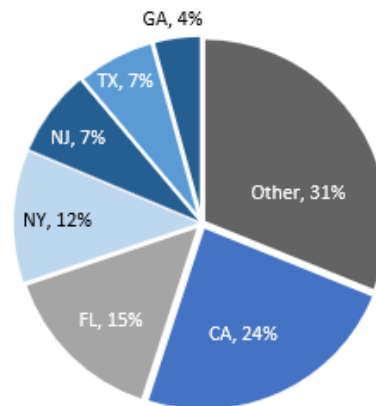
Residential Loan Portfolio Coupon Rate Distribution



Residential Loans by Borrower Type



Residential Loan Geographic Diversification



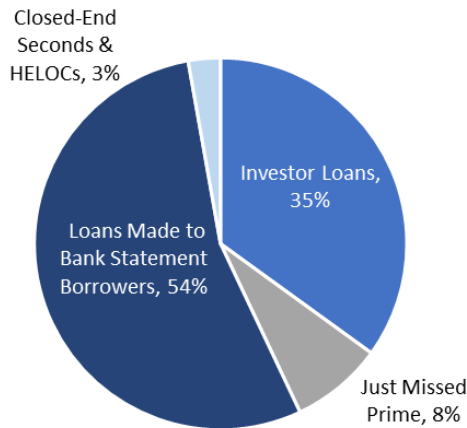
As of March 31, 2025

No state in "Other" represents more than a 3% concentration of the residential mortgage loans that we owned directly as of March 31, 2025; percentages may not total to 100% due to rounding

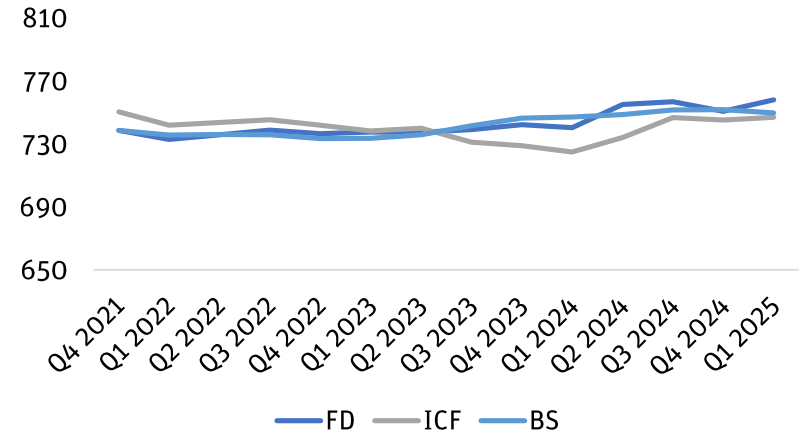


Key Portfolio Statistics: Residential Loans by Product Type Detail

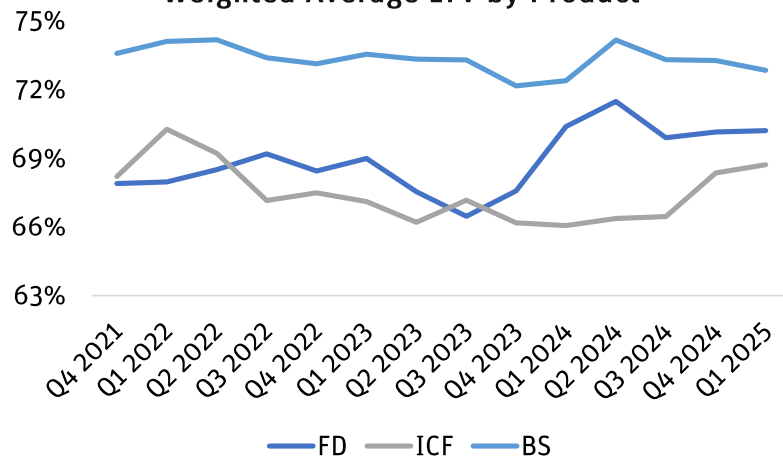
Residential Loans by Product



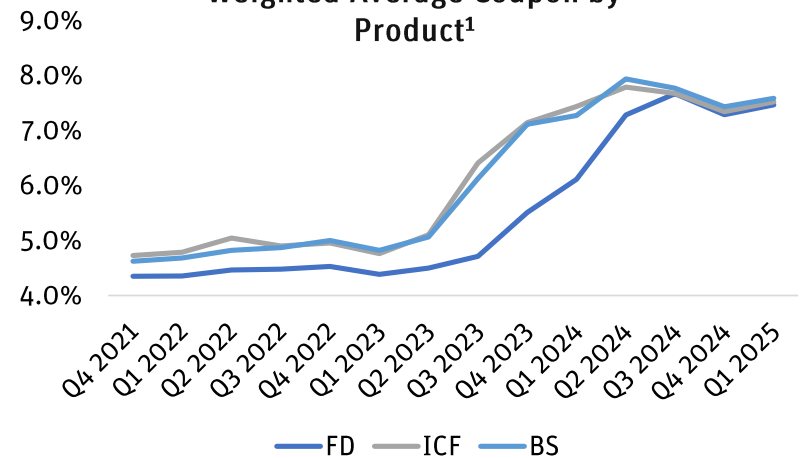
Weighted Average Credit Score by Product¹



Weighted Average LTV by Product¹



Weighted Average Coupon by Product¹



As of March 31, 2025

FD: Full Documentation, Just Missed Prime

BS: Bank Statement Borrower

ICF: Investor Loans

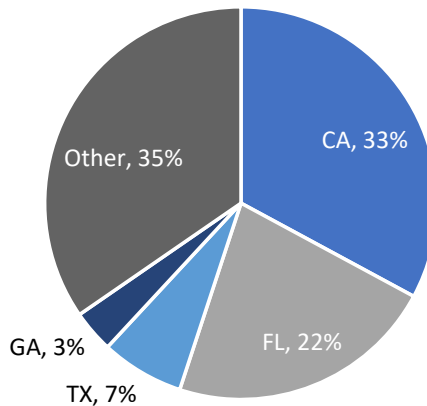
¹Closed-end seconds & HELOCs included according to their qualification product type due to immaterial balance of these loans as of March 31, 2025.



Key Portfolio Statistics: Loans in Securitization Trust

\$000s	Vintage				Total / Weighted Average
	2021	2022	2023	2024	
UPB of loans	\$ 401,180	\$ 537,163	\$ 248,378	\$ 551,377	\$ 1,738,099
Number of loans	1,033	1,275	550	1,249	4,107
Weighted Average Loan Coupon	4.78%	4.62%	4.49%	7.49%	5.55%
Average Loan Amount	\$ 388	\$ 421	\$ 452	\$ 441	\$ 424
Weighted Average LTV at loan origination and deal date	65%	66%	67%	68%	67%
Weighted Average Credit Score at loan origination and deal date	747	744	733	745	743
Current 3 month CPR ¹	4.7%	7.3%	5.9%	6.9%	6.4%
90+ Delinquency (as a % of UPB)	1.7%	1.5%	2.8%	1.3%	1.7%

Loans in Securitization Trust
Geographic Diversification



As of March 31, 2025

No state in "Other" represents more than a 3% concentration in the underlying collateral; percentages may not total to 100% due to rounding

¹ Constant Prepayment Rate ("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



Key Portfolio Statistics: RMBS & Residential Loans in Sec. Trust

RMBS & RESIDENTIAL LOANS IN SECURITIZATION TRUST PORTFOLIO:

Includes (1) legacy retained tranches of securitizations that AOMR was not a sole contributor to, (2) RMBS purchased in the secondary market (if any), and (3) Residential Loans in Securitization Trust.

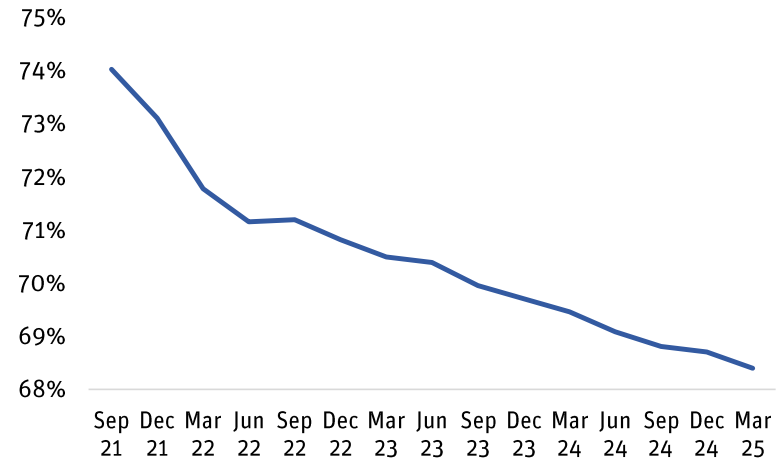
Total Fair Value: \$1,769MM

Weighted Average Coupon¹: 5.7%

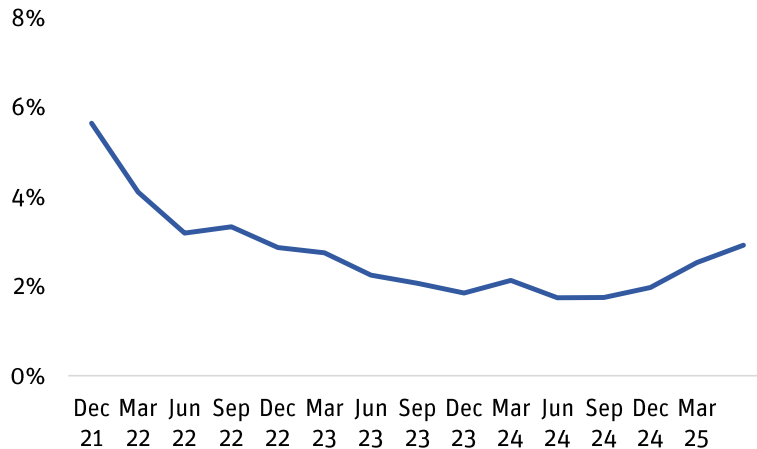
Weighted Average LTV¹: 67.9%

90 Day Delinquency (as a % of UPB) ¹: 2.92%

Portfolio LTV Trend ¹



90+ Day Delinquency Trend ^{1,2}



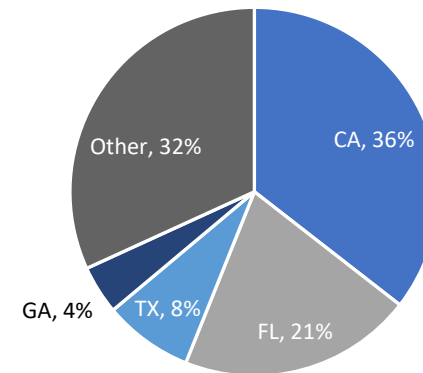
As of March 31, 2025

No state in "Other" represents more than a 4% concentration of the underlying collateral

¹ Based on UPB of entire RMBS and Residential Loans In Securitization Trust; does not include Whole Pool RMBS.

² As % of Original UPB.

Portfolio Geographic Diversification ¹





Appendix

The AOMR Model

AOMR seeks to generate strong risk-adjusted returns and long-term capital appreciation to deliver attractive total economic return to our shareholders

Loan Acquisition

Source and purchase high-quality, non-QM loans **leveraging the infrastructure, scale, and expertise of the Angel Oak ecosystem**

Quarterly Dividend

Intend to declare quarterly dividends that **balance shareholder income and long-term book value appreciation**

Securitization Financing

Target approximately **one securitization per quarter** to lock in funding term and rates and provide capital for additional loan purchases

Holistic Portfolio Management

Effectively **identify, assess, and act upon key opportunities and risks** in appropriate markets

Growing Book Value

Seek to consistently grow asset base of loans and securities to **drive increasing returns**

Long-Term Focus

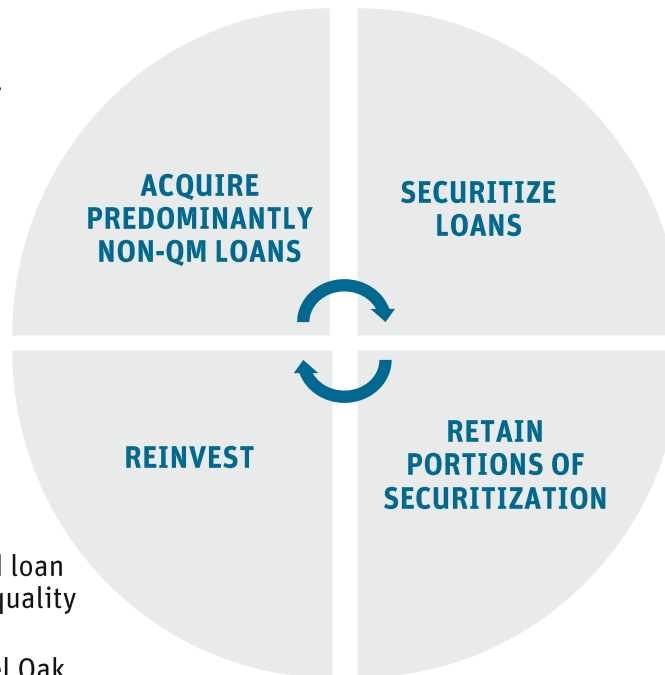
AOMR is a business, not a trade – management will make key decisions in the **best long-term interest of our shareholders**



AOMR Investment Strategy

Our acquisition, securitization, and reinvestment processes enable us to consistently deliver on our business model

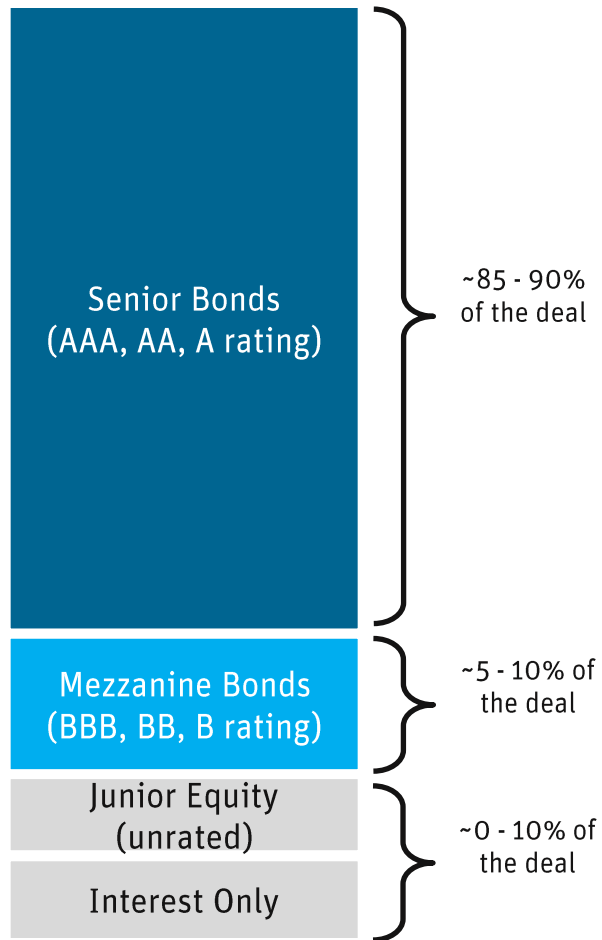
- AOMR's relationship with Angel Oak Companies enables AOMR to purchase high-quality loans tailored to its desired profile
- Non-QM loans offer an attractive risk-adjusted return in a growing market segment



- Securitization enables us to:
 - Secure a fixed cost of financing
 - Replace largely mark-to-market financial leverage with term structural leverage
- Typically retain the bottom 5-10% of market value of the securitization
- Retention of subordinated and interest-only tranches can drive higher returns without additional financial leverage



Illustrative Securitization Structure



KEY CHARACTERISTICS

- Senior and mezzanine bonds receive a fixed coupon
 - Junior bonds receive the net Weighted Average Coupon of collateral
 - Interest-only tranches receive remaining excess spread between the collateral pool and the coupon on the senior, mezzanine, and junior bonds
 - This excess spread is sensitive to prepayments
 - Bonds can typically be called after two to three years
- Angel Oak intends to retain bonds where it finds the best relative value, which may include Subordinated Bonds, Junior Equity (credit sensitive), and IO Bonds (prepayment sensitive)
 - Retaining these bonds creates a natural hedge in the portfolio as the B2 and B3 bonds tend to perform well in a faster prepayment environment, whereas the XS and AIOS interest only bonds tend to experience reduced cash flows



Income Statement (Unaudited)

(in thousands)	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024
INTEREST INCOME, NET		
Interest income	\$ 32,867	\$ 25,212
Interest expense	22,780	16,633
NET INTEREST INCOME	10,087	8,579
REALIZED AND UNREALIZED GAINS(LOSSES), NET		
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	(3,182)	(1,422)
Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts	16,625	10,684
TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET	13,443	9,262
EXPENSES		
Operating expenses	1,201	1,999
Operating expenses incurred with affiliate	416	565
Stock compensation	237	630
Securitization costs	-	174
Management fee incurred with affiliate	1,145	1,313
TOTAL OPERATING EXPENSES	2,999	4,680
INCOME (LOSS) BEFORE INCOME TAXES	20,531	13,161
Income tax expense (benefit)	-	287
NET INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS	\$ 20,531	\$ 12,874
Other comprehensive income (loss)	(695)	1,703
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 19,836	\$ 14,577



Consolidated Balance Sheet (Unaudited)

	As of:	
	March 31, 2025	December 31, 2024
	(in thousands, except for share data)	
ASSETS		
Residential mortgage loans - at fair value	\$ 439,460	\$ 183,064
Residential mortgage loans in securitization trusts - at fair value	1,672,189	1,696,995
Commercial mortgage loans - at fair value		
RMBS - at fair value	398,272	300,243
U.S. Treasury securities - at fair value	74,959	-
Cash and cash equivalents	38,696	40,762
Restricted cash	4,774	2,131
Principal and interest receivable	9,823	8,141
TBA derivatives and interest rate futures derivatives - at fair value	1,421	1,515
Other assets	36,941	36,918
Total assets	<u>\$ 2,676,535</u>	<u>\$ 2,269,769</u>



Appendix: Consolidated Balance Sheet Cont. (Unaudited)

	As of:	
	March 31, 2025	December 31, 2024
	(in thousands, except for share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Notes payable	\$ 360,470	\$ 129,459
Non-recourse securitization obligations, collateralized by residential loans in securitization trusts	1,556,075	1,593,612
Securities sold under agreements to repurchase	148,467	50,555
Interest rate futures derivatives - at fair value	947	-
Due to broker	302,619	201,994
Senior unsecured notes	47,865	47,740
Accrued expenses	2,539	2,291
Accrued expenses payable to affiliate	248	766
Interest payable	1,865	934
Income taxes payable	2,785	2,785
Management fee payable to affiliate	1,175	666
Total liabilities	\$ 2,425,055	\$ 2,030,802
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value. As of March 31, 2025: 350,000,000 shares authorized, 23,500,175 shares issued and outstanding. As of December 31, 2024: 350,000,000 shares authorized, 23,500,175 shares issued and outstanding		
	234	234
Additional paid-in capital	461,294	461,057
Accumulated other comprehensive (loss)	(4,170)	(3,475)
Retained earnings (deficit)	(205,878)	(218,849)
Total stockholders' equity	\$ 251,480	\$ 238,967
Total liabilities and stockholders' equity	\$ 2,676,535	\$ 2,269,769



Appendix: GAAP Reconciliation of Distributable Earnings (Unaudited)

	Three Months Ended	
	March 31, 2025	March 31, 2024
	<i>(in thousands)</i>	
Net income (loss) allocable to common stockholders	\$ 20,531	\$ 12,874
Adjustments:		
Net unrealized (gains) losses on trading securities	1,032	1
Net unrealized (gains) losses on derivatives	1,042	(445)
Net unrealized (gains) losses on residential loans in securitization trusts and non-recourse securitization obligation	(15,657)	(5,147)
Net unrealized (gains) losses on residential loans	(3,041)	(5,071)
Net unrealized (gains) losses on commercial loans	-	(22)
Non-cash equity compensation expense	237	630
Distributable Earnings	\$ 4,144	\$ 2,820

Distributable Earnings is a non-GAAP measure and is defined as net income (loss) allocable to common stockholders as calculated in accordance with 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. Therefore, 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.



Appendix: GAAP Reconciliation of Economic Book Value (Unaudited)

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
	<i>in thousands, except for share and per share data</i>				
GAAP total stockholders' equity	251,480	238,967	265,098	255,806	263,324
Adjustments:					
Fair value adjustment for securitized debt held at amortized cost	63,593	68,784	64,522	73,053	80,599
Stockholders' equity including economic book value adjustments	<u>\$ 315,073</u>	<u>\$ 307,751</u>	<u>\$ 329,620</u>	<u>\$ 328,859</u>	<u>\$ 343,923</u>
Number of shares of common stock outstanding at period end	23,500,175	23,500,175	23,511,272	24,998,549	24,965,274
GAAP Book value per share of common stock	\$ 10.70	\$ 10.17	\$ 11.28	\$ 10.23	\$ 10.55
Economic book value per share of common stock	\$ 13.41	\$ 13.10	\$ 14.02	\$ 13.16	\$ 13.78

“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 above 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.



Condensed Income Statement History (Unaudited)

(in thousands)	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25
Interest Income	23,740	23,763	23,900	24,550	95,953	25,212	25,902	27,444	31,869	110,427	32,867
Interest Expense	16,941	17,311	16,490	16,310	67,052	16,633	16,439	18,424	22,007	73,502	22,780
NET INTEREST INCOME	6,799	6,452	7,410	8,240	28,901	8,579	9,463	9,020	9,862	36,925	10,087
Net realized gain (loss) on mortgage loans, derivative contracts, RMBS, and CMBS	(10,843)	(4,169)	(12,044)	(10,470)	(37,526)	(1,422)	(6,770)	(6,335)	5,300	(9,228)	(3,182)
Net unrealized gain (loss) on trading securities, mortgage loans, portion of debt at fair value option, and derivative contracts	10,190	379	17,299	35,621	63,489	10,684	2,658	35,172	(24,753)	23,761	16,625
TOTAL REALIZED AND UNREALIZED GAINS (LOSSES), NET	(653)	(3,790)	5,255	25,151	25,963	9,262	(4,112)	28,837	(19,453)	14,533	13,443
Operating expenses	2,670	2,842	2,084	2,293	9,889	2,563	2,148	2,013	1,906	8,631	1,617
Stock compensation	541	207	447	494	1,689	630	630	604	177	2,041	237
Securitization costs	883	1,027	416	158	2,484	174	1,410	-	2,215	3,799	-
Management fee incurred with affiliate	1,522	1,493	1,445	1,382	5,842	1,313	1,294	1,204	1,166	4,976	1,145
EXPENSES	5,616	5,569	4,392	4,327	19,904	4,680	5,482	3,821	5,465	19,447	2,999
INCOME (LOSS) BEFORE TAXES	530	(2,907)	8,273	29,064	34,960	13,161	(131)	34,036	(15,056)	32,011	20,531
Income tax expense (benefit)	-	781	-	465	1,246	287	142	2,832	-	3,261	-
NET INCOME (LOSS)	530	(3,688)	8,273	28,599	33,714	12,874	(273)	31,204	(15,056)	28,750	20,531
Other comprehensive income (loss)	14,804	(242)	(1,607)	3,197	16,152	1,703	125	2,706	(3,034)	1,500	(695)
TOTAL COMPREHENSIVE INCOME (LOSS)	15,334	(3,930)	6,666	31,796	49,866	14,577	(148)	33,910	(18,090)	30,250	19,836



Balance Sheet History (Unaudited)

(in thousands)

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Assets:										
Residential Mortgage Loans - at fair value	770,982	544,436	296,529	284,383	380,040	368,446	158,940	428,909	183,064	439,460
Residential mortgage loans in securitization trusts - at fair value	1,027,442	1,028,768	1,241,994	1,194,119	1,221,067	1,201,210	1,447,901	1,452,907	1,696,995	1,672,189
Commercial mortgage loans - at fair value	9,458	9,460	9,589	5,219	-	-	-	-	-	-
RMBS - at fair value	1,055,338	522,887	459,972	579,985	472,058	445,136	266,752	283,105	300,243	398,272
CMBS - at fair value	6,111	6,480	6,853	6,338	-	-	-	-	-	-
U.S. Treasury Securities - at fair value	-	399,632	299,581	149,906	149,927	149,805	149,957	49,971	-	74,959
Cash and cash equivalents	29,272	36,772	59,140	41,894	41,625	39,421	43,956	42,052	40,762	38,696
Restricted cash	10,589	20,845	9,577	1,068	2,871	2,799	2,146	2,679	2,131	4,774
Principal and interest receivable	17,497	13,645	9,836	4,691	7,501	10,591	6,174	6,630	8,141	9,823
TBA derivatives and interest rate futures derivatives - at fair value	14,756	-	3,294	7,857	-	-	1,702	1,651	1,515	1,421
Other assets	4,767	16,244	17,418	20,140	32,922	34,547	36,246	35,962	36,918	36,941
Total Assets	2,946,212	2,599,169	2,413,783	2,295,600	2,308,011	2,251,955	2,113,774	2,303,866	2,269,769	2,676,535
Liabilities:										
Notes payable	639,870	439,252	233,970	197,797	290,610	284,002	101,200	333,042	129,459	360,470
Non-recourse securitization obligation, collateralized by residential loans in securitization trusts	1,003,485	1,012,704	1,211,441	1,161,296	1,169,154	1,146,641	1,372,272	1,353,758	1,593,612	1,556,075
Securities sold under agreements to repurchase	52,544	442,214	340,701	188,101	193,656	193,493	201,051	102,876	50,555	148,467
TBA derivatives and interest rate futures derivatives - at fair value	-	8,417	-	-	1,334	889	-	-	-	947
Due to broker	1,006,022	447,568	390,380	511,953	391,964	359,892	181,847	194,697	201,994	302,619
Senior unsecured notes	-	-	-	-	-	-	-	47,616	47,740	47,865
Accrued expenses	1,288	652	1,372	1,540	985	1,119	653	2,000	2,291	2,539
Accrued expenses payable to affiliate	2,006	1,184	1,055	985	748	257	397	657	766	248
Interest payable	2,551	1,281	705	671	820	800	460	1,312	934	1,865
Income taxes payable	-	-	-	-	1,241	1,528	78	2,785	2,785	2,785
Management fee payable to affiliate	1,967	1,519	1,483	1,455	1,393	10	10	25	666	1,175
Total Liabilities	2,709,733	2,354,791	2,181,107	2,063,798	2,051,905	1,988,631	1,857,968	2,038,768	2,030,802	2,425,055
Equity:										
Common stock	249	249	249	249	249	249	249	234	234	234
Additional paid in capital	475,379	475,920	476,127	476,574	477,068	477,698	478,328	461,249	461,057	461,294
Accumulated other comprehensive income (loss)	(21,127)	(6,323)	(6,565)	(8,172)	(4,975)	(3,272)	(3,147)	(441)	(3,475)	(4,170)
Retained (deficit) earnings	(218,022)	(225,468)	(237,135)	(236,849)	(216,236)	(211,351)	(219,624)	(195,944)	(218,849)	(205,878)
Total Stockholders Equity	236,479	244,378	232,676	231,802	256,106	263,324	255,806	265,098	238,967	251,480
Total Liabilities and Equity	2,946,212	2,599,169	2,413,783	2,295,600	2,308,011	2,251,955	2,113,774	2,303,866	2,269,769	2,676,535

