

## **Invesco Mortgage Capital Inc. Reports First Quarter 2026 Financial Results**

**Atlanta - April 30, 2026** -- Invesco Mortgage Capital Inc. (NYSE: IVR) (the “Company”) today announced financial results for the quarter ended March 31, 2026.

- Net loss per common share of \$0.28 compared to net income of \$0.68 in Q4 2025
- Earnings available for distribution per common share<sup>(1)</sup> of \$0.55 compared to \$0.56 in Q4 2025
- Monthly common stock dividends totaling \$0.36 per share compared to quarterly dividend of \$0.36 in Q4 2025
- Book value per common share<sup>(2)</sup> of \$8.08 compared to \$8.72 as of December 31, 2025
- Economic return<sup>(3)</sup> of (3.2)% compared to 8.0% in Q4 2025
- Debt-to-equity ratio of 6.1x compared to 7.0x as of December 31, 2025
- Economic debt-to-equity ratio<sup>(1)</sup> of 7.5x compared to 7.0x as of December 31, 2025

### **Update from Kevin Collins, Incoming Chief Executive Officer**

“During the first quarter of 2026, we operated in a more challenging market environment following the strong recovery in Agency MBS valuations experienced in the second half of 2025. Financial conditions deteriorated as rising geopolitical tensions, higher energy prices and renewed inflation concerns drove increased interest rate volatility and pushed U.S. Treasury yields higher across the curve. These dynamics weighed on risk assets broadly and resulted in higher coupon Agency RMBS underperformance relative to Treasuries. Although our Agency CMBS investments performed well during the quarter, the benefit was outweighed by increased Agency RMBS risk premiums and notable swap spread tightening. Book value declined by 7.3% to \$8.08 at quarter end, and when combined with our monthly dividends, resulted in an economic return of (3.2)% for the quarter.

“Our economic debt-to-equity ratio increased to 7.5x as of quarter end, up from 7.0x as of December 31, 2025, reflecting the decline in our book value per common share and a more constructive outlook on Agency RMBS as we enter the second quarter. At quarter end, our \$7.3 billion investment portfolio consisted of \$5.2 billion Agency RMBS, \$1.2 billion Agency TBA, and \$0.9 billion Agency CMBS, and we maintained a sizable balance of unrestricted cash and unencumbered investments totaling \$493.1 million.

“Risk sentiment has improved entering the second quarter, supported by a decline in interest rate volatility. A further de-escalation of the Middle East conflict would likely provide additional support for risk assets. From a supply-and-demand perspective, Agency RMBS net issuance is expected to remain manageable, the GSEs continue to provide steady demand and bank participation is likely to increase, supported in part by recent Basel capital framework proposals that improve the relative capital efficiency of high-quality mortgage assets. Together, these macro and technical factors create a more constructive backdrop for our Agency RMBS holdings, particularly as wider spread levels relative to the prior quarter offer more attractive entry points. In addition, despite elevated supply, our Agency CMBS continues to offer attractive risk-adjusted yields and diversification benefits, given its stable cash flow profile and lower sensitivity to interest rate fluctuations.”

(1) Earnings available for distribution (and by calculation, earnings available for distribution per common share) and economic debt-to-equity ratio are non-Generally Accepted Accounting Principles (“GAAP”) financial measures. Refer to the section entitled “Non-GAAP Financial Measures” for important disclosures and a reconciliation to the most comparable U.S. GAAP measures.

(2) Book value per common share as of March 31, 2026 and December 31, 2025 is calculated as total stockholders' equity less the liquidation preference of the Company's Series C Preferred Stock (\$169.7 million as of March 31, 2026 and \$171.4 million as of December 31, 2025), divided by total common shares outstanding.

(3) Economic return for the quarter ended March 31, 2026 is defined as the change in book value per common share from December 31, 2025 to March 31, 2026 of (\$0.64); plus dividends declared of \$0.36 per common share; divided by the December 31, 2025 book value per common share of \$8.72. Economic return for the quarter ended December 31, 2025 is defined as the change in book value per common share from September 30, 2025 to December 31, 2025 of \$0.31; plus dividends declared of \$0.36 per common share; divided by the September 30, 2025 book value per common share of \$8.41.

Key performance indicators for the quarters ended March 31, 2026 and December 31, 2025 are summarized in the table below.

\$ in millions, except share amounts	Q1 2026	Q4 2025	Variance
<b><u>Average Balances</u></b> <sup>(1)</sup>	(unaudited)	(unaudited)	
Average earning assets (at amortized cost)	\$5,946.5	\$5,868.9	\$77.6
Average borrowings	\$5,367.5	\$5,393.7	(\$26.2)
Average total stockholders' equity	\$887.5	\$793.0	\$94.5
<b><u>U.S. GAAP Financial Measures</u></b>			
Total interest income	\$79.6	\$77.9	\$1.7
Total interest expense	\$52.6	\$56.6	(\$4.0)
Net interest income	\$27.0	\$21.3	\$5.7
Total expenses	\$4.9	\$4.6	\$0.3
Net income (loss) attributable to common stockholders	(\$23.1)	\$48.2	(\$71.3)
Average earning asset yields	5.36 %	5.31 %	0.05 %
Average cost of funds	3.92 %	4.20 %	(0.28)%
Average net interest rate margin	1.44 %	1.11 %	0.33 %
Period-end weighted average asset yields <sup>(2)</sup>	5.34 %	5.37 %	(0.03)%
Period-end weighted average cost of funds	3.80 %	4.04 %	(0.24)%
Period-end weighted average net interest rate margin	1.54 %	1.33 %	0.21 %
Book value per common share <sup>(3)</sup>	\$8.08	\$8.72	(\$0.64)
Earnings (loss) per common share (basic)	(\$0.28)	\$0.68	(\$0.96)
Earnings (loss) per common share (diluted)	(\$0.28)	\$0.68	(\$0.96)
Debt-to-equity ratio	6.1x	7.0x	(0.9x)
<b><u>Non-GAAP Financial Measures</u></b> <sup>(4)</sup>			
Earnings available for distribution	\$44.7	\$39.9	\$4.8
Effective interest expense	\$31.0	\$30.2	\$0.8
Effective net interest income	\$48.6	\$47.7	\$0.9
Effective cost of funds	2.31 %	2.24 %	0.07 %
Effective interest rate margin	3.05 %	3.07 %	(0.02)%
Earnings available for distribution per common share	\$0.55	\$0.56	(\$0.01)
Economic debt-to-equity ratio	7.5x	7.0x	0.5x

(1) Average earning assets, average borrowings and average total stockholders' equity are calculated based on the weighted month-end balances of mortgage-backed securities at amortized cost, repurchase agreement borrowings and total U.S. GAAP stockholders' equity, respectively.

(2) Period-end weighted average asset yields are based on amortized cost as of period-end and incorporate future prepayment assumptions when appropriate.

(3) Book value per common share is calculated as total stockholders' equity less the liquidation preference of the Company's Series C Preferred Stock (\$169.7 million as of March 31, 2026 and \$171.4 million as of December 31, 2025), divided by total common shares outstanding.

(4) Earnings available for distribution (and by calculation, earnings available for distribution per common share), effective interest expense (and by calculation, effective cost of funds), effective net interest income (and by calculation, effective interest rate margin), and economic debt-to-equity ratio are non-GAAP financial measures. Refer to the section entitled "Non-GAAP Financial Measures" for important disclosures and a reconciliation to the most comparable U.S. GAAP measures of net income (loss) attributable to common stockholders (and by calculation, basic earnings (loss) per common share), total interest expense (and by calculation, cost of funds), net interest income (and by calculation, net interest rate margin) and debt-to-equity ratio.

## Portfolio Composition

The following table summarizes certain characteristics of the Company's investment portfolio including TBAs as of March 31, 2026 and December 31, 2025.

\$ in thousands	As of					
	March 31, 2026			December 31, 2025		
	Fair Value	Percentage of Portfolio	Period-end Weighted Average Yield	Fair Value	Percentage of Portfolio	Period-end Weighted Average Yield
Agency RMBS:						
30 year fixed-rate pass-through coupon:						
4.5%	757,581	10.4 %	4.89 %	785,584	12.5 %	4.89 %
5.0%	1,434,765	19.8 %	5.20 %	1,486,801	23.7 %	5.20 %
5.5%	1,704,437	23.5 %	5.49 %	1,534,654	24.5 %	5.51 %
6.0%	1,198,042	16.5 %	5.93 %	1,283,242	20.4 %	5.93 %
6.5%	—	— %	— %	218,879	3.5 %	6.14 %
Total 30 year fixed-rate pass-through	5,094,825	70.2 %	5.42 %	5,309,160	84.6 %	5.46 %
Agency CMO	67,113	1.0 %	8.89 %	69,320	1.1 %	9.18 %
Agency CMBS	864,270	11.9 %	4.61 %	898,129	14.3 %	4.62 %
Total MBS portfolio	6,026,208	83.1 %	5.34 %	6,276,609	100.0 %	5.37 %
TBAs, at implied market value <sup>(1)</sup>	1,226,450	16.9 %		—	— %	
Total investment portfolio including TBAs	7,252,658	100.0 %		6,276,609	100.0 %	

(1) The presentation of TBAs in the table above represents management's view of the investment portfolio and does not reflect how the Company records TBAs on its condensed consolidated balance sheets under U.S. GAAP. Under U.S. GAAP, the Company records TBAs that it does not intend to settle on the contractual settlement date as derivative financial instruments. The Company values TBAs on its condensed consolidated balance sheets at net carrying value, which represents the difference between implied market value and implied cost basis of the TBAs.

The following table summarizes certain characteristics of the Company's borrowings as of March 31, 2026 and December 31, 2025.

\$ in thousands	As of					
	March 31, 2026			December 31, 2025		
	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (days)	Amount Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity (days)
Repurchase agreements - Agency RMBS	4,510,019	3.80 %	31	4,758,568	4.04 %	24
Repurchase agreements - Agency CMBS	829,354	3.80 %	25	860,687	4.04 %	20
Total borrowings	5,339,373	3.80 %	30	5,619,255	4.04 %	23

The following tables summarize certain characteristics of the Company's interest rate swaps whereby the Company pays fixed interest rates and receives floating interest rates based on the secured overnight financing rate as of March 31, 2026 and December 31, 2025.

\$ in thousands	Maturities	As of March 31, 2026			
		Notional Amount	Weighted Average Fixed Pay Rate	Weighted Average Floating Receive Rate	Weighted Average Years to Maturity
	Less than 3 years	1,675,000	0.86 %	3.68 %	1.7
	3 to 5 years	950,000	0.54 %	3.68 %	4.3
	5 to 7 years	545,000	3.66 %	3.68 %	6.8
	7 to 10 years	495,000	3.99 %	3.68 %	9.3
	Greater than 10 years	450,000	2.04 %	3.68 %	18.7
	Total	4,115,000	1.66 %	3.68 %	5.8

\$ in thousands	Maturities	As of December 31, 2025			
		Notional Amount	Weighted Average Fixed Pay Rate	Weighted Average Floating Receive Rate	Weighted Average Years to Maturity
	Less than 3 years	2,155,000	1.21 %	3.87 %	1.4
	3 to 5 years	950,000	0.54 %	3.87 %	4.6
	7 to 10 years	305,000	4.12 %	3.87 %	9.1
	Greater than 10 years	410,000	1.83 %	3.87 %	17.9
	<b>Total</b>	<b>3,820,000</b>	<b>1.34 %</b>	<b>3.87 %</b>	<b>4.6</b>

The following table summarizes certain characteristics of the Company's U.S. Treasury futures contracts as of March 31, 2026 and December 31, 2025.

\$ in thousands	As of	
	March 31, 2026	December 31, 2025
	Notional Amount - Short	Notional Amount - Short
10 year U.S. Treasury futures	310,000	420,000
Ultra 10 year U.S. Treasury futures	375,000	455,000
30 year U.S. Treasury futures	305,000	215,000
<b>Total</b>	<b>990,000</b>	<b>1,090,000</b>

## Capital Activities

### *Dividends*

During the three months ended March 31, 2026, the Company declared monthly common stock dividends totaling \$0.36 per share and a Series C Preferred Stock dividend of \$0.46875 per share.

### *Issuances of Common Stock*

During the three months ended March 31, 2026, the Company issued 15,694,589 shares of common stock for net cash proceeds of \$133.6 million through its at-the-market program.

### *Repurchases of Preferred Stock*

During the three months ended March 31, 2026, the Company repurchased and retired 64,688 shares of Series C Preferred Stock with a carrying value of \$1.6 million.

## **About Invesco Mortgage Capital Inc.**

The Company is a real estate investment trust that primarily focuses on investing in, financing and managing mortgage-backed securities and other mortgage-related assets. The Company is externally managed and advised by Invesco Advisers, Inc., a registered investment adviser and an indirect wholly-owned subsidiary of Invesco Ltd., an independent global investment management firm.

## **Earnings Call**

Members of the investment community and the general public are invited to listen to the Company's earnings conference call on Friday, May 1, 2026, at 9:00 a.m. ET, by calling one of the following numbers:

North America Toll Free: 888-982-7409  
International: 1-212-287-1625  
Passcode: Invesco

An audio replay will be available until 5:00 pm ET on May 15, 2026 by calling:

866-363-1806 (North America) or 1-203-369-0194 (International)

The presentation slides that will be reviewed during the call will be available on the Company's website at [www.invescomortgagecapital.com](http://www.invescomortgagecapital.com).

## **Cautionary Notice Regarding Forward-Looking Statements**

This press release, the related presentation and comments made in the associated conference call, may include statements and information that constitute "forward-looking statements" within the meaning of the U.S. securities laws as defined in the Private Securities Litigation Reform Act of 1995, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements include our views on the risk positioning of our portfolio, domestic and global market conditions (including the Agency RMBS, Agency CMBS and residential and commercial real estate markets), the market for our target assets, our financial performance, including our earnings available for distribution, economic return, comprehensive income and changes in our book value, our intention and ability to pay dividends, our ability to continue performance trends, the stability of portfolio yields, interest rates, spreads, prepayment trends, financing sources, cost of funds, our leverage, liquidity, capital structure and equity allocation. In addition, words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts," and future or conditional verbs such as "will," "may," "could," "should," and "would" as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. There can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks identified under the captions "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K and quarterly reports on Form 10-Q, which are available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

All written or oral forward-looking statements that we make, or that are attributable to us, are expressly qualified by this cautionary notice. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

**INVESCO MORTGAGE CAPITAL INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(Unaudited)**

\$ in thousands, except share data	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Interest income	79,641	77,901	73,846
Interest expense	52,593	56,643	55,025
<b>Net interest income</b>	<b>27,048</b>	<b>21,258</b>	<b>18,821</b>
<b>Other income (loss)</b>			
Gain (loss) on investments, net	(54,940)	22,914	82,158
Gain (loss) on derivative instruments, net	12,879	11,887	(76,679)
<b>Total other income (loss)</b>	<b>(42,061)</b>	<b>34,801</b>	<b>5,479</b>
<b>Expenses</b>			
Management fee – related party	2,974	2,806	2,996
General and administrative	1,917	1,759	1,663
<b>Total expenses</b>	<b>4,891</b>	<b>4,565</b>	<b>4,659</b>
<b>Net income (loss)</b>	<b>(19,904)</b>	<b>51,494</b>	<b>19,641</b>
Dividends to preferred stockholders	(3,190)	(3,221)	(3,341)
Gain (loss) on repurchase and retirement of preferred stock	(27)	(30)	(11)
<b>Net income (loss) attributable to common stockholders</b>	<b>(23,121)</b>	<b>48,243</b>	<b>16,289</b>
<b>Other comprehensive income (loss)</b>			
Unrealized gain (loss) on mortgage-backed securities, net	—	—	500
Reclassification of unrealized (gain) loss on sale of mortgage-backed securities to gain (loss) on investments, net	—	—	116
<b>Total other comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>616</b>
<b>Comprehensive income (loss) attributable to common stockholders</b>	<b>(23,121)</b>	<b>48,243</b>	<b>16,905</b>
<b>Earnings (loss) per share</b>			
Net income (loss) attributable to common stockholders			
Basic	(0.28)	0.68	0.26
Diluted	(0.28)	0.68	0.26

**INVESCO MORTGAGE CAPITAL INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

\$ in thousands, except share amounts	As of	
	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
Mortgage-backed securities, at fair value (including pledged securities of \$5,585,665 and \$5,879,318, respectively)	6,026,208	6,276,609
Cash and cash equivalents	52,598	56,040
Restricted cash	138,323	110,391
Due from counterparties	25,749	—
Investment related receivable	26,804	27,848
Derivative assets, at fair value	1,119	4,412
Other assets	399	594
Total assets	6,271,200	6,475,894
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Repurchase agreements	5,339,373	5,619,255
Derivative liabilities, at fair value	28,730	—
Dividends payable	10,490	25,845
Investment related payable	6	—
Accrued interest payable	10,738	28,664
Collateral held payable	14	—
Accounts payable and accrued expenses	1,789	1,580
Due to affiliate	3,706	3,006
Total liabilities	5,394,846	5,678,350
<b>Stockholders' equity:</b>		
Preferred Stock, par value \$0.01 per share; 50,000,000 shares authorized:		
7.50% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock: 6,789,443 and 6,854,131 shares issued and outstanding, respectively (\$169,736 and \$171,353 aggregate liquidation preference, respectively)	164,191	165,756
Common Stock, par value \$0.01 per share; 134,000,000 shares authorized; 87,485,972 and 71,790,532 shares issued and outstanding, respectively	875	718
Additional paid in capital	4,343,365	4,209,977
Retained earnings (distributions in excess of earnings)	(3,632,077)	(3,578,907)
Total stockholders' equity	876,354	797,544
Total liabilities and stockholders' equity	6,271,200	6,475,894

## Non-GAAP Financial Measures

The table below shows the non-GAAP financial measures the Company uses to analyze its operating results and the most directly comparable U.S. GAAP measures. The Company believes these non-GAAP measures are useful to investors in assessing its performance as discussed further below.

Non-GAAP Financial Measure	Most Directly Comparable U.S. GAAP Measure
Earnings available for distribution (and by calculation, earnings available for distribution per common share)	Net income (loss) attributable to common stockholders (and by calculation, basic earnings (loss) per common share)
Effective interest expense (and by calculation, effective cost of funds)	Total interest expense (and by calculation, cost of funds)
Effective net interest income (and by calculation, effective interest rate margin)	Net interest income (and by calculation, net interest rate margin)
Economic debt-to-equity ratio	Debt-to-equity ratio

The non-GAAP financial measures used by the Company's management should be analyzed in conjunction with U.S. GAAP financial measures and should not be considered substitutes for U.S. GAAP financial measures. In addition, the non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures of its peer companies.

### *Earnings Available for Distribution*

The Company's business objective is to provide attractive risk-adjusted returns to its stockholders, primarily through dividends and secondarily through capital appreciation. The Company uses earnings available for distribution as a measure of its investment portfolio's ability to generate income for distribution to common stockholders and to evaluate its progress toward meeting this objective. The Company calculates earnings available for distribution as U.S. GAAP net income (loss) attributable to common stockholders adjusted for (gain) loss on investments, net; realized (gain) loss on derivative instruments, net; unrealized (gain) loss on derivative instruments, net; TBA dollar roll income and (gain) loss on repurchase and retirement of preferred stock. The Company may add and has added additional reconciling items to its earnings available for distribution calculation as appropriate.

By excluding the gains and losses discussed above, the Company believes the presentation of earnings available for distribution provides a consistent measure of operating performance that investors can use to evaluate its results over multiple reporting periods and, to a certain extent, compare to its peer companies. However, because not all of the Company's peer companies use identical operating performance measures, the Company's presentation of earnings available for distribution may not be comparable to other similarly titled measures used by its peer companies. The Company excludes the impact of gains and losses when calculating earnings available for distribution because when analyzed in conjunction with its U.S. GAAP results, earnings available for distribution provides additional detail of its investment portfolio's earnings capacity. In addition, certain gains and losses represent one-time events.

Furthermore, gains and losses have not been accounted for consistently under U.S. GAAP. Under U.S. GAAP, certain gains and losses may be reflected in net income whereas other gains and losses may be reflected in other comprehensive income. For example, a portion of the Company's mortgage-backed securities were historically classified as available-for-sale securities, and changes in the valuation of these securities were recorded in other comprehensive income on its condensed consolidated balance sheets. The Company elected the fair value option for its mortgage-backed securities purchased on or after September 1, 2016, and changes in the valuation of these securities are recorded in other income (loss) in the condensed consolidated statements of comprehensive income (loss).

To maintain qualification as a REIT, U.S. federal income tax law generally requires that the Company distribute at least 90% of its REIT taxable income annually. Because the Company views earnings available for distribution as a consistent measure of its investment portfolio's ability to generate income for distribution to common stockholders, earnings available for distribution is one metric, but not the exclusive metric, that is used to determine the amount, if any, of dividends on common stock. However, earnings available for distribution should not be considered as an indication of the Company's taxable income, a guaranty of its ability to pay dividends or as a proxy for the amount of dividends it may pay, as earnings available for distribution excludes certain items that impact its cash needs.

Earnings available for distribution is an incomplete measure of the Company's financial performance and there are other factors that impact the achievement of the Company's business objective. The Company cautions that earnings available for

distribution should not be considered as an alternative to net income (determined in accordance with U.S. GAAP), or as an indication of the Company's cash flow from operating activities (determined in accordance with U.S. GAAP), a measure of the Company's liquidity, or as an indication of amounts available to fund its cash needs.

The table below provides a reconciliation of U.S. GAAP net income (loss) attributable to common stockholders to earnings available for distribution for the following periods.

<b>\$ in thousands, except per share data</b>	<b>Three Months Ended</b>		
	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2025</b>
Net income (loss) attributable to common stockholders	(23,121)	48,243	16,289
Adjustments:			
(Gain) loss on investments, net	54,940	(22,914)	(82,158)
Realized (gain) loss on derivative instruments, net <sup>(1)</sup>	(23,324)	18,863	101,516
Unrealized (gain) loss on derivative instruments, net <sup>(1)</sup>	32,023	(4,354)	3,242
TBA dollar roll income <sup>(2)</sup>	4,166	—	1,147
(Gain) loss on repurchase and retirement of preferred stock	27	30	11
Subtotal	67,832	(8,375)	23,758
Earnings available for distribution	44,711	39,868	40,047
Basic income (loss) per common share	(0.28)	0.68	0.26
Earnings available for distribution per common share <sup>(3)</sup>	0.55	0.56	0.64

(1) U.S. GAAP gain (loss) on derivative instruments, net on the condensed consolidated statements of comprehensive income (loss) includes the following components.

<b>\$ in thousands</b>	<b>Three Months Ended</b>		
	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2025</b>
Realized gain (loss) on derivative instruments, net	23,324	(18,863)	(101,516)
Unrealized gain (loss) on derivative instruments, net	(32,023)	4,354	(3,242)
Contractual net interest income (expense) on interest rate swaps	21,578	26,396	28,079
Gain (loss) on derivative instruments, net	12,879	11,887	(76,679)

(2) A TBA dollar roll is a series of derivative transactions where TBAs with the same specified issuer, term and coupon but different settlement dates are simultaneously bought and sold. The TBA settling in the later month typically prices at a discount to the TBA settling in the earlier month. TBA dollar roll income represents the price differential between the TBA price for current month settlement compared to the TBA price for forward month settlement. The Company includes TBA dollar roll income in earnings available for distribution because it is the economic equivalent of interest income on the underlying Agency RMBS, less an implied financing cost, over the forward settlement period. TBA dollar roll income is a component of gain (loss) on derivative instruments, net on the Company's condensed consolidated statements of comprehensive income (loss).

(3) Earnings available for distribution per common share is equal to earnings available for distribution divided by the basic weighted average number of common shares outstanding.

The table below presents the components of earnings available for distribution for the following periods.

<b>\$ in thousands</b>	<b>Three Months Ended</b>		
	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2025</b>
Effective net interest income <sup>(1)</sup>	48,626	47,654	46,900
TBA dollar roll income	4,166	—	1,147
Total expenses	(4,891)	(4,565)	(4,659)
Subtotal	47,901	43,089	43,388
Dividends to preferred stockholders	(3,190)	(3,221)	(3,341)
Earnings available for distribution	44,711	39,868	40,047

(1) See below for a reconciliation of net interest income to effective net interest income, a non-GAAP measure.

*Effective Interest Expense/Effective Cost of Funds/Effective Net Interest Income/Effective Interest Rate Margin*

The Company calculates effective interest expense (and by calculation, effective cost of funds) as U.S. GAAP total interest expense adjusted for contractual net interest income (expense) on its interest rate swaps that is recorded as gain (loss) on derivative instruments, net. The Company views its interest rate swaps as an economic hedge against increases in future market interest rates on its borrowings. The Company adds back the net payments or receipts on its interest rate swap agreements to its total U.S. GAAP interest expense because the Company uses interest rate swaps to add stability to interest expense.

The Company calculates effective net interest income (and by calculation, effective interest rate margin) as U.S. GAAP net interest income adjusted for contractual net interest income (expense) on its interest rate swaps that is recorded as gain (loss) on derivative instruments, net.

The Company believes the presentation of effective interest expense, effective cost of funds, effective net interest income and effective interest rate margin measures, when considered together with U.S. GAAP financial measures, provides information that is useful to investors in understanding the Company's borrowing costs and operating performance.

The following table reconciles total interest expense to effective interest expense and cost of funds to effective cost of funds for the following periods.

	Three Months Ended					
	March 31, 2026		December 31, 2025		March 31, 2025	
	Reconciliation	Cost of Funds / Effective Cost of Funds	Reconciliation	Cost of Funds / Effective Cost of Funds	Reconciliation	Cost of Funds / Effective Cost of Funds
<b>\$ in thousands</b>						
Total interest expense	52,593	3.92 %	56,643	4.20 %	55,025	4.46 %
Less: Contractual net interest expense (income) on interest rate swaps recorded as gain (loss) on derivative instruments, net	(21,578)	(1.61)%	(26,396)	(1.96)%	(28,079)	(2.28)%
Effective interest expense	31,015	2.31 %	30,247	2.24 %	26,946	2.18 %

The following table reconciles net interest income to effective net interest income and net interest rate margin to effective interest rate margin for the following periods.

	Three Months Ended					
	March 31, 2026		December 31, 2025		March 31, 2025	
	Reconciliation	Net Interest Rate Margin / Effective Interest Rate Margin	Reconciliation	Net Interest Rate Margin / Effective Interest Rate Margin	Reconciliation	Net Interest Rate Margin / Effective Interest Rate Margin
<b>\$ in thousands</b>						
Net interest income	27,048	1.44 %	21,258	1.11 %	18,821	0.99 %
Add: Contractual net interest income (expense) on interest rate swaps recorded as gain (loss) on derivative instruments, net	21,578	1.61 %	26,396	1.96 %	28,079	2.28 %
Effective net interest income	48,626	3.05 %	47,654	3.07 %	46,900	3.27 %

## Economic Debt-to-Equity Ratio

The following table shows the Company's debt-to-equity ratio and the Company's economic debt-to-equity ratio as of March 31, 2026 and December 31, 2025. The Company's debt-to-equity ratio is calculated in accordance with U.S. GAAP and is the ratio of total debt to total stockholders' equity.

The Company presents an economic debt-to-equity ratio, a non-GAAP financial measure of leverage that considers the impact of the off-balance sheet financing of its investments in TBAs that are accounted for as derivative instruments under U.S. GAAP. The Company includes these types of TBAs at implied cost basis in its measure of leverage because a forward contract to acquire Agency RMBS in the TBA market carries similar risks to Agency RMBS purchased in the cash market and funded with on-balance sheet liabilities. Similarly, a contract for the forward sale of Agency RMBS has substantially the same effect as selling the underlying Agency RMBS and reducing the Company's on-balance sheet funding commitments. The Company believes that presenting its economic debt-to-equity ratio, when considered together with its U.S. GAAP financial measure of debt-to-equity ratio, provides information that is useful to investors in understanding how management evaluates at-risk leverage and gives investors a comparable statistic to those of other mortgage REITs who also invest in TBAs and present a similar non-GAAP measure of leverage.

\$ in thousands	As of	
	March 31, 2026	December 31, 2025
Repurchase agreements	5,339,373	5,619,255
Total stockholders' equity	876,354	797,544
Debt-to-equity ratio <sup>(1)</sup>	6.1	7.0
Economic debt-to-equity ratio <sup>(2)</sup>	7.5	7.0

(1) Debt-to-equity ratio is calculated as the ratio of total repurchase agreements to total stockholders' equity.

(2) Economic debt-to-equity ratio is calculated as the ratio of total repurchase agreements and TBAs at implied cost basis (\$1.2 billion as of March 31, 2026; none as of December 31, 2025) to total stockholders' equity.

## Average Balances

The table below presents information related to the Company's average earning assets, average earning asset yields, average borrowings and average cost of funds for the following periods.

\$ in thousands	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Average earning assets <sup>(1)</sup>	5,946,466	5,868,897	5,422,552
Average earning asset yields <sup>(2)</sup>	5.36 %	5.31 %	5.45 %
Average borrowings <sup>(3)</sup>	5,367,463	5,393,719	4,930,237
Average cost of funds <sup>(4)</sup>	3.92 %	4.20 %	4.46 %

(1) Average balances for each period are based on weighted month-end balances. Average earning assets do not include TBAs that are treated as derivative instruments under U.S. GAAP.

(2) Average earning asset yields for each period are calculated by dividing interest income, including amortization of premiums and discounts, by average earning assets based on the amortized cost of the investments. All yields are annualized.

(3) Average borrowings for each period are based on weighted month-end balances. Average borrowings do not include the off-balance sheet financing component of TBAs that are treated as derivative instruments under U.S. GAAP.

(4) Average cost of funds is calculated by dividing annualized interest expense by average borrowings.