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, 2026

OR

☐ 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: 1-33796

CHIMERA INVESTMENT CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Maryland	**26-0630461**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Rockefeller Plaza, 32nd Floor	
New York, New York	**10020**
(Address of Principal Executive Offices)	(Zip Code)

(888) 895-6557
(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, par value $0.01 per share	**CIM**	**New York Stock Exchange**
8.00% Series A Cumulative Redeemable Preferred Stock	**CIM PRA**	**New York Stock Exchange**
8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	**CIM PRB**	**New York Stock Exchange**
7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	**CIM PRC**	**New York Stock Exchange**
8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	**CIM PRD**	**New York Stock Exchange**
9.000% Senior Notes due 2029	**CIMN**	**New York Stock Exchange**
9.250% Senior Notes due 2029	**CIMO**	**New York Stock Exchange**
8.875% Senior Notes due 2030	**CIMP**	**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 definition 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 ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date:

Class	Outstanding at October 31, 2026
Common Stock, $0.01 par value	83,712,494

CHIMERA INVESTMENT CORPORATION

FORM 10-Q

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In this Quarterly Report on Form 10-Q, references to "we," "us," "our" or "the Company" refer to Chimera Investment Corporation and its subsidiaries unless specifically stated otherwise or the context otherwise indicates. The following defines certain of the commonly used terms in this Quarterly Report on Form 10-Q:

- **Agency** refers to a federally chartered corporation, such as the Federal National Mortgage Association ("**Fannie Mae**" or "**FNMA**") or the Federal Home Loan Mortgage Corporation ("**Freddie Mac**"), or an agency of the U.S. Government, such as the Government National Mortgage Association ("**Ginnie Mae**" or "**GNMA**");
- **GSE** refers to a government-sponsored enterprise, such as Fannie Mae and Freddie Mac;
- **FHFA** refers to the Federal Housing Finance Agency;
- **CFPB** refers to the Consumer Financial Protection Bureau;
- **VA** refers to the U.S. Department of Veterans Affairs;
- **HUD** refers to the United States Department of Housing and Urban Development;
- **FHA** refers to the Federal Housing Administration;
- **MBS** refers to mortgage-backed securities secured by pools of residential or commercial mortgage loans;
- **Agency MBS** refers to MBS that are issued or guaranteed by an Agency and includes Agency RMBS and Agency CMBS collectively;
- **RMBS** refers to mortgage-backed securities secured by pools of residential mortgage loans;
- **Pass-through** refers to Agency-issued pass-through RMBS collateralized primarily by pools of fixed-rate single-family mortgage loans;
- **CMBS** refers to mortgage-backed securities secured by pools of commercial mortgage loans;
- **Agency RMBS** and **Agency CMBS** refer to MBS that are secured by pools of residential and commercial mortgage loans, respectively, and are issued or guaranteed by an Agency;
- **Agency CMO** refers to collateralized mortgage obligations that are guaranteed by an Agency and are included in Agency RMBS;
- **Non-Agency RMBS** refers to residential MBS that are not guaranteed by any agency of the U.S. Government or any Agency;
- **Non-MTM** refers to non-mark-to-market facilities, which are financial arrangements that do not require the regular revaluation of assets based on current market prices, often used for loans or securities where the value is assessed based on other criteria;
- **Limited-MTM** refers to limited mark-to-market facilities (meaning, the market value of the collateral must drop below a threshold before a lender can issue a margin call or some other limitation, such as magnitude of rate move or other financial variables);
- **RTLs** refer to residential transition loans;
- **Investor Loans** refer to loans secured by non-owner-occupied properties that may or may not be underwritten using property-level debt service coverage ratios;
- **HELOCs** refer to home equity lines of credit;
- **ABS** refers to asset-backed securities;
- **RPLs** refer to re-performing loans;
- **IOs** refers to interest-only securities;
- **MSRs** refer to mortgage servicing rights;
- **DUS bonds** refer to Fannie Mae Delegated Underwriting and Servicing bonds;
- **QM** refers to qualified mortgages that are designed for borrowers who meet traditional lending criteria and comply with regulatory standards for safety and affordability;
- **Non-QM** refers to consumer non-qualified mortgages that are designed for borrowers who do not meet traditional qualified mortgage standards;
- **FICO** refers to Fair Isaac Corporation;
- **LTV** refers to loan-to-value;
- **CDO** refers to collateralized debt obligation;
- **LHFS** refers to loans held-for-sale;
- **IRLC** refers to interest rate lock commitments;
- **UPB** refers to unpaid principal balance;
- **TBAs or TBA Securities** refer to To-Be-Announced securities;
- **REO** refers to real estate owned;
- **NYSE** refers to the New York Stock Exchange**;** and
- **SIFMA** refers to the Securities Industry and Financial Markets Association.

Part I - Financial Information

Item 1. Consolidated Financial Statements

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except share and per share data)

	(Unaudited) September 30, 2026	December 31, 2025
Assets:		
Cash and cash equivalents	$ 357,179	$ 278,582
Non-Agency RMBS, at fair value (net of allowance for credit losses of $ 60 million and $43 million, respectively)	673,683	817,280
Agency MBS, at fair value	5,545,002	3,463,485
Loans held for investment, at fair value	7,405,464	9,803,615
Loans held-for-sale, at fair value	1,986,814	896,117
Accrued interest receivable	85,283	78,691
Other assets	493,316	408,291
Interests in MSR financing receivables	41,256	37,294
Derivatives, at fair value, net	121,209	25,187
Total assets [1]	$ 16,709,206	$ 15,808,542
Liabilities:		
Secured financing agreements ($9.7 billion and $7.4 billion pledged as collateral, respectively, and includes $267 million and $299 million at fair value, respectively)	$ 8,619,936	$ 6,031,182
Securitized debt, collateralized by Non-Agency RMBS ($185 million and $210 million pledged as collateral, respectively)	62,329	66,579
Securitized debt at fair value, collateralized by Loans held for investment ($ 7.1 billion and $9.4 billion pledged as collateral, respectively)	5,077,677	6,721,302
Long term debt	253,063	251,528
Payable for investments purchased	343,161	3,267
Accrued interest payable	40,658	43,032
Dividends payable	43,080	34,891
Accounts payable and other liabilities	97,663	82,308
Derivatives, at fair value, net	1,318	1,759
Total liabilities [1]	$ 14,538,885	$ 13,235,848
Commitments and Contingencies (See Note 18)		
Stockholders' Equity:		
Preferred Stock, par value of $0.01 per share, 100,000,000 shares authorized:		
8.00% Series A cumulative redeemable: 5,800,000 shares issued and outstanding, respectively ($145,000 liquidation preference)	$ 58	$ 58
8.00% Series B cumulative redeemable: 13,000,000 shares issued and outstanding, respectively ($325,000 liquidation preference)	130	130
7.75% Series C cumulative redeemable: 10,400,000 shares issued and outstanding, respectively ($260,000 liquidation preference)	104	104
8.00% Series D cumulative redeemable: 8,000,000 shares issued and outstanding, respectively ($200,000 liquidation preference)	80	80
Common stock: par value $0.01 per share; 166,666,667 shares authorized, 83,711,818 and 83,402,145 shares issued and outstanding, respectively	837	834
Additional paid-in-capital	4,438,590	4,429,009
Accumulated other comprehensive income	112,845	146,295
Cumulative earnings	4,372,838	4,571,610
Cumulative distributions to stockholders	(6,755,161)	(6,575,426)
Total stockholders' equity	$ 2,170,321	$ 2,572,694
Total liabilities and stockholders' equity	$ 16,709,206	$ 15,808,542

(1) The Company's Consolidated Statements of Financial Condition include assets of consolidated variable interest entities, or VIEs, that can only be used to settle obligations and liabilities of the VIE for which creditors do not have recourse to the primary beneficiary (Chimera Investment Corporation). As of September 30, 2026 and December 31, 2025, total assets of consolidated VIEs were $7,046,471 and $9,215,343, respectively, and total liabilities of consolidated VIEs were $4,981,153 and $6,533,891, respectively. See Note 10 for further discussion.

See accompanying notes to the consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except share and per share data)
(Unaudited)

	For the Quarters Ended		For the Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
Net Interest Income:				
Interest income [1]	$ 230,687	$ 209,100	$ 671,607	$ 601,014
Interest expense [2]	159,504	144,089	454,912	400,773
Net interest income	71,183	65,011	216,695	200,241
Increase in provision for credit losses	6,847	2,587	16,863	10,383
Other income (losses):				
Net unrealized gains (losses) on derivatives	127,224	(7,907)	160,772	(16,932)
Realized gains (losses) on derivatives	74,901	2,015	87,298	(15,857)
Periodic interest on derivatives, net	5,639	5,751	9,534	14,953
Net gains (losses) on derivatives	207,764	(141)	257,604	(17,836)
Investment management and advisory fees	7,978	8,509	21,682	26,254
Interest income from investment in MSR financing receivables, net [3]	777	500	3,927	500
Net unrealized gains (losses) on financial instruments at fair value	(391,000)	(36,995)	(471,922)	98,872
Net realized gains (losses) on sales of investments	(26,889)	1,991	(76,941)	76
Gains (losses) on extinguishment of debt	—	—	(41,605)	2,122
Other investment gains (losses)	1,063	1,945	1,382	4,481
Gain on origination and sale of loans, net	11,128	—	54,723	—
Total other income (losses)	(189,179)	(24,191)	(251,150)	114,469
Other expenses:				
Compensation and benefits [4]	23,875	13,756	75,683	38,501
General and administrative expenses	12,174	6,936	35,814	20,658
Servicing and asset manager fees	6,164	6,991	16,117	21,726
Depreciation, amortization, and impairment of intangible assets	5,479	948	19,203	2,850
Transaction expenses	—	9,931	3,305	16,009
Total other expenses	47,692	38,562	150,122	99,744
Income (loss) before income taxes	(172,535)	(329)	(201,440)	204,583
Income tax expense (benefit)	(306)	251	(2,671)	2,416
Net income (loss)	$ (172,229)	$ (580)	$ (198,769)	$ 202,167
Dividends on preferred stock	$ 21,433	$ 21,417	$ 63,910	$ 64,200
Net income (loss) available to common shareholders	$ (193,662)	$ (21,997)	$ (262,679)	$ 137,967
Net income (loss) per share available to common shareholders:				
Basic	$ (2.31)	$ (0.27)	$ (3.14)	$ 1.69
Diluted	$ (2.31)	$ (0.27)	$ (3.14)	$ 1.67
Weighted average number of common shares outstanding:				
Basic	83,870,874	81,507,492	83,787,100	81,435,782
Diluted	83,870,874	81,507,492	83,787,100	82,696,006

(1) Includes interest income of consolidated VIEs of $104,642 and $137,597 for the quarters ended September 30, 2026 and 2025 respectively, and $ 339,901 and $423,817 for the nine months ended September 30, 2026 and 2025, respectively. See Note 10 for further discussion.
(2) Includes interest expense of consolidated VIEs of $ 55,287 and $70,387 for the quarters ended September 30, 2026 and 2025 respectively, and $ 173,765 and $213,076 for the nine months ended September 30, 2026 and 2025, respectively. See Note 10 for further discussion.
(3) Includes interest income from investment in MSR financing receivables of a consolidated VIE of $ 312 and $363 for the quarter ended September 30, 2026 and 2025, respectively, and $ 2,162 and $363 for the nine months ended September 30, 2026 and 2025. See Note 10 for further discussion.
(4) Includes a related-party, non-cash imputed compensation expense from the Palisades Acquisition of $ 302 and $341 for the quarters ended September 30, 2026 and 2025, respectively, and $ 984 and $1,023 for the nine months ended September 30, 2026 and 2025, respectively.

See accompanying notes to the consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands)
(Unaudited)

	For the Quarters Ended		For the Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
Comprehensive income (loss):				
Net income (loss)	$ (172,229)	$ (580)	$ (198,769)	$ 202,167
Other comprehensive loss:				
Unrealized gains (losses) on available-for-sale securities, net	(16,139)	(5,059)	(36,590)	(12,073)
Reclassification adjustment for net realized losses (gains) included in net income for other-than-temporary credit impairment losses	—	2,056	3,140	2,056
Other comprehensive loss	$ (16,139)	$ (3,003)	$ (33,450)	$ (10,017)
Comprehensive income (loss) before preferred stock dividends	**$ (188,368)**	**$ (3,583)**	**$ (232,219)**	**$ 192,150**
Dividends on preferred stock	$ 21,433	$ 21,417	$ 63,910	$ 64,200
Comprehensive income (loss) available to common stock shareholders	**$ (209,801)**	**$ (25,000)**	**$ (296,129)**	**$ 127,950**

See accompanying notes to the consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(dollars in thousands, except per share data)
(Unaudited)

For the Quarter Ended September 30, 2026

	Series A Preferred Stock Par Value	Series B Preferred Stock Par Value	Series C Preferred Stock Par Value	Series D Preferred Stock Par Value	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
Balance, June 30, 2026	$ 58	$ 130	$ 104	$ 80	$ 837	$ 4,435,369	$ 128,984	$ 4,545,067	$ (6,695,003)	$ 2,415,626
Net income (loss)	—	—	—	—	—	—	—	(172,229)	—	(172,229)
Other comprehensive income (loss)	—	—	—	—	—	—	(16,139)	—	—	(16,139)
Stock based compensation	—	—	—	—	—	2,918	—	—	—	2,918
Non-cash contribution from related party	—	—	—	—	—	302	—	—	—	302
Common dividends declared	—	—	—	—	—	—	—	—	(38,725)	(38,725)
Preferred dividends declared	—	—	—	—	—	—	—	—	(21,433)	(21,433)
Balance, September 30, 2026	$ 58	$ 130	$ 104	$ 80	$ 837	$ 4,438,590	$ 112,845	$ 4,372,838	$ (6,755,161)	$ 2,170,321

For the Quarter Ended September 30, 2025

	Series A Preferred Stock Par Value	Series B Preferred Stock Par Value	Series C Preferred Stock Par Value	Series D Preferred Stock Par Value	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
Balance, June 30, 2025	$ 58	$ 130	$ 104	$ 80	$ 810	$ 4,397,084	$ 152,435	$ 4,543,858	$ (6,470,028)	$ 2,624,531
Net income (loss)	—	—	—	—	—	—	—	$ (580)	—	(580)
Other comprehensive income (loss)	—	—	—	—	—	—	(3,003)	—	—	(3,003)
Stock based compensation	—	—	—	—	1	2,123	—	—	—	2,124
Non-cash contribution from related party	—	—	—	—	—	341	—	—	—	341
Common dividends declared	—	—	—	—	—	—	—	—	(30,758)	(30,758)
Preferred dividends declared	—	—	—	—	—	—	—	—	(21,417)	(21,417)
Balance, September 30, 2025	$ 58	$ 130	$ 104	$ 80	$ 811	$ 4,399,548	$ 149,432	$ 4,543,278	$ (6,522,203)	$ 2,571,238

For the Nine Months Ended September 30, 2026

	Series A Preferred Stock Par Value	Series B Preferred Stock Par Value	Series C Preferred Stock Par Value	Series D Preferred Stock Par Value	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
Balance, December 31, 2025	$ 58	$ 130	$ 104	$ 80	$ 834	$ 4,429,011	$ 146,295	$ 4,571,608	$ (6,575,425)	$ 2,572,694
Net income (loss)	—	—	—	—	—	—	—	(198,769)	—	(198,769)
Other comprehensive income (loss)	—	—	—	—	—	—	(33,450)	—	—	(33,450)
Stock based compensation	—	—	—	—	3	8,595	—	—	—	8,598
Non-cash contribution from related party	—	—	—	—	—	984	—	—	—	984
Common dividends declared	—	—	—	—	—	—	—	—	(115,825)	(115,825)
Preferred dividends declared	—	—	—	—	—	—	—	—	(63,910)	(63,910)
Balance, September 30, 2026	$ 58	$ 130	$ 104	$ 80	$ 837	$ 4,438,590	$ 112,845	$ 4,372,838	$ (6,755,161)	$ 2,170,321

For the Nine Months Ended September 30, 2025

	Series A Preferred Stock Par Value	Series B Preferred Stock Par Value	Series C Preferred Stock Par Value	Series D Preferred Stock Par Value	Common Stock Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
Balance, December 31, 2024	$ 58	$ 130	$ 104	$ 80	$ 809	$ 4,390,516	$ 159,449	$ 4,341,111	$ (6,366,068)	$ 2,526,189
Net income (loss)	—	—	—	—	—	—	—	202,167	—	202,167
Other comprehensive income (loss)	—	—	—	—	—	—	(10,017)	—	—	(10,017)
Stock based compensation	—	—	—	—	2	8,009	—	—	—	8,011
Non-cash contribution from related party	—	—	—	—	—	1,023	—	—	—	1,023
Common dividends declared	—	—	—	—	—	—	—	—	(91,935)	(91,935)
Preferred dividends declared	—	—	—	—	—	—	—	—	(64,200)	(64,200)
Balance, September 30, 2025	$ 58	$ 130	$ 104	$ 80	$ 811	$ 4,399,548	$ 149,432	$ 4,543,278	$ (6,522,203)	$ 2,571,238

See accompanying notes to the consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

	For the Nine Months Ended	
	September 30, 2026	**September 30, 2025**
Cash Flows From Operating Activities:		
Net income (loss)	$ (198,769)	$ 202,167
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
(Accretion) amortization of investment discounts/premiums, net	(21,799)	(11,083)
Accretion of deferred financing costs, debt issuance costs, and Securitized debt discounts/premiums, net	12,890	12,606
Net unrealized (gains) losses on derivatives	(160,772)	16,932
(Payments) proceeds for derivative settlements	(27,861)	—
Margin received (paid) on derivatives	187,882	(61,027)
Net unrealized (gains) losses on financial instruments at fair value	471,922	(98,872)
Net realized (gains) losses on sales of investments	76,941	(76)
Other investment (gains) losses	(1,382)	(4,481)
Net increase in provision for credit losses	16,863	10,383
Depreciation, amortization, and impairment of intangible assets	19,203	2,850
Gain on origination and sale of loans, net - hedging instruments	(4,961)	—
(Gain) loss on extinguishment of debt	41,605	(2,122)
Equity-based compensation expense	8,598	8,009
Non-cash imputed compensation related to business acquisition	984	1,023
Originations and purchases of mortgage loans held-for-sale	(3,217,601)	—
Sales, settlements and proceeds from sale of loans held-for-sale	2,450,396	—
Fair value adjustment on mortgage loans held-for-sale	18,724	—
Changes in operating assets:		
(Increase) decrease in accrued interest receivable	(4,690)	9,154
(Increase) in other assets	(183,389)	(182,465)
Changes in operating liabilities:		
Increase in accounts payable and other liabilities	21,352	4,331
(Decrease) in accrued interest payable	(2,374)	(3,436)
Net cash used in operating activities	$ (496,238)	$ (96,107)
Cash Flows From Investing Activities:		
Agency MBS portfolio:		
Purchases	$ (4,244,692)	$ (3,316,400)
Sales	1,309,781	1,045,557
Principal payments	522,454	101,434
Non-Agency RMBS portfolio:		
Purchases	—	—
Sales	13,491	141,967
Principal payments	68,535	72,909
Loans held for investment:		
Purchases	(469,382)	(439,773)
Sales	1,657,190	—
Principal payments	842,034	1,112,512
Payments on purchases of investment in MSR financing receivables	—	(38,221)
Distributions received from interests in MSR financing receivables	10,491	—
Net cash used in investing activities	$ (290,098)	$ (1,320,015)
Cash Flows From Financing Activities:		
Proceeds from secured financing agreements	$ 56,822,897	$ 38,239,697
Payments on secured financing agreements	(54,224,941)	(36,197,462)
Proceeds from securitized debt borrowings, collateralized by Loans held for investment	378,755	1,011,244
Payments on securitized debt borrowings, collateralized by Loans held for investment	(1,938,343)	(1,190,353)
Payments on securitized debt borrowings, collateralized by Non-Agency RMBS	(3)	(16)
Net proceeds from issuance of unsecured debt	—	115,494

Common dividends paid		(107,636)	(90,805)
Preferred dividends paid		(63,910)	(64,200)
Net cash provided by financing activities	$	866,819	$ 1,823,599
Net increase in cash, cash equivalents and restricted cash		80,483	407,477
Cash, cash equivalents and restricted cash at beginning of period		284,465	83,998
Cash, cash equivalents and restricted cash at end of period	$	364,948	$ 491,475
Supplemental disclosure of cash flow information:			
Interest received	$	643,216	$ 599,085
Interest paid		444,396	391,609
Change in fair value of contingent earn-out liability		(4,240)	1,797
Non-cash investing activities:			
Receivable for investments sold	$	—	$ 189,591
Payable for investments purchased		343,161	193,366
Net change in unrealized gain (loss) on available-for-sale securities		(33,450)	(10,018)
Non-cash financing activities:			
Dividends declared, not yet paid	$	43,080	$ 35,395

See accompanying notes to the consolidated financial statements.

CHIMERA INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Organization

Chimera Investment Corporation, or the Company, was incorporated in Maryland on June 1, 2007 and started trading on the NYSE in November 2007. The Company elected to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, or the Code.

The Company is a diversified, internally managed REIT, that serves the U.S. residential real estate market. Through its Investment Portfolio and Residential Origination segments, the Company acquires, manages, finances and originates residential mortgage and real estate-related assets, with the objective of delivering attractive risk-adjusted returns to shareholders.

The Company conducts its operations through various subsidiaries, including subsidiaries it treats as taxable REIT subsidiaries, or TRSs. In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly and generally may engage in any real estate or non-real estate related business. The Company currently has thirteen wholly-owned direct subsidiaries: Chimera RMBS Whole Pool LLC and Chimera RMBS LLC formed in June 2009; CIM Trading Company LLC, or CIM Trading, formed in July 2010; Chimera Funding TRS LLC, or CIM Funding TRS, a TRS formed in October 2013; Chimera CMBS Whole Pool LLC and Chimera RMBS Securities LLC formed in March 2015; Chimera RR Holding LLC formed in April 2016; NYH Funding LLC, a TRS formed in May 2019; Kali 2020 Holdings LLC formed in May 2020; Varuna Capital Partners LLC formed in September 2020; Aarna Holdings LLC formed in November 2020; CIM Advisory Holding TRS LLC formed in October 2024; and CIM XSMSR LLC formed in July 2025.

On December 2, 2024, the Company acquired The Palisades Group, LLC (“TPG”), Palisades Advisory Services, LLC (“PAS”), Palisades Technology Holdings, LLC, and their respective subsidiaries (the “Palisades Acquisition”). As a result of the Palisades Acquisition, the Company began providing investment management and advisory services primarily through TPG and PAS (together with TPG, “Palisades”). TPG is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), and PAS is a relying adviser with respect to TPG’s investment adviser registration. PAS is the asset manager for certain securitizations sponsored by the Company and received $33 thousand and $106 thousand for the quarter and nine months ended September 30, 2026 and $87 thousand for the nine months ended September 30, 2025, in asset manager fees, respectively.

On June 8, 2026, PAS entered into a transition services agreement, effective April 1, 2026, to facilitate the transition of certain investment management and advisory services to a third-party service provider through December 31, 2027. Under the agreement, certain investment management and advisory fees are contractually allocated between PAS and the sub-advisor during the transition period. PAS recognizes the related fees on a gross basis within Investment management and advisory fees, with the amounts allocated to the sub-advisor recognized in Servicing and asset manager fees in the Consolidated Statements of Operations.

On October 1, 2025, the Company acquired HomeXpress Mortgage Corp. (the “HomeXpress Acquisition”). HomeXpress Mortgage Corp. (“HomeXpress”) is a leading originator of Non-QM residential mortgage loans (both consumer loans and Investor Loans) and other Non-Agency and Agency mortgage loan products with a nationwide presence across 47 states and D.C.

On May 18, 2022, the Company made a $75 million capital commitment to a fund managed by Kah Capital Management, LLC. During the quarter and nine months ended September 30, 2026, the Company did not make any additional fundings toward the commitment, and the total remained $57 million leaving an unfunded commitment of $18 million. The Company's investment in this fund, which had a carrying amount of $71 million as of September 30, 2026, is included within the Investment Portfolio segment and is accounted for under the equity method within Other assets on the Consolidated Statements of Financial Condition. The Company records any gains and losses associated with its equity method investments in Other investment gains (losses) on the Consolidated Statements of Operations. Kah Capital Management ceased to provide asset servicing oversight as of the end of the first quarter of 2025. There were no mortgage asset servicing oversight fees paid to Kah Capital Management during the quarter and the nine months ended September 30, 2026. The Company paid $118 thousand of mortgage asset servicing oversight fees to Kah Capital Management during the nine months ended September 30, 2025. These fees are reported within Other expenses on the Consolidated Statements of Operations.

2. Summary of the Significant Accounting Policies

(a) Basis of Presentation and Consolidation

The accompanying consolidated financial statements and related notes of the Company have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. In the opinion of the Company, all normal and recurring adjustments considered necessary for a fair presentation of its financial position, results of operations and cash flows have been included. Investment transactions are recorded on the trade date.

The consolidated financial statements include the Company's accounts, the accounts of its wholly-owned subsidiaries, and variable interest entities, or VIEs, in which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

The Company uses securitization trusts considered to be VIEs in its securitization transactions. Additionally, the Company owns variable interests in entities that invest in Interests in MSR financing receivables. VIEs are defined as entities in which equity investors (i) do not have the characteristics of a controlling financial interest, or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly impact the VIEs' economic performance, and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. For VIEs that do not have substantial on-going activities, the power to direct the activities that most significantly impact the VIEs' economic performance may be determined by an entity's involvement with the design and structure of the VIE.

The trusts are structured as entities that receive principal and interest on the underlying collateral and distribute those payments to the security holders. The assets held by the securitization entities are restricted in that they can only be used to fulfill the obligations of the securitization entity. The Company's risks associated with its involvement with these VIEs are limited to its risks and rights as a holder of the security it has retained as well as certain risks associated with being the sponsor and depositor of and the seller, directly or indirectly to, the securitization entities.

Determining the primary beneficiary of a VIE requires judgment. The Company determined that for the securitizations it consolidates, its ownership provides the Company with the obligation to absorb losses or the right to receive benefits from the VIE that could be significant to the VIE. In addition, the Company has the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance, or power, such as rights to replace the servicer without cause, or the Company was determined to have power in connection with its involvement with the structure and design of the VIE.

The Company's interest in the assets held by these securitization vehicles, which are consolidated on the Company's Consolidated Statements of Financial Condition, is restricted by the structural provisions of these trusts, and a recovery of the Company's investment in the vehicles will be limited by each entity's distribution provisions. Generally, the securities retained by the Company are the most subordinate in the capital structure, which means those securities receive distributions after the senior securities have been paid. The liabilities of the securitization vehicles, which are also consolidated on the Company's Consolidated Statements of Financial Condition, are non-recourse to the Company, and can only be satisfied using proceeds from each securitization vehicle's respective asset pool.

The assets of securitization entities are comprised of RMBS or residential mortgage loans. See Note 3, Note 4 and Note 10 for further discussion of the characteristics of the securities and loans in the Company's portfolio.

The consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements and the notes thereto for the year ended December 31, 2025, included in the Company's annual report on Form 10-K filed with the SEC on February 18, 2026 (the "Annual Report").

(b) Statements of Financial Condition Presentation

The Company's Consolidated Statements of Financial Condition include both the Company's direct assets and liabilities and the assets and liabilities of consolidated securitization vehicles. Retained beneficial interests of the consolidated securitization vehicles are eliminated in consolidation. Assets of each consolidated VIE can only be used to satisfy the obligations of that VIE, and the liabilities of consolidated VIEs are non-recourse to the Company. The Company is not obligated to provide, nor does it intend to provide, any financial support to these consolidated securitization vehicles. The notes to the consolidated financial statements describe the Company's assets and liabilities including the assets and liabilities of consolidated securitization vehicles. See Note 10 for additional information related to the Company's investments in consolidated securitization vehicles. Certain prior period amounts have been reclassified to conform to the current period's presentation.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the Company's estimates contemplate current conditions and how it expects them to change in the future, it is reasonably possible that actual conditions could be materially different than anticipated in those estimates, which could have a material adverse impact on the Company's results of operations and its financial condition.

The Company has made significant estimates including in accounting for income recognition on Agency MBS, Non-Agency RMBS, IO MBS (Note 3) and residential mortgage loans (Note 4), valuation of Agency MBS and Non-Agency RMBS (Note 3 and Note 6), residential mortgage loans (Note 4 and Note 6), certain secured financing agreements (Note 6 and Note 7), securitized debt (Note 6 and Note 8), interests in MSR financing receivables (Note 6 and Note 11), goodwill and intangibles included in Other assets, contingent earn-out liability included in Accounts payable and other liabilities on the Company's Consolidated Statements of Financial Condition. Actual results could differ materially from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash deposited overnight in money market funds, which are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation, and short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities generally of three months or less.

Cash consists of unrestricted cash balances available for general corporate purposes. Restricted cash consists of cash balances that are subject to contractual or other restrictions on the Company's ability to withdraw or use such funds. The Company's restricted cash primarily relates to amounts held in connection with its warehouse lines of credit and escrow funds associated with recent loan originations that are to be returned to borrowers.

Restricted cash balances of $8 million and $6 million as of September 30, 2026, and December 31, 2025, respectively, are included in Other assets on the Company's Consolidated Statements of Financial Condition.

Reconciliation of cash, cash equivalents and restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the Company's Consolidated Statements of Financial Condition to the total amounts presented in the Company's Consolidated Statements of Cash Flows:

	As of	
	September 30, 2026	**December 31, 2025**
	(dollars in thousands)	
Cash and cash equivalents	$ 357,179	$ 278,582
Restricted cash	7,769	5,883
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 364,948	$ 284,465

(e) Income Taxes

The Company does not have any material unrecognized tax positions that would affect its financial statements or require disclosure. No accruals for penalties and interest were necessary as of September 30, 2026 or December 31, 2025.

(f) Goodwill & Intangible Assets

At September 30, 2026, the Company had recorded goodwill of $95 million representing the excess of the fair value of consideration transferred over the fair value of net assets acquired in connection with the Palisades and HomeXpress Acquisitions.

The amounts recorded in connection with the HomeXpress Acquisition remain subject to adjustment during the measurement period. The purchase price allocation for the Palisades Acquisition, which was completed in December 2024, has been finalized.

At September 30, 2026, the Company had intangible assets with a carrying amount of $90 million and $13 million of accumulated amortization, primarily comprised of asset management contracts and developed technology recognized as part of

the Palisades Acquisition, and trade names, broker relationships, developed technology, and licenses recognized as part of the HomeXpress Acquisition. These intangible assets are amortized over their estimated useful lives, which range from one to ten years. Goodwill and intangible assets are included in Other assets on the Company's Consolidated Statements of Financial Condition.

Goodwill is not amortized but is assessed for impairment at least annually. Intangible assets are reviewed for impairment upon the occurrence of triggering events or changes in circumstances indicating that the carrying value may not be recoverable.

During the first quarter of 2026, the Company identified a triggering event related to certain asset management contracts associated with the Palisades Acquisition, resulting from changes in expected future cash flows. As a result, the Company recorded an impairment charge of $5 million to reduce the carrying value of the related intangible assets to their estimated fair value. The impairment charge is included in Depreciation, amortization, and impairment expense of intangible assets on the Company's Consolidated Statements of Operations.

During the third quarter of 2026, following the execution of amended contractual arrangements with one of its customers, the Company reassessed the estimated remaining useful life of an asset management contract intangible asset acquired in the Palisades Acquisition. Based on the amended contractual arrangements and management's expectation that the existing sub-advisory agreement and related assets will not generate additional cash flows beyond December 31, 2027, the Company revised the estimated remaining useful life of the intangible asset to end on December 31, 2027. In connection with this reassessment, the Company performed a recoverability assessment as of July 31, 2026 and determined that the carrying amount of the intangible asset was recoverable based on estimated future undiscounted cash flows. Accordingly, no additional impairment charge was recognized, and the remaining carrying amount of the intangible asset is being amortized prospectively over its revised remaining useful life.

(g) Segment Reporting

The Company has two reportable segments under the guidance of ASC 280, *Segment Reporting*: (i) Investment Portfolio and (ii) Residential Origination. The Investment Portfolio segment consists of the Company's investments and third-party advisory services activities, as well as the purchase and aggregation of LHFS from HomeXpress and third-party mortgage originators for future securitizations. The Residential Origination segment consists of the stand-alone mortgage origination business of HomeXpress that originates Non-QM residential mortgage loans (both consumer loans and Investor Loans), and other Non-Agency and Agency mortgage loan products.

The Company's Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The CODM uses net income and total assets in evaluating performance and determining how to allocate resources of the Company to each of its segments. Refer to Note 20 — Segment Reporting.

(h) TBA securities

The Company may purchase TBA securities as a means of investing in non-specified fixed-rate Agency RMBS and may purchase or sell TBA securities to economically hedge its investment portfolio or mortgage loan production. A TBA security is a forward contract for the purchase ("long position") or sale ("short position") of a fixed-rate Agency MBS at a predetermined price, with specified general collateral characteristics, including issuer, maturity, and coupon. The specific securities to be delivered are not identified until shortly before the settlement date.

The Company may hold long and/or short positions in TBA securities through transactions commonly referred to as "dollar roll" transactions. The Company accounts for all TBA securities as derivative instruments in accordance with ASC 815, *Derivatives and Hedging*, as it does not intend to take physical delivery of the underlying Agency RMBS and does not consider the contracts to be settled in the shortest period possible. Accordingly, TBA securities are carried at fair value.

For TBA securities held as part of the Company's Investment Portfolio segment, the economic results include (i) drop income (expense) and (ii) mark-to-market adjustments. For financial statement presentation purposes, drop income (expense) is reported within Periodic interest on derivatives, net, while mark-to-market adjustments are reported within Net unrealized gains (losses) on derivatives. Together with any realized gains and losses, these amounts are included in Net gains (losses) on derivatives in the Consolidated Statements of Operations.

For TBA securities used to economically hedge mortgage loan production within the Company's Residential Origination segment, realized and unrealized gains and losses are included within Gain on origination and sale of loans, net, in the Consolidated Statements of Operations.

The fair value of TBA securities is based on observable market inputs, including quoted prices for similar instruments in active markets, and is classified within Level 2 of the fair value hierarchy. TBA positions are presented as Derivative assets or Derivative liabilities on the Company's Consolidated Statements of Financial Condition.

(i) Significant Accounting Policies

There have been no significant changes to the Company's accounting policies included in Note 2 of the consolidated financial statements of the Company's Form 10-K for the year ended December 31, 2025.

(j) Recent Accounting Pronouncements

Recently Adopted Accounting Standards

The Company adopted ASU 2025-05 effective January 1, 2026, as previously disclosed in prior interim reporting periods. The adoption did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (the "FASB") issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, as subsequently amended by ASU 2025-01, Clarifying the Effective Date. This standard requires public business entities to disclose additional disaggregated information about certain expense categories included in the income statement, including employee compensation, depreciation, and intangible asset amortization, as applicable. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its related disclosures but does not expect adoption to have a material impact on its consolidated financial position or results of operations.

The Company evaluated the provisions of ASU 2026-01, *Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock*; ASU 2026-02, *Environmental Credits and Environmental Credit Obligations (Topic 818)*; and ASU 2026-03, *Fair Value Measurement (Topic 820): Investment Companies with Equity Securities Subject to Contractual Sale Restrictions*. The Company determined that these standards are not currently applicable to its operations or financial reporting. Specifically, ASU 2026-03 applies to investment companies within the scope of ASC 946, *Financial Services—Investment Companies*, and the Company is not within the scope of that guidance. Accordingly, the Company does not expect the adoption of these standards to have an impact on its unaudited consolidated financial statements, fair value measurement policies, or related disclosures.

Except as described above, there have been no material changes to the Company's assessment of accounting standards not yet adopted, as previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

3. Mortgage-Backed Securities

The Company classifies its Non-Agency RMBS as senior, subordinated, or interest-only. The Company also invests in Agency MBS which it classifies as Agency RMBS, to include residential and residential interest-only MBS, Pass-through securities, residential CMO, and Agency CMBS to include commercial and commercial interest-only MBS. Senior interests in Non-Agency RMBS are generally entitled to the first principal repayments in their pro-rata ownership interests at the acquisition date.

The tables below present amortized cost, allowance for credit losses, fair value and unrealized gains/losses of the Company's MBS investments as of September 30, 2026 and December 31, 2025.

September 30, 2026
(dollars in thousands)

	Principal or Notional Value	Total Premium	Total Discount	Amortized Cost	Allowance for Credit Loss	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gain/(Loss)
Non-Agency RMBS									
Senior	$ 816,412	$ 41,564	$ (462,763)	$ 395,213	$ (59,762)	$ 442,943	$ 112,676	$ (5,184)	$ 107,492
Subordinated	382,975	1,753	(211,799)	172,929	(345)	177,837	18,735	(13,482)	5,253
Interest-only	2,282,171	139,872	—	139,872	—	52,903	12,421	(99,390)	(86,969)
Agency RMBS									
Pass-through	5,739,072	95,229	(58,127)	5,776,174	—	5,528,455	—	(247,719)	(247,719)
Agency CMBS									
ACMBS bond	17,905	—	(400)	17,505	—	16,547	—	(958)	(958)
Total	$ 9,238,535	$ 278,418	$ (733,089)	$ 6,501,693	$ (60,107)	$ 6,218,685	$ 143,832	$ (366,733)	$ (222,901)

December 31, 2025
(dollars in thousands)

	Principal or Notional Value	Total Premium	Total Discount	Amortized Cost	Allowance for Credit Loss	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gain/(Loss)
Non-Agency RMBS									
Senior	$ 852,887	$ 31,697	$ (478,409)	$ 406,175	$ (41,342)	$ 505,004	$ 143,580	$ (3,409)	$ 140,171
Subordinated	453,269	1,852	(231,167)	223,954	(1,901)	233,315	22,925	(11,663)	11,262
Interest-only	2,428,976	146,461	—	146,461	—	78,961	13,286	(80,786)	(67,500)
Agency RMBS									
Pass-through	3,096,299	21,495	(89,999)	3,027,795	—	3,081,573	54,015	(237)	53,778
CMO	330,871	—	(186)	330,685	—	331,909	1,357	(133)	1,224
Interest-only	367,866	18,637	—	18,637	—	14,867	65	(3,835)	(3,770)
Agency CMBS									
Project loans	39,693	602	—	40,295	—	32,539	—	(7,756)	(7,756)
Interest-only	123,375	3,295	—	3,295	—	2,597	132	(830)	(698)
Total	$ 7,693,236	$ 224,039	$ (799,761)	$ 4,197,297	$ (43,243)	$ 4,280,765	$ 235,360	$ (108,649)	$ 126,711

The following tables present the gross unrealized losses and estimated fair value of the Company's MBS by length of time that such securities have been in a continuous unrealized loss position at September 30, 2026 and December 31, 2025. All Non-Agency RMBS held as available-for-sale, and not accounted under the fair value option election in an unrealized loss position, have been evaluated by the Company for current expected credit losses.

September 30, 2026
(dollars in thousands)

	Unrealized Loss Position for Less than 12 Months			Unrealized Loss Position for 12 Months or More			Total		
	Estimated Fair Value	Unrealized Losses	Number of Positions	Estimated Fair Value	Unrealized Losses	Number of Positions	Estimated Fair Value	Unrealized Losses	Number of Positions
Non-Agency RMBS									
Senior	$ 27,969	$ (1,309)	7	$ 16,620	$ (3,875)	5	$ 44,589	$ (5,184)	12
Subordinated	10,023	(1,008)	5	62,939	(12,474)	12	72,962	(13,482)	17
Interest-only	5,238	(2,171)	14	23,028	(97,219)	126	28,266	(99,390)	140
Agency RMBS									
Pass-through	5,506,819	(246,243)	247	21,637	(1,476)	3	5,528,456	(247,719)	250
Agency CMBS									
ACMBS bond	16,548	(958)	2	—	—	—	16,548	(958)	2
Total	$ 5,566,597	$ (251,689)	275	$ 124,224	$ (115,044)	146	$ 5,690,821	$ (366,733)	421

	December 31, 2025 (dollars in thousands)								
	Unrealized Loss Position for Less than 12 Months			Unrealized Loss Position for 12 Months or More			Total		
	Estimated Fair Value	Unrealized Losses	Number of Positions	Estimated Fair Value	Unrealized Losses	Number of Positions	Estimated Fair Value	Unrealized Losses	Number of Positions
Non-Agency RMBS									
Senior	$ 15,408	$ (266)	4	$ 16,902	$ (3,143)	4	$ 32,311	$ (3,409)	8
Subordinated	8,492	(144)	3	81,581	(11,519)	14	90,073	(11,663)	17
Interest-only	1,297	(22)	4	44,675	(80,764)	126	45,972	(80,786)	130
Agency RMBS									
Pass-through	147,898	(237)	8	—	—	—	147,898	(237)	8
CMO	57,000	(133)	1	—	—	—	57,000	(133)	1
Interest-only	8,302	(203)	5	2,928	(3,632)	5	11,229	(3,835)	10
Agency CMBS									
Project loans	4,245	(798)	2	28,295	(6,958)	31	32,540	(7,756)	33
Interest-only	—	—	—	1,154	(830)	1	1,154	(830)	1
Total	$ 242,642	$ (1,803)	27	$ 175,535	$ (106,846)	181	$ 418,177	$ (108,649)	208

At September 30, 2026, the Company did not intend to sell any of its Non-Agency MBS classified as available-for-sale that were in an unrealized loss position, and it was not more likely than not that the Company would be required to sell these MBS investments before recovery of their amortized cost basis, which may be at their maturity. During the nine months ended September 30, 2026, the Company sold certain securities, resulting in reductions to the unrealized losses associated with these securities totaling $3 million. With respect to RMBS held by consolidated VIEs, the ability of any entity to cause the sale by the VIE prior to the maturity of these RMBS is either expressly prohibited, not probable, or is limited to specified events of default, none of which have occurred as of September 30, 2026.

Gross unrealized losses on the Company's Non-Agency RMBS (excluding Non-Agency RMBS which are reported at fair value with changes in fair value recorded in earnings), net of any allowance for credit losses, were $7 million at September 30, 2026 and December 31, 2025. After evaluating the securities and recording any allowance for credit losses, the Company concluded that the remaining unrealized losses reflected above were non-credit related and would be recovered from the securities' estimated future cash flows. The Company considered a number of factors in reaching this conclusion, including that it did not intend to sell the securities, it was not considered more likely than not that it would be required to sell the securities prior to recovering the amortized cost, and there were no material credit events that would have caused the Company to otherwise conclude that it would not recover the amortized cost. The allowance for credit losses is calculated by comparing the estimated future cash flows of each security discounted at the yield determined as of the initial acquisition date or, if since revised, as of the last date previously revised, to the net amortized cost basis. Significant judgment is used in projecting cash flows for Non-Agency RMBS.

The Company has reviewed its Non-Agency RMBS that are in an unrealized loss position to identify those securities with losses that are credit related based on an assessment of changes in cash flows expected to be collected for such RMBS, which considers recent bond performance and expected future performance of the underlying collateral. A summary of the credit losses allowance on available-for-sale securities for the quarters and nine months ended September 30, 2026 and September 30, 2025 are presented below.

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(dollars in thousands)		(dollars in thousands)	
Beginning allowance for credit losses	$ 53,260	$ 36,194	$ 43,243	$ 28,397
Additions to the allowance for credit losses on securities for which credit losses were not previously recorded	308	183	2,065	520
Reductions for the securities sold during the period	—	(485)	(2,246)	(485)
Increase/(decrease) on securities with an allowance in the prior period	6,760	2,513	17,449	10,531
Write-offs charged against the allowance	(286)	(222)	(640)	(811)
Recoveries of amounts previously written off	65	112	235	143
Ending allowance for credit losses	$ 60,107	$ 38,295	$ 60,107	$ 38,295

The following table presents significant credit quality indicators used for the credit loss allowance on the Company's Non-Agency RMBS investments as of September 30, 2026 and December 31, 2025.

	September 30, 2026 (dollars in thousands)			
		Prepay Rate	CDR	Loss Severity
	Amortized Cost	Weighted Average	Weighted Average	Weighted Average
Non-Agency RMBS				
Senior	$ 217,094	7.7%	1.2%	30.1%
Subordinated	$ 2,203	6.0%	0.6%	31.2%

	December 31, 2025 (dollars in thousands)			
		Prepay Rate	CDR	Loss Severity
	Amortized Cost	Weighted Average	Weighted Average	Weighted Average
Non-Agency RMBS				
Senior	$ 152,299	6.9%	1.4%	29.8%
Subordinated	$ 20,688	6.3%	0.3%	48.4%

The increase in the allowance for credit losses during the quarter and nine months ended September 30, 2026, is primarily due to a deterioration in cash flows on certain investments, compared to the same period of 2025. In addition, certain Non-Agency RMBS positions now have higher unrealized losses and resulted in the recognition of an allowance for credit losses which was previously limited by unrealized gains on these investments.

The following tables present a summary of unrealized gains and losses at September 30, 2026 and December 31, 2025.

	September 30, 2026 (dollars in thousands)					
	Gross Unrealized Gain Included in Accumulated Other Comprehensive Income	**Gross Unrealized Gain Included in Cumulative Earnings**	**Total Gross Unrealized Gain**	**Gross Unrealized Loss Included in Accumulated Other Comprehensive Income**	**Gross Unrealized Loss Included in Cumulative Earnings**	**Total Gross Unrealized Loss**
Non-Agency RMBS						
Senior	$ 112,676	$ —	$ 112,676	$ (5,184)	$ —	$ (5,184)
Subordinated	6,674	12,061	18,735	(1,321)	(12,161)	(13,482)
Interest-only	—	12,421	12,421	—	(99,390)	(99,390)
Agency RMBS						
Pass-through	—	—	—	—	(247,719)	(247,719)
Agency CMBS						
ACMBS bond	—	—	—	—	(958)	(958)
Total	$ 119,350	$ 24,482	$ 143,832	$ (6,505)	$ (360,228)	$ (366,733)

	December 31, 2025 (dollars in thousands)					
	Gross Unrealized Gain Included in Accumulated Other Comprehensive Income	Gross Unrealized Gain Included in Cumulative Earnings	Total Gross Unrealized Gain	Gross Unrealized Loss Included in Accumulated Other Comprehensive Income	Gross Unrealized Loss Included in Cumulative Earnings	Total Gross Unrealized Loss
Non-Agency RMBS						
Senior	$ 143,580	$ —	$ 143,580	$ (3,409)	$ —	$ (3,409)
Subordinated	9,519	13,406	22,925	(3,395)	(8,268)	(11,663)
Interest-only	—	13,286	13,286	—	(80,786)	(80,786)
Agency RMBS						
Pass-through	—	54,015	54,015	—	(237)	(237)
CMO	—	1,357	1,357	—	(133)	(133)
Interest-only	—	65	65	—	(3,835)	(3,835)
Agency CMBS						
Project loans	—	—	—	—	(7,756)	(7,756)
Interest-only	—	132	132	—	(830)	(830)
Total	$ 153,099	$ 82,261	$ 235,360	$ (6,804)	$ (101,845)	$ (108,649)

Changes in prepayments, actual cash flows, and cash flows expected to be collected, among other items, are affected by the collateral characteristics of each asset class. The Company chooses assets for the portfolio after carefully evaluating each investment's risk profile.

The following tables provide a summary of the Company's MBS portfolio at September 30, 2026 and December 31, 2025.

	September 30, 2026				
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End [1]
Non-Agency RMBS					
Senior	$ 816,412	$ 41.09	$ 54.25	5.7 %	21.8 %
Subordinated	382,975	45.06	46.44	3.8 %	9.2 %
Interest-only	2,282,171	6.13	2.32	0.8 %	3.3 %
Agency RMBS					
Pass-through	5,739,072	100.65	96.33	5.6 %	5.4 %
Agency CMBS					
ACMBS bond	17,905	97.77	92.42	4.1 %	4.4 %

(1) Bond Equivalent Yield at period end.

	December 31, 2025				
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End [1]
Non-Agency RMBS					
Senior	$ 852,887	$ 42.78	$ 59.21	5.7 %	20.3 %
Subordinated	453,269	48.99	51.47	4.2 %	9.3 %
Interest-only	2,428,976	6.03	3.25	0.8 %	4.4 %
Agency RMBS					
Pass-through	3,096,299	97.79	99.52	5.0 %	5.3 %
CMO	330,871	99.94	100.31	5.1 %	5.1 %
Interest-only	367,866	5.07	4.04	0.6 %	6.5 %
Agency CMBS					
Project loans	39,693	101.52	81.98	3.4 %	3.3 %
Interest-only	123,375	2.67	2.11	0.7 %	13.0 %

(1) Bond Equivalent Yield at period end.

Actual maturities of MBS are generally shorter than the stated contractual maturities. Actual maturities of the Company's MBS are affected by the underlying mortgages, periodic payments of principal, realized losses and prepayments of principal. The following tables provide a summary of the fair value and amortized cost of the Company's MBS at September 30, 2026 and December 31, 2025 according to their estimated weighted-average life classifications. The weighted-average lives of the MBS in the tables below are based on lifetime expected prepayment rates using the Company's prepayment assumptions for the Agency MBS and Non-Agency RMBS. The prepayment model considers a variety of factors, including but not limited to current interest rates, forward interest rate projections, shape and steepness of the interest rate curve, current mortgage rates, mortgage rates of the outstanding loan, and other borrower, loan, property, or market-related characteristics that may influence prepayment behavior.

	September 30, 2026 (dollars in thousands)				
	Weighted Average Life				
	Less than one year	Greater than one year and less than five years	Greater than five years and less than ten years	Greater than ten years	Total
Fair value					
Non-Agency RMBS					
Senior	$ 4,286	$ 53,935	$ 185,040	$ 199,682	$ 442,943
Subordinated	5,358	42,269	52,700	77,510	177,837
Interest-only	447	23,534	26,703	2,219	52,903
Agency RMBS					
Pass-through	—	—	4,488,411	1,040,044	5,528,455
Agency CMBS					
ACMBS bond	—	16,547	—	—	16,547
Total fair value	$ 10,091	$ 136,285	$ 4,752,854	$ 1,319,455	$ 6,218,685
Amortized cost					
Non-Agency RMBS					
Senior	$ 6,613	$ 61,120	$ 166,555	$ 160,925	$ 395,213
Subordinated	1,376	37,505	51,773	82,275	172,929
Interest-only	26,498	64,587	44,434	4,353	139,872
Agency RMBS					
Pass-through	—	—	4,685,556	1,090,618	5,776,174
Agency CMBS					
ACMBS bond	—	17,505	—	—	17,505
Total amortized cost	$ 34,487	$ 180,717	$ 4,948,318	$ 1,338,171	$ 6,501,693

	December 31, 2025 (dollars in thousands)				
	Weighted Average Life				
	Less than one year	Greater than one year and less than five years	Greater than five years and less than ten years	Greater than ten years	Total
Fair value					
Non-Agency RMBS					
Senior	$ 9,088	$ 53,949	$ 193,582	$ 248,385	$ 505,004
Subordinated	—	62,392	68,089	102,834	233,315
Interest-only	105	35,063	41,116	2,677	78,961
Agency RMBS					
Pass-through	—	161,124	2,801,491	118,958	3,081,573
CMO	—	—	331,909	—	331,909
Interest-only	—	14,867	—	—	14,867
Agency CMBS					
Project loans	—	—	—	32,539	32,539
Interest-only	—	2,597	—	—	2,597
Total fair value	$ 9,193	$ 329,992	$ 3,436,187	$ 505,393	$ 4,280,765
Amortized cost					
Non-Agency RMBS					
Senior	$ 9,377	$ 58,134	$ 161,393	$ 177,271	$ 406,175
Subordinated	—	56,909	64,198	102,847	223,954
Interest-only	16,343	76,174	50,216	3,728	146,461
Agency RMBS					
Pass-through	—	160,244	2,751,648	115,903	3,027,795
CMO	—	—	330,685	—	330,685
Interest-only	—	18,637	—	—	18,637
Agency CMBS					
Project loans	—	—	—	40,295	40,295
Interest-only	—	3,295	—	—	3,295
Total amortized cost	$ 25,720	$ 373,393	$ 3,358,140	$ 440,044	$ 4,197,297

The Non-Agency RMBS investments are secured by pools of mortgage loans which are subject to credit risk.The following table summarizes the delinquency, bankruptcy, foreclosure and real estate owned, or REO, total of the pools of mortgage loans securing the Company's investments in Non-Agency RMBS at September 30, 2026 and December 31, 2025. When delinquency rates increase, it is expected that the Company may incur additional credit losses.

September 30, 2026	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Bankruptcy	Foreclosure	REO	Total
% of UPB	3.4 %	1.2 %	2.1 %	1.3 %	2.3 %	0.6 %	11.0 %

December 31, 2025	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Bankruptcy	Foreclosure	REO	Total
% of UPB	3.8 %	1.5 %	1.9 %	1.4 %	2.9 %	0.7 %	12.2 %

The Non-Agency RMBS in the Portfolio have the following collateral characteristics at September 30, 2026 and December 31, 2025.

	September 30, 2026		December 31, 2025	
Weighted average maturity (years)		15.4		16.3
Weighted average amortized loan to value [1]		53.6 %		54.5 %
Weighted average FICO [2]		707		707
Weighted average loan balance (in thousands)	$	236	$	243
Weighted average percentage owner-occupied		69.4 %		68.7 %
Weighted average percentage single family residence		60.7 %		60.4 %
Weighted average current credit enhancement		0.5 %		0.7 %
Weighted average geographic concentration of top four states	CA	33.8 %	CA	33.5 %
	NY	12.6 %	NY	12.3 %
	FL	7.0 %	FL	7.2 %
	NJ	4.6 %	NJ	4.7 %

(1) Value represents appraised value of the collateral at the time of loan origination.
(2) FICO as determined at the time of loan origination.

The table below presents the origination year of the underlying loans related to the Company's portfolio of Non-Agency RMBS at September 30, 2026 and December 31, 2025.

Origination Year	September 30, 2026	December 31, 2025
2003 and prior	1.2 %	1.2 %
2004	0.7 %	0.8 %
2005	7.5 %	7.7 %
2006	41.7 %	41.5 %
2007	36.7 %	34.4 %
2008 - 2023	9.5 %	11.1 %
2024 and later	2.7 %	3.3 %
Total	100.0 %	100.0 %

Gross realized gains and losses are recorded in Net realized gains (losses) on sales of investments on the Company's Consolidated Statements of Operations.The proceeds and gross realized gains and gross realized losses from sales of investments for the quarter and nine months ended September 30, 2026 and 2025 are as follows:

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(dollars in thousands)		(dollars in thousands)	
Proceeds from sales:				
Non-Agency RMBS	$ —	$ 129,720	$ 13,491	$ 141,954
Agency RMBS	1,171,260	914,532	1,241,168	1,040,424
Agency CMBS	—	3,348	34,913	3,348
Gross realized gains:				
Non-Agency RMBS	—	574	—	574
Agency RMBS	442	13,880	940	13,880
Agency CMBS	—	1,562	79	1,562
Gross realized losses:				
Non-Agency RMBS	—	(10,270)	(5,021)	(11,365)
Agency RMBS	(27,331)	(3,509)	(31,281)	(4,329)
Agency CMBS	—	(246)	(6,250)	(246)
Net realized gain (loss)	$ (26,889)	$ 1,991	$ (41,533)	$ 76

4. Loans Held for Investment

The Loans held for investment are comprised primarily of seasoned reperforming residential mortgages. Additionally, it includes jumbo prime loans, Investor Loans, and RTLs.

The Investor Loans are loans to individuals securing non-primary residences as well as to individuals or businesses who rent out the residential properties secured by such loans. The Company purchases qualified mortgages, or QM, and non-qualified mortgages, or Non-QM, Investor Loans and securitizes them under its loan securitization program. The RTLs are loans to

businesses that are secured by real property which will be renovated by the borrower. The RTLs tend to be short duration, often less than one year, and generally the coupon rate is higher than residential mortgage loans.

At September 30, 2026 and December 31, 2025, all Loans held for investment are carried at fair value. See Note 6 — Fair Value Measurements for a discussion on how the Company determines the fair values of the Loans held for investment. As changes in the fair value of these loans are reflected in earnings, the Company does not estimate or record a loan loss provision. The total amortized cost of the Company's Loans held for investment was $7.7 billion and $9.8 billion as of September 30, 2026 and December 31, 2025, respectively. The total UPB of the Company's Loans held for investment was $7.9 billion and $10.0 billion as of September 30, 2026 and December 31, 2025, respectively.

The following table provides a summary of the changes in the carrying value of Loans held for investment at fair value at September 30, 2026 and December 31, 2025:

	For the Nine Months Ended September 30, 2026	For the Year Ended December 31, 2025
	(dollars in thousands)	
Balance, beginning of period	$ 9,803,615	$ 11,196,678
Purchases	474,786	49,411
Principal paydowns	(842,034)	(1,470,571)
Sales and settlements	(1,671,870)	(211,216)
Net periodic accretion (amortization)	(894)	(8,204)
Realized gains (losses) on sales and settlements	(35,407)	(18,254)
Change in fair value	(322,732)	265,771
Balance, end of period	$ 7,405,464	$ 9,803,615

The primary causes of the change in fair value are market demand, interest rates and changes in credit risk of mortgage loans. The Company did not retain any beneficial interests on loan sales during the nine months ended September 30, 2026 and the year ended December 31, 2025, respectively.

Residential mortgage loans

The following table presents the origination periods of the residential mortgage loan portfolio as a percentage of total current UPB:

Origination Year	September 30, 2026	December 31, 2025
2002 and prior	4.7 %	4.9 %
2003	4.3 %	4.3 %
2004	8.0 %	8.0 %
2005	14.2 %	14.1 %
2006	18.2 %	18.2 %
2007	20.6 %	21.4 %
2008	6.7 %	6.9 %
2009	1.6 %	1.7 %
2010 - 2020	6.9 %	6.8 %
2021	2.7 %	2.3 %
2022	7.9 %	7.0 %
2023 and later	4.2 %	4.4 %
Total	100.0 %	100.0 %

The following table presents a summary of key characteristics of the residential loan portfolio at September 30, 2026 and December 31, 2025:

	September 30, 2026		December 31, 2025	
Number of loans		74,136		93,956
Weighted average maturity (years)		19.8		20.3
Weighted average loan to value [1]		77.1 %		77.8 %
Weighted average FICO		668		666
Weighted average loan balance (in thousands)	$	106	$	106
Weighted average percentage owner occupied		85.0 %		85.5 %
Weighted average percentage single family residence		77.1 %		77.5 %
Weighted average geographic concentration of top five states	CA	15.1 %	CA	15.2 %
	NY	9.0 %	FL	8.8 %
	FL	8.8 %	NY	8.7 %
	NJ	4.4 %	PA	4.3 %
	PA	4.4 %	NJ	4.3 %

(1) Value represents appraised value of the collateral at the time of loan origination.

The following table summarizes the outstanding principal balance of the residential loan portfolio which are 30 days delinquent and greater as reported by the servicers at September 30, 2026 and December 31, 2025, respectively.

	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Bankruptcy	Foreclosure	REO	Total	UPB
	(dollars in thousands)							
September 30, 2026	$ 465,364	$ 141,626	$ 145,045	$ 164,326	$ 227,203	$ 47,362	$ 1,190,926	$ 7,874,502
% of UPB	5.9 %	1.8 %	1.8 %	2.1 %	2.9 %	0.6 %	15.1 %	

	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Bankruptcy	Foreclosure	REO	Total	UPB
	(dollars in thousands)							
December 31, 2025	$ 687,205	$ 209,725	$ 212,678	$ 182,663	$ 275,477	$ 41,467	$ 1,609,215	$ 9,988,601
% of UPB	6.9 %	2.1 %	2.1 %	1.8 %	2.8 %	0.4 %	16.1 %	

The fair value of residential mortgage loans 90 days or more past due was $436 million and $558 million as of September 30, 2026 and December 31, 2025, respectively.

5. Loans Held for Sale

LHFS consist of mortgage loans originated or acquired by the Company with the intent to sell into the secondary market. LHFS are measured and reported at fair value. See Note 6 — Fair Value Measurements for a discussion on how the Company determines the fair values of the LHFS. The Company's fair value election for its LHFS is intended to more accurately reflect the underlying economics of the Company's operations. With the election of the fair value option for LHFS, loan origination fees, and the related direct loan origination costs associated with the origination of LHFS are earned and expensed as incurred, respectively.

During the nine months ended September 30, 2026, the Company continued to aggregate newly originated Non-QM residential mortgage loans from HomeXpress and unrelated third-party mortgage originators. The loans were acquired for subsequent sale or securitization and are classified as loans held for sale and measured at fair value.

The total UPB of the Company's LHFS was $2.0 billion and $872 million as of September 30, 2026 and December 31, 2025, respectively. LHFS consisted of the following as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
UPB	$ 1,981,208	$ 871,787
Net unrealized gains	5,607	24,330
Loans held for sale, at fair value	$ 1,986,814	$ 896,117

The primary causes of the change in fair value are market demand, interest rates and changes in credit risk of mortgage loans.

Revenue derived from the Company's mortgage lending activities includes certain fees collected at the time of origination and gain or loss from the sale of LHFS. Loan origination income reflects the fees earned, net of lender credits from originating the loans. These consist of fees related to loan origination, discount points, underwriting, processing and other fees. Lender credits typically are related to rebates or concessions for certain loan origination costs.

Gain or loss from the sale and mark-to-market of LHFS includes both realized and unrealized gains and losses and are included in the Gain on origination and sale of loans, net in the accompanying Consolidated Statements of Operations. The valuation of LHFS is intended to represent the value that could be obtained in a pooled whole loan sale that includes the related mortgage servicing rights, also known as a servicing released transaction.

The Company principally sells its LHFS to private investors. In addition, certain LHFS originated by HomeXpress are sold to other subsidiaries of the Company, that aggregate those loans with loans acquired from unrelated third-party mortgage originators and sellers in anticipation of future securitization transactions. The intercompany transfers are eliminated in consolidation. The Company evaluates its loan sales for sales treatment. To the extent the transfer of loans qualifies as a sale, the Company derecognizes the loans and records the gain or loss on the sale date. In the event the Company determines that the transfer of loans does not qualify as a sale, the transfer would be treated as a secured borrowing. Interest income from loans is recorded on the accrual basis. LHFS are placed on non-accrual status when any portion of the principal or interest is 90 days past due or earlier if factors indicate that the ultimate collectability of the principal or interest is not probable. Interest received from loans on non-accrual status is recorded as income when collected. Loans return to accrual status when the principal and interest become current, and it is probable that the amounts are fully collectible.

The following table provides a summary of the changes in the carrying value of LHFS at fair value at September 30, 2026, and December 31, 2025:

	For the Nine Months Ended September 30, 2026	For the Year Ended December 31, 2025
	(dollars in thousands)	
Balance, beginning of period	$ 896,117	$ —
Acquired	—	522,349
Originations	2,717,083	990,335
Purchases	843,680	46,713
Repurchases	12,231	5,706
Sales to investors and transfers to REO	(2,448,909)	(672,580)
Principal paydowns	(14,664)	(4,203)
Net change in fair value	(18,724)	7,798
Balance, end of period	$ 1,986,814	$ 896,117

The Company monitors the credit quality of LHFS through its underwriting and post-origination review processes. As of September 30, 2026, the Company had $14 million of LHFS greater than 90 days delinquent with a net book value of $10 million.

Gain on Origination and Sale of Loans

The following table provides a summary of the composition of gain on origination and sale of loans, net, for the quarter and nine months ended September 30, 2026:

	For the Quarter Ended September 30, 2026	For the Nine Months Ended September 30, 2026
	(dollars in thousands)	
Premium from loan sales	$ 18,653	$ 74,809
Mark to market changes on LHFS	(17,426)	(18,724)
Unrealized gains from hedging derivative instruments	32,218	36,489
Unrealized gains (losses) from IRLC	(2,908)	(2,708)
Periodic interest on derivatives, net	(375)	(277)
Realized gains from hedging instruments, net	811	3,286
Provision for loan repurchase reserves	(168)	(924)
Loan origination income, net	(11,591)	(15,716)
Direct loan origination costs, net	(8,086)	(21,512)
Gain on origination and sale of loans, net	$ 11,128	$ 54,723

The Company did not hold LHFS during the quarter and nine months ended September 30, 2025, and therefore did not record any gain on origination and sale` of loans, net.

6. Fair Value Measurements

The Company applies fair value guidance in accordance with GAAP to account for its financial instruments. The Company categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded at fair value on the Consolidated Statements of Financial Condition or disclosed in the related notes are categorized based on the inputs to the valuation techniques as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets and liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to fair value.

Fair value measurements categorized within Level 3 are sensitive to changes in the assumptions or methodology used to determine fair value and such changes could result in a significant increase or decrease in the fair value. Any changes to the valuation methodology are reviewed by the Company to ensure the changes are appropriate. As markets and products evolve and the pricing for certain products becomes more transparent, the Company will continue to refine its valuation methodologies. The methodology utilized by the Company for the periods presented is unchanged. The methods used to produce a fair value calculation may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Company believes its valuation methods are appropriate and consistent with other market participants. Using different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Company uses inputs that are current as of the measurement date, which may include periods of market dislocation, during which price transparency may be reduced.

The Company determines the fair values of its investments using internally developed processes and validates them using a third-party pricing service. During times of market dislocation, the observability of prices and inputs can be difficult for certain investments. If the third-party pricing service is unable to provide a price for an asset, or if the price provided by them is deemed unreliable by the Company, then the asset will be valued at its fair value as determined by the Company without validation to third-party pricing. Illiquid investments typically experience greater price volatility as an active market does not exist. Observability of prices and inputs can vary significantly from period to period and may cause instruments to change classifications within the three level hierarchy.

A description of the methodologies utilized by the Company to estimate the fair value of its financial instruments by instrument class follows:

Agency MBS and Non-Agency RMBS

The Company determines the fair value of all of its investment securities based on discounted cash flows utilizing an internal pricing model that incorporates factors such as coupon, prepayment speeds, loan size, collateral composition, borrower characteristics, expected interest rates, lifetime interest rate caps on adjustable rate loans, periodic interest rate caps, adjustable interest rate reset dates, collateral seasoning, delinquency status and performance experience, expected losses, expected default frequency, expected loss severity, credit enhancement, and other pertinent factors. To corroborate that the estimates of fair values generated by these internal models are reflective of current market prices, the Company compares the fair values generated by the model to non-binding independent prices provided by an independent third-party pricing service. For certain highly liquid asset classes, such as Agency Pass-through bonds, the Company’s valuations are also compared to quoted prices for TBA securities.

Each quarter, the Company develops thresholds generally using market factors or other assumptions, as appropriate. If internally developed model prices differ from the independent third-party prices by greater than these thresholds for the period,

the Company conducts a further review, both internally and with the third-party pricing service of the prices of such securities. First, the Company obtains the inputs used by the third-party pricing service and compares them to the Company's inputs. The Company then updates its own inputs if the Company determines the third-party pricing inputs more accurately reflect the current market environment. If the Company believes that its internally developed inputs more accurately reflect the current market environment, it will request that the third-party pricing service review market factors that may not have been considered by the third-party pricing service and provide updated prices. The Company reconciles and resolves all pricing differences in excess of the thresholds before a final price is established. At September 30, 2026, an investment holding with an internally developed fair value of $17 million had a difference between the model generated price and the third-party price provided in excess of the threshold for the period. The internally developed price was $581 thousand higher than the third-party price provided of $16 million. After review and discussion, the Company affirmed and valued the investment at the higher internally developed price. No other differences were noted at September 30, 2026 in excess of the threshold for the period. At December 31, 2025, one investment holding with internally developed fair value of $5 million had a difference between the model generated price and third-party price provided in excess of the thresholds for the period. The internally developed price was $701 thousand higher than the third-party price provided of $5 million. After review and discussion, the Company affirmed and valued the investment at the higher internally developed price. No other differences were noted at December 31, 2025 in excess of the thresholds for the period.

The Company's estimate of prepayment, default and severity curves all involve judgment and assumptions that are deemed to be significant to the fair value measurement process. This subjective estimation process renders the Non-Agency RMBS fair value estimates as Level 3 in the fair value hierarchy. As the fair values of Agency MBS are more observable, these investments are classified as Level 2 in the fair value hierarchy.

Loans Held for Investment

Loans held for investment is comprised primarily of seasoned reperforming residential mortgage loans. Loans held for investment also include jumbo prime, Investor Loans and RTLs.

Loans consisting of seasoned reperforming residential mortgage loans, jumbo prime loans and Investor Loans:

The Company estimates the fair value of its Loans held for investment consisting of seasoned reperforming residential mortgage loans, jumbo prime loans and Investor Loans on a loan by loan basis using an internally developed model which compares the loan held by the Company with a loan currently offered in the market. The loan price is adjusted in the model by considering the loan factors that would impact the value of a loan. These loan factors include loan coupon, credit score, LTV ratios, delinquency history, owner occupancy, and property type, among other factors. A baseline is developed for each significant loan factor and adjusts the price up or down depending on how that factor for each specific loan compares to the baseline characteristic. Generally, the most significant impact on loan value is the loan coupon rate as compared to coupon rates currently available in the market and delinquency history.

The Company also monitors market activity to identify trades that may be used to compare internally developed prices. However, as the portfolio of loans held at fair value is a seasoned reperforming pool of residential mortgage loans, comparable loan pools are not common or directly comparable. There are limited transactions in the marketplace to develop a comprehensive direct range of values.

The Company reviews the fair values generated by the model to determine whether prices are reflective of the current market by corroborating its estimates of fair value by comparing the results to non-binding independent prices provided by an independent third-party pricing service for the loan portfolio. Each quarter the Company develops thresholds generally using market factors or other assumptions as appropriate.

If the internally developed fair values of the loan pools differ from the independent third-party prices by greater than the threshold for the period, the Company highlights these differences for further review, both internally and with the third-party pricing service. The Company obtains certain inputs used by the third-party pricing service and evaluates them for reasonableness. Then the Company updates its own model if the Company determines the third-party pricing inputs more accurately reflect the current market environment or observed information from the third-party vendor. If the Company believes that its internally developed inputs more accurately reflect the current market environment, it will request that the third-party pricing service review market factors that may not have been considered by the third-party pricing service. The Company reconciles and resolves all pricing differences in excess of the thresholds before a final price is established.

At September 30, 2026, eleven loan pools with internally developed fair values of $3.5 billion had differences between the model generated prices and the third-party prices provided in excess of the threshold for the period. The internally developed prices were $184 million higher than the third-party prices provided of $3.3 billion. After review and discussion, the Company

affirmed and valued the investment at the higher internally developed prices. No other differences were noted at September 30, 2026 in excess of the threshold for the period. At December 31, 2025, two loan pools with internally developed fair values of $272 million had differences between the model generated prices and third-party prices provided in excess of the threshold for the period. The internally developed prices were $17 million higher on a net basis than the third-party prices provided of $255 million. After review and discussion, the Company affirmed and valued the investment at the higher internally developed prices. No other differences were noted at December 31, 2025 in excess of the threshold for the period.

The Company's estimates of fair value of Loans held for investment involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

RTLs:

RTLs are loans to businesses that are secured by real property that will be renovated by the borrower. Upon completion of the renovation the property will be either sold by the borrower or refinanced by the borrower who may subsequently sell or rent the property. Most, but not all, of the properties securing these loans are residential and a portion of the loan is used to cover renovation costs. The RTLs are included as a part of the Company's Loans held for investment portfolio and are carried at fair value with changes in fair value reflected in earnings. These loans often have maturities of less than one year, and generally the coupon rate is higher than the Company's typical residential mortgage loans. As the Company winds down its RTL investment strategy, the remaining portfolio consists primarily of loans that are delinquent or in various stages of workout. The Company estimates the fair value of these loans using assumptions that consider the delinquency and workout status of each loan, expected resolution timelines, anticipated recoveries, and other relevant factors. RTLs have a fair value of $27 million and $75 million as of September 30, 2026 and December 31, 2025, respectively.

The Company's estimates of fair value of RTLs involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

Loans Held For Sale

LHFS are measured and reported at fair value. The Company's fair value election for its LHFS is intended to more accurately reflect the underlying economics of the Company's operations. With the election of the fair value option for LHFS, loan origination fees, and the related direct loan origination costs associated with the origination of LHFS, are earned and expensed as incurred, respectively.

Revenue derived from the Company's mortgage lending activities includes certain fees collected at the time of origination and gain or loss from the sale of LHFS. Loan origination income reflects the fees earned, net of lender credits from originating the loans. These consist of fees related to loan origination, discount points, underwriting, processing and other fees. Lender credits typically are related to rebates or concessions for certain loan origination costs.

Gain or loss from the sale and mark-to-market of LHFS includes both realized and unrealized gains and losses and are included in Gain on origination and sale of loans, net, in the accompanying Consolidated Statements of Operations. The valuation of LHFS approximates a whole-loan sales value, which includes the value of the related mortgage servicing rights. When LHFS are sold, servicing rights are released.

The Company hedges the changes in fair value associated with changes in interest rates related to uncommitted LHFS by utilizing a combination of derivatives, including U.S. Treasury futures and/or interest rate swaps for its Non-QM loans, and 30-year uniform mortgage-backed securities futures contracts for its FHA, VA, and Freddie Mac-insured loans (collectively the "Hedging Instruments") until committed to an investor or securitized. The fair value of Hedging Instruments is subject to change primarily due to changes in interest rates. The Company reports Hedging Instruments at fair value within Derivatives, at fair value, net, in the accompanying Consolidated Statements of Financial Condition with changes in fair value recorded in the accompanying Consolidated Statements of Operations within Gain on origination and sale of loans, net.

The Company principally sells its LHFS to private investors. In addition, certain LHFS originated by HomeXpress are sold to other subsidiaries of the Company that aggregate those loans with loans acquired from unrelated third-party mortgage originators and sellers in anticipation of future securitization transactions. The intercompany transfers are eliminated in consolidation. The Company evaluates its loan sales for sales treatment. To the extent the transfer of loans qualifies as a sale, the Company derecognizes the loans and records the gain or loss on the sale date. In the event the Company determines that the transfer of loans does not qualify as a sale, the transfer would be treated as a secured borrowing. Interest income from loans is recorded on the accrual basis. LHFS are placed on non-accrual status when any portion of the principal or interest is 90 days past due or earlier if factors indicate that the ultimate collectability of the principal or interest is not probable. Interest received

from loans on non-accrual status is recorded as income when collected. Loans return to accrual status when the principal and interest become current, and it is probable that the amounts are fully collectible.

LHFS are classified within Level 2 of the fair value hierarchy as their fair value is derived from observed prices for similar instruments in active markets and other observable market-corroborated inputs. For loans not yet associated with an executed sales transaction, the Company estimates fair value using a market-based pricing methodology that incorporates prevailing interest rates, duration assumptions and other relevant valuation factors. The Company corroborates the resulting fair value estimates against observed prices from recent transactions involving Non-QM mortgage loans with comparable characteristics. This evaluation takes into consideration the relevance of such transactions to prevailing market conditions as of the measurement date. The Company has determined that the significant valuation inputs are observable or market-corroborated and that any unobservable inputs or adjustments are not significant to the fair value measurements in their entirety.

Securitized Debt, collateralized by Loans Held for Investment

The process for determining the fair value of securitized debt, collateralized by Loans held for investment is based on discounted cash flows utilizing an internal pricing model that incorporates factors such as coupon, prepayment speeds, loan size, collateral composition, borrower characteristics, expected interest rates, lifetime interest rate caps on adjustable rate loans, periodic interest rate caps, adjustable interest rate reset dates, collateral seasoning, delinquency status and performance experience, expected losses, expected default frequency, expected loss severity, credit enhancement, and other pertinent factors. This process, including the review process, is consistent with the process used for Non-Agency RMBS using internal models. For further discussion of the valuation process and benchmarking process, see *Agency MBS and Non-Agency RMBS* discussion herein. The primary cause of the change in fair value is due to market demand and changes in credit risk of mortgage loans collateralizing the related securitized debt.

At September 30, 2026, one securitized debt collateralized by Loans held for investment position with an internally developed fair value of **$**.1 million had a difference between the model generated price and the third-party price provided in excess of the threshold for the period. The internally developed price was $283 thousand higher than the third-party price provided of $2.8 million. After review and discussion, the Company affirmed and valued the investment at the higher internally developed price. No other differences were noted at September 30, 2026 in excess of the threshold for the period. At December 31, 2025, one securitized debt collateralized by Loans held for investment position with an internally developed fair value of $3 million had a difference between the model generated price and third-party price provided in excess of the threshold for the period. The internally developed price was $183 thousand higher than the third-party price provided of $3 million. After review and discussion, the Company affirmed and valued the securitized debt positions at the higher internally developed prices. No other differences were noted at December 31, 2025 in excess of the threshold for the period.

The Company’s estimates of fair value of securitized debt, collateralized by Loans held for investment involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

Securitized Debt, collateralized by Non-Agency RMBS

The Company carries securitized debt, collateralized by Non-Agency RMBS at the principal balance outstanding plus unamortized premiums, less unaccreted discounts recorded in connection with the financing of the loans or RMBS with third parties. For disclosure purposes, the Company estimates the fair value of securitized debt, collateralized by Non-Agency RMBS by estimating the future cash flows associated with the underlying assets collateralizing the secured debt outstanding. The Company models the fair value of each underlying asset by considering, among other items, the structure of the underlying security, coupon, servicer, delinquency, actual and expected defaults, actual and expected loss severities, adjustable rate loan reset indices, and prepayment speeds in conjunction with market research for similar collateral performance and the Company's expectations of general economic conditions in the sector and other economic factors. This process, including the review process, is consistent with the process used for Non-Agency RMBS using internal models. For further discussion of the valuation process and benchmarking process, see *Agency MBS and Non-Agency RMBS* discussion herein.

The Company’s estimates of fair value of securitized debt, collateralized by Non-Agency RMBS involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

Derivatives

Interest Rate Swaps and Swaptions

The Company uses clearing exchange market prices to determine the fair value of its exchange cleared interest rate swaps. For bilateral swaps, the Company determines the fair value based on the net present value of expected future cash flows on the swap. The Company uses an option-pricing model to determine the fair value of its swaptions. For bilateral swaps and swaptions, the Company compares its own estimate of fair value with counterparty prices to evaluate for reasonableness. Both the clearing exchange and counterparty pricing quotes incorporate common market pricing methods, including a spread measurement to the Treasury yield curve or interest rate swap curve as well as underlying characteristics of the particular contract. Interest rate swaps and swaptions are modeled by the Company by incorporating such factors as the term to maturity, swap curve, overnight index swap rates, and the payment rates on the fixed portion of the interest rate swaps. The Company has classified the characteristics used to determine the fair value of interest rate swaps and swaptions as Level 2 inputs in the fair value hierarchy.

Fair values of swaps with cancellable features are determined using valuation techniques appropriate for over-the-counter derivatives, including models incorporating observable market inputs (such as yield curves and volatility estimates) and, where observable inputs are not available, unobservable inputs, with resulting fair value measurements classified within the fair value hierarchy. This valuation is classified as Level 3 in the fair value hierarchy.

U.S. Treasury Futures

The fair value of U.S. Treasury futures is determined by quoted market prices in an active market. The Company has classified the characteristics used to determine the fair value of U.S. Treasury futures as Level 1 inputs in the fair value hierarchy.

Swap Futures

The fair value of swap futures is determined using quoted settlement prices published by the Eris Secured Overnight Financing Rate, which reflect observable market data for standardized CME-cleared contracts. The Company has classified the characteristics used to determine the fair value of swap futures as Level 2 inputs in the fair value hierarchy.

Interest Rate Caps

The fair value of interest rate caps is determined using a discounted cash flow approach that considers the difference between the forward curve of the reference rate and the cap's strike rate. The expected future cash flows from each caplet are calculated and discounted to present value using observable market interest rates. The discounted cash flows contemplate both an intrinsic value based upon the strike rate in reference to the market reference rate as well as a time value based upon the implied volatility of the market reference rate forward curve projection. This valuation is based on market inputs and is classified as Level 2 in the fair value hierarchy.

Interest Rate Lock Commitments

The Company enters into IRLCs with prospective borrowers to originate mortgage loans at a specified interest rate. These IRLCs are accounted for as derivative instruments. The fair values of IRLCs utilize current secondary market prices for the underlying loans and estimated servicing value with similar coupons, maturity and credit quality, estimated remaining direct expense and market adjusted investor discounts, subject to the anticipated loan funding probability (“Pull-through Rate”). The fair value of IRLCs is subject to change primarily due to changes in interest rates, credit spreads and the estimated Pull-through Rate. The Company reports IRLCs within Derivatives, at fair value, net, in the accompanying Consolidated Statements of Financial Condition with changes in fair value being recorded in the accompanying Consolidated Statements of Operations within Gain on origination and sale of loans, net. This valuation requires significant judgment by management and is classified as Level 3 in the fair value hierarchy.

The Company hedges the changes in fair value associated with changes in interest rates related to IRLCs by utilizing Hedging Instruments until committed to an investor. The Hedging Instruments are typically entered into at the time the IRLC is made. The fair value of Hedging Instruments is subject to change primarily due to changes in interest rates. The Company reports Hedging Instruments at fair value within Derivatives, at fair value, net, in the accompanying Consolidated Statements of Financial Condition with changes in fair value recorded in the accompanying Consolidated Statements of Operations within Gain on origination and sale of loans, net.

TBAs

TBA securities are valued based on executed trade levels for positions entered into and subsequently rolled, as well as observable market prices obtained from brokers for open positions at each reporting date. Valuations are corroborated using

market data for comparable instruments with similar coupon and maturity characteristics, as this is a highly liquid and actively trade market. TBAs are classified as Level 2 within fair value hierarchy, as valuations are based on observable inputs, including quoted prices from independent pricing services and, where applicable third-party broker quotes.

Secured Financing Agreements

Secured financing agreements for the investment portfolio are collateralized financing transactions utilized by the Company to acquire investment securities. For both short and long term secured financing agreements and longer term floating rate secured financing agreements, the Company estimates fair value using the contractual obligation plus accrued interest payable. The Company has classified the characteristics used to determine the fair value of secured financing agreements as Level 2 inputs in the fair value hierarchy.

Secured Financing Agreements, at fair value

Fair value for certain secured financing agreements that are carried at fair value with changes in fair value reported in earnings are valued at the price that the Company would pay to transfer the liability to a market participant at the reporting date in an orderly transaction. The Company evaluates recent trades of financial liabilities made by the Company, which includes an element of non-performance risk, as well as changes in market interest rates to determine the fair value of the secured financing agreements. The primary factor in determining the fair value is the change in market interest rates from the transaction date of the secured financing agreements and the reporting date. As these rates are observable, the secured financing agreements are reported as Level 2 inputs in the fair value hierarchy.

Short-term Financial Instruments

The carrying value of cash and cash equivalents, accrued interest receivable, dividends payable, payable for investments purchased, and accrued interest payale are considered to be a reasonable estimate of fair value due to the short term nature and low credit risk of these short-term financial instruments.

Interests in MSR Financing Receivables

The Company classifies its Interests in MSR financing receivables as Level 3 in the fair value measurements hierarchy. Fair value estimates for these investments are obtained from models, which use significant unobservable inputs in their valuations. These valuations primarily utilize discounted cash flow models that incorporate unobservable market data inputs including interest rates, discount rates, and prepayment rates. Model valuations are then compared to valuations obtained from third party pricing providers. Management reviews the valuations received from third party pricing providers and uses them as a point of comparison to modeled values. The valuation of Interests in MSR financing receivables require significant judgment by management and the third party pricing providers. Assumptions used for which there is a lack of observable inputs may significantly impact the resulting fair value and therefore the Company’s consolidated financial statements.

Long-Term Debt

The fair value of the Company's Senior Unsecured Notes is based upon prices obtained from third-party pricing services or broker quotations and are classified as Level 2.

Equity Method Investments

The Company has made investments in entities or funds. For these investments where the Company has a non-controlling interest; but are deemed to be able to exert significant influence over the affairs of these entities or funds, the Company utilizes the equity method of accounting. These investments are not carried at fair value. The carrying value of the Company's equity method investments is determined using cost accumulation method. The Company adjusts the carrying value of its equity method investments for its share of earnings or losses, dividends or return of capital on a quarterly basis. The fair value of equity method investments is based on the fund valuation received from the manager of the fund. The Company has classified the characteristics used to determine the fair value of equity method investments as Level 3 inputs in the fair value hierarchy. The equity method investments are included in Other assets on the Consolidated Statements of Financial Condition.

Fair Value Option

The table below shows the unpaid principal and fair value of the financial instruments carried at fair value with changes in fair value reflected in earnings under the fair value option election as of September 30, 2026 and December 31, 2025, respectively:

	September 30, 2026		December 31, 2025	
	(dollars in thousands)			
	Unpaid Principal/ Notional	Fair Value	Unpaid Principal/ Notional	Fair Value
Assets [1]:				
Non-Agency RMBS				
Senior	$ —	$ —	$ —	$ —
Subordinated	302,316	137,265	346,640	174,575
Interest-only	2,282,171	52,903	2,428,976	78,961
Agency RMBS				
Pass-through	5,739,072	5,528,456	3,096,299	3,081,573
CMO	—	—	330,871	331,909
Interest-only	—	—	367,866	14,867
Agency CMBS				
ACMBS bond	17,905	16,548	N/A	N/A
Project loans	—	—	39,693	32,539
Interest-only	—	—	123,375	2,597
Loans held for investment, at fair value	7,874,502	7,405,464	9,988,601	9,803,615
Loans held for sale, at fair value	1,981,208	1,986,814	871,787	896,117
Liabilities [2]:				
Secured financing agreements, at fair value	283,019	266,927	305,817	298,663
Securitized debt at fair value, collateralized by Loans held for investment	5,532,502	5,077,677	7,081,957	6,721,302

(1) Includes Interests in MSR financing receivables of $ 41 million carried at fair value.

(2) The Company recorded $ 4 million unrealized gain and $ 2 million unrealized loss for contingent earn-out liability as of September 30, 2026 and December 31, 2025, respectively. The contingent earn-out liability balance is included in Accounts payable and other liabilities on the Company's Consolidated Statements of Financial Condition.

The table below shows the impact of change in fair value on each of the financial instruments carried at fair value with changes in fair value reflected in earnings under the fair value option election in the Consolidated Statements of Operations for the quarters and nine months ended September 30, 2026 and 2025:

	For the Quarters Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(dollars in thousands)		(dollars in thousands)	
	Gain/(Loss) on Change in Fair Value		Gain/(Loss) on Change in Fair Value	
Assets:				
Non-Agency RMBS				
Senior	$ —	$ —	$ —	$ 1,284
Subordinated	(4,701)	11,129	(5,241)	12,452
Interest-only	(12,864)	2,132	(19,467)	14,862
Agency RMBS				
Pass-through	(259,450)	12,854	(301,496)	32,859
CMO	(1,621)	3,057	(1,224)	4,918
Interest-only	—	38	3,770	(273)
Agency CMBS				
ACMBS bond	(872)	N/A	6,143	N/A
Project loans	—	(3,244)	654	(721)
Interest-only	—	(796)	697	(723)
Loans held for investment, at fair value	(221,777)	47,189	(322,729)	256,259
Loans held for sale, at fair value	(8,487)	N/A	(15,835)	N/A
Interests in MSR financing receivables	7,955	(5,205)	12,546	(5,205)
Liabilities [1]:				
Secured financing agreements, at fair value	7,025	(1,311)	8,939	(10,770)
Securitized debt at fair value, collateralized by Loans held for investment	95,404	(102,470)	141,245	(204,274)

(1) The Company recorded $ 100 thousand unrealized loss and $ 4 million unrealized gain for contingent earn-out liability during the quarter and nine months ended September 30, 2026, respectively. The Company recorded $367 thousand and $2 million unrealized losses for contingent earn-out liability during the quarters and nine months ended September 30, 2025, respectively. The contingent earn-out liability balance is included in Accounts payable and other liabilities on the Company's Consolidated Statements of Financial Condition.

The Company's financial assets and liabilities carried at fair value on a recurring basis, including the level in the fair value hierarchy, at September 30, 2026 and December 31, 2025 are presented below.

	September 30, 2026 (dollars in thousands)				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral, netting	Total
Assets:					
Non-Agency RMBS, at fair value	$ —	$ —	$ 673,683	$ —	$ 673,683
Agency MBS, at fair value	—	5,545,002	—	—	5,545,002
Loans held for investment, at fair value	—	—	7,405,464	—	7,405,464
Loans held-for-sale, at fair value	—	1,986,814	—	—	1,986,814
Derivatives, at fair value	4,215	275,778	1,146	(159,930)	121,209
Interests in MSR financing receivables	—	—	41,256	—	41,256
Liabilities:					
Secured financing agreements, at fair value	—	266,927	—	—	266,927
Securitized debt at fair value, collateralized by Loans held for investment	—	—	5,077,677	—	5,077,677
Derivatives, at fair value	—	2,326	—	(1,008)	1,318

	December 31, 2025 (dollars in thousands)				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral, netting	Total
Assets:					
Non-Agency RMBS, at fair value	$ —	$ —	$ 817,280	$ —	$ 817,280
Agency MBS, at fair value	—	3,463,485	—	—	3,463,485
Loans held for investment, at fair value	—	75,351	9,728,264	—	9,803,615
Loans held-for-sale, at fair value	—	896,117	—	—	896,117
Derivatives, at fair value	57	25,340	3,855	(4,065)	25,187
Interests in MSR financing receivables	—	—	37,294	—	37,294
Liabilities:					
Secured financing agreements, at fair value	—	298,663	—	—	298,663
Securitized debt at fair value, collateralized by Loans held for investment	—	—	6,721,302	—	6,721,302
Derivatives, at fair value	—	1,759	—	—	1,759

The table below provides a summary of the changes in the fair value of financial instruments classified as Level 3 at September 30, 2026 and December 31, 2025.

	Fair Value Level 3 Rollforward - Assets							
	For the Nine Months Ended September 30, 2026				For the Year Ended December 31, 2025			
	(dollars in thousands)							
	Non-Agency RMBS	Interests in MSR financing receivables	Loans held for investment	Derivatives	Non-Agency RMBS	Interests in MSR financing receivables	Loans held for investment	Derivatives
Beginning balance Level 3	$ 817,287	$ 37,294	$ 9,728,264	$ 3,855	$ 1,064,169	$ —	$ 10,858,845	$ —
Transfers into Level 3	—	—	27,012	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—	—	—
Capital contribution (distribution)	—	(10,491)	—	—	—	38,221	—	—
Purchases of assets	736	—	468,012	—	1,289	—	—	5,073
Principal payments	(68,540)	—	(794,530)	—	(92,195)	—	(1,198,667)	—
Sales and settlements	(13,491)	—	(1,665,642)	—	(165,029)	—	(174,471)	—
Servicer advances, net	—	(2,020)	—	—	—	2,145	—	—
Net accretion (amortization)	17,732	—	(678)	—	27,792	—	(5,058)	—
Amortization of MSR loan pool	—	(6,949)	—		—	(3,930)	—	
Gains (losses) included in net income								
(Increase) decrease in provision for credit losses	(16,863)	—	—	—	(15,705)	—	—	—
Realized gains (losses) on sales and settlements	(5,021)	—	(35,407)	—	(16,103)	—	(18,254)	—
Interest income from investment in MSR financing receivables	—	10,876	—	—	—	4,451	—	—
Net unrealized gains (losses) included in income	(24,196)	12,546	(321,567)	(2,709)	26,221	(3,592)	265,868	(1,218)
Total unrealized gains (losses) included in other comprehensive income	(33,961)	—	—	—	(13,152)	—	—	—
Ending balance Level 3	$ 673,683	$ 41,256	$ 7,405,464	$ 1,146	$ 817,287	$ 37,295	$ 9,728,264	$ 3,855

Fair Value Level 3 Rollforward - Liabilities

	For the Nine Months Ended September 30, 2026	For the Year Ended December 31, 2025
	(dollars in thousands)	
	Securitized debt	Securitized debt
Beginning balance Level 3	$ 6,721,302	$ 6,984,495
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Issuance of debt	378,755	1,011,244
Principal payments	(748,294)	(1,161,220)
Sales and settlements	(1,190,049)	(382,110)
Net (accretion) amortization	15,603	21,837
(Gains) losses included in net income		
Realized (gains) losses on sales and settlements	41,605	(2,142)
Net unrealized (gains) losses included in income	(141,245)	249,197
Ending balance Level 3	$ 5,077,677	$ 6,721,302

During the quarter ended September 30, 2026, the Company transferred approximately $27 million of RTLs from Level 2 to Level 3 of the fair value hierarchy. The transfer was primarily attributable to increased reliance on significant unobservable inputs in valuing the remaining RTL portfolio, which consists primarily of delinquent loans and loans in various stages of remediation. There were no other transfers into or out of Level 3 during the nine months ended September 30, 2026, or the year ended December 31, 2025.

Qualitative and Quantitative Information about Level 3 Fair Value Measurements

Unobservable inputs are developed using the best information available about assumptions that market participants would use to price the related assets or liabilities. Because significant unobservable inputs require judgment, different assumptions or valuation methodologies could result in different fair value estimates. The sensitivities discussed below generally reflect changes in one assumption at a time; in practice, inputs may be interrelated, and simultaneous changes may have nonlinear or offsetting effects.

The significant unobservable inputs used in the fair value measurement of the Company's Non-Agency RMBS and securitized debt are the weighted average discount rates, prepayment rate, constant default rate, and the loss severity. For Loans held for investment, significant loan-level inputs include coupon, credit score, loan-to-value ratio, occupancy status, property type, loan seasoning and performance history. For IRLCs, the significant unobservable input is the Pull-through Rate. For Interests in MSR financing receivables, the significant unobservable inputs are discount rates and prepayment rate.

Discount Rate

The discount rate refers to the interest rate used in the discounted cash flow analysis to determine the present value of future cash flows. The discount rate takes into account not just the time value of money, but also the risk or uncertainty of future cash flows. An increased uncertainty of future cash flows results in a higher discount rate. The discount rate used to calculate the present value of the expected future cash flows is based on the discount rate implicit in the security as of the last measurement date. As discount rates move up, the values of the discounted cash flows are reduced.

The discount rates applied to the expected cash flows to determine fair value are derived from a range of observable prices on securities backed by similar collateral. As the market becomes more or less liquid, the availability of these observable inputs will change.

Prepayment Rate

The prepayment rate specifies the percentage of the collateral balance that is expected to prepay at each point in the future. The prepayment rate is based on factors such as interest rates, LTV ratio, debt-to-income ratio, and is scaled up or down to reflect recent collateral-specific prepayment experience as obtained from remittance reports and market data services.

Constant Default Rate

Constant default rate represents an annualized rate of default on a group of mortgages. The default rate is based on factors such as collateral characteristics, interest rates, payment shock, borrower credit attributes, payment history, delinquency experience, LTV ratio, debt-to-income ratio and is scaled up or down to reflect recent collateral-specific default experience. When default rates increase, expected cash flows on the underlying collateral decreases.

Loss Severity

Loss severity rates reflect the amount of loss expected from a foreclosure and liquidation of the underlying collateral in the mortgage loan pool. When a mortgage loan is foreclosed, the collateral is sold and the resulting proceeds are used to settle the outstanding obligation. In many circumstances, the proceeds from the sale do not fully repay the outstanding obligation. In these cases, a loss is incurred by the lender. Loss severity is used to predict how costly future losses are likely to be. An increase in loss severity results in a decrease in expected future cash flows. A decrease in loss severity results in an increase in expected future cash flows.

The curve generated to reflect the Company's expected loss severity is based on collateral-specific experience with consideration given to other mitigating collateral characteristics. Collateral characteristics such as loan size, LTV, seasoning or loan age and geographic location of collateral also affect loss severity.

Sensitivity of Significant Inputs – Non-Agency RMBS and securitized debt, collateralized by Loans held for investment

Prepayment rates vary according to interest rates, the type of financial instrument, conditions in financial markets, and other factors, none of which can be predicted with any certainty. In general, when interest rates rise, it is relatively less attractive for borrowers to refinance their mortgage loans, and as a result, prepayment speeds tend to decrease. When interest rates fall, prepayment speeds tend to increase. For RMBS investments purchased at a premium, as prepayment rates increase, the amount of income the Company earns decreases as the purchase premium on the bonds amortizes faster than expected. Conversely, decreases in prepayment rates result in increased income and can extend the period over which the Company amortizes the purchase premium. For RMBS investments purchased at a discount, as prepayment rates increase, the amount of income the Company earns increases from the acceleration of the accretion of the purchase discount into interest income. Conversely, decreases in prepayment rates result in decreased income as the accretion of the purchase discount into interest income occurs over a longer period.

For securitized debt carried at fair value issued at a premium, as prepayment rates increase, the amount of interest expense the Company recognizes decreases as the issued premium on the debt amortizes faster than expected. Conversely, decreases in prepayment rates result in increased expense and can extend the period over which the Company amortizes the premium.

For debt issued at a discount, as prepayment rates increase, the amount of interest the Company expenses increases from the acceleration of the accretion of the discount into interest expense. Conversely, decreases in prepayment rates result in decreased expense as the accretion of the discount into interest expense occurs over a longer period.

A summary of the significant inputs used to estimate the fair value of Level 3 Non-Agency RMBS held for investment at fair value as of September 30, 2026 and December 31, 2025 follows. The weighted average discount rates are based on fair value.

	September 30, 2026							
	Significant Inputs							
	Discount Rate		Prepay Rate		CDR		Loss Severity	
	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average
Non-Agency RMBS								
Senior	7% - 15%	7.1%	6% - 21%	7.5%	0% - 16%	1.1%	26% - 89%	30.2%
Subordinated	0% - 15%	8.9%	6% - 30%	9.4%	0% - 3%	0.7%	20% - 50%	31.0%
Interest-only	9% - 100%	10.2%	6% - 18%	6.9%	0% - 10%	0.8%	0% - 80%	27.0%

	December 31, 2025 Significant Inputs							
	Discount Rate		Prepay Rate		CDR		Loss Severity	
	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average
Non-Agency RMBS								
Senior	5% - 20%	6.1%	6% - 25%	6.8%	0% - 7%	1.2%	26% - 54%	29.0%
Subordinated	0% - 15%	8.6%	6% - 24%	9.1%	0% - 3%	0.8%	20% - 50%	32.0%
Interest-only	9% - 100%	9.9%	6% - 25%	7.0%	0% - 13%	0.8%	0% - 84%	28.4%

A summary of the significant inputs used to estimate the fair value of securitized debt at fair value, collateralized by Loans held for investment, as of September 30, 2026 and December 31, 2025 follows:

	September 30, 2026 Significant Inputs							
	Discount Rate		Prepay Rate		CDR		Loss Severity	
	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average
Securitized debt at fair value, collateralized by Loans held for investment	6% - 9%	6.7%	6% - 20%	8.4%	0% - 4%	0.5%	20% - 45%	32.9%

	December 31, 2025 Significant Inputs							
	Discount Rate		Prepay Rate		CDR		Loss Severity	
	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average
Securitized debt at fair value, collateralized by Loans held for investment	4% - 8%	5.4%	6% - 20%	8.1%	0% - 4%	0.5%	20% - 50%	33.9%

All of the significant inputs listed have some degree of market observability based on the Company's knowledge of the market, information available to market participants, and use of common market data sources. Collateral default and loss severity projections are in the form of "curves" that are updated quarterly to reflect the Company's collateral cash flow projections. Methods used to develop these projections conform to industry conventions. The Company uses assumptions it considers to be the best estimate of future cash flows for each security.

Sensitivity of Significant Inputs – Loans held for investment

The Loans held for investment are primarily comprised of loans collateralized by seasoned reperforming residential mortgages. Additionally, it includes non-conforming, single family, owner occupied, investor owned, and jumbo prime residential mortgages. The significant unobservable factors used to estimate the fair value of the Loans held for investment collateralized by seasoned reperforming residential mortgage loans, as of September 30, 2026 and December 31, 2025, include coupon, FICO score at origination, LTV, or LTV ratios, owner occupancy status, and property type. A summary of the significant factors used to estimate the fair value of Loans held for investment collateralized primarily by seasoned reperforming residential mortgages at fair value as of September 30, 2026 and December 31, 2025 is as follows:

	September 30, 2026	December 31, 2025
Factor:		
Coupon		
Base Rate	6.5 %	5.5 %
Actual	5.8 %	5.9 %
FICO		
Base Rate	640	640
Actual	668	665
Loan-to-value (LTV)		
Base Rate	86 %	86 %
Actual	77 %	78 %
Loan Characteristics:		
Occupancy		
Owner Occupied	85 %	86 %
Investor	10 %	9 %
Secondary	5 %	5 %
Property Type		
Single family	77 %	78 %
Manufactured housing	3 %	3 %
Multi-family/mixed use/other	20 %	19 %

The loan factors are generally not observable for the individual loans and the base rates developed by the Company's internal model are subjective and change as market conditions evolve. The impact of the loan coupon on the value of the loan is dependent on the loan history of delinquent payments. Loans with no history of delinquent payments would result in a higher overall value than those with a history of delinquent payments. Similarly, a higher FICO score and a lower LTV ratio result in increases in the fair market value of the loan and a lower FICO score and a higher LTV ratio result in a lower value. See Note 4 — Loans Held for Investment for delinquency details related to the Loans held for investment portfolio.

Property types also affect the overall loan values. Property types include single family, manufactured housing and multi-family/mixed use and other types of properties. Single family homes represent properties that house one to four family units. Manufactured homes include mobile homes and modular homes. Loan values for properties that are investor or secondary homes have a reduced value as compared to the baseline loan value. Additionally, single family homes will result in an increase to the loan value, whereas manufactured and multi-family/mixed use and other properties will result in a decrease to the loan value, as compared to the baseline.

Sensitivity of Significant Inputs for IRLC - Pull-through Rates

Interest rate lock commitments do not trade in an active market. Accordingly, the Company estimates the fair value of IRLCs based on the price an investor would be expected to pay to acquire such commitments, using current secondary market pricing for mortgage loans with similar characteristics.

The valuation incorporates observable market inputs, including loan type, underlying loan balance, borrower credit score, LTV ratio, note rate, loan program, expected loan sale date, and prevailing market conditions. The estimated fair value is adjusted at the individual loan level to reflect the servicing release premium, investor-specific pricing adjustments applicable to each loan, and the estimated direct costs required to convert the IRLC into a funded loan.

The resulting base value is further adjusted for the anticipated Pull-through Rate, which represents the probability that a locked loan will ultimately fund. The anticipated Pull-through Rate is an unobservable input derived from the Company's historical funding experience and current pipeline characteristics. An increase in the anticipated Pull-through Rate results in an increase in the estimated fair value of IRLCs, while a decrease in the anticipated Pull-through Rate results in a decrease in estimated fair value. Due to the significance of this unobservable input, IRLCs are classified as Level 3 within the fair value hierarchy.

September 30, 2026
(dollars in thousands)

Financial Instrument	Estimated Fair Value	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average
Derivative assets - IRLCs	$ 1,146	Market Pricing	Pull-through Rate	20% - 99%	67.3 %

December 31, 2025
(dollars in thousands)

Financial Instrument	Estimated Fair Value	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average
Derivative assets - IRLCs	$ 3,855	Market Pricing	Pull-through Rate	10% - 95%	70.0 %

Sensitivity of Significant Inputs – Interests in MSR financing receivables

For the Company's Interests in MSR financing receivables, an increase in either the discount rate or mortgage prepayment rate generally reduces estimated fair value, holding other inputs constant. A decline in interest rates may cause higher-than-expected mortgage prepayments and similarly reduce estimated fair value.

The tables below present the ranges and weighted averages of discount and prepayment rates used to measure the Company's Level 3 Interests in MSR financing receivables at September 30, 2026 and December 31, 2025. They do not reflect risk management activities that may offset certain valuation risks.

	September 30, 2026			
	Discount Rate		Prepayment Rate	
	Range	Weighted Average	Range	Weighted Average
Interests in MSR financing receivables	8% - 12%	8.5%	3% - 38%	6.0%

	December 31, 2025			
	Discount Rate		Prepayment Rate	
	Range	Weighted Average	Range	Weighted Average
Interests in MSR financing receivables	9% - 12%	8.9%	3% - 45%	7.3%

Financial instruments not carried at fair value

The following table presents the carrying value and fair value, as described above, of the Company's financial instruments not carried at fair value on a recurring basis at September 30, 2026 and December 31, 2025.

September 30, 2026
(dollars in thousands)

	Level in Fair Value Hierarchy	Carrying Amount	Fair Value
Equity method investments [1]	3	$ 71,355	$ 71,355
Secured financing agreements	2	8,353,010	8,412,191
Securitized debt, collateralized by Non-Agency RMBS	3	62,329	41,516
Long term debt	2	253,063	261,149

(1) Included in Other assets on the Consolidated Statements of Financial Condition

December 31, 2025
(dollars in thousands)

	Level in Fair Value Hierarchy	Carrying Amount	Fair Value
Equity method investments [1]	3	$ 70,191	$ 70,191
Secured financing agreements	2	5,732,519	5,767,481
Securitized debt, collateralized by Non-Agency RMBS	3	66,579	45,172
Long term debt	2	251,528	262,239

(1) Included in Other assets on the Consolidated Statements of Financial Condition

7. Secured Financing Agreements

Secured financing agreements include short-term repurchase agreements with original maturity dates of less than one year, long-term financing agreements with original maturity dates of more than one year, loan warehouse credit facilities collateralized by loans acquired by the Company that are classified as repurchase agreements, and loan warehouse credit facilities used to fund, and secured by, the residential mortgage loans originated by the Company which are classified as loans held-for-sale. The Company accounts for repurchase agreements and other similar collateralized financing arrangements as secured borrowings. Under its repurchase agreements and other forms of collateralized financing, the Company pledges financial assets as collateral to secure the related borrowings, generally in an amount equal to a specified percentage of the fair value of the pledged assets. The Company retains beneficial ownership of the pledged assets, including the right to receive principal and interest cash flows, subject to the terms of the respective agreements.

At September 30, 2026 and December 31, 2025, the repurchase agreements are collateralized by Agency and Non-Agency mortgage-backed securities, LHFS, and loans held for investment with interest rates generally indexed to the Secured Overnight Financing Rate ("SOFR"). The maturity dates on the repurchase agreements are all less than one year and generally are less than 180 days. The collateral pledged as security on the repurchase agreements may include the Company's investments in bonds issued by consolidated VIEs, which are eliminated in consolidation.

The long-term financing agreements include secured financing arrangements with an original term of one year or greater which are secured by Non-Agency RMBS and Loans held for investment pledged as collateral. These long-term secured financing agreements have maturity dates of February 2027 and July 2028. The collateral pledged as security on the long-term financing agreements may include the Company's investments in bonds issued by consolidated VIEs, which are eliminated in consolidation.

The warehouse credit facilities collateralized by loans held for investment are repurchase agreements intended to finance loans until they can be sold into a longer-term securitization structure. The maturity dates on the warehouse credit facilities range from three months to one year with interest rates indexed to SOFR.

The secured financing agreements generally require the Company to post collateral at a specific rate in excess of the UPB of the agreement. For certain secured financing agreements, this may require the Company to post additional margin if the fair value of the assets were to decline. To mitigate this risk, the Company has negotiated several long-term financing agreements which are not subject to additional margin requirements upon a decline in the fair value of the collateral pledged or until the decline is greater than a threshold. At September 30, 2026 and December 31, 2025, the Company had $835 million and $890 million, respectively, of secured financing agreements that are not subject to additional margin requirements upon a change in the fair value of the collateral pledged. At September 30, 2026 and December 31, 2025, the Company had $402 million and $402 million, respectively, of secured financing agreements that are not subject to additional margin requirements until the decline in the fair value of collateral is greater than a threshold. Repurchase agreements may allow the credit counterparty to avoid the automatic stay provisions of the Bankruptcy Code, in the event of a bankruptcy of the Company, and take possession of, and liquidate, the collateral under such repurchase agreements without delay.

At September 30, 2026 and December 31, 2025, the Company pledged $153 million and $17 million of margin cash collateral to the Company's secured financing agreement counterparties. At September 30, 2026, the weighted average haircut on the Company's secured financing agreements collateralized by Agency RMBS was 4.2%, Agency CMBS was 4.0%, LHFS was 8.7% and Non-Agency RMBS and Loans held for investment was25.7%. At December 31, 2025, the weighted average haircut on the Company's secured financing agreements collateralized by Agency RMBS was 4.4%, Agency CMBS was 5.4%, LHFS was 7.3%, and Non-Agency RMBS and Loans held for investment was 27.1%.

At September 30, 2026, the Company had amounts at risk with Nomura Securities International, Inc., or Nomura, of15% of its equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 209 days. The amount at risk with Nomura was $321 million. At December 31, 2025, the Company had amounts at risk with Nomura of 18% of its equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 287 days. The amount at risk with Nomura was $459 million.

Investment Portfolio Covenants

Certain of the long-term financing agreements and warehouse credit facilities are subject to certain covenants. These covenants include that the Company maintain its REIT status as well as maintain a net asset value or GAAP equity greater than a certain level. If the Company fails to comply with these covenants at any time, the financing may become immediately due in full. Additionally, certain financing agreements become immediately due if the total stockholders' equity of the Company drops by 50% from the most recent year end. Currently, the Company is in compliance with all covenants and does not expect to be in

violation of these covenants within the next twelve months. The Company has a total of $1.9 billion unused uncommitted warehouse credit facilities as of September 30, 2026.

The secured financing agreements principal outstanding, weighted average borrowing rates, weighted average remaining maturities, average balances and the fair value of the collateral pledged for the Investment Portfolio segment as of September 30, 2026 and December 31, 2025 were:

	September 30, 2026	December 31, 2025
Secured financing agreements outstanding principal secured by:		
Agency RMBS (in thousands)	$ 5,408,834	$ 3,257,275
Agency CMBS (in thousands)	58,253	30,918
Loans held for sale (in thousands)	688,313	N/A
Non-Agency RMBS and Loans held for investment (in thousands) [1]	1,679,474	1,948,416
Total	$ 7,834,874	$ 5,236,609
Securities pledged as collateral at fair value on Secured financing agreements:		
Agency RMBS (in thousands)	$ 5,485,345	$ 3,412,955
Agency CMBS (in thousands)	59,658	27,839
Loans held for sale (in thousands)	752,541	N/A
Non-Agency RMBS and Loans held for investment (in thousands)	2,334,521	3,020,818
Total	$ 8,632,065	$ 6,461,612
Average balance of Secured financing agreements secured by:		
Agency RMBS (in thousands)	$ 4,557,330	$ 1,830,021
Agency CMBS (in thousands)	26,965	30,509
Loans held for sale (in thousands)	132,316	N/A
Non-Agency RMBS and Loans held for investment (in thousands)	1,805,105	2,321,499
Total	$ 6,521,716	$ 4,182,029
Average borrowing rate of Secured financing agreements secured by:		
Agency RMBS	3.95 %	3.99 %
Agency CMBS	4.02 %	4.04 %
Loans held for sale	5.33 %	N/A
Non-Agency RMBS and Loans held for investment	6.25 %	6.43 %
Average remaining maturity of Secured financing agreements secured by:		
Agency RMBS	22 Days	26 Days
Agency CMBS	16 Days	8 Days
Loans held for sale	27 Days	N/A
Non-Agency RMBS and Loans held for investment	299 Days	278 Days
Average original maturity of Secured financing agreements secured by:		
Agency RMBS	43 Days	48 Days
Agency CMBS	29 Days	35 Days
Loans held for sale	29 Days	N/A
Non-Agency RMBS and Loans held for investment	315 Days	299 Days

[1] The values for secured financing agreements in the table above are net of $533 thousand and $271 thousand of deferred financing costs as of September 30, 2026 and December 31, 2025, respectively.

Residential Origination Covenants

The Residential Origination segment hasseven warehouse financing facilities under master repurchase agreements with various lenders. These warehouse facilities are used to fund, and are secured by, the residential mortgage loans originated by the Company which are classified as loans held-for-sale. Two of the master repurchase agreements required the establishment of the LLCs to facilitate the warehouse fundings. These LLCs are consolidated as part of the Company’s consolidated financial statements. The master repurchase agreements contain various affirmative, negative, and financial covenants. The covenants include leverage restrictions, minimum levels of liquidity and net worth, and profitability. The Company was in compliance with these covenants as of September 30, 2026. These financing agreements are non-recourse to the Company's other segments and operations, and do not contain cross-default or cross-collateralization provisions.

The secured financing agreements principal outstanding, weighted average borrowing rates, weighted average remaining maturities, average balances and the fair value of the collateral pledged for the Residential Origination segment as of September 30, 2026 and December 31, 2025 were:

	September 30, 2026	December 31, 2025
Secured financing agreements outstanding principal secured by:		
Loans held for sale (in thousands)	$ 801,155	$ 801,727
Securities pledged as collateral at fair value on Secured financing agreements:		
Loans held for sale (in thousands)	$ 892,015	$ 891,937
Average balance of Secured financing agreements secured by:		
Loans held for sale (in thousands)	$ 756,213	$ 620,654
Average borrowing rate of Secured financing agreements secured by:		
Loans held for sale	5.90 %	5.84 %
Average remaining maturity of Secured financing agreements secured by:		
Loans held for sale	185 Days	218 Days
Average original maturity of Secured financing agreements secured by:		
Loans held for sale	185 Days	218 Days

At September 30, 2026 and December 31, 2025, the secured financing agreements collateralized by MBS, Loans held for investment, and LHFS had the following remaining maturities and borrowing rates.

	September 30, 2026			December 31, 2025		
	(dollars in thousands)					
	Principal [1]	Weighted Average Borrowing Rates	Range of Borrowing Rates	Principal [1]	Weighted Average Borrowing Rates	Range of Borrowing Rates
Overnight	$ —	N/A	N/A	$ —	N/A	N/A
1 to 29 days	4,929,563	4.18%	3.80% - 6.65%	2,630,804	4.15%	3.93% - 6.76%
30 to 59 days	1,622,196	4.26%	3.85% - 6.65%	781,654	4.86%	3.94% - 6.54%
60 to 89 days	123,902	5.59%	4.90% - 6.65%	722,995	4.75%	3.90% - 6.54%
90 to 119 days	64,174	6.09%	4.79% - 6.65%	263,081	6.78%	5.37% - 6.97%
120 to 180 days	778,594	6.97%	4.84% - 8.15%	96,153	5.47%	5.36% - 6.54%
180 days to 1 year	483,694	5.66%	5.15% - 6.90%	810,443	6.03%	4.77% - 8.38%
1 to 2 years	633,906	5.95%	4.97% - 7.25%	733,206	6.79%	4.98% - 8.15%
Total	$ 8,636,029	4.69%		$ 6,038,336	5.02%	

(1) The values for secured financing agreements in the table above are net of $ 533 thousand and $ 271 thousand of deferred financing costs as of September 30, 2026 and December 31, 2025, respectively.

Secured Financing Agreements at fair value

The Company has a secured financing agreement for which the Company has elected fair value option. The Company believes electing fair value for this financial instrument better reflects the transactional economics. The total principal balance outstanding on this secured financing at September 30, 2026 and December 31, 2025 was $283 million and $306 million, respectively. The fair value of collateral pledged was $320 million and $360 million as of September 30, 2026 and December 31, 2025, respectively. The Company carries this secured financing instrument at fair value of $267 million and $299 million as of September 30, 2026 and December 31, 2025, respectively. At September 30, 2026 and December 31, 2025, the weighted average borrowing rate on secured financing agreements at fair value was 5.0%, respectively. At September 30, 2026 and December 31, 2025, the haircut for the secured financing agreements at fair value was 8.0%, respectively. At September 30, 2026, the maturity on the secured financing agreements at fair value was more than one year.

8. Securitized Debt

All of the Company's securitized debt is collateralized by residential mortgage loans or Non-Agency RMBS. For financial reporting purposes, the Company's securitized debt is accounted for as secured borrowings. Thus, the residential mortgage loans or RMBS held as collateral are recorded in the assets of the Company as Loans held for investment or Non-Agency RMBS and the securitized debt is recorded as a non-recourse liability in the accompanying Consolidated Statements of Financial Condition.

Securitized Debt Collateralized by Non-Agency RMBS

At September 30, 2026 and December 31, 2025, the Company's securitized debt collateralized by Non-Agency RMBS was carried at amortized cost and had a principal balance of $110 million. At September 30, 2026 and December 31, 2025, the debt carried a weighted average coupon of 6.7%. As of September 30, 2026, the maturities of the debt range between the years 2036 and 2037. None of the Company's securitized debt collateralized by Non-Agency RMBS is callable.

The Company did not acquire any securitized debt collateralized by Non-Agency RMBS during the quarters and nine months ended September 30, 2026 and 2025.

The following table presents the estimated principal repayment schedule of the securitized debt collateralized by Non-Agency RMBS at September 30, 2026 and December 31, 2025, based on expected cash flows of the RMBS, as adjusted for projected losses on the underlying collateral of the debt. All of the securitized debt recorded in the Company's Consolidated Statements of Financial Condition is non-recourse to the Company.

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Within One Year	$ 9	$ 8
One to Three Years	5	145
Three to Five Years	3	4
Greater Than Five Years	25	28
Total	$ 42	$ 185

Maturities of the Company's securitized debt collateralized by Non-Agency RMBS are dependent upon cash flows received from the underlying collateral. The estimate of their repayment is based on scheduled principal payments on the underlying collateral. This estimate will differ from actual amounts to the extent prepayments or losses are experienced. See Note 3 — Mortgage-Backed Securities for a more detailed discussion of the securities collateralizing the securitized debt.

Securitized Debt Collateralized by Loans Held for Investment

At September 30, 2026 and December 31, 2025, the Company's securitized debt collateralized by Loans held for investment had a principal balance of $6.5 billion and $7.1 billion, respectively. At September 30, 2026 and December 31, 2025, the total securitized debt collateralized by Loans held for investment carried a weighted average coupon of 3.6% and 3.7%, respectively. As of September 30, 2026, the maturities of the debt range between the years 2038 and 2099.

During the quarter ended September 30, 2026, the Company did not acquire any securitized debt collateralized by Loans held for investment, and accordingly, no gain or loss on extinguishment of debt was recognized in connection with such transactions.

During the nine months ended September 30, 2026, the Company redeemed eight securitizations collateralized by $1.5 billion of fully valued reperforming loans. The Company sold $1.2 billion of these seasoned reperforming loans and retained $287 million in Loans held for investment. During the nine months ended September 30, 2026, the Company acquired securitized debt collateralized by Loans held for investment with an amortized cost balance of $1.1 billion for $1.2 billion. These transactions resulted in net loss on extinguishment of debt of $42 million.

The Company did not acquire any securitized debt collateralized by loans held for investment during the quarter ended September 30, 2025. During the nine months ended September 30, 2025, the Company acquired securitized debt collateralized by Loans held for investment with an amortized cost balance of $314 million for $312 million, which resulted in net gain on extinguishment of debt of $2 million.

The following table presents the estimated principal repayment schedule of the securitized debt collateralized by Loans held for investment at September 30, 2026 and December 31, 2025, based on expected cash flows of the residential mortgage loans or

RMBS, as adjusted for projected losses on the underlying collateral of the debt. All of the securitized debt recorded in the Company's Consolidated Statements of Financial Condition is non-recourse to the Company.

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Within One Year	$ 978,706	$ 1,194,768
One to Three Years	1,949,715	1,960,648
Three to Five Years	1,128,490	1,802,112
Greater Than Five Years	1,475,051	2,123,842
Total	$ 5,531,962	$ 7,081,370

Maturities of the Company's securitized debt collateralized by Loans held for investment are dependent upon cash flows received from the underlying loans. The estimate of their repayment is based on scheduled principal payments on the underlying loans. This estimate will differ from actual amounts to the extent prepayments or loan losses are experienced. See Note 4 — Loans Held for Investment for a more detailed discussion of the loans collateralizing the securitized debt.

Certain of the securitized debt collateralized by Loans held for investment contain call provisions at the option of the Company at a specific date. Other securitized debt issued by the Company contain clean-up call provisions. A clean-up call provision is a right to call the outstanding debt at pre-defined terms when the collateral falls below a certain percentage of the original balance, typically 10%. Generally, these clean-up call rights are shared with other parties to the debt, including the loan servicers and the paying agents. Clean-up calls are generally put in place to reduce the administrative burdens when a loan pool balance becomes de minimis hence uneconomical to manage. The following table presents the par value of the callable debt by year as of September 30, 2026, excluding any debt issued by the Company where the Company only has a clean-up call.

	September 30, 2026
	(dollars in thousands)
Year	Principal
Currently callable	$ 2,722,801
2027	1,109,482
2028	886,211
Total	$ 4,718,494

9. Long Term Debt

Senior Notes

On May 22, 2024, the Company completed its registered underwritten public offering of $65 million aggregate principal amount of 9.00% senior notes due 2029 (the "9.00% Notes"). The 9.00% Notes were issued at 100% of the principal amount, bear interest at a rate equal to 9.00% per year, payable in cash on a quarterly basis, and are expected to mature on May 15, 2029. After deducting the underwriting discount and other debt issuance costs, the Company received approximately $62 million.

On August 19, 2024, the Company completed its registered underwritten public offering of $65 million aggregate principal amount of 9.25% senior notes due 2029 (the "9.25% Notes"). The 9.25% Notes were issued at 100% of the principal amount, bear interest at a rate equal to 9.25% per year, payable in cash on a quarterly basis, and are expected to mature on August 15, 2029. Pursuant to the underwriting agreement, the Company also granted the underwriters a 30-day option to purchase up to an additional $10 million aggregate principal amount of the 9.25% Notes to cover over-allotments, which was fully exercised by the underwriters. The Company issued $75 million of total principal amount under this offering and after deducting the underwriting discount and other debt issuance costs, the Company received approximately $72 million.

On September 16, 2025, the Company completed a registered underwritten public offering of $120 million (including $5 million from the exercise of an over-allotment option) aggregate principal amount of 8.875% Senior Notes due 2030 (the "8.875% Notes"). The 8.875% Notes were issued at 100% of the principal amount, bear interest at a rate equal to 8.875% per year, payable in cash on a quarterly basis, and are expected to mature on August 15, 2030. The Company issued $120 million of total principal amount under this offering and after deducting the underwriting discount and other debt issuance costs, the Company received approximately $116 million.

At September 30, 2026, the outstanding principal amount of these notes was $260 million and the accrued interest payable on this debt was $3 million. At September 30, 2026, the unamortized deferred debt issuance cost was $7 million. The net interest expense was $6 million and $19 million for the quarter and nine months ended September 30, 2026, respectively. At

December 31, 2025, the outstanding principal amount of these notes was $260 million and the accrued interest payable on this debt was $3 million. At December 31, 2025, the unamortized deferred debt issuance cost was $8 million. The net interest expense was $17 million for the year ended December 31, 2025. The unamortized deferred debt issuance costs will be amortized until maturity, which will be no later than May 15, 2029, August 15, 2029, and August 15, 2030 for the 9.00% Notes, 9.25% Notes, and 8.875% Notes, respectively.

10. Consolidated Securitization Vehicles and Other Variable Interest Entities

Since its inception, the Company has utilized VIEs for the purpose of securitizing whole mortgage loans or re-securitizing RMBS and obtaining long-term, non-recourse financing. The Company continuously evaluates its interest in each VIE to determine if it is the primary beneficiary.

During the nine months ended September 30, 2026, the Company consolidated approximately $487 million UPB of residential mortgage loans. During the nine months ended September 30, 2025, the Company consolidated approximately $934 million UPB of seasoned reperforming residential mortgage loans.

VIEs for Which the Company is the Primary Beneficiary

The retained beneficial interests in VIEs for which the Company is the primary beneficiary are typically the subordinated tranches of these securitizations and in some cases the Company may hold interests in additional tranches. Additionally, the Company owns variable interests in entities that invest in Interests in MSR financing receivables. These entities are VIEs because they do not have sufficient equity at risk to finance their activities and the Company has the right to direct the activities of the VIE that most significantly impact its economic performance and hold substantially all of the variable interests in the entities.

The table below reflects the assets and liabilities recorded in the Consolidated Statements of Financial Condition related to the consolidated VIEs as of September 30, 2026 and December 31, 2025.

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Assets:		
Non-Agency RMBS, at fair value [1]	$ 184,553	$ 210,185
Loans held for investment, at fair value	6,778,390	8,921,357
Accrued interest receivable	36,331	44,455
Other assets	30,422	22,451
Interests in MSR financing receivables	16,775	16,895
Total Assets:	$ 7,046,471	$ 9,215,343
Liabilities:		
Securitized debt, collateralized by Non-Agency RMBS	$ 62,329	$ 66,579
Securitized debt at fair value, collateralized by Loans held for investment	4,900,862	6,442,871
Accrued interest payable	16,854	22,887
Other liabilities	1,108	1,554
Total Liabilities:	$ 4,981,153	$ 6,533,891

(1) September 30, 2026 and December 31, 2025 balances include allowance for credit losses of $ 25 million and $17 million, respectively.

Income and expense amounts related to consolidated VIEs recorded in the Consolidated Statements of Operations is presented in the tables below.

	For the Quarters Ended	
	September 30, 2026	September 30, 2025
	(dollars in thousands)	
Interest income, Assets of consolidated VIEs	$ 104,642	$ 137,597
Interest expense, Non-recourse liabilities of VIEs	55,287	70,387
Net interest income	$ 49,355	$ 67,210
Increase in provision for credit losses	$ 3,041	$ 1,155
Interest income from investment in MSR financing receivables, net	$ 312	$ 363
Servicing fees	$ 3,697	$ 5,566

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
	(dollars in thousands)	
Interest income, Assets of consolidated VIEs	$ 339,901	$ 423,817
Interest expense, Non-recourse liabilities of VIEs	173,765	213,076
Net interest income	$ 166,136	$ 210,741
Increase in provision for credit losses	$ 8,264	$ 4,204
Interest income from investment in MSR financing receivables, net	$ 2,162	$ 363
Servicing fees	$ 11,829	$ 17,693

VIEs for Which the Company is Not the Primary Beneficiary

The Company is not required to consolidate VIEs in which it has concluded it does not have a controlling financial interest and thus is not the primary beneficiary. In such cases, the Company does not have both the power to direct the entities' most significant activities, such as rights to replace the servicer without cause, and the obligation to absorb losses or right to receive benefits that could potentially be significant to the VIEs. The Company's investments in these unconsolidated VIEs are carried in Non-Agency RMBS on the Consolidated Statements of Financial Condition and include senior and subordinated bonds issued by the VIEs.

The fair value of the Company's investments in each unconsolidated VIEs at September 30, 2026, ranged from less than $1 million to $21 million with an aggregate amount of $489 million. The fair value of the Company's investments in each unconsolidated VIEs at December 31, 2025, ranged from less than $1 million to $22 million, with an aggregate amount of $607 million. The Company's maximum exposure to loss from these unconsolidated VIEs was $510 million and $582 million at September 30, 2026 and December 31, 2025, respectively. The maximum exposure to loss was determined as the amortized cost of the unconsolidated VIE, which represents the purchase price of the investment adjusted by any unamortized premiums or discounts as of the reporting date.

11. Interests in MSR Financing Receivables

The Company does not hold the requisite licenses to purchase or hold MSRs directly. In 2025, the Company entered into purchase agreements to acquire base and excess servicing compensation rights, known as MSRs, associated with a $6.5 billion portfolio of mortgage loans from a licensed, GSE-approved residential mortgage loan servicer, which enables the Company to garner the economic return of an investment in an MSR purchased by the mortgage servicing counterparty through an MSR financing transaction. The Company, through its wholly-owned subsidiary, entered into a Reference Spread Agreement for Agency Loans to purchase the base servicing fee on the mortgage servicing loans at a rate of 12.5 basis points less the cost of servicing and other ancillary fees and income. In addition, the Company, through a consolidated VIE, purchased an interest in the true excess servicing fees ("ESS") from the mortgage servicing counterparty as outlined by a True Excess Spread Agreement ("TESPA"). Under the terms of the TESPA, the Company (i) purchased the ESS from the mortgage servicing counterparty, entitling the Company to monthly distributions of the servicing fees collected by the mortgage loan servicer in excess of 12.5 basis points per annum (and to distributions of corresponding proceeds fromthe sale of the MSRs), and (ii) will fund the balance of the MSR purchase price to the parent company of the mortgage loan servicer and, in exchange, has an unsecured right to payment of certain amounts determined by reference to the MSR, generally equal to the servicing fee revenue less the ESS and the costs of servicing (and to distributions of corresponding proceeds from the sale of the MSRs). The Company's investment in MSRs, net of any related financing obtained by the mortgage loan servicer, was $38 million.

As a means to increase potential returns to the Company, at the Company's election, it can request the mortgage servicing counterparty to utilize leverage on the MSRs to which the Company's Interests in MSR financing receivables are referenced, or to finance the purchase of additional MSRs. As of September 30, 2026, the Company's counterparty had drawn $59 million of financing secured by the MSRs to which the Company's Interests in MSR financing receivables are referenced.

The Company accounts for transactions executed under its arrangement with the mortgage servicing counterparty as financing transactions and reflects the associated financing receivables in the line item "Interests in MSR financing receivables" on its Consolidated Statements of Financial Condition. The Company has elected to account for its Interests in MSR financing receivables at fair value with changes in fair value recognized as a component of "Net unrealized gains on financial instruments at fair value" in the accompanying Consolidated Statements of Operations and changes attributed to interest income, expense, and amortization through "Interest income from investment in MSR financing receivables, net" in the accompanying Consolidated Statements of Operations.

The Company recognized interest income from investments in MSR financing receivables, net of amortization, of approximately $777 thousand and $500 thousand for the quarters ended September 30, 2026 and 2025, respectively, and $4 million and $500 thousand for the nine months ended September 30, 2026 and 2025, respectively. Interest income for the nine months ended September 30, 2026 includes amounts attributable to early payoff protection associated with the MSR acquired in 2025.

As of September 30, 2026 and December 31, 2025, the fair value of the Company's Interests in MSR financing receivables was approximately $41 million and $37 million, respectively.

The following table presents changes in the carrying value of the Company's Interests in MSR financing receivables for the periods indicated:

	For the Nine Months Ended September 30, 2026	For the Year Ended December 31, 2025
	(dollars in thousands)	
Balance, beginning of period	$ 37,294	$ —
Purchases	—	38,221
Capital distribution	(10,491)	—
Interest income from Investment in MSR financing receivables, net	3,927	520
Changes in unrealized gains (losses)	12,546	(3,592)
Servicer advances, net	(2,020)	2,145
Balance, end of period	$ 41,256	$ 37,294

12. Derivative Instruments

In connection with the Company's interest rate risk management strategy, the Company may seek to economically hedge a portion of its interest rate risk by entering into derivative financial instrument contracts in the form of interest rate swaps, swaptions, U.S. Treasury futures, swap futures and interest rate caps. Swaps are used to lock in a fixed rate related to a portion of the Company's current and anticipated payments on secured financing agreements. The Company typically agrees to pay a fixed rate of interest, or pay rate, in exchange for the right to receive a floating rate of interest, or receive rate, over a specified period of time. The Company's swaps are centrally cleared. Interest rate swaptions provide the option to enter into an interest rate swap agreement for a predetermined notional amount, stated term and pay and receive interest rates in the future. The Company's swaptions are not centrally cleared. U.S. Treasury futures are derivatives that track the prices of generic benchmark U.S. Treasury securities with identical maturities and are traded on an active exchange. It is generally the Company's policy to close out any U.S. Treasury futures positions prior to delivering the underlying security. U.S. Treasury futures lock in a fixed rate related to a portion of its current and anticipated payments on its secured financing agreements. The Company's U.S. Treasury futures are centrally cleared. Swap futures are exchange-traded contracts that mirror the economics of an interest rate swap, where one party pays a fixed rate and the other pays a floating rate based on the SOFR. Swap futures are marked-to-market daily, with prices published by the CME Group. The Company's swap futures are centrally cleared. Interest rate caps are used to protect against rising floating interest rates related to a portion of the Company's current and anticipated payments on secured financing arrangements, with the Company receiving payments when SOFR exceeds the strike rate over a specified term. The Company's interest rate caps are not centrally cleared. The Company enters into IRLCs with prospective borrowers to originate mortgage loans at a specified interest rate. Total gains, inclusive of both realized and unrealized amounts, are included in the Company's Gain on origination and sale of loans, net, within the accompanying Consolidated Statements of Operations.

The Company's derivatives are recorded as either assets or liabilities on the Consolidated Statements of Financial Condition and measured at fair value. These derivative financial instrument contracts are not designated as hedges for GAAP; therefore, all changes in fair value are recognized in earnings. The Company elects to net the fair value of its derivative contracts by counterparty when appropriate. These contracts contain legally enforceable provisions that allow for netting or setting off of all individual derivative receivables and payables with each counterparty and therefore, the fair values of those derivative contracts are reported net by the counterparty.

The use of derivatives creates exposure to credit risk relating to potential losses that could be recognized if the counterparties to these instruments fail to perform their obligations under the contracts. In the event of a default by the counterparty, the Company could have difficulty obtaining its RMBS or cash pledged as collateral for these derivative instruments. The Company periodically monitors the credit profiles of its counterparties to determine if it is exposed to counterparty credit risk. See Note 17 — Credit Risk and Interest Rate Risk for further discussion of counterparty credit risk.

Interest Rate Swaps

The weighted average pay rate on the Company's interest rate swaps at September 30, 2026 was 4.06% and the weighted average receive rate was 3.82%. At September 30, 2026, the weighted average maturity on the Company's interest rate swaps was less than ten years. The weighted average pay rate on the Company's interest rate swaps at December 31, 2025 was 3.44% and the weighted average receive rate was 3.87%. At December 31, 2025, the weighted average maturity on the Company's interest rate swaps was less than six years.

The Company had a $72 million net realized gain relating to swap terminations during the quarter ended September 30, 2026 and $80 million for the nine months ended September 30, 2026. The Company had net realized gains of $2 million related to swap terminations during the quarter ended September 30, 2025. The Company had net realized losses of $10 million related to the termination and maturity of swaps during the nine months ended September 30, 2025.

Swap Futures

During the quarter ended September 30, 2026, the Company had swap futures with a notional of $340 million. The Company had no swap futures terminations during the quarter and nine months ended September 30, 2026.

During the quarter ended September 30, 2025, the Company entered into $365 million notional amount of two-year SOFR swap future contracts, $230 million notional amount of five-year SOFR swap futures contracts, and $60 million notional amount of ten-year SOFR swap futures contracts. The weighted average par rate equivalent pay-fixed was 3.70% for the quarter end. During the nine months ended September 30, 2025, the Company entered into $705 million notional amount of swap future contracts. During the year ended December 31, 2025, the Company had swap futures with a notional of $340 million.

Swaptions

During the quarter ended September 30, 2026, the Company had no open swaption positions. The Company did not recognize any net realized gains related to swaptions during the quarter ended September 30, 2026, and recognized net realized gains of $2 million for the nine months ended September 30, 2026.

During the quarter ended September 30, 2025, the Company bought two $300 million notional swaptions with 18-month expiries and 2-year underlying swap tenors. During the nine months ended September 30, 2025, the Company had net realized losses of $6 million related to the sale of 29 swaption contracts. During the nine months ended September 30, 2025, the Company exercised a swaption contract with $500 million notional and entered into a less than one-year swap with $500 million notional with a 3.45% fixed pay rate.

Interest Rate Caps

During the quarter ended September 30, 2026, the Company entered into two interest rate caps. The Company paid $16 million for $800 million notional two-year interest rate caps with strike rates of 3.00% with SOFR as the market reference rate. The Company held $3.1 billion notional two-year, three-year and five-year interest rate caps with a weighted average strike rate of 3.00% on SOFR as the market reference rate and weighted average maturity of 2 years. During the quarter ended September 30, 2026, the Company terminated two notional interest rate caps totaling $1.1 billion with strike rates of 3.00% and 3.30% resulting in a realized gain of $3 million. During the nine months ended September 30, 2026, the Company terminated three interest rate caps consisting of $2.1 billion notional with strike rates of 3.00%, 3.30% and 3.95% for a realized loss of $4 million. During the quarter and nine months ended September 30, 2025, the Company had no terminations or maturities resulting in realized gains/losses.

U.S. Treasury Futures Contracts

For the Investment Portfolio segment, during the quarter ended September 30, 2026, the Company had no open U.S. Treasury future positions. For the Investment Portfolio segment, during the quarter ended September 30, 2026, the Company had no realized gains or losses. For the Investment Portfolio segment, during the quarter ended September 30, 2025, the Company covered its open short position of 1,000 two-year U.S. Treasury Futures contracts for a net realized gain of $82 thousand.

For the Residential Origination segment, during the period ended September 30, 2026, the Company entered into 546 short five-year and 2,199 short two-year U.S. Treasury futures contracts with notional amounts of $55 million and $440 million, respectively, which it subsequently covered for a realized gain of $1 million for the quarter ended September 30, 2026. During the nine months ended September 30, 2026, the Company's Residential Origination segment had a realized gain of $3 million. The Company is short 417 five-year and 1,674 two-year U.S. Treasury futures contracts at September 30, 2026. At December 31, 2025, the Company was short 197 five-year and 765 two-year U.S. Treasury futures contracts.

Interest Rate Lock Commitments

For the Residential Origination segment, the Company enters into IRLCs with prospective borrowers to originate mortgage loans at a specified interest rate. At September 30, 2026, the notional amount of the locked pipeline was $317 million with a fair value of $1 million. During the quarter and nine months ended September 30, 2026, the Company had net realized loss of $3 million and $3 million, respectively. At December 31, 2025, the notional amount of the locked pipeline was $200 million with a fair value of $4 million. During the quarter and nine months ended September 30, 2025 the Company had no realized gains or losses from IRLCs. The Company's IRLCs are not centrally cleared.

TBAs

The Company may purchase TBA securities as a means of investing in non-specified fixed-rate Agency RMBS, and may also sell TBA securities to economically hedge its portfolio. A TBA security is a forward contract for the purchase ("long position") or sale ("short position") of a fixed-rate Agency MBS at a predetermined price, with specified general collateral characteristics, including issuer, maturity, and coupon. The specific securities to be delivered are not identified until shortly before the settlement date. The Company's TBAs are not centrally cleared.

The Company may establish long, short, or combined positions in TBA securities through a series of transactions, commonly referred to as "dollar roll" transactions. A dollar roll transaction effectively delays the settlement of a forward purchase (or sale) of a non-specified Agency RMBS by entering into an offsetting TBA position, net settling the paired-off positions in cash, and simultaneously entering into an identical TBA long (or short) position with a later settlement date. TBA securities purchased or sold for a forward settlement date are generally priced at a discount relative to those settling in the current month as the holder of a current settlement position will receive coupon payments sooner than those settling in the forward month. This price difference, referred to as "drop income (expense)," represents the economic equivalent of net interest income (interest income less implied financing cost) on the underlying Agency security from the trade date to settlement date.

At September 30, 2026, the Company had no TBA purchase contracts and had TBA sales contracts with an aggregate notional amount of $2.4 billion, resulting in a net short TBA notional position of $2.4 billion. The Company had no realized gains or losses from TBA derivative transactions during the quarter ended September 30, 2026. During the nine months ended September 30, 2026, the Company recognized realized gains of $9 million related to TBA derivative transactions.

There was no drop expense for the quarter ended September 30, 2026. Drop expense for the nine months ended September 30, 2026 was $1 million, and is reported within Periodic interest on derivatives, net in the Consolidated Statements of Operations. The Investment Portfolio segment had open short TBAs as of September 30, 2026. The Investment Portfolio segment did not own TBAs as of September 30, 2025.

For the Residential Origination segment, during the quarter ended September 30, 2026, the Company entered into 22 Agency TBA contracts with an aggregate notional amount of $25 million. These contracts were subsequently covered, resulting in a realized gain of $135 thousand, which is included within Gain on origination and sale of loans, net, in the Consolidated Statements of Operations. As of September 30, 2026, the Company held 13 open Agency TBA positions.

The Company also maintains collateral in the form of cash margin from its counterparties to its derivative contracts. In accordance with the Company's netting policy, the Company presents the fair value of its derivative contracts net of cash margin received. See Note 17 — Credit Risk and Interest Rate Risk for additional details on derivative netting.

The table below summarizes the location and fair value of the derivatives reported in the Consolidated Statements of Financial Condition after counterparty netting and posting of cash collateral as of September 30, 2026 and December 31, 2025.

		September 30, 2026			
		Derivative Assets		Derivative Liabilities	
Derivative Instruments	Notional Amount Outstanding	Location on Consolidated Statements of Financial Condition	Net Estimated Fair Value/Carrying Value	Location on Consolidated Statements of Financial Condition	Net Estimated Fair Value/Carrying Value
		(dollars in thousands)			
Interest rate swaps	$ 2,560,000	Derivatives, at fair value, net	$ 100,848	Derivatives, at fair value, net	$ —
Swap futures	340,000	Derivatives, at fair value, net	14,384	Derivatives, at fair value, net	—
Swaptions	—	Derivatives, at fair value, net	—	Derivatives, at fair value, net	—
Interest rate caps	3,100,000	Derivatives, at fair value, net	—	Derivatives, at fair value, net	—
TBAs	2,365,000	Derivatives, at fair value, net	616	Derivatives, at fair value, net	(1,318)
U.S. Treasury futures	376,500	Derivatives, at fair value, net	4,215	Derivatives, at fair value, net	—
Interest rate lock commitments	317,468	Derivatives, at fair value, net	1,146	Derivatives, at fair value, net	—
Total	$ 9,058,968		$ 121,209		$ (1,318)

		December 31, 2025			
		Derivative Assets		Derivative Liabilities	
Derivative Instruments	Notional Amount Outstanding	Location on Consolidated Statements of Financial Condition	Net Estimated Fair Value/Carrying Value	Location on Consolidated Statements of Financial Condition	Net Estimated Fair Value/Carrying Value
		(dollars in thousands)			
Interest rate swaps	$ 3,014,000	Derivatives, at fair value, net	$ 21,158	Derivatives, at fair value, net	$ —
Swap futures	340,000	Derivatives, at fair value, net	57	Derivatives, at fair value, net	(1,759)
Swaptions	600,000	Derivatives, at fair value, net	117	Derivatives, at fair value, net	—
Interest rate caps	1,000,000	Derivatives, at fair value, net	—	Derivatives, at fair value, net	—
U.S. Treasury futures	172,700	Derivatives, at fair value, net	—	Derivatives, at fair value, net	—
Interest rate lock commitments	199,828	Derivatives, at fair value, net	3,855	Derivatives, at fair value, net	—
Total	$ 5,326,528		$ 25,187		$ (1,759)

The effect of the Company’s derivatives on the Consolidated Statements of Operations for the quarter and nine months ended September 30, 2026 and 2025, respectively, is presented below.

Derivative Instruments	Location on Consolidated Statements of Operations and Comprehensive Income	Net gains (losses) on derivatives For the Quarter Ended	
		September 30, 2026	September 30, 2025
		(dollars in thousands)	
Interest rate swaps	Net unrealized gains (losses) on derivatives	$ 88,768	$ 257
Interest rate swaps	Realized gains (losses) on derivatives	72,164	2,011
Interest rate swaps	Periodic interest on derivatives, net	(605)	3,212
Interest rate swaps	Gain on origination and sale of loans, net	27,588	N/A
Swap futures	Net unrealized gains (losses) on derivatives	10,104	(5,440)
Swap futures	Realized gains (losses) on derivatives	—	4
Swap futures	Periodic interest on derivatives, net	416	1,541
U.S. Treasury futures	Realized gains (losses) on derivatives	—	—
U.S. Treasury futures	Net unrealized gains (losses) on derivatives	—	—
Swaptions	Net unrealized gains (losses) on derivatives	—	(877)
Swaptions	Realized gains (losses) on derivatives	—	—
Interest rate caps	Net unrealized gains (losses) on derivatives	30,288	(1,847)
Interest rate caps	Realized gains (losses) on derivatives	2,737	—
Interest rate caps	Periodic interest on derivatives, net	5,828	998
TBAs	Net unrealized gains (losses) on derivatives	(1,936)	N/A
TBAs	Realized gains (losses) on derivatives	—	N/A
TBAs	Periodic interest on derivatives, net	—	N/A
TBAs	Gain on origination and sale of loans, net	412	N/A
U.S. Treasury futures	Gain on origination and sale of loans, net	4,654	N/A
Interest rate lock commitments	Gain on origination and sale of loans, net	(2,908)	N/A

Derivative Instruments	Location on Consolidated Statements of Operations and Comprehensive Income	Net gains (losses) on derivatives For the Nine Months Ended	
		September 30, 2026	September 30, 2025
		(dollars in thousands)	
Interest rate swaps	Net unrealized gains (losses) on derivatives	$ 105,765	$ (3,640)
Interest rate swaps	Realized gains (losses) on derivatives	80,309	(9,930)
Interest rate swaps	Periodic interest on derivatives, net	1,425	11,056
Interest rate swaps	Gain on origination and sale of loans, net	31,828	N/A
Swap futures	Net unrealized gains (losses) on derivatives	14,821	(6,081)
Swap futures	Realized gains (losses) on derivatives	—	(386)
Swap futures	Periodic interest on derivatives, net	1,321	1,881
U.S. Treasury futures	Realized gains (losses) on derivatives	—	82
U.S. Treasury futures	Net unrealized gains (losses) on derivatives	—	(117)
Swaptions	Net unrealized gains (losses) on derivatives	1,045	(877)
Swaptions	Realized gains (losses) on derivatives	2,022	(5,623)
Interest rate caps	Net unrealized gains (losses) on derivatives	41,077	(6,217)
Interest rate caps	Realized gains (losses) on derivatives	(4,352)	—
Interest rate caps	Periodic interest on derivatives, net	8,164	2,016
TBAs	Net unrealized gains (losses) on derivatives	(1,936)	N/A
TBAs	Realized gains (losses) on derivatives	9,319	N/A
TBAs	Periodic interest on derivatives, net	(1,376)	N/A
TBAs	Gain on origination and sale of loans, net	389	N/A
U.S. Treasury futures	Gain on origination and sale of loans, net	7,281	N/A
Interest rate lock commitments	Gain on origination and sale of loans, net	(2,708)	N/A

When the Company enters into derivative contracts, they are typically subject to International Swaps and Derivatives Association Master Agreements or other similar agreements, such agreements may contain provisions that grant counterparties certain rights with respect to the applicable agreement upon the occurrence of certain events such as (i) a decline in stockholders' equity in excess of specified thresholds or dollar amounts over set periods of time, (ii) the Company's failure to

maintain its REIT status, (iii) the Company's failure to comply with limits on the amount of leverage, and (iv) the Company's stock being delisted from the NYSE. Upon the occurrence of any one of items (i) through (iv), or another default under the agreement, the counterparty to the applicable agreement has a right to terminate the agreement in accordance with its provisions. If the Company breaches any of these provisions, it will be required to settle its obligations under the agreements at their termination values, which approximates fair value.

13. Capital Stock

Preferred Stock

The Company declared dividends to Series A preferred stockholders of $3 million and $9 million, or $0.50 and $1.50 per preferred share, during the quarter and nine months ended September 30, 2026. The Company declared dividends to Series A preferred stockholders of $3 million and $9 million, or $0.50 and $1.50 per preferred share, during the quarter and nine months ended September 30, 2025.

The Company declared dividends to Series B preferred stockholders of $8 million and $24 million, or $0.61 and $1.83 per preferred share, during the quarter and nine months ended September 30, 2026. The Company declared dividends to Series B preferred stockholders of $8 million and $25 million, or $0.65 and $1.94 per preferred share, during the quarter and nine months ended September 30, 2025.

The Company declared dividends to Series C preferred stockholders of $6 million and $17 million, or $0.56 and $1.66 per preferred share, during the quarter and nine months ended September 30, 2026. The Company declared dividends to Series C preferred stockholders of $5 million and $15 million, or $0.48 and $1.45 per preferred share, during the quarter and nine months ended September 30, 2025.

The Company declared dividends to Series D preferred stockholders of $5 million and $14 million, or $0.60 and $1.78 per preferred share, during the quarter and nine months ended September 30, 2026. The Company declared dividends to Series D preferred stockholders of $5 million and $15 million, or $0.63 and $1.89 per preferred share, during the quarter and nine months ended September 30, 2025.

On October 30, 2021, all 5,800,000 issued and outstanding shares of Series A Preferred Stock with an outstanding liquidation preference of $145 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

On March 30, 2024, all 13,000,000 issued and outstanding shares of Series B Preferred Stock with an outstanding liquidation preference of $325 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

On March 30, 2024, all 8,000,000 issued and outstanding shares of Series D Preferred Stock with an outstanding liquidation preference of $200 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

On September 30, 2025, all 10,400,000 issued and outstanding shares of Series C Preferred Stock with an outstanding liquidation preference of $260 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

Common Stock

In January 2024, the Company's Board of Directors updated the authorization of the Company's share repurchase program (the "Share Repurchase Program") to include the Company's preferred stock and increased the authorization by $33 million to $250 million. Such authorization does not have an expiration date, and at present, there is no intention to modify or otherwise rescind such authorization. Shares of the Company's common stock and preferred stock may be purchased in the open market, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any repurchases will be determined at the Company's discretion and the program may be suspended, terminated or modified at any time, for any reason. Among other factors, the Company intends to only consider repurchasing shares of its common stock when the purchase price is less than the last publicly reported book value per common share. In addition, the Company does not intend to repurchase any shares from directors, officers or other affiliates. The program does not obligate the Company to acquire any specific number of shares, and all repurchases will be made in accordance with Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases.

The Company did not repurchase any of its common stock during the quarters and nine months ended September 30, 2026 and 2025. The approximate dollar value of shares that may yet be purchased under the Share Repurchase Program is $250 million as of September 30, 2026.

In 2022, the Company entered into separate Distribution Agency Agreements (the "Existing Sales Agreements") with each of Credit Suisse Securities (USA) LLC, JMP Securities LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC. In February 2023, the Company amended the Existing Sales Agreements and entered into separate Distribution Agency Agreements (together with the Existing Sales Agreements, as amended, the "Sales Agreements") with J.P. Morgan Securities LLC and UBS Securities LLC (replacing Credit Suisse Securities LLC) to include J.P. Morgan Securities LLC and UBS Securities LLC as additional sales agents. Pursuant to the terms of the Sales Agreements, the Company may offer and sell shares of our common stock, having an aggregate offering price of up to $500 million, from time to time in "at the market" offerings through any of the sales agents under the Securities Act of 1933. The Company did not issue any shares under the at-the-market sales program during the quarters and nine months ended September 30, 2026 and 2025. The approximate dollar value of shares that may yet be issued under our at-the-market sales program is $426 million as of September 30, 2026.

During the quarter and nine months ended September 30, 2026, the Company declared dividends to common shareholders of $39 million, or $0.45 per share, and $116 million, or $1.35 per share, respectively. During the quarter and nine months ended September 30, 2025, the Company declared dividends to common shareholders of $31 million, or $0.37 per share, and $92 million, or $1.11 per share, respectively.

Earnings per Share (EPS)

EPS for the quarters and nine months ended September 30, 2026 and 2025 are computed as follows:

	For the Quarters Ended	
	September 30, 2026	**September 30, 2025**
	(dollars in thousands, except share and per share data)	
Numerator:		
Net income (loss) available to common shareholders — Basic	$ (193,662)	$ (21,997)
Effect of dilutive securities:	—	—
Net income available to common shareholders — Diluted	$ (193,662)	$ (21,997)
Denominator:		
Weighted average basic shares	83,870,874	81,507,492
Effect of dilutive securities	—	—
Weighted average dilutive shares	83,870,874	81,507,492
Net income (loss) per average share attributable to common stockholders — Basic	$ (2.31)	$ (0.27)
Net income (loss) per average share attributable to common stockholders — Diluted	$ (2.31)	$ (0.27)

	For the Nine months ended	
	September 30, 2026	**September 30, 2025**
	(dollars in thousands, except share and per share data)	
Numerator:		
Net income (loss) available to common shareholders — Basic	$ (262,679)	$ 137,967
Effect of dilutive securities:	—	—
Net income available to common shareholders — Diluted	$ (262,679)	$ 137,967
Denominator:		
Weighted average basic shares	83,787,100	81,435,782
Effect of dilutive securities	—	1,260,224
Weighted average dilutive shares	83,787,100	82,696,006
Net income (loss) per average share attributable to common stockholders — Basic	$ (3.14)	$ 1.69
Net income (loss) per average share attributable to common stockholders — Diluted	$ (3.14)	$ 1.67

For the three and nine months ended September 30, 2026, the Company reported net losses. Accordingly, all potential common shares were excluded from the computation of diluted net loss per share because their inclusion would have been anti-dilutive. The weighted-average number of potential common shares attributable to outstanding equity awards excluded from these computations was 2,049,249 and 2,040,180 for the three and nine months ended September 30, 2026, respectively.

For the three months ended September 30, 2025, the Company reported a net loss; therefore all potential common shares were excluded from the computation of diluted net loss per share because their effect would have been anti-dilutive. The weighted-average number of potential common shares attributable to outstanding equity awards excluded from these computations was 1,377,857 for the three months ended September 30, 2025. For the nine months ended September 30, 2025, the Company reported net income, and diluted earnings per share included the effect of potentially dilutive common shares.

14. Accumulated Other Comprehensive Income

The following table presents the changes in the components of Accumulated Other Comprehensive Income, or the AOCI, for the nine months ended September 30, 2026 and 2025:

	September 30, 2026 (dollars in thousands)	
	Unrealized gains (losses) on available-for-sale securities, net	**Total Accumulated OCI Balance**
Balance as of December 31, 2025	$ 146,295	$ 146,295
OCI before reclassifications	(36,590)	(36,590)
Amounts reclassified from AOCI	3,140	3,140
Net current period OCI	(33,450)	(33,450)
Balance as of September 30, 2026	$ 112,845	$ 112,845

	September 30, 2025 (dollars in thousands)	
	Unrealized gains (losses) on available-for-sale securities, net	**Total Accumulated OCI Balance**
Balance as of December 31, 2024	$ 159,449	$ 159,449
OCI before reclassifications	(12,073)	(12,073)
Amounts reclassified from AOCI	2,056	2,056
Net current period OCI	(10,017)	(10,017)
Balance as of September 30, 2025	$ 149,432	$ 149,432

The amounts reclassified from AOCI balance comprised of $3 million and $2 million net unrealized losses on available-for-sale securities sold for the nine months ended September 30, 2026 and September 30, 2025, respectively.

15. Equity Compensation, Employment Agreements and Other Benefit Plans

On June 14, 2023, the Board of Directors recommended and shareholders approved the Chimera Investment Corporation 2023 Equity Incentive Plan (the "2023 Plan"). It authorized the issuance of up to 6,666,667 shares of our common stock for the grant of awards under the 2023 Plan (adjusted on a retroactive basis to reflect our 1-for-3 reverse stock split effected on May 21, 2024). The 2023 Plan replaced our 2007 Equity Incentive Plan, as amended and restated effective December 10, 2015 (the "Prior Plan"), and no new awards will be granted under the Prior Plan. Any awards outstanding under the Prior Plan will remain subject to and be paid under the Prior Plan. Any shares subject to outstanding awards under the Prior Plan that expire, terminate, or are surrendered or forfeited for any reason without issuance of shares will automatically become available for issuance under the 2023 Plan. Also, shares withheld for tax withholding requirements after stockholder approval of the 2023 Plan for full value awards originally granted under the Prior Plan (such as the RSUs and PSUs awarded to our named executive officers) will automatically become available for issuance under the 2023 Plan.

As of September 30, 2026, approximately 3 million shares were available for future grants under the 2023 Plan.

Awards under the 2023 Plan may include stock options, stock appreciation rights, restricted stock, dividend equivalent rights ("DERs") and other share-based awards (including RSUs). Under the 2023 Plan, any of these awards may be performance awards that are conditioned on the attainment of performance goals.

In addition, in connection with the HomeXpress Acquisition, the Compensation Committee of the Board of Directors (the "Compensation Committee") adopted the Chimera Investment Corporation 2025 Inducement Award Plan (the "2025 Inducement Award Plan"), pursuant to which the Company reserved 540,000 shares of Chimera's common stock, $0.01 par value per share for issuance under the 2025 Inducement Award Plan solely to individuals who were not previously employees of Chimera or any subsidiary of Chimera (or who are returning to employment following a bona fide period of interruption of employment with Chimera), in accordance with NYSE Listed Company Manual Rule 303A.08. The 2025 Inducement Award Plan was approved by the Compensation Committee without shareholder approval pursuant to NYSE Listed Company Manual Rule 303A.08. The Compensation Committee also adopted a form of restricted stock unit award agreement for use with the 2025 Inducement Award Plan. The Company issued restricted stock units to certain employees of HomeXpress as a material inducement for such employees to continue their employment with HomeXpress following the completion of the HomeXpress Acquisition. Effective April 1, 2026, the Company amended the settlement provisions applicable to DERs issued under its 2025 Inducement Award Plan to permit settlement in cash, shares of the Company's common stock or a combination thereof, at the Company's discretion.

The Compensation Committee had previously approved a Stock Award Deferral Program, or the Deferral Program. The Deferral Program consisted of two distinct non-qualified deferred compensation plans within the meaning of Section 409A of the Code, as amended, one for non-employee directors (the "Director Plan") and one for certain executive officers (the "Executive Officer Plan"). Under the Deferral Program, non-employee directors and certain executive officers could elect to defer payment of certain stock awards made pursuant to the 2023 Plan. Deferred awards are treated as deferred stock units and paid at the earlier of separation from service or a date elected by the participant who is separating. Payments are generally made in a lump sum or, if elected by the participant, in five annual installments. Deferred awards receive dividend equivalents during the deferral period in the form of additional deferred stock units. Amounts are paid at the end of the deferral period by delivery of shares from the 2023 Plan (plus cash for any fractional deferred stock units), less any applicable tax withholdings. Deferral elections do not alter any vesting requirements applicable to the underlying stock award. On November 5, 2024, the Compensation Committee irrevocably terminated the Executive Officer Plan and suspended new deferral elections under the Director Plan. The Executive Officer Plan was liquidated as of November 30, 2025, and all amounts outstanding under the Executive Officer Plan on the liquidation date were paid at that time in accordance with applicable tax rules. All deferrals previously made under the Director Plan will remain outstanding, and all deferrals pursuant to prior elections made by directors will be paid on the originally scheduled payment dates. At both September 30, 2026 and December 31, 2025, there are approximately 92 thousand shares for which payments have been deferred until separation or a date elected by the participant. At September 30, 2026 and December 31, 2025, there are approximately 417 thousand and 269 thousand DERs earned but not yet delivered, respectively.

Grants of Restricted Stock Units ("RSUs")

During the quarters and nine months ended September 30, 2026 and 2025, the Company granted RSU awards under the 2023 Plan to senior management, employees and directors. These RSU awards are designed to reward senior management, employees of the Company and directors for services provided to the Company. Generally, the RSU awards vest equally over a three-year period and will fully vest after three years. Under the 2023 Plan, the service period for employees who are retirement eligible, defined as years of service to the Company plus age that is equal to or greater than 65, is considered to be fulfilled and all grants are expensed immediately. For senior management who are retirement eligible, defined as having attained age 55 and the sum of his or her age plus his or her years of service is equal or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. The RSU awards are valued at the market price of our common stock on the grant date and generally the employees must be employed by the Company on the vesting dates to receive the RSU awards. The Company did not grant any RSU awards during the quarters ended September 30, 2026 and 2025. The Company granted 522 thousand RSU awards during the nine months ended September 30, 2026 with a grant date fair value of $7 million which include stock grants to Chimera employees and two HomeXpress employees who did not receive awards under the 2025 Inducement Award Plan for the 2026 performance year. The Company granted 362 thousand RSU awards during the nine months ended September 30, 2025 with a grant date fair value of $5 million for the 2025 performance year.

In connection with the HomeXpress Acquisition, the Company issued restricted stock units under the 2025 Inducement Award Plan to certain employees of HomeXpress as a material inducement for such employees to continue their employment with HomeXpress following the completion of the HomeXpress Acquisition. In connection with this transaction, stock-based compensation expense of $7 million will be recognized on a straight-line basis over the three-year vesting period.

Following the amendment of the settlement provisions applicable to awards made under the 2025 Inducement Award Plan effective April 1, 2026, the Company evaluated the amended terms under ASC 718 and concluded that the DERs are liability-classified awards. Accordingly, the Company reclassified the outstanding DERs from equity to liabilities on the modification date and will subsequently remeasure the liability at fair value each reporting period until settlement. The amendment did not affect the accounting for the underlying restricted stock units, which continue to be classified as equity awards. For the quarter and nine months ended September 30, 2026, the Company recognized $62 thousand and $120 thousand, respectively, of stock compensation expense related to DERs issued.

Grants of Performance Share Units ("PSUs")

PSU awards made under the 2023 Plan are designed to align compensation with the Company's future performance. The PSU awards granted during the nine months ended September 30, 2026 include a three-year performance period ending on December 31, 2028. For the PSU awards granted during the nine months ended September 30, 2026, the final number of shares awarded will be between 0% and 150% of the PSUs granted based on share price performance compared to a peer group. The PSU awards granted during the nine months ended September 30, 2025, include a three-year performance period ending on December 31, 2027. For the PSU awards granted during thenine months ended September 30, 2025, the final number of shares awarded will be between0% and 200% of the PSUs granted based equally on the Company Economic Return and share price performance compared to a peer group.

The Company's three-year Company Economic Return is equal to the Company's change in book value per common share plus common stock dividends. Share price performance equals change in share price plus common stock dividends. Compensation expense will be recognized on a straight-line basis over the three-year vesting period based on an estimate of the Company Economic Return and share price performance in relation to the entities in the peer group and will be adjusted each period based on the Company's best estimate of the actual number of shares awarded. The Company did not grant any PSU awards during the quarters ended September 30, 2026 and 2025. For the nine months ended September 30, 2026, the Company granted 415 thousand PSU awards to senior management with a grant date fair value of $5 million. For the nine months ended September 30, 2025, the Company granted 296 thousand PSU awards to senior management with a grant date fair value of $4 million.

The Company recognized stock-based compensation expense of $3 million and $11 million which includes stock grants to both Chimera and HomeXpress employees for the quarter and nine months ended September 30, 2026. The Company recognized stock-based compensation expense of $2 million and $8 million for the quarter and nine months ended September 30, 2025.

The Company also maintains a qualified 401(k) plan. The plan is a retirement savings plan that allows eligible employees to contribute a portion of their wages on a tax-deferred basis under Section 401(k) of the Code. Employees may contribute, through payroll deductions, up to $24,500 if under the age of 50 years and an additional $8,000 "catch-up" contribution for employees 50 years or older. The Company matches 100% of the first 6% of the eligible compensation deferred by employee contributions. The employer funds the 401(k) matching contributions in the form of cash, and participants may direct the Company match to an investment of their choice. The benefit of the Company's contributions vests immediately. Generally, a participating employee is entitled to distributions from the plan upon termination of employment, retirement, death or disability. The 401(k) expense related to the Company's qualified plan for the quarter and nine months ended September 30, 2026 was $562 thousand and $2 million, respectively. The 401(k) expense related to the Company's qualified plan for the quarter and nine months ended September 30, 2025 was $194 thousand and $670 thousand, respectively.

16. Income Taxes

For the year ended December 31, 2025, the Company qualified to be taxed as a REIT under Code Sections 856 through 860. As a REIT, the Company is not subject to U.S. federal income tax to the extent that it makes qualifying distributions of taxable income to its stockholders. To maintain qualification as a REIT, the Company must distribute at least 90% of its annual REIT taxable income (subject to certain adjustments) to its shareholders and meet certain other requirements such as assets it may hold, income it may generate and its shareholder composition. It is generally the Company's policy to distribute to its shareholders all of the Company's taxable income.

The state and local tax jurisdictions in which the Company is subject to tax-filing obligations recognize the Company's status as a REIT and, therefore, the Company generally does not pay income tax in such jurisdictions. The Company may, however, be subject to certain minimum state and local tax filing fees and its TRSs are subject to U.S. federal, state, and local taxes.

The Company recorded an income tax benefit of $306 thousand and $3 million for the quarter and nine months ended September 30, 2026, respectively. The Company recorded income tax expense of $251 thousand and $2 million for the quarter and nine months ended September 30, 2025, respectively.

The Company's effective tax rate differs from the U.S. federal corporate statutory tax rate of 21 percent primarily due to the deduction of dividend distributions required to be paid under Code Section 857(a).

The Company's U.S. federal, state and local tax returns for the tax years ending on or after December 31, 2023 remain open for examination.

17. Credit Risk and Interest Rate Risk

The Company's primary components of market risk are credit risk and interest rate risk. The Company is subject to interest rate risk in connection with its investments in Agency MBS and Non-Agency RMBS, residential mortgage loans, borrowings under

secured financing agreements and securitized debt. When the Company assumes interest rate risk, it attempts to minimize interest rate risk through asset selection, hedging and matching the income earned on mortgage assets with the cost of related financing.

The Company attempts to manage credit risk through due diligence, asset selection and portfolio monitoring. The Company may invest in a variety of residential loan products, including but not limited to, Non-QM, QM, jumbo prime, RTLs, Investor Loans and reperforming residential mortgage loans. The Company seeks to manage credit risk through ensuring loans are originated in compliance with regulatory requirements, serviced in accordance with acceptable servicing practices, diversified geographically, and contain loan characteristics sufficiently aligned with borrower credit attributes.

By using derivative instruments and secured financing agreements, the Company is exposed to counterparty credit risk if counterparties to the contracts do not perform as expected. If a counterparty fails to perform on a derivative instrument, the Company's counterparty credit risk is equal to the amount reported as a derivative asset on its balance sheet to the extent that amount exceeds collateral obtained from the counterparty or, if in a net liability position, the extent to which collateral posted exceeds the liability to the counterparty. The amounts reported as a derivative asset/(liability) are derivative contracts in a gain/(loss) position, and to the extent subject to master netting arrangements, net of derivatives in a loss/(gain) position with the same counterparty and collateral received/(pledged). If the counterparty fails to perform on a secured financing agreement, the Company is exposed to a loss to the extent that the fair value of collateral pledged exceeds the liability to the counterparty. The Company attempts to minimize counterparty credit risk by evaluating and monitoring the counterparty's credit, executing master netting arrangements and obtaining collateral, and executing contracts and agreements with multiple counterparties to reduce exposure to a single counterparty.

The Company's secured financing transactions are governed by underlying agreements that provide for a right of setoff by the lender, including in the event of default or bankruptcy of the borrowing party to the transactions. The Company's derivative transactions are governed by underlying agreements that provide for a right of setoff under master netting arrangements, including in the event of default or bankruptcy of either party to the transactions. The Company presents its assets and liabilities subject to such arrangements on a net basis in the Consolidated Statements of Financial Condition. The following table presents information about our assets and liabilities that are subject to such arrangements and can potentially be offset on our Consolidated Statements of Financial Condition as of September 30, 2026 and December 31, 2025.

September 30, 2026
(dollars in thousands)

	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Consolidated Statements of Financial Position	Net Amounts Offset in the Consolidated Statements of Financial Position	Gross Amounts Not Offset with Financial Assets (Liabilities) in the Consolidated Statements of Financial Position		Net Amount
				Financial Instruments	Cash Collateral (Received) Pledged [1]	
Secured financing agreements	$ (8,619,936)	$ —	$ (8,619,936)	$ 9,524,080	$ 153,198	$ 1,057,342
Interest rate swaps - Gross Assets	156,390	(55,541)	100,848	—	(55,519)	45,329
Interest rate swaps - Gross Liabilities	(22)	22	—	—	—	—
Futures [2] - Gross Assets	18,598	—	18,598	—	(11,006)	7,592
Interest rate caps - Gross Assets	104,410	(104,410)	—	—	(105,895)	(105,895)
Interest rate caps - Gross Liabilities	—	—	—	—	—	—
Interest Rate Lock - Gross Assets	1,146	—	1,146	—	—	1,146
Interest Rate Lock - Gross Liabilities	—	—	—	—	—	—
TBA derivatives - Gross Assets	617	—	617	—	2,520	3,137
TBA derivatives - Gross Liabilities	(2,326)	1,008	(1,318)	—	—	(1,318)
Total	$ (8,341,123)	$ (158,921)	$ (8,500,045)	$ 9,524,080	$ (16,702)	$ 1,007,333

(1) Included in Other assets
(2) Includes Futures with underlying Eris Secured Overnight Financing Rate Swaps and U.S. Treasuries

	December 31, 2025 (dollars in thousands)					
				Gross Amounts Not Offset with Financial Assets (Liabilities) in the Consolidated Statements of Financial Position		
	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Consolidated Statements of Financial Position	Net Amounts Offset in the Consolidated Statements of Financial Position	Financial Instruments	Cash Collateral (Received) Pledged [1]	Net Amount
Secured financing agreements	$ (6,031,182)	$ —	$ (6,031,182)	$ 7,353,549	$ 16,968	$ 1,339,335
Interest rate swaps - Gross Assets	21,413	(255)	21,158	—	43,235	64,393
Interest rate swaps - Gross Liabilities	(115)	115	—	—	—	—
Futures [2] - Gross Assets	57	—	57	—	5,857	5,914
Futures [2] - Gross Liabilities	(1,759)	—	(1,759)	—	—	(1,759)
Swaptions - Gross Assets	3,927	(3,810)	117	—	(3,810)	(3,693)
Swaptions - Gross Liabilities	—	—	—	—	—	—
Interest rate caps - Gross Assets	115	(115)	—	—	(440)	(440)
Interest rate caps - Gross Liabilities	—	—	—	—	—	—
Interest Rate Lock - Gross Assets	3,855	—	3,855	—	—	3,855
Interest Rate Lock - Gross Liabilities	—	—	—	—	—	—
Total	$ (6,003,689)	$ (4,065)	$ (6,007,754)	$ 7,353,549	$ 61,810	$ 1,407,605

(1) Included in Other assets
(2) Includes Futures with underlying Eris Secured Overnight Financing Rate Swaps and U.S. Treasuries

18. Commitments and Contingencies

From time to time, the Company may become involved in various claims and legal actions arising in the ordinary course of business. In connection with certain securitization transactions engaged in by the Company, it has the obligation under certain circumstances to repurchase assets from the VIE upon breach of certain representations and warranties.

Interests in MSR Financing Receivable Commitments

The Company is party to agreements with a licensed, GSE-approved residential mortgage loan servicer that enables it to garner the economic return of an investment in an MSR purchased by the mortgage servicing counterparty through an MSR financing transaction. The Company has committed to invest a total minimum of $38.2 million of capital. The Company has the option to request the mortgage servicing counterparty to sell the related MSR investments and repay the Company amounts owed to it under the MSR financing transaction less a minimum fee the mortgage servicing counterparty would have earned over the remaining original commitment periods.

At the Company's election, it can request the mortgage servicing counterparty to utilize leverage on the MSRs related to its Interests in MSR financing receivables. As of September 30, 2026, the Company's mortgage servicing counterparty has a $100 million credit facility that is secured by certain MSRs, including MSRs to which the Company's Interests in MSR financing receivables are referenced. As of September 30, 2026, the mortgage servicing counterparty had drawn $58.5 million of availability under its credit facility. As of September 30, 2026, the Company had the ability to utilize approximately 41.5% of its mortgage servicing counterparty's available undrawn capacity under its credit facility. In general, the mortgage servicing counterparty can obtain advances of up to 65% of the fair value of the MSR collateral value pledged. Under the mortgage servicing counterparty's credit facility, if the fair value of the pledged MSR collateral declines and the lender demands additional collateral from our mortgage servicing counterparty through a margin call, the Company would be required to provide the mortgage servicing counterparty with additional funds to meet such margin call. If the Company were unable to satisfy such margin call, the lender could liquidate the MSR collateral position to which the Company's Interests in MSR financing receivables are referenced to satisfy the loan obligation, thereby reducing the value of the Company's Interests in MSR financing receivables. Draws under the facility bear interest at term SOFR plus 3.00% with a floor of 5.50% and a maturity date of July 31, 2027 with a one-year borrower extension option.

Under the arrangement, the Company is obligated to provide funds to the mortgage servicing counterparty to fund its advances of payments on the serviced pool of mortgage loans within the referenced MSR. The mortgage servicing counterparty is required to return to the Company any subsequent servicing advances collected or reimbursed by the GSEs. At the Company's option, it could request the mortgage servicing counterparty to fund any servicing advances with draws under its credit facility, subject to available borrowing capacity, but the Company would be required to fund such financing costs.

Repurchase reserves

When the Company sells mortgage loans it makes customary representations and warranties to the purchasers about various characteristics of each loan such as the origination and underwriting guidelines, including, but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state, and local law. The whole loan sale agreements generally require the Company to repurchase loans if a representation or warranty is breached. In addition, the Company could also be required to repurchase loans as a result of borrower fraud or if a payment default occurs on a mortgage loan shortly after its sale. In the event of a breach of its representations and warranties, the Company may be required to either repurchase the mortgage loans with the identified defects or indemnify the investor or insurer for any loss. The Company's loss may be reduced by proceeds from the sale or liquidation of the repurchased loan. In such event, the Company may have the right to seek a recovery of related repurchase losses from the referring mortgage broker.

In the case of early loan payoffs and early defaults on certain loans, the Company may be required to repay all, or a portion, of the premium initially paid by the investor. The estimated obligation associated with early loan payoffs and early defaults is calculated based on current market conditions and historical loss experience by type of loan.

The Company records a provision or a benefit for losses relating to such representations and warranties as part of its loan sale transactions. The provision for estimated repurchase losses and premium recaptures is included in Gain on origination and sale of loans, net, on the accompanying Consolidated Statements of Operations. The method used to estimate the liability for representations and warranties is a function of the representations and warranties given and considers a combination of factors, including, but not limited to, estimated future default and loan repurchase rates, the potential severity of loss in the event of default including any loss on sale or liquidation of the repurchased loan, and the probability of reimbursement by the referring mortgage broker. The Company establishes a liability at the time loans are sold and updates its estimated repurchase liability based on actual and industry performance characteristics, and loan decrement (amortization and prepayment) estimates. The level of the repurchase liability is difficult to estimate and requires considerable management judgment. Given that the level of mortgage loan repurchase losses is dependent on economic factors, investor demands for loan repurchases and other external conditions that may change over the lives of the underlying loans, market expectations around losses related to the Company's obligations could vary significantly from the obligation recorded as of the balance sheet dates.

The settlements, net, for the nine months ended September 30, 2026, were primarily related to the repayment of premiums on early loan payoffs. Repurchase reserves are included within Accounts payable and other liabilities in the Consolidated Statements of Financial Condition.

The activity related to the Company's loan repurchase reserves for previously sold loans for the nine months ended September 30, 2026, and year ended December 31, 2025, is as follows:

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Balance, beginning of period	$ 5,780	$ —
Acquired during the period	—	3,427
Provision (benefit)	924	1,357
Pushdown accounting adjustment	—	1,263
Settlements, net	(993)	(266)
Balance, end of period	$ 5,711	$ 5,780

19. Business Combination

Measurement Period Considerations

As of September 30, 2026, the Company was within the measurement period for the HomeXpress Acquisition, which extends up to one year from the acquisition date. During the nine months ended September 30, 2026, the Company did not record any measurement period adjustments related to the HomeXpress Acquisition. Accordingly, the preliminary allocation of the purchase price, including amounts recorded as goodwill and intangible assets, remains unchanged from that reported as of December 31, 2025.

Goodwill and intangible assets recognized in connection with the HomeXpress Acquisition are included in Other assets on the Company's Consolidated Statements of Financial Condition. See Note 2 — Summary of the Significant Accounting Policies for additional information.

20. Segment Reporting

At September 30, 2026, the Company's reportable segments include (i) Investment Portfolio and (ii) Residential Origination.

Residential Origination segment

The Residential Origination segment consists of the stand-alone mortgage origination business of HomeXpress that originates Non-QM residential mortgage loans (both consumer loans and Investor Loans), and other Non-Agency and Agency mortgage loan products. This segment includes the related goodwill and intangible assets, operating revenues and expenses, and certain assets directly associated with the origination platform, including HomeXpress-related residential whole loans and real estate owned.

Investment Portfolio Segment

The Investment Portfolio segment consists of the Company's investment and third-party advisory services activities, as well as the purchase and aggregation of LHFS from HomeXpress and third-party mortgage originators for future securitizations. The segment's investment activities encompass (i) residential mortgage loans and properties, (ii) real estate-related securities, (iii) consumer loans, (iv) MSR-related investments and (v) certain ancillary and equity method investments, together with associated financing and hedging activities and allocable expenses. Prior to the fourth quarter of 2025, these activities comprised the Company’s single reportable segment.

Chief Operating Decision Maker and Performance Measures

The Company's segment reporting aligns with the information reviewed by the Company’s CODM for purposes of performance assessment and resource allocation. The Company identifies its CODM as the Chief Executive Officer. The CODM evaluates performance and makes investment and operating decisions based on each segment's contribution to net income. This measure is also used in the Company’s annual budgeting and forecasting process and in assessing budget-to-actual variances when allocating capital and personnel to the segments throughout the year.

Basis of Presentation and Recast of Prior Period

The segment information presented below reflects the Company's current reportable segment structure.

The Company completed its acquisition of HomeXpress on October 1, 2025, which resulted in the establishment of the Residential Origination segment. As a result, no revenues or expenses are presented for the Residential Origination segment for the three and nine months ended September 30, 2025. Accordingly, the segment results for the three and nine months ended September 30, 2026 are not directly comparable to those of the prior year period.

Segment Results

The following tables present, for each reportable segment, revenues, the measure of segment profit or loss, and significant segment expenses that are regularly reviewed by the CODM. Segment results are prepared on the same basis as the Company’s consolidated financial statements and are reconciled to consolidated amounts below:

	For the Quarter Ended		
	September 30, 2026 (dollars in thousands)		
	Investment Portfolio	Residential Origination	Total
Net Interest Income:			
Interest income	$ 214,131	$ 16,556	$ 230,687
Interest expense	147,630	11,874	159,504
Net interest income	66,501	4,682	71,183
Increase in provision for credit losses	6,847	—	6,847
Other income (losses):			
Net unrealized gains (losses) on derivatives	127,224	—	127,224
Realized gains (losses) on derivatives	74,901	—	74,901
Periodic interest on derivatives, net	5,639	—	5,639
Net gains (losses) on derivatives	207,764	—	207,764
Investment management and advisory fees	7,978	—	7,978
Interest income from investment in MSR financing receivables, net	777	—	777
Net unrealized gains (losses) on financial instruments at fair value	(391,000)	—	(391,000)
Net realized gains (losses) on sales of investments	(26,889)	—	(26,889)
Gains (losses) on extinguishment of debt	—	—	—
Other investment gains (losses)	1,063	—	1,063
Gain on origination and sale of loans, net	176	10,952	11,128
Total other income (losses)	(200,131)	10,952	(189,179)
Other expenses:			
Compensation and benefits	11,402	12,473	23,875
General and administrative expenses	9,452	2,722	12,174
Servicing and asset manager fees	6,164	—	6,164
Depreciation, amortization, and impairment of intangible assets	2,048	3,431	5,479
Transaction expenses	—	—	—
Total other expenses	29,066	18,626	47,692
Income (loss) before income taxes	(169,543)	(2,992)	(172,535)
Income tax expense (benefit)	254	(560)	(306)
Net income (loss)	(169,797)	(2,432)	(172,229)
Dividends on preferred stock	21,433	—	21,433
Net income (loss) available to common shareholders	$ (191,230)	$ (2,432)	$ (193,662)

	For the Quarter Ended		
	September 30, 2025 (dollars in thousands)		
	Investment Portfolio	Residential Origination	Total
Net Interest Income:			
Interest income	$ 209,100	$ —	$ 209,100
Interest expense	144,089	—	144,089
Net interest income	65,011	—	65,011
Increase in provision for credit losses	2,587	—	2,587
Other income (losses):			
Net unrealized gains (losses) on derivatives	(7,907)	—	(7,907)
Realized gains (losses) on derivatives	2,015	—	2,015
Periodic interest on derivatives, net	5,751	—	5,751
Net gains (losses) on derivatives	(141)	—	(141)
Investment management and advisory fees	8,509	—	8,509
Interest income from investment in MSR financing receivables, net	500	—	500
Net unrealized gains (losses) on financial instruments at fair value	(36,995)	—	(36,995)
Net realized gains (losses) on sales of investments	1,991	—	1,991
Gains (losses) on extinguishment of debt	—	—	—
Other investment gains (losses)	1,945	—	1,945
Gain on origination and sale of loans, net	—	—	—
Total other income (losses)	(24,191)	—	(24,191)
Other expenses:			
Compensation and benefits	13,756	—	13,756
General and administrative expenses	6,936	—	6,936
Servicing and asset manager fees	6,991	—	6,991
Depreciation, amortization, and impairment of intangible assets	948	—	948
Transaction expenses	9,931	—	9,931
Total other expenses	38,562	—	38,562
Income (loss) before income taxes	(329)	—	(329)
Income tax expense (benefit)	251	—	251
Net income (loss)	(580)	—	(580)
Dividends on preferred stock	21,417	—	21,417
Net income (loss) available to common shareholders	$ (21,997)	$ —	$ (21,997)

	For the Nine Months Ended September 30, 2026 (dollars in thousands)		
	Investment Portfolio	Residential Origination	Total
Net Interest Income:			
Interest income	$ 626,385	$ 45,222	$ 671,607
Interest expense	422,002	32,910	454,912
Net interest income	204,383	12,312	216,695
Increase in provision for credit losses	16,863	—	16,863
Other income (losses):			
Net unrealized gains (losses) on derivatives	160,772	—	160,772
Realized gains (losses) on derivatives	87,298	—	87,298
Periodic interest on derivatives, net	9,534	—	9,534
Net gains (losses) on derivatives	257,604	—	257,604
Investment management and advisory fees	21,682	—	21,682
Interest income from investment in MSR financing receivables, net	3,927	—	3,927
Net unrealized gains (losses) on financial instruments at fair value	(471,922)	—	(471,922)
Net realized gains (losses) on sales of investments	(76,941)	—	(76,941)
Gains (losses) on extinguishment of debt	(41,605)	—	(41,605)
Other investment gains (losses)	1,382	—	1,382
Gain on origination and sale of loans, net	108	54,615	54,723
Total other income (losses)	(305,765)	54,615	(251,150)
Other expenses:			
Compensation and benefits	39,690	35,993	75,683
General and administrative expenses	28,513	7,301	35,814
Servicing and asset manager fees	16,117	—	16,117
Depreciation, amortization, and impairment of intangible assets	8,913	10,290	19,203
Transaction expenses	3,305	—	3,305
Total other expenses	96,538	53,584	150,122
Income (loss) before income taxes	(214,783)	13,343	(201,440)
Income tax expense (benefit)	(1,804)	(867)	(2,671)
Net income (loss)	(212,979)	14,210	(198,769)
Dividends on preferred stock	63,910	—	63,910
Net income (loss) available to common shareholders	$ (276,889)	$ 14,210	$ (262,679)

	For the Nine Months Ended September 30, 2025 (dollars in thousands)		
	Investment Portfolio	Residential Origination	Total
Net Interest Income:			
Interest income	$ 601,014	$ —	$ 601,014
Interest expense	400,773	—	400,773
Net interest income	200,241	—	200,241
Increase in provision for credit losses	10,383	—	10,383
Other income (losses):			
Net unrealized gains (losses) on derivatives	(16,932)	—	(16,932)
Realized gains (losses) on derivatives	(15,857)	—	(15,857)
Periodic interest on derivatives, net	14,953	—	14,953
Net gains (losses) on derivatives	(17,836)	—	(17,836)
Investment management and advisory fees	26,254	—	26,254
Interest income from investment in MSR financing receivables, net	500	—	500
Net unrealized gains (losses) on financial instruments at fair value	98,872	—	98,872
Net realized gains (losses) on sales of investments	76	—	76
Gains (losses) on extinguishment of debt	2,122	—	2,122
Other investment gains (losses)	4,481	—	4,481
Gain on origination and sale of loans, net	—	—	—
Total other income (losses)	114,469	—	114,469
Other expenses:			
Compensation and benefits	38,501	—	38,501
General and administrative expenses	20,658	—	20,658
Servicing and asset manager fees	21,726	—	21,726
Depreciation, amortization, and impairment of intangible assets	2,850	—	2,850
Transaction expenses	16,009	—	16,009
Total other expenses	99,744	—	99,744
Income (loss) before income taxes	204,583	—	204,583
Income tax expense (benefit)	2,416	—	2,416
Net income (loss)	202,167	—	202,167
Dividends on preferred stock	64,200	—	64,200
Net income (loss) available to common shareholders	$ 137,967	$ —	$ 137,967

Gain on origination and sale of loans, net

The following table presents the components of gain on origination and sale of loans, net by reportable segment, including the elimination of intersegment activity related to transfers of loans held for sale between the Company's Residential Origination and Investment Portfolio segments.

	For the Quarter Ended September 30, 2026			
	(dollars in thousands)			
	Investment Portfolio	Residential Origination	Elimination	Total
Premium from loan sales	$ —	$ 27,740	$ (9,087)	$ 18,653
Mark to market changes on LHFS	(9,308)	(8,118)	—	(17,426)
Unrealized gains from hedging derivative instruments	27,962	4,256	—	32,218
Unrealized gains (losses) from IRLC	—	(2,908)	—	(2,908)
Periodic interest on derivatives, net	(375)	—	—	(375)
Realized gains from hedging instruments, net	—	811	—	811
Provision for loan repurchase reserves	—	(168)	—	(168)
Loan origination income, net	(17,558)	(3,120)	9,087	(11,591)
Direct loan origination costs, net	(545)	(7,541)	—	(8,086)
Gain on origination and sale of loans, net	$ 176	$ 10,952	$ —	$ 11,128

	For the Nine Months Ended September 30, 2026			
	(dollars in thousands)			
	Investment Portfolio	Residential Origination	Elimination	Total
Premium from loan sales	$ —	$ 93,965	$ (19,156)	$ 74,809
Mark to market changes on LHFS	(3,259)	(15,466)	—	(18,724)
Unrealized gains from hedging derivative instruments	32,106	4,383	—	36,489
Unrealized gains from IRLC	—	(2,708)	—	(2,708)
Periodic interest on derivatives, net	(277)	—	—	(277)
Realized gains from hedging instruments, net	—	3,286	—	3,286
Benefit (provision) for loan repurchase reserves	—	(924)	—	(924)
Loan origination income, net	(27,628)	(7,244)	19,156	(15,716)
Direct loan origination costs, net	(834)	(20,677)	—	(21,512)
Gain on origination and sale of loans, net	$ 108	$ 54,615	$ —	$ 54,723

Segment Assets

The CODM reviews total assets by segment in evaluating performance and allocating resources. Segment assets are presented on the same basis as the Company's consolidated financial statements and are reconciled to consolidated total assets below.

	As of September 30, 2026 (dollars in thousands)		
	Investment Portfolio	Residential Origination	Total
Total assets	$ 15,565,596	$ 1,143,611	$ 16,709,206
Total stockholders' equity	$ 1,875,793	$ 294,528	$ 2,170,321

	As of December 31, 2025 (dollars in thousands)		
	Investment Portfolio	Residential Origination	Total
Total assets	$ 14,676,908	$ 1,131,634	$ 15,808,542
Total stockholders' equity	$ 2,292,377	$ 280,317	$ 2,572,694

21. Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q and determined that there have been no events that have occurred that would require recognition or adjustment to the consolidated financial statements or disclosures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes to those statements included in Item 1 of this Quarterly Report on Form 10-Q.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this report that are subject to risks and uncertainties. These forward-looking statements include information about, among other things, possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "goal," "target," "assume," ''believe,'' ''expect,'' ''anticipate,'' ''estimate,'' "project," "budget," "forecast," "predict," "potential," ''plan,'' ''continue,'' ''intend,'' ''should,'' ''may,'' "could," "would,'' "will'' or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects, among others, are forward-looking by their nature:

- our ability to obtain funding on favorable terms and access the capital markets;
- our ability to achieve optimal levels of leverage and effectively manage our liquidity;
- changes in inflation, the yield curve, interest rates, including the resumption of Federal Reserve monetary tightening, and mortgage prepayment rates;
- our ability to manage credit risk related to our investments and comply with the Dodd-Frank Act and related laws and regulations relating to credit risk retention for securitizations;
- rates of default, delinquencies, forbearance, deferred payments or decreased recovery rates on our investments;
- the concentration of properties securing our securities and residential loans in a small number of geographic areas;
- our ability to execute on our business and investment strategy;
- our ability to determine accurately the fair market value of our assets;
- changes in our industry, the general economy or geopolitical conditions, including the ongoing conflicts involving the U.S. in the Middle East;
- our ability to successfully integrate and realize the anticipated benefits of any acquisitions, including the acquisition of HomeXpress;
- our ability to originate or acquire quality and profitable loans at an appropriate and consistent cost;
- our ability to sell the loans that we originate or acquire;
- our ability to refinance or obtain additional liquidity for borrowing;
- our ability to manage, maintain and expand our relationships with our clients, the independent mortgage brokers and bankers;
- our ability to operate our investment management and advisory services and manage any regulatory rules and conflicts of interest;
- the degree to which our hedging strategies may or may not be effective;
- our ability to effect our strategy to securitize residential mortgage loans;
- our ability to compete with competitors and source target assets at attractive prices;
- the ability of servicers and other third parties to perform their services at a high level and comply with applicable law and expanding regulations;
- our dependence on information technology and its susceptibility to cyber-attacks;
- the development, proliferation and use of artificial intelligence;
- our ability to find and retain qualified executive officers and key personnel;
- our ability to comply with extensive government regulation, including, but not limited to, federal and state consumer lending regulations;
- the impact of and changes in governmental regulations, tax law and rates, accounting guidance, refinancing or borrowing guidelines and similar matters;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended (the "1940 Act");
- our ability to maintain our classification as a real estate investment trust ("REIT") for U.S. federal income tax purposes;
- the volatility of the market price and trading volume of our shares; and
- our ability to make distributions to our stockholders in the future.

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations and prospects may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary

We are a diversified, internally managed REIT, that serves the U.S. residential real estate market. Through our Investment Portfolio and Residential Origination segments, we acquire, manage, finance and originate residential mortgage and real estate-related assets, with the objective of delivering attractive risk-adjusted returns to shareholders.

In 2025, we reevaluated the composition of our reportable segments based on changes in the significance of certain business activities, including the acquisition of HomeXpress Mortgage Corp. ("HomeXpress") in October 2025 (the "HomeXpress Acquisition"), and the manner in which our management reviews operating results and allocates resources. As a result of this reevaluation, we have two reportable segments: (i) Investment Portfolio and (ii) Residential Origination. The Investment Portfolio segment consists of our investment and third-party advisory services activities, as well as the purchase and aggregation of LHFS from HomeXpress and third-party mortgage originators for future securitizations. The Residential Origination segment consists of the stand-alone residential mortgage origination business of HomeXpress that originates Non-QM residential mortgage loans (both consumer loans and Investor Loans) and other Non-Agency and Agency mortgage loan products.

Investment Portfolio Segment

As of September 30, 2026, based on the fair value of our interest-earning assets, approximately 50.3% of our investment portfolio was allocated to residential mortgage loans held for investment, 37.5% to Agency MBS, 4.6% to Non-Agency RMBS, 7.4% to LHFS, and less than 1% to interests in MSR financing receivables.

We utilize a variety of channels, including securitizations, warehouse facilities, repurchase agreements and other capital market activities to finance our investments, manage liquidity, improve capital efficiency, support the implementation of our investment strategies, as well as enhance our return on equity. We manage interest rate risk using hedging instruments such as interest rate swaps, swap futures, U.S. Treasury futures, swaptions, and interest rate caps. We also use TBA securities to hedge certain risks within our Agency portfolio.

Our investment strategy is intended to be effective across a variety of economic, rate, and credit environments. We seek to approach portfolio management in a disciplined manner and expect to operate in an environment characterized by ongoing uncertainty related to global trade dynamics, fiscal and monetary policy, inflation, labor market conditions, economic growth, and domestic and geopolitical tensions.

Fees earned from investment management, as well as third-party asset management and advisory services, are included in this segment.

Residential Origination Segment

HomeXpress is a specialty mortgage lender focused primarily on providing first lien, consumer Non-QM loans, and Investor Loans solutions to the residential housing market on a national scale through mortgage brokers and bankers. As of September 30, 2026, HomeXpress had approximately 6,300 approved wholesale brokers and non-delegated correspondent bankers. Non-QM loans are designed for borrowers who do not meet traditional qualified mortgage standards and typically carry higher interest rates and offer more flexible solutions. Investor Loans are secured by first liens on non-owner occupied 1–8 unit investment rental properties. HomeXpress is a leading originator of these residential mortgage loans and does so substantially on a wholesale basis through independent mortgage brokers and bankers. In the third quarter of 2026, HomeXpress sold 68% of all of the loans it originated on a servicing-released basis to third-party institutional investors, and the remaining 32% of the loans were purchased by the Investment Portfolio segment under our strategy of sponsoring securitizations of Non-QM loans using HomeXpress collateral. HomeXpress uses warehouse financing to fund loans from origination through sale. While the residential real estate market and associated mortgage loan origination volumes are heavily influenced by economic factors such as interest rates, housing prices and employment conditions, additional loan origination growth for HomeXpress is expected to be realized from further development of its existing wholesale origination network, as well as the growth of its recently established non-delegated correspondent channel. Additional growth is also expected from the expansion of its FHA, VA and conventional Agency-conforming channel and the implementation of a delegated correspondent lending platform. As of September 30, 2026, Loans held for sale ("LHFS") by HomeXpress constituted approximately 5.7% of our interest-earning assets based on fair value.

Market Conditions and our Strategy

Interest Rates, Inflation, Labor Markets, and Economic Activity

Financial markets during the third quarter of 2026 were shaped primarily by a significant repricing of interest rates and expectations for Federal Reserve monetary policy amid persistent inflation, resilient economic activity and geopolitical developments. Higher energy prices drove inflation pressures, while concerns regarding fiscal sustainability, Treasury supply and less supportive demand for longer duration securities contributed to upward pressure on longer term interest rates. Inflation remained above the Federal Reserve's long-term target, with August headline CPI increasing 3.4% from the prior year and core CPI increasing 2.4%. August headline and core PCE inflation were 3.4% and 3.0%, respectively.

At its September meeting, the Federal Reserve increased its target range for the federal funds rate by 25 basis points to be between 3.75% and 4.00%. September flash PMI data subsequently reinforced the stronger growth narrative, with business activity rising at its fastest pace in over five years and, excluding the post-pandemic reopening surge, its strongest since early 2015, while input cost growth reached a near four year high. Updated economic projections reflected a more restrictive policy outlook, with the median year end federal funds rate at 4.1%. Labor market conditions remained generally stable, although job growth moderated toward quarter end, with September payrolls increasing by 29,000, prior months revised modestly lower and the unemployment rate at 4.2%.

U.S. Treasury yields increased materially across the curve during the quarter. The yield on the two-year U.S. Treasury increased from approximately 4.17% to 4.89%, while the ten-year U.S. Treasury yield increased from approximately 4.47% to 5.28%, the highest level since 2007. The yield curve modestly steepened during the quarter as longer-term yields also reflected increased concerns regarding Treasury supply and fiscal conditions.

Mortgage and Credit Markets

Mortgage rates increased meaningfully during the third quarter as benchmark interest rates moved higher. The 30-year conforming mortgage rate, as measured by the Optimal Blue Mortgage Market Indices 30-Year Fixed Rate Conforming Index, increased from approximately 6.45% to approximately 7.39% during the quarter. Higher mortgage rates increased borrowing costs and further constrained refinancing and purchase activity.

Agency mortgage-backed securities underperformed comparable duration Treasuries and swaps during the quarter as higher interest rates and increased rate volatility contributed to wider mortgage spreads. Current coupon Agency MBS spreads widened approximately 18 basis points relative to Treasuries and 16 basis points relative to swaps, while option-adjusted spreads also widened. Even with the spread widening and elevated rate volatility, Agency MBS and related secured financing markets continued to function in an orderly manner.

Residential mortgage credit markets remained comparatively resilient during the quarter. Non-QM securitization issuance totaled approximately $8.4 billion through September, approximately 54% above the comparable 2025 period. Despite elevated issuance and the significant increase in benchmark interest rates, senior Non-QM spreads were generally stable to modestly wider for much of the quarter, although extension sensitive securities experienced greater spread widening late in the quarter. Investor demand and higher all-in yields continued to support new issuance, while higher financing and hedging costs placed greater pressure on whole loan pricing and sponsor securitization economics.

During the third quarter of 2026, the Non-QM origination market experienced elevated interest rate volatility and significant changes in secondary market pricing. Mortgage rates increased significantly during the quarter, particularly in September, as higher U.S. Treasury yields placed upward pressure on mortgage financing costs. Rising interest rates and heightened volatility prompted some originators to adjust mortgage pricing to reflect changing market conditions, while some competing originators were slower to raise rates in an effort to preserve loan volumes. At the same time, widening bond spreads and expectations of longer loan durations negatively impacted secondary-market pricing and whole-loan investor execution, resulting in tighter origination margins and lower profitability.

As the quarter progressed, secondary market participants adjusted pricing and execution strategies in response to higher funding costs, interest rate volatility, and changing investor return requirements. Even with these challenges, demand for Non-QM mortgage products remained relatively strong, supported by continued demand for alternative mortgage products, including investor and debt-service coverage ratio (DSCR) loans, with the segment gaining market share relative to traditional mortgage products.

Housing Fundamentals

Housing market fundamentals were generally supportive from a mortgage credit perspective, although higher mortgage rates constrained affordability and transaction volumes. National home prices were modestly higher year over year, with the FHFA House Price Index increasing 2.6% through July. Housing conditions remained uneven, with stronger home price appreciation

across New York, New Jersey and Pennsylvania, while growth was more subdued in Texas, Florida and several Western markets.

Existing home sales declined 2.0% in August to an annualized rate of approximately 4.0 million units, while available inventory increased to 1.62 million homes, or approximately 4.9 months of supply. The median existing home price remained 1.6% above the prior year level. Increased inventory has provided homebuyers with greater negotiating power, particularly in markets where supply has recovered more rapidly, while affordability remains a significant constraint for new buyers.

The predominantly fixed rate nature of the existing mortgage stock continued to limit payment shock for existing homeowners and support residential mortgage credit performance. Higher mortgage rates instead affected the housing market primarily through reduced refinancing activity, affordability and turnover. Prepayment speeds declined across residential mortgage products during the quarter, including Non-QM, as fewer borrowers remained economically incentivized to refinance.

Third Quarter 2026 Business Highlights - Investment Portfolio Segment

Investment Activity

Asset Purchases

Agency RMBS. During the third quarter, we traded and settled approximately $1.9 billion of notional in Agency RMBS, deploying capital raised from second quarter re-securitizations and prepayments during the second and third quarters while simultaneously increasing our allocation to liquid securities. During the quarter, we increased leverage to capitalize on investment opportunities, generating incremental net interest income. Leverage subsequently declined to the historical operating range by quarter end. Investing in Agency RMBS enables us to deploy capital in a relatively expedient manner through capital market transactions, asset divestitures, portfolio run-off, or other means and maintain liquidity for future investments or other strategic objectives, including business acquisitions.

Asset Sales

Agency securities. In the third quarter, we sold $1.0 billion of Agency Pass-through securities and $226 million of Agency CMOs. Net liquidity raised, after payment of principal on a secured financing facility that held these securities as collateral, was $33 million. These sales contributed to a reduction in the overall leverage of our Agency portfolio by quarter end and resulted in a net realized loss of $27 million during the quarter.

Securitization Activity

We intend to establish a securitization program for Non-QM and Investor Loans, providing an additional source of liquidity and capital to support HomeXpress originations. In addition to loans sourced through HomeXpress, we plan to acquire loans from other originators to build a diversified portfolio for securitization through our own program. Subsequent to quarter end, we completed the inaugural $291 million Prism securitization backed by loans originated by HomeXpress.

During the first quarter of 2026, the Investment Portfolio segment committed to purchase $187 million of newly originated Non-QM and Investor Loans from our subsidiary, HomeXpress, followed by an additional $131 million of purchase commitments during the second quarter. Of these commitments, an aggregate of $301 million in loans settled during the second quarter of 2026. During the third quarter, we further expanded our loan acquisition activities, committing to purchase approximately $797 million of loans sourced from HomeXpress and other third-party originators, of which $461 million settled during the quarter. Net of financing, we deployed approximately $52 million of equity during the third quarter, bringing total equity deployed since the inception of the program to approximately $88 million.

We utilize interest rate swaps to mitigate our exposure to interest rate volatility associated with these loans. During the quarter, we entered into interest rate swap contracts with an aggregate notional amount of $930 million, a weighted average fixed pay rate of 4.27%, and maturities ranging from 2 to 20 years. As of quarter end, our outstanding interest rate swap portfolio had an aggregate notional amount of $1.2 billion, a weighted average fixed pay rate of 4.09%, and remaining maturities ranging from 1 to 20 years.

Secured Financing Activity

During the third quarter of 2026, our overall secured financing costs increased by 15 basis points, primarily reflecting the rise in U.S. Treasury rates during the quarter. Secured financing agreements, representing our recourse liabilities, increased by a net $894 million, largely driven by additional leverage supporting our Agency RMBS investments. As previously discussed, under

our broader deleveraging and risk management strategy, we took steps to reduce our Agency RMBS exposure by approximately $2.4 billion through short TBA positions established by quarter end.

The increase in U.S. Treasury yields and widening credit spreads across asset classes resulted in higher margin requirements during the quarter. Reductions in financing availability due to changes in asset valuations at the time of repo rollovers, together with additional variation margin posted on our repurchase agreement facilities, totaled $230 million. These requirements were more than offset by $240 million in variation margin received on our hedging portfolio, effectively mitigating the liquidity impact of the additional margin requirements. Despite the significant market volatility experienced during the quarter, financing markets remained stable, with funding capacity and liquidity available to support our investment portfolio.

During July, we successfully refinanced two maturing structured repurchase agreement facilities with non-mark-to-market financing provisions, renewing an aggregate of $355 million in financing and securing a five-percentage-point reduction in collateral haircut requirements. As part of these refinancings, we reduced the fixed interest rate on the $145 million fixed-rate facility by 113 basis points and lowered the financing spread over SOFR on the $210 million floating-rate facility by 51 basis points. Both facilities have final maturities in July 2028. These refinancings further strengthen our financing profile by reducing borrowing costs, improving capital efficiency, and providing greater funding stability and protection against market volatility.

Loans held for sale acquired during the second and third quarters for anticipated securitization exits continued to be financed through our warehouse facilities. At quarter end, approximately $756 million of loans held for sale were financed through these facilities, including $420 million of financing added during the third quarter.

At quarter end, total recourse financing associated with our investment portfolio was $7.8 billion, comprising $5.5 billion related to Agency positions and $2.4 billion related to residential credit investments. We continue to evaluate opportunities to finance retained securities from securitizations through longer-term facilities with limited recourse or, where appropriate, non-mark-to-market provisions. Currently, approximately $1.2 billion, representing 73% of our residential credit-related recourse financing, excluding LHFS, is structured through these facilities, providing greater financing stability and reducing our exposure to short-term market volatility.

Hedging Activity

Residential Credit Portfolio

We continued to use derivatives to mitigate the impact of interest rates on our future financing costs and protect against the potential for higher interest rates eroding our earnings and dividend-paying ability. Our hedging strategy for the residential credit portfolio seeks to limit the impact of higher short-term interest rates, while maintaining optionality in the event interest rates decline in the future.

Interest Rate Caps

During the quarter, we purchased SOFR-based interest rate caps with an aggregate notional amount of $800 million, a strike rate of 3.00%, and a total purchase price of $16 million. We also sold SOFR-based interest rate caps with an aggregate notional amount of $1.1 billion, strike rates of 3.00% and 3.30%, and total proceeds of $16 million, recognizing a realized gain of $3 million. In addition, we received $3 million in interest rate cap payments during the quarter. At quarter end, our outstanding interest rate cap positions totaled $1.3 billion in notional amount, with a weighted average strike rate of 3.00%.

ERIS SOFR Swap Futures

During the quarter, we maintained our existing ERIS SOFR swap futures positions, with no purchases or sales. At quarter end, our outstanding positions totaled $50 million in notional amount, representing a two-year pay-fixed swap equivalent with a par rate of 4.05% and a maturity of March 2027.

Agency RMBS Portfolio.

Interest Rate Caps

During the quarter, we made no additional purchases of interest rate caps and received $3 million in cap payments. At quarter end, our outstanding interest rate cap positions totaled $1.8 billion in notional amount, with a weighted average strike rate of 3.00%.

Interest Rate Swaps

During the quarter, we entered into interest rate swap contracts with an aggregate notional amount of $800 million, fixed pay rates ranging from 4.01% to 4.93%, and maturities ranging from 2 to 20 years. We also terminated $2.2 billion in notional amount of interest rate swaps, recognizing a realized gain of $72 million and receiving $1 million in interest payments. At quarter end, our outstanding swap positions totaled $1.3 billion in notional amount, with a weighted average fixed pay rate of 4.04% and remaining maturities ranging from 5 to 30 years.

ERIS SOFR Swap Futures

During the quarter, we maintained our existing ERIS SOFR swap futures positions without any purchases or sales. At quarter end, our outstanding positions totaled $290 million in notional amount, comprising $60 million in ten-year pay-fixed swap equivalents at a par rate of 3.87%, maturing in June 2035, and $230 million in five-year pay-fixed swap equivalents at a par rate of 3.60%, maturing in June 2030.

Mortgage TBAs

During the quarter, as previously discussed, we established a $2.4 billion short position in TBA mortgage-backed securities to reduce our exposure to Agency pass-through securities as part of our risk management strategy. We recognized no realized gains or losses from TBA closeouts and incurred no TBA drop expense during the quarter. At quarter end, our outstanding short TBA position remained at $2.4 billion in notional amount.

Investment and third-party asset management and advisory fees

Through our acquisition of Palisades in December 2024 (the "Palisades Acquisition"), we expanded our business to include investment management and advisory services, generating fee-based revenue from unaffiliated investors and private credit funds.

In response to a more competitive environment, throughout 2026, we have continued to refine Palisades' operating model to diversify both the various types of fee-earning revenue as well as expand to a broader client base. Our strategy has centered on expanding relationships with new clients with different capital strategies and offering a broader set of services to fit their needs. To anchor these efforts, we will be leveraging Palisades' capabilities to provide both capital markets and portfolio management services for all Chimera-sponsored securitization programs going forward. Since the Palisades Acquisition, we have added three new clients and expanded our asset management services to five Chimera-sponsored securitizations, four of which remain active and one which was re-securitized.

During the third quarter of 2026, Palisades generated approximately $8 million in transaction management and advisory fee revenue, partially offset by approximately $2 million in revenue-sharing expenses associated with the transition services agreement. After accounting for these expenses, the net contribution from these services was approximately $6 million, representing a decrease of approximately $542 thousand from the prior quarter. The increase in revenue-sharing expenses under the transition services agreement more than offset the benefit of higher transaction volumes during the third quarter. This performance reflects the ongoing transition toward a more diversified client base and fee structure as we expand Palisades' service offerings and integrate its capabilities across Chimera's securitization platform.

Third Quarter 2026 Business Highlights - Residential Origination Segment

HomeXpress' loan origination strategy is focused on providing consistent high-quality service to its network of independent mortgage brokers and bankers and having an agile and responsive approach to shifts in market demand for its loan products, institutional investor appetite and regulatory environments. We expect continued growth in loan originations to come from further penetration of HomeXpress' existing independent mortgage brokers network and the development of new relationships with them and non-delegated correspondent lenders. Our business strategy is also focused on driving loan origination process and operational efficiencies through our customized technology and risk assessment framework so that we can control and enhance the cost of originating our loans. HomeXpress sells its originated loans on a servicing-released basis to third-party institutional investors or to the Company's Investment Portfolio segment for aggregation and potential securitization. HomeXpress uses warehouse financing to fund originated loans prior to sale.

During the third quarter of 2026, HomeXpress originated residential mortgage loans as detailed by the product and channel breakdown below. The weighted average interest rate, FICO score and LTV on the Consumer Non-QM loans and Investor Loans were 7.2%, 743 and 72.4%, respectively.

The UPB of mortgage loans originated across channels are as follows:

	For the Quarter Ended September 30, 2026 (dollars in thousands)								
	Wholesale			Non Del Correspondent			Total		
	Units	UPB	% of UPB	Units	UPB	% of UPB	Units	UPB	% of UPB
Consumer Non-QM	530	$ 370,041	33.2 %	140	$ 97,793	8.8 %	670	$ 467,834	41.9 %
Investor Loans	1,525	$ 519,910	46.5 %	289	$ 89,999	8.1 %	1,814	$ 609,909	54.7 %
FHA, VA, Conventional and Jumbo	94	$ 38,092	3.4 %	—	$ —	— %	94	$ 38,092	3.4 %
Total	**2,149**	**$ 928,043**	**83.1 %**	**429**	**$ 187,792**	**16.9 %**	**2,578**	**$ 1,115,835**	**100.0 %**

HomeXpress funded $1.12 billion in volume during the quarter ended September 30, 2026 as compared to $1.09 billion during the second quarter, an increase of 2% quarter over quarter.

Secured Financing Activity

HomeXpress maintained a sufficient overall liquidity position during the third quarter of 2026 with its cash balances and seven warehouse lines of credit. HomeXpress had total available capacity of $1.7 billion in warehouse lines as of September 30, 2026, which are all priced based on the 30-day SOFR plus a weighted pricing spread of approximately 192 basis points. As of September 30, 2026, HomeXpress held $890 million on UPB on the balance sheet that was financed with $801 million of advances from the warehouse lines of credit, with an average advance rate of 90%.

Fair Value

Prior to funding a loan, HomeXpress typically enters into an IRLC with the prospective borrower. These IRLCs are accounted for as derivatives and are valued based on market conditions, loan characteristics, estimated remaining direct expenses, and subject to the anticipated loan funding probability (Pull-through Rate). As of September 30, 2026, the fair value of HomeXpress' IRLC assets was $1 million. Upon funding of a locked loan, the IRLC is derecognized and the loan is recorded as LHFS at fair value, with origination fees recognized and direct loan origination costs expensed as incurred. As of September 30, 2026, the total estimated fair value of HomeXpress' LHFS in excess of principal balance was $9 million. The table below shows the effect on fair value of the IRLC based on a change in the Pull-through Rate:

Effect on fair value of a change in Pull-through Rate

Change in input [1]	Effect on fair value
	(in thousands)
(20)%	$(339)
(10)%	$(171)
(5)%	$(86)
5%	$91
10%	$169
20%	$314

(1) Pull-through rate adjustments for individual loans are limited to adjustments that will increase the individual loan's Pull-through Rate to 100%.

Hedging Activity

HomeXpress operates a daily hedging program that utilizes financial instruments (shorting two-year and five-year U.S. Treasury futures) and FNMA and GNMA TBAs to protect its operational results from interest rate risk from the Non-Agency and Agency production, respectively. The program covers loans from the day the IRLC is issued through the day a loan is committed for sale to an investor. As of September 30, 2026, HomeXpress had hedging instruments with a notional amount of $377 million for U.S. Treasury futures, $15 million for TBAs and $317 million for IRLC.

Operational Results

For the third quarter of 2026, HomeXpress reported a net loss of $2 million, reflecting gain on origination and sale of loans, net of approximately $11 million, net interest income of $5 million, total operating expenses of approximately $15 million, and amortization of intangibles and depreciation expense of approximately $3 million. The Residential Origination segment contributed approximately $150 thousand to Earnings Available for Distribution ("EAD"), a non-GAAP financial measure, during the third quarter of 2026. Please see "Earnings Available for Distribution" below for a reconciliation of EAD to its most directly comparable GAAP measure.

Operating expenses

Investment Portfolio Segment

Compensation and benefits expenses decreased by $2 million, to $11 million in the third quarter of 2026 from $13 million in the second quarter of 2026, primarily due to lower bonus expense. General and administrative expenses remained relatively unchanged at $9 million during the quarters ended September 30, 2026 and June 30, 2026, respectively.

Servicing fees and asset manager expenses were $6 million and $4 million for the quarters ended September 30, 2026 and June 30, 2026, respectively. The quarter-over-quarter increase was primarily attributable to revenue-sharing expenses associated with Palisades' transaction management services under an amended client agreement, which were recognized in Servicing and asset

manager fees, consistent with the gross recognition of the related revenue. We incurred no transaction expenses during the third quarter of 2026 because there was no securitization activity during the period.

Residential Origination Segment

Compensation and benefits expenses for the Residential Origination segment were $12 million in each of the third and second quarters of 2026. These expenses primarily consist of salaries, incentive compensation, employee benefits, and other personnel-related costs. As of September 30, 2026, the segment had 363 employees compared to 358 employees as of June 30, 2026.

General and administrative expenses for the Residential Origination segment were $3 million for the third quarter, up from $2 million in the second quarter of 2026. General and administrative expenses include occupancy, technology and platform costs, professional fees, and other corporate overhead allocated to the segment. These expenses are generally fixed in nature but may fluctuate based on operating scale, continued investments in the origination platform, and integration activities related to the HomeXpress Acquisition.

Earnings and Book Value

During the first nine months of 2026, we executed our strategy of diversifying our portfolio while maintaining flexibility to capitalize on evolving market opportunities. In connection with these activities, we selectively evaluated and completed asset dispositions of investments that we believe were fully valued, did not meet our risk-adjusted return thresholds, or were no longer aligned with our long-term portfolio objectives. These sales consisted primarily of underlying loans from sponsored securitizations, with proceeds redeployed into higher-yielding investments to enhance earnings power, dividend capacity, and return on equity.

During the third quarter of 2026, U.S. Treasury yields increased across the yield curve. The yield on the two-year U.S. Treasury increased 74 basis points higher to 4.88%, and the ten-year U.S. Treasury yield increased 85 basis points to 5.29%. These movements in interest rates and spreads caused our Investment Portfolio segment's mark-to-market on the combined loan balances and securitized debt to decrease by $119 million quarter over quarter.

During the quarter, current coupon Agency MBS spreads widened approximately 18 basis points relative to Treasuries, while option-adjusted spreads also widened. After accounting for interest rate and TBA hedges, the market value of the Agency MBS portfolio decreased by $97 million quarter over quarter.

Finally, movements in interest rates and credit spreads resulted in a quarter-over-quarter decline of $24 million in the value of our non-agency securities portfolio.

These factors contributed to a decline in book value per share of approximately 16.5%, to $14.82 as of September 30, 2026, compared to $17.75 in the prior quarter.

We declared common stock dividends of $0.45 per share for the third quarter of 2026. Economic return on book value, defined as the change in book value plus dividends, was (13.98)% for the third quarter, while EAD return on average common equity was 9.48%. EAD is a non-GAAP measure. Please see "Earnings Available for Distribution" below for a reconciliation of EAD to its most directly comparable GAAP measure.

Strategy Outlook

Strategic Positioning

Over the past two years, we have made significant progress in diversifying our investment portfolio and expanding our operating platform to generate more sustainable, risk-adjusted returns. We have executed this strategy by capitalizing on market opportunities that allowed us to redeploy capital from existing investments into higher-returning assets, where the incremental earnings potential significantly outweighed the modest equity losses realized on certain dispositions.

As our business has expanded, we have initiated a review of our operating model to identify ways to improve efficiency and better align our cost structure with the scale and mix of our operations. The review includes processes and systems across the Company, as well as how we can make better use of our existing technology investments. We will continue to invest in areas that support growth while we look to reduce expenses and improve our operating efficiency over time.

While the sharp interest rate movements and market volatility experienced during the third quarter impacted both our investment portfolio and mortgage origination business segments, we believe the complementary nature of these businesses

provides multiple avenues for generating earnings and delivering long-term value. As we navigate the current market environment, our strategy remains focused on preserving capital, maintaining a strong liquidity base, managing interest rate and financing risks, and selectively pursuing attractive investment opportunities while continuing to expand our mortgage origination and fee-based businesses.

Liquidity, Financing and Interest Rate Risk Management

Maintaining a strong liquidity position remains one of our highest priorities. We believe that continued market volatility and the repricing of mortgage assets could create attractive investment opportunities over the coming quarters. Accordingly, we intend to preserve financial flexibility and maintain sufficient liquidity to capitalize on these opportunities as they arise.

During 2026, we have successfully refinanced $355 million of maturing longer-term financing arrangements with limited or no mark-to-market provisions. In addition, we have negotiated the renewal of a $283 million non-mark-to-market financing facility secured by prime jumbo mortgage collateral, which is expected to be completed in the fourth quarter. Together, these transactions represent over $638 million in refinanced and anticipated financing renewals, extending our financing profile to an average maturity of approximately 24 months. These initiatives further strengthen our liquidity position, improve financing stability, and reduce our exposure to margin calls and near-term refinancing risks, providing greater financial flexibility as we navigate periods of heightened market volatility.

In addition, we have maintained hedges on our floating-rate financing liabilities, effectively locking in a lower overall fixed cost of financing. We believe that our financing structure and interest rate hedging strategy provide an important foundation for protecting our earnings and liquidity as we navigate an uncertain interest rate environment.

Investment Portfolio Strategy

Our investment strategy continues to emphasize a disciplined balance between attractive risk-adjusted returns, liquidity and capital preservation.

Within our Agency RMBS portfolio, the widening of spreads during the third quarter has created opportunities to invest at more favorable return levels. Given the liquidity characteristics of Agency securities, we believe this asset class remains an important component of our overall portfolio. While we remain focused on managing our duration exposure through hedging, we will continue to evaluate investment opportunities based on prevailing spreads, interest rate volatility, financing costs and long-term return potential.

Our strategy for the Non-Agency mortgage portfolio remains largely unchanged, with a continued focus on maintaining a high-yielding portfolio that generates attractive returns relative to its underlying credit and liquidity risks.

We also intend to evaluate opportunities to acquire additional mortgage servicing rights (MSRs). We believe MSRs could provide a complementary hedge to our mortgage investment portfolio and origination operations, while introducing an additional source of recurring income. Over time, these investments could further diversify our earnings and support our dividend-paying capacity.

Mortgage Origination and Conduit Strategy

Heightened interest rate volatility and challenging secondary market conditions placed pressure on origination margins and profitability across the Non-QM market. While we remain committed to this business and its long-term growth potential, we expect profitability to remain under pressure in the near term.

During this period, our focus will remain on maintaining disciplined underwriting and pricing, carefully managing origination volumes, and preserving our established broker relationships and wholesale distribution channels. At the same time, we intend to expand our delegated correspondent lending channel to further strengthen counterparty relationships, diversify our origination platform, increase loan production volumes, and improve operating efficiencies. Although we expect this channel to generate lower margins per loan compared to our traditional wholesale business, its more efficient cost structure and scalability should provide opportunities to increase production volumes and improve overall operating efficiency. This expansion is expected to be supported by robust underwriting standards, comprehensive risk management tools, and ongoing loan quality oversight to ensure that growth remains consistent with our credit and unit economic objectives. We believe that maintaining a diversified origination platform, strengthening our distribution channels, and exercising disciplined risk management will position the business for sustainable growth and improved profitability as market conditions stabilize.

An important component of our longer-term strategy is the recently launched Prism conduit program. This initiative is expected to provide HomeXpress with an additional channel for financing and distributing mortgage loans, and further integrate our mortgage origination and investment platforms. We believe the conduit program will strengthen our ability to manage loan inventory, improve capital efficiency, and support the long-term growth of our mortgage origination business.

Fee-Based Revenue and Operating Platform Expansion

Expanding our fee-based businesses remains a key component of our strategy to diversify earnings beyond traditional investment portfolio returns.

Within our non-discretionary investment management and advisory business, we anticipate that heightened competition and changing client activity levels may continue to pressure transaction volumes, fee rates and operating margins. Nevertheless, we remain focused on expanding our client relationships and broadening our service offerings through both organic growth and selective strategic opportunities, while maintaining an appropriate balance between revenue growth and operating profitability.

We also expect to further leverage the capabilities of Palisades by providing asset management services to securitizations issued through our Prism conduit program. This integration is expected to generate incremental fee-based revenue, strengthen operating synergies across our businesses, and enhance the recurring earnings potential of our platform.

Capital Management and Growth Opportunities

Funding for our portfolio diversification and growth initiatives is expected to come from a combination of capital generated from our existing investment portfolio and potential capital markets activities. However, the recent increase in interest rates and uncertainty surrounding the future direction of rates may constrain our ability to access capital on economically attractive terms.

We will continue to evaluate opportunities to call existing securitizations and, where market conditions are favorable, either sell the underlying loans or execute re-securitization transactions to release capital for reinvestment. We successfully utilized this strategy earlier in the year to redeploy capital into higher-returning opportunities. Sustained elevated interest rates and wider market spreads could limit the economic benefits of similar transactions in the near term.

Accordingly, our approach to capital deployment will remain disciplined and opportunistic, with investment decisions guided by relative value, liquidity considerations, financing availability and the potential to generate favorable long-term returns.

Overall Strategic Outlook

Looking ahead, we remain focused on preserving capital, maintaining liquidity, managing financing and interest rate risks, and protecting our existing earnings base. At the same time, we intend to continue expanding our operating platform, growing fee-based revenue streams, and selectively reallocating capital toward investments that offer compelling risk-adjusted returns.

We believe the diversification initiatives undertaken over the past two years have strengthened our business model and enhanced our ability to navigate periods of market volatility. Our focus going forward will be on maintaining this financial flexibility while positioning the Company to capitalize on emerging investment opportunities, support sustainable earnings growth, and enhance long-term shareholder value.

Consolidated Business Operations

Net Income Summary

The table below presents our net income on a GAAP basis for the quarters ended September 30, 2026 and June 30, 2026, and the nine months ended September 30, 2026 and September 30, 2025.

Net Income

(dollars in thousands, except share and per share data)

(unaudited)

	For the Quarters Ended			For the Nine Months Ended		
	September 30, 2026	June 30, 2026	QoQ Change	September 30, 2026	September 30, 2025	YoY Change
Net Interest Income:						
Interest income [1]	$ 230,687	$ 221,625	$ 9,062	$ 671,607	$ 601,014	$ 70,593
Interest expense [2]	159,504	151,116	8,388	454,912	400,773	54,139
Net interest income	71,183	70,509	674	216,695	200,241	16,454
Increase in provision for credit losses	6,847	7,192	(345)	16,863	10,383	6,480
Other income (losses):						
Net unrealized gains (losses) on derivatives	127,224	15,398	111,826	160,772	(16,932)	177,704
Realized gains (losses) on derivatives	74,901	9,527	65,374	87,298	(15,857)	103,155
Periodic interest on derivatives, net	5,639	2,061	3,578	9,534	14,953	(5,419)
Net gains (losses) on derivatives	207,764	26,986	180,778	257,604	(17,836)	275,440
Investment management and advisory fees	7,978	6,540	1,438	21,682	26,254	(4,572)
Interest income from investment in MSR financing receivables, net [3]	777	838	(61)	3,927	500	3,427
Net unrealized gains (losses) on financial instruments at fair value	(391,000)	(43,386)	(347,614)	(471,922)	98,872	(570,794)
Net realized gains (losses) on sales of investments	(26,889)	(9,623)	(17,266)	(76,941)	76	(77,017)
Gains (losses) on extinguishment of debt	—	(2,748)	2,748	(41,605)	2,122	(43,727)
Other investment gains (losses)	1,063	1,229	(166)	1,382	4,481	(3,099)
Gain on origination and sale of loans, net	11,128	22,210	(11,082)	54,723	—	54,723
Total other income (losses)	(189,179)	2,046	(191,225)	(251,150)	114,469	(365,619)
Other expenses:						
Compensation and benefits [4]	23,875	25,102	(1,227)	75,683	38,501	37,182
General and administrative expenses	12,174	11,479	695	35,814	20,658	15,156
Servicing and asset manager fees	6,164	4,431	1,733	16,117	21,726	(5,609)
Depreciation, amortization, and impairment of intangible assets	5,479	4,076	1,403	19,203	2,850	16,353
Transaction expenses	—	3,207	(3,207)	3,305	16,009	(12,704)
Total other expenses	47,692	48,295	(603)	150,122	99,744	50,378
Income (loss) before income taxes	(172,535)	17,068	(189,603)	(201,440)	204,583	(406,023)
Income tax expense (benefit)	(306)	(301)	(5)	(2,671)	2,416	(5,087)
Net income (loss)	$ (172,229)	$ 17,369	$ (189,598)	$ (198,769)	$ 202,167	$ (400,936)
Dividends on preferred stock	21,433	21,381	52	63,910	64,200	(290)
Net income (loss) available to common shareholders	$ (193,662)	$ (4,012)	$ (189,650)	$ (262,679)	$ 137,967	$ (400,646)
Net income (loss) per share available to common shareholders:						
Basic	$ (2.31)	$ (0.05)	$ (2.26)	$ (3.14)	$ 1.69	$ (4.83)
Diluted	$ (2.31)	$ (0.05)	$ (2.26)	$ (3.14)	$ 1.67	$ (4.81)
Weighted average number of common shares outstanding:						
Basic	83,870,874	83,813,331	57,543	83,787,100	81,435,782	2,351,318
Diluted	83,870,874	83,813,331	57,543	83,787,100	82,696,006	1,091,094
Dividends declared per share of common stock	$ 0.45	$ 0.45	$ —	$ 1.35	$ 1.11	$ 0.24

(1) Includes interest income of consolidated VIEs of $104,642 and $106,189 for the quarters ended September 30, 2026 and June 30, 2026, respectively, and $339,901 and $423,817 for the nine months ended September 30, 2026 and 2025, respectively.

(2) Includes interest expense of consolidated VIEs of $55,287 and $54,598 for the quarters ended September 30, 2026 and June 30, 2026, respectively, and $173,765 and $213,076 for the nine months ended September 30, 2026 and 2025, respectively.

(3) Includes interest income from investment in MSR financing receivables of a consolidated VIE of $312 and $454 for the quarters ended September 30, 2026 and June 30, 2026, respectively, and $2,162 and $363 for the nine months ended September 30, 2026 and for the nine months ended September 30, 2025.

(4) Includes a related-party, non-cash imputed compensation expense from the Palisades Acquisition of $302 and $341 for the quarters ended September 30, 2026 and June 30, 2026, respectively, and $984 and $1,023 for the nine months ended September 30, 2026 and 2025, respectively.

Comparability of Results

Our results for the quarter and nine months ended September 30, 2026 reflect the continued integration and full-period impact of our Residential Origination segment, which was acquired during the fourth quarter of 2025, and as such, prior periods may not be directly comparable.

Results of Operations for the Quarters Ended September 30, 2026 and June 30, 2026, and for the Nine months ended September 30, 2026 and September 30, 2025.

The primary source of income for our Investment Portfolio segment is interest income earned on our assets, net of interest expense paid on our financing liabilities, and investment and asset management fees earned through our investment management and advisory business.

The primary source of income for our Residential Origination segment is derived from our mortgage lending activities and is comprised primarily of net gain or loss from the sale of LHFS, and to a lesser extent, net interest income.

Quarter Ended September 30, 2026 compared to the Quarter Ended June 30, 2026

For the quarter ended September 30, 2026, our net loss available to common shareholders was $194 million, or $(2.31) per average basic common share, compared to a net loss of $4 million, or $(0.05) per average basic common share for the quarter ended June 30, 2026. The increase of $190 million in net loss available to common shareholders for the quarter ended September 30, 2026, as compared to the quarter ended June 30, 2026, was primarily driven by an increase in net unrealized losses on financial instruments at fair value of $348 million, an increase in net realized losses on sales of investment of $17 million, and a decrease in gain on origination and sale of loans, net of $11 million, offset by an increase in net gains on derivatives of $181 million. These changes were primarily driven by unfavorable mark-to-market impacts resulting from higher market interest rates and widening spreads on Agency MBS during the quarter, which adversely affected the fair value of our mortgage-related financial instruments, partially offset by gains on our derivative positions. Our total other expenses decreased by $1 million during the third quarter of 2026, primarily due to the absence of securitization-related transaction expenses, as we did not complete any securitizations during the period.

Nine months ended September 30, 2026 compared to the Nine months ended September 30, 2025

For the nine months ended September 30, 2026, our net loss available to common shareholders was $263 million, or $(3.14) per average basic common share, compared to a net income of $138 million, or $1.69 per average basic common share for the nine months ended September 30, 2025. The decrease of $401 million in net income available to common shareholders for the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025, was primarily driven by a decrease in net unrealized gains on financial instruments at fair value of $571 million, an increase in net realized losses on sales of investments of $77 million, an increase in losses on extinguishment of debt of $44 million, and an increase to compensation and benefits of $37 million due to the inclusion of staffing costs and rising headcounts from the HomeXpress Acquisition. The decrease in net income available to common shareholders was partially offset by an increase in net gains on derivatives of $275 million and the addition of gain on origination and sale of loans, net, of $55 million attributable to HomeXpress operations which were not a part of our results of operations for the nine months ended September 30, 2025.

Interest Income

Quarter Ended September 30, 2026 compared to the Quarter Ended June 30, 2026

Our interest income revenues are driven primarily by our Investment Portfolio segment. Interest income increased by $9 million, or 4.1%, to $231 million for the quarter ended September 30, 2026 as compared to $222 million for the quarter ended June 30, 2026. This increase in our interest income during the quarter ended September 30, 2026 was primarily driven by our Agency RMBS purchases as we continued to deploy capital raised from second quarter re-securitizations and prepayments during the second and third quarters while simultaneously increasing our allocation to liquid securities and by our LHFS purchases from both HomeXpress and third-party mortgage originators. During the quarter ended September 30, 2026, the interest income on our Agency RMBS and LHFS portfolios increased by $7 million and $7 million, respectively, as compared to the quarter ended June 30, 2026 driven by tactical increases in leverage, which was partially offset by a decrease of $4 million on our Loans held for investment portfolio due to lower loan balances at the end of the current quarter as a result of our portfolio reallocation.

Nine months ended September 30, 2026 compared to the Nine months ended September 30, 2025

Interest income increased by $71 million, or 11.7%, to $672 million for the nine months ended September 30, 2026 as compared to $601 million for the nine months ended September 30, 2025. This increase was primarily driven by the reallocation of our portfolio from loans held for investment to Agency Pass-throughs. The Agency RMBS portfolio average balance increased by $2.7 billion, resulting in an increase in interest income of $127 million. We also recognized interest income of $45 million from LHFS related to our Residential Origination segment in the current period which was not part of our operations during the prior year. This was offset by decreases in our Loans held for investment and Non-Agency portfolios average balance of $2.3 billion and $259 million, respectively, due to asset sales and paydowns during the period, resulting in a decrease in interest income of $96 million and $15 million, respectively, as compared to the nine months ended September 30, 2025.

Interest Expense

Quarter Ended September 30, 2026 compared to the Quarter Ended June 30, 2026

Interest expense increased by $8 million, or 5.6%, to $160 million for the quarter ended September 30, 2026, as compared to $151 million for the quarter ended June 30, 2026. This increase was primarily driven by higher borrowings to finance the purchase of $1.9 billion of Agency RMBS pass-throughs and $461 million of LHFS in the current quarter. During the quarter ended September 30, 2026, the interest expense on secured financing agreements collateralized by Agency RMBS and LHFS increased by $3 million and $5 million, respectively, due to higher balances to finance purchases during the quarter. The increase in interest expense was partially offset by a decrease in the interest expense on secured financing agreements collateralized by Loans held for investment of $4 million due to lower average loan balances resulting from paydowns during the third quarter of 2026.

Nine months ended September 30, 2026 compared to the Nine months ended September 30, 2025

Interest expense increased by $54 million, or 13.5%, to $455 million for the nine months ended September 30, 2026, as compared to $401 million for the nine months ended September 30, 2025. This increase was primarily driven by an increase in our borrowings under secured financing agreements collateralized by an Agency RMBS balance of $2.7 billion to finance the Agency RMBS purchases during the period. During the nine months ended September 30, 2026, the interest expense on secured financing agreements collateralized by Agency RMBS increased by $86 million due to these higher balances. The increase was also driven by the additional interest expense of $33 million on warehouse financing used by HomeXpress to fund our loans from origination through sale. The increase in interest expense was partially offset by a decrease in our average securitized debt balance of $1.5 billion, as we called eight securitizations, resulting in a decrease of $41 million in interest expense on securitized debt during the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025, and lower average loan balances of $422 million, resulting in a decrease of $22 million in interest expense on secured financing agreements collateralized by Loans held for investment year over year.

Economic Net Interest Income - Investment Portfolio Segment

Economic net interest income of our Investment Portfolio segment is a non-GAAP financial measure that equals GAAP net interest income adjusted for net periodic interest on derivatives, interest income from our Residential Origination segment and interest income from investment in MSR financing receivables, and excludes interest earned on cash and interest expense from our Residential Origination segment. For the purpose of computing economic net interest income and ratios relating to cost of funds measures throughout this section, interest expense includes net payments on our derivatives, which is presented as a part of Net gains (losses) on derivatives in our Consolidated Statements of Operations. Interest rate swaps, interest rate caps and swap futures are used to manage the increase in interest paid on secured financing agreements in a rising rate environment. Presenting the net contractual interest payments on interest rate derivatives with the interest paid on interest-bearing liabilities reflects our total contractual interest payments. We believe this presentation is useful to investors because it depicts the economic value of our investment strategy by showing all components of interest expense and net interest income of our investment portfolio. However, Economic net interest income should not be viewed in isolation and is not a substitute for net interest income computed in accordance with GAAP. Where indicated, interest expense, adjusting for any interest earned on cash, is referred to as Economic interest expense. Where indicated, net interest income reflecting net periodic interest on derivatives and any interest earned on cash, is referred to as Economic net interest income.

The following table reconciles the Economic net interest income to GAAP net interest income and Economic interest expense to GAAP interest expense for the periods presented.

	GAAP Interest Income	Interest Income on Mortgage Loan Origination	Other[1]	Economic Interest Income	GAAP Interest Expense	Periodic Interest On Derivatives, net & Interest Expense on Mortgage Loan Origination	Economic Interest Expense	GAAP Net Interest Income	Periodic Interest On Derivatives, net	Other[1]	Net Interest Income on Mortgage Loan Origination	Economic Net Interest Income
For the Quarter Ended September 30, 2026	$ 230,687	$ (16,235)	$ (3,019)	$ 211,433	$ 159,504	$ (17,513)	$ 141,991	$ 71,183	$ 5,639	$ (3,019)	$ (4,361)	$ 69,442
For the Quarter Ended June 30, 2026	$ 221,625	$ (14,420)	$ (2,772)	$ 204,433	$ 151,116	$ (12,972)	$ 138,144	$ 70,509	$ 2,061	$ (2,772)	$ (3,509)	$ 66,289
For the Quarter Ended March 31, 2026	$ 219,295	$ (13,706)	$ (472)	$ 205,117	$ 144,293	$ (11,958)	$ 132,335	$ 75,002	$ 1,834	$ (472)	$ (3,582)	$ 72,782
For the Quarter Ended December 31, 2025	$ 220,328	$ (12,355)	$ (3,540)	$ 204,433	$ 154,150	$ (15,101)	$ 139,049	$ 66,178	$ 5,422	$ (3,540)	$ (2,676)	$ 65,384
For the Quarter Ended September 30, 2025	$ 209,100	$ —	$ (2,204)	$ 206,896	$ 144,089	$ (5,751)	$ 138,338	$ 65,011	$ 5,751	$ (2,204)	$ —	$ 68,558

(1) Primarily interest income on cash and cash equivalents from our Investment Portfolio and Residential Origination segments and interest income from investment in MSR financing receivables.

Net Interest Rate Spread - Investment Portfolio Segment

The following tables show our average earning assets held, interest earned on assets, yield on average interest earning assets, average debt balance, economic interest expense, economic average cost of funds, economic net interest income and net interest rate spread for the periods presented.

	For the Quarters Ended					
	September 30, 2026 (dollars in thousands)			June 30, 2026 (dollars in thousands)		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets [1][4]***:***						
Agency RMBS [3]	$ 5,530,592	$ 75,611	5.5 %	$ 5,005,152	$ 68,137	5.3 %
Agency CMBS [6]	17,502	192	4.4 %	38,544	899	9.3 %
Non-Agency RMBS [3]	658,950	21,756	13.1 %	677,333	23,230	13.7 %
Loans held for investment	7,832,648	106,574	5.4 %	8,102,064	110,291	5.4 %
Loans held for sale [3]	371,504	6,523	7.0 %	56,982	1,038	7.3 %
MSR [5]	38,221	777	8.1 %	38,221	838	8.8 %
Total	$ 14,449,417	$ 211,433	5.9 %	$ 13,918,296	$ 204,433	5.9 %
Liabilities and stockholders' equity:						
Interest-bearing liabilities [2][4]***:***						
Secured financing agreements collateralized by:						
Agency RMBS [3]	$ 5,372,564	$ 50,407	4.1 %	$ 4,843,317	$ 47,147	3.9 %
Agency CMBS	16,490	161	3.9 %	31,732	351	4.4 %
Non-Agency RMBS [3]	391,782	5,244	5.4 %	412,063	5,296	5.1 %
Loans held for investment	1,297,903	18,819	5.8 %	1,393,527	22,467	6.4 %
Loans held for sale [3]	342,404	4,524	5.3 %	52,630	686	5.2 %
Securitized debt	5,615,398	56,471	4.0 %	5,741,507	55,832	3.9 %
Long term debt	259,750	6,365	9.8 %	259,750	6,365	9.8 %
Total	$ 13,296,291	$ 141,991	4.3 %	$ 12,734,526	$ 138,144	4.3 %
Economic net interest income/net interest rate spread		$ 69,442	1.6 %		$ 66,289	1.6 %
Net interest-earning assets/net interest margin	$ 1,153,126		1.9 %	$ 1,183,770		1.9 %
Ratio of interest-earning assets to interest bearing liabilities	1.09			1.09		

(1) Interest-earning assets at amortized cost.

(2) Interest includes periodic interest on derivatives, net.

(3) These amounts have been adjusted to reflect the daily outstanding averages for which the financial instruments were held during the period.

(4) This table excludes interest-earning assets and interest-bearing liabilities of our Residential Origination segment. Our Residential Origination segment includes average interest-earning assets of $891 million, average interest-bearing liabilities of $824 million, interest income of $17 million, interest expense of $12 million, and net interest income of $5 million.

(5) The average balance amount represents committed capital by us during the period.

(6) Average Yield includes the receipt of one-time extension fee received during the second quarter.

	For the Nine Months Ended					
	September 30, 2026 (dollars in thousands)			September 30, 2025 (dollars in thousands)		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets [1][4]***:***						
Agency RMBS [3]	$ 4,697,586	$ 187,521	5.4 %	$ 1,956,843	$ 60,916	5.7 %
Agency CMBS [6]	32,751	1,506	6.1 %	41,336	2,276	7.3 %
Non-Agency RMBS [3]	679,172	69,212	13.5 %	937,776	84,430	11.9 %
Loans held for investment	8,476,036	351,256	5.5 %	10,803,010	447,637	5.5 %
Loans held for sale [3]	144,952	7,561	7.0 %	N/A	N/A	N/A
MSR [5]	38,221	3,927	13.7 %	38,221	500	5.2 %
Total	$ 14,068,718	$ 620,983	5.9 %	$ 13,777,186	$ 595,759	5.8 %
Liabilities and stockholders' equity:						
Interest-bearing liabilities [1][4]***:***						
Secured financing agreements collateralized by:						
Agency RMBS [3]	$ 4,557,330	$ 127,277	3.9 %	$ 1,850,829	$ 41,318	4.7 %
Agency CMBS	26,965	812	4.0 %	30,395	1,039	4.6 %
Non-Agency RMBS [3]	421,826	16,582	5.2 %	612,575	26,277	5.7 %
Loans held for investment	1,383,279	65,709	6.3 %	1,805,427	87,293	6.4 %
Loans held for sale [3]	132,316	5,210	5.3 %	N/A	N/A	N/A
Securitized debt	6,043,066	177,783	3.9 %	7,493,806	219,001	3.9 %
Long term debt	259,750	19,096	9.8 %	145,926	10,893	10.0 %
Total	$ 12,824,532	$ 412,469	4.3 %	$ 11,938,958	$ 385,821	4.3 %
Economic net interest income/net interest rate spread		$ 208,514	1.6 %		$ 209,938	1.5 %
Net interest-earning assets/net interest margin	$ 1,244,186		2.0 %	$ 1,838,228		2.0 %
Ratio of interest-earning assets to interest-bearing liabilities	1.10			1.15		

(1) Interest-earning assets at amortized cost.

(2) Interest includes periodic interest on derivatives, net.

(3) These amounts have been adjusted to reflect the daily outstanding averages for which the financial instruments were held during the period.

(4) This table excludes interest-earning assets and interest-bearing liabilities of our Residential Origination segment. Our Residential Origination segment includes average interest-earning assets of $835 million, average interest-bearing liabilities of $756 million, interest income of $45 million, interest expense of $33 million, and net interest income of $12 million.

(5) The average balance amount represents committed capital by us during the period.

(6) Average Yield includes the receipt of one-time extension fee received during the second quarter.

Economic Net Interest Income and the Average Earning Assets -Investment Portfolio Segment

Quarter Ended September 30, 2026 compared to the Quarter Ended June 30, 2026

Our Economic net interest income (which is a non-GAAP measure, see “Economic net interest income” discussion earlier for details) increased by $3 million to $69 million for the quarter ended September 30, 2026, from $66 million for the quarter ended June 30, 2026.

Our net interest rate spread, calculated as the yield on our average interest-earning assets less the economic average cost of funds, was 1.6% for each of the quarters ended September 30, 2026 and June 30, 2026.

Our average net interest-earning assets were $1.2 billion for the quarter ended September 30, 2026, representing a decrease of $31 million compared to the quarter ended June 30, 2026.

Our net interest margin, calculated as the yield on our average interest-earning assets less the economic average cost of funds, was 1.9% for each of the quarters ended September 30, 2026 and June 30, 2026.

Nine months ended September 30, 2026 compared to the Nine months ended September 30, 2025

Our Economic net interest income (which is a non-GAAP measure, see "Economic net interest income" discussion earlier for details) decreased by $1 million to $209 million for the nine months ended September 30, 2026, from $210 million for the nine months ended September 30, 2025.

Our net interest rate spread, calculated as the yield on our average interest-earning assets less the economic average cost of funds increased to 1.6% for the nine months ended September 30, 2026, compared to 1.5% for the nine months ended September 30, 2025.

Our average net interest-earning assets decreased by $594 million to $1.2 billion for the nine months ended September 30, 2026, compared to $1.8 billion for the same period in 2025.

Our net interest margin, calculated as the yield on our average interest-earning assets less the economic average cost of funds, was 2.0% for each of the nine month periods ended September 30, 2026 and September 30, 2025.

Economic Interest Expense and the Cost of Funds - Investment Portfolio Segment

The borrowing rate at which we are able to finance our assets using secured financing agreements is typically correlated to SOFR and the term of the financing. The borrowing rate on the majority of our securitized debt is fixed and correlated to the term of the financing. The table below shows our average borrowed funds, Economic interest expense, average cost of funds (inclusive of periodic interest on swaps and swap futures), average one-month SOFR, average three-month SOFR and average one-month SOFR relative to average three-month SOFR.

	Average Debt Balance	Economic Interest Expense	Average Cost of Funds	Average One-Month SOFR	Average Three-Month SOFR	Average One-Month SOFR Relative to Average Three-Month SOFR
	(Ratios have been annualized, dollars in thousands)					
For the Quarter Ended September 30, 2026	$ 13,296,291	$ 141,991	4.30 %	3.73 %	3.83 %	(0.10)%
For the Quarter Ended June 30, 2026	$ 12,734,526	$ 138,144	4.30 %	3.64 %	3.67 %	(0.03)%
For the Quarter Ended March 31, 2026	$ 12,661,561	$ 132,335	4.20 %	3.67 %	3.67 %	0.00 %
For the Quarter Ended December 31, 2025	$ 12,406,262	$ 139,049	4.50 %	3.91 %	3.82 %	0.09 %
For the Quarter Ended September 30, 2025	$ 12,278,733	$ 138,338	4.50 %	4.29 %	4.05 %	0.24 %

Average interest-bearing liabilities increased by $562 million for the quarter ended September 30, 2026, as compared to the quarter ended June 30, 2026. Economic interest expense increased by $4 million for the quarter ended September 30, 2026, as compared to the quarter ended June 30, 2026, due to an increase in borrowings under our secured financing agreements to fund our Agency RMBS purchases.

While we may use interest rate hedges to mitigate risks related to changes in interest rates, the hedges may not fully offset interest expense movements.

Provision for Credit Losses

For both quarters ended September 30, 2026 and June 30, 2026, we recorded an increase in provision for credit losses of $7 million. For the nine months ended September 30, 2026, we recorded an increase in provision for credit losses of $17 million, as compared to an increase in provision of credit losses of $10 million for the nine months ended September 30, 2025.

The changes in provision for credit losses for the quarter and nine months ended September 30, 2026, as compared to the quarter ended June 30, 2026 and nine months ended September 30, 2025, are primarily attributable to a deterioration in expected cash flows on certain senior and subordinated Non-Agency RMBS. In addition, declines in the fair values of certain Non-Agency RMBS resulted in the recognition of allowances for credit losses that had not previously been recorded because these securities were in unrealized gain positions.

Net Gains (Losses) on Derivatives

We use derivatives to economically hedge the effects of changes in interest rates on our portfolio, specifically our secured financing agreements. Unrealized gains and losses include the change in market value, period over period, on our derivatives portfolio. Changes in market value are generally a result of changes in interest rates. We may or may not ultimately realize these unrealized derivative gains and losses depending on trade activity, changes in interest rates and the values of the underlying securities. The net gains and losses on our derivatives include both unrealized and realized gains and losses.

Realized gains and losses include the net cash paid and received on our derivatives portfolio during the period as well as sales, terminations and settlements related to our derivatives portfolio.

The tables below show a summary of our net gains (losses) on derivative instruments for the quarters ended September 30, 2026 and June 30, 2026 and nine months ended September 30, 2026 and September 30, 2025, respectively.

	For the Quarters Ended	
	September 30, 2026	**June 30, 2026**
	(dollars in thousands)	
Periodic interest on derivatives, net	$ 5,639	$ 2,061
Realized gains (losses) on derivative instruments, net:		
Interest rate swaps	72,164	11,554
Swap futures	—	—
U.S. Treasury futures	—	—
Swaptions	—	—
Interest rate caps	2,737	(3,377)
TBAs	—	1,350
Total realized gains (losses) on derivative instruments, net	74,901	9,527
Net unrealized gains (losses) on derivative instruments, net:		
Interest rate swaps	88,768	7,655
Swap futures	10,104	2,936
U.S. Treasury futures	—	—
Swaptions	—	—
Interest rate caps	30,288	6,365
TBAs	(1,936)	(1,558)
Total Net unrealized gains (losses) on derivative instruments, net:	127,224	15,398
Total gains (losses) on derivative instruments, net	$ 207,764	$ 26,986

	For the Nine Months Ended	
	September 30, 2026	**September 30, 2025**
	(dollars in thousands)	
Periodic interest on derivatives, net	$ 9,534	$ 14,953
Realized gains (losses) on derivative instruments, net:		
Interest rate swaps	80,309	(9,930)
Swap futures	—	(386)
U.S. Treasury futures	—	82
Swaptions	2,022	(5,623)
Interest rate caps	(4,352)	—
TBAs	9,319	—
Total realized gains (losses) on derivative instruments, net	87,298	(15,857)
Net unrealized gains (losses) on derivative instruments, net:		
Interest rate swaps	105,765	(3,640)
Swap futures	14,821	(6,081)
U.S. Treasury futures	—	(117)
Swaptions	1,045	(877)
Interest rate caps	41,077	(6,217)
TBAs	(1,936)	—
Total Net unrealized gains (losses) on derivative instruments, net:	160,772	(16,932)
Total gains (losses) on derivative instruments, net	$ 257,604	$ (17,836)

In addition, the net gains (losses) attributable to derivatives on our Residential Origination segment were $2 million and $5 million for the quarter and nine months ended September 30, 2026 which is reported in Gain on origination and sale of loans, net, in our Consolidated Statements of Operations. The net gains (losses) attributable to derivatives on our Residential Origination segment was $1 million and $3 million for the quarter and six months ended June 30, 2026. We did not have any net gains (losses) attributable to derivatives on our Residential Origination segment for the nine months ended September 30, 2025.

During the quarters ended September 30, 2026, and June 30, 2026, we recognized total net gains on derivatives of $208 million and $27 million respectively. During the nine months ended September 30, 2026 and September 30, 2025, we recognized total net gains on derivatives of $258 million and total net losses on derivatives of $18 million, respectively.

Changes in market value are generally a result of changes in interest rates. We may or may not ultimately realize these unrealized derivative gains and losses depending on trade activity, changes in interest rates and the values of the underlying securities.

Interest Rate Swaps

The weighted average pay rate on our interest rate swaps at September 30, 2026 was 4.06% and the weighted average receive rate was 3.82%. At September 30, 2026, the weighted average maturity on our interest rate swaps was less than ten years.

The weighted average pay rate on our interest rate swaps at December 31, 2025 was 3.44% and the weighted average receive rate was 3.87%. At December 31, 2025, the weighted average maturity on our interest rate swaps was less than six years.

We had net realized gains of $72 million and net realized gains of $12 million related to swap terminations during the quarter ended September 30, 2026 and June 30, 2026, respectively. We had net realized gains of $80 million and net realized losses of $10 million related to the swap terminations and swap maturities during the nine months ended September 30, 2026 and September 30, 2025, respectively.

Swap Futures

During the quarters ended September 30, 2026 and June 30, 2026, we had swap futures with a notional of $340 million and $340 million, respectively. We had no swap future terminations during the quarters ended September 30, 2026 and June 30, 2026, respectively.

We had no swap future terminations during the nine months ended September 30, 2026. During the nine months ended September 30, 2025, we had a realized loss of $386 thousand on the sale of 400 10-year SOFR swap future contracts, 400 two-year SOFR swap future contracts, and 250 five-year SOFR swap future contracts.

Swaptions

During the quarters and nine months ended September 30, 2026 and June 30, 2026, we had no open swaption positions.

We did not have any realized gains related to swaptions for the quarters ended September 30, 2026 and June 30, 2026. During the nine months ended September 30, 2026 and September 30, 2025, we had realized gains of $2 million and net realized losses of $6 million related to swaptions, respectively.

Interest Rate Caps

During the quarter ended September 30, 2026, we entered into two interest rate caps. During the current quarter, we paid $16 million for $800 million notional two-year interest rate caps with strike rates of 3.00% with SOFR as the market reference rate. During the quarter ended June 30, 2026, we entered into six interest rate caps. During the prior quarter, we paid $55 million for $2.3 billion notional two-year, three-year and five-year interest rate caps with strike rates of 3.00% with SOFR as the market reference rate.

At September 30, 2026, we held $3.1 billion notional two-year, three-year, and five-year interest rate caps with a weighted average strike rate of 3.00% with SOFR as the market reference rate. At June 30, 2026, we held $3.4 billion notional two-year three-year, and five-year interest rate caps with a weighted average strike rate of 3.05% with SOFR as the market reference rate.
During the current quarter, we terminated a $600 million two-year interest rate cap with a strike rate of 3.30% with SOFR as the market reference rate for a realized loss of $130 thousand and terminated a $500 million two-year interest rate cap with a strike rate of 3.00% with SOFR as the market reference rate for a realized gain of $3 million. During the quarter ended June 30, 2026, we partially terminated a $500 million two-year interest rate cap with a strike rate of 3.95% with SOFR as the market reference rate for a realized loss of $3 million.

During the nine months ended September 30, 2026, we terminated three interest rate caps $2.1 billion notional with strike rates of 3.00%, 3.30% and 3.95% for a realized loss of $4 million. During the nine months ended September 30, 2025, we had no terminations of interest rate caps.

U.S. Treasury Futures Contracts

For our Investment Portfolio segment, during the current quarter ended September 30, 2026, we had no open U.S. Treasury future positions. For our Investment Portfolio segment, during the current quarter ended September 30, 2026, we had no realized gains or losses. For our Investment Portfolio segment, during the prior quarter ended June 30, 2026, we had no open U.S. Treasury future positions and we had no realized gains or losses. For our Investment Portfolio segment, during the nine months ended September 30, 2025, we covered our open short position of 1,000 two-year U.S. Treasury Futures contracts for a net realized gain of $82 thousand.

For our Residential Origination segment, during the quarter ended September 30, 2026, we entered into 546 short five-year and 2,199 short two-year U.S. Treasury futures contracts with notional amounts of $55 million and $440 million respectively, which we subsequently covered a realized gain of $1 million. For our Residential Origination segment during the nine months ended September 30, 2026, we had a realized gain of $3 million. We are short 417 five-year and 1,674 two-year U.S. Treasury futures contracts at September 30, 2026. For our Residential Origination segment, during the quarter ended June 30, 2026, we entered into 307 short five-year and 1,275 short two-year U.S. Treasury futures contracts with notional amounts of $31 million and $255 million respectively, which we subsequently covered for a realized gain of $2 million.

Interest Rate Lock Commitments

For our Residential Origination segment, we enter into IRLCs with prospective borrowers to originate mortgage loans at a specified interest rate. This creates a derivative which is valued based on market conditions, loan characteristics, estimated remaining direct expenses, and subject to the Pull-through Rate. At September 30, 2026, the notional amount of the locked pipeline was $317 million with a fair value of $1 million. At June 30, 2026, the notional amount of the locked pipeline was $295 million with a fair value of $4 million. During the quarter ended September 30, 2026, we had net realized loss of $3 million. During the nine months ended September 30, 2026, we had a net realized loss of $3 million.

TBAs

At September 30, 2026, for our Investment Portfolio segment, we had no TBA purchase contracts and TBA sales contracts with an aggregate notional amount of $2.4 billion, resulting in a net short TBA notional position of $2.4 billion. We had no realized gains or losses from TBA derivative transactions during the quarter ended September 30, 2026. During the nine months ended September 30, 2026, we recognized realized gains of $9 million related to TBA derivative transactions.

At June 30, 2026, for our Investment Portfolio segment, we had TBA purchase contracts and TBA sale contracts with aggregate notional amounts of $2.2 billion each, resulting in a net TBA notional position of zero. During the quarter ended June 30, 2026, we recognized realized gains of approximately $1 million related to TBA derivative transactions.

There was no drop expense for the quarter ended September 30, 2026. Drop expense for the nine months ended September 30, 2026 was $1 million, and is reported within Periodic interest on derivatives, net in the Consolidated Statements of Operations. Drop expense for the quarter ended June 30, 2026 was $1 million. For the quarter ended June 30, 2026, we had a realized gain of $1 million.

For the Residential Origination segment, during the period ended September 30, 2026, we entered into 22 Agency TBA contracts with an aggregate notional amount of $25 million. These contracts resulted in a realized gain from hedging instruments of $135 thousand included within Gain on origination and sale of loans, net. As of September 30, 2026, we held 13 open Agency TBA positions.

For the Residential Origination segment, during the period ended June 30, 2026, we entered into 33 Agency TBA contracts with an aggregate notional amount of $40 million. These contracts were subsequently covered, resulting in a realized gain from hedging instruments of $29 thousand included within Gain on origination and sale of loans, net. As of June 30, 2026, we held 11 open Agency TBA positions.

Long Term Debt Expense

During the second quarter of 2024, we issued $65 million aggregate principal amount of 9.00% unsecured senior notes due 2029 that pay quarterly interest. After deducting the underwriting discount and other debt issuance costs, we received approximately $62 million of proceeds.

During the third quarter of 2024, we issued $75 million aggregate principal amount (including the additional amount issued pursuant to the exercise of the over-allotment option) of 9.25% unsecured senior notes due 2029 that pay quarterly interest. After deducting the underwriting discount and other debt issuance costs, we received approximately $72 million of proceeds.

During the third quarter of 2025, we issued $120 million aggregate principal amount (including the additional amount issued pursuant to the exercise of the over-allotment option) of 8.875% unsecured senior notes due 2030 that pay quarterly interest. After deducting the underwriting discount and other debt issuance costs, we received approximately $116 million of proceeds.

At September 30, 2026, the outstanding principal amount of these notes was $260 million and the accrued interest payable on this debt was $3 million. At September 30, 2026, the unamortized deferred debt issuance cost was $7 million.

Investment management and advisory fees

During the fourth quarter of 2024, we started earning investment management and advisory fees through certain investment management agreements entered into with our investment partnerships and privately offered pooled investment vehicles, insurance companies, and other institutional clients. For the quarter ended September 30, 2026, we recognized $8 million in investment management and advisory fees and incurred approximately $2 million in related revenue-sharing expenses under the transition services agreement. After accounting for these expenses, the net contribution from these services was approximately $6 million, compared to $7 million for the quarter ended June 30, 2026. We recognized investment management and advisory fees of $22 million and $26 million for the nine months ended September 30, 2026 and September 30, 2025, respectively.

Gain on origination and sale, net

The following table provides a summary of the composition of gain on origination and sale of loans, net, for the quarter and nine months ended September 30, 2026:

	For the Quarter Ended	For the Nine Months Ended
	September 30, 2026	September 30, 2026
	(dollars in thousands)	
Premium from loan sales	$ 18,653	$ 74,809
Mark to market changes on LHFS	(17,426)	(18,724)
Unrealized gains from hedging derivative instruments	32,218	36,489
Unrealized gains (losses) from IRLC	(2,908)	(2,708)
Periodic interest on derivatives, net	(375)	(277)
Realized gains from hedging instruments, net	811	3,286
Provision for loan repurchase reserves	(168)	(924)
Loan origination income, net	(11,591)	(15,716)
Direct loan origination costs, net	(8,086)	(21,512)
Gain on origination and sale of loans, net	$ 11,128	$ 54,723

Gain on origination and sale, net, represents the primary source of revenue for our Residential Origination segment. Gain on origination and sale, net, includes gain or loss from the sale of LHFS, net change in the valuations of the IRLC and LHFS, realized and unrealized change in value of the derivative instruments, provisions or benefit for loan repurchase reserves, net points and fees collected at closing, and the direct loan originations costs incurred.

Premium from loan sales is the primary driver of gain on origination and sale, net. It reflects the premium received from, or discount paid to, third-party investors when external loan sales settle. In the third quarter, HomeXpress settled $1.0 billion of loans, including $329 million purchased by our Investment Portfolio segment, for an average gain on sale of 102.70%.

The valuation of LHFS approximates the servicing released market value of a loan sold to a private investor. The valuation of our LHFS is derived from the execution price of committed loan sales and market observations for loans not yet committed to a loan sale transaction.

Unrealized gains from hedging derivative instruments and unrealized gains from IRLCs reflect the period-over-period change in the fair value of those instruments. In aggregate, these amounts constitute the Net unrealized gains (losses) on derivatives within the Residential Origination segment. At September 30, 2026, HomeXpress had $686 million of Non-Agency loans committed to sale.

Realized gains from derivative instruments, net, reflect gains recognized upon settlement of hedging positions.

Benefits (provision) for loan repurchase reserves records the net change in the estimated losses pertaining to representations and warranties associated with a mortgage loan sale.

Loan origination income, net, reflects the fees earned, net of lender credits from originating the loans. These consist of fees related to loan origination, discount points, underwriting, processing and other fees. Lender credits typically are related to rebates or concessions for certain loan origination costs.

Direct loan origination costs, net, are the direct expenses associated with the origination of a mortgage loan. These costs include loan verification services, interim servicing expenses, third party due diligence fees, and commissions to sales employees. Under fair value accounting, these expenses are realized when incurred.

During the nine months ended September 30, 2026, our Investment Portfolio segment purchased $1.2 billion of newly originated Non-QM loans and Investor Loans from HomeXpress and other third party originators. We entered into $1.2 billion of notional interest rate swaps during the period to help mitigate exposure to interest rate volatility on these loans. We recognized $277 thousand of periodic interest on derivatives, net, related to these interest rate swaps which is included within gain on origination and sale of loans, net, for our Investment Portfolio segment for the quarter ended September 30, 2026.

We recognized gain on origination and sale of loans, net, of $11 million and $22 million for the quarters ended September 30, 2026 and June 30, 2026, respectively. We recognized gain on origination and sale of loans, net, of $55 million for the nine months ended September 30, 2026. We did not hold LHFS during the nine months ended September 30, 2025, and therefore did not record any gain on origination and sale of loans, net, during the prior year.

Interest Income from investment in MSR financing receivables

In July 2025, we entered into purchase agreements to acquire base and excess servicing compensation rights, also known as MSRs, associated with a $6.5 billion portfolio of mortgage loans from a licensed, GSE-approved residential mortgage loan servicer. In these arrangements, the licensed servicer holds legal title to the MSRs and is responsible for performing all servicing activities, while we provide financing or capital support and, in return, receive the economic benefits of a base and excess servicing spread.

We entered into a Reference Spread Agreement for Agency Loans to purchase the base servicing fee on the mortgage servicing loans at a rate of 12.5 basis points less the cost of servicing and other ancillary fees and income. We also entered into a True Excess Spread Agreement for Fannie Mae Loans entitling us to monthly distributions of the servicing fees collected by the mortgage loan servicer in excess of 12.5 basis points per annum and other related servicing cash flows.

We recognized interest income on our investments in MSR financing receivables, net, of $777 thousand and $838 thousand for the quarters ended September 30, 2026 and June 30, 2026, respectively. We recognized interest income on our investments in MSR financing receivables, net, of $4 million and $500 thousand for the nine months ended September 30, 2026 and 2025, respectively. Interest income for the nine months ended September 30, 2026 includes amounts attributable to early payoff protection associated with the MSR acquired in 2025.

Net Unrealized Gains (Losses) on Financial Instruments at Fair Value

During the quarter ended September 30, 2026, market interest rates increased amid heightened inflation concerns, including those related to higher energy prices. For the quarter, the yield on the two-year U.S. Treasury increased from approximately 4.17% to 4.89%, while the ten-year U.S. Treasury yield increased from approximately 4.47% to 5.28%, the highest level since 2002. These increases in market interest rates contributed to unfavorable changes in the fair values of certain of our financial instruments.

We recorded net unrealized losses on financial instruments at fair value of $391 million and $43 million for the quarters ended September 30, 2026 and June 30, 2026, respectively. We recorded net unrealized losses on financial instruments at fair value of $472 million and net unrealized gains on financial instruments at fair value of $99 million for the nine months ended September 30, 2026 and September 30, 2025, respectively.

Gains and Losses on Sales of Assets

We do not forecast sales of investments as we generally expect to invest for long-term gains. However, from time to time, we may sell assets to create liquidity necessary to pursue new opportunities, to achieve targeted leverage ratios, as well as for gains when prices indicate a sale is most beneficial to us or is the most prudent course of action to maintain a targeted risk-adjusted yield for our investors.

During the quarter ended September 30, 2026, we sold $1.0 billion of notional Agency Pass-through securities and $226 million of Agency CMOs. These sales contributed to a reduction in the overall leverage of our Agency portfolio by quarter end and resulted in a net realized loss of $27 million during the quarter. Proceeds from these sales were largely re-invested in Agency RMBS Pass-through securities and enabled us to maintain liquidity which can be used for investments or acquisitions.

Gain and Loss on Extinguishment of Debt

When we acquire our outstanding securitized debt, we extinguish the outstanding debt and recognize a gain or loss based on the difference between the carrying value of the debt and the cost to acquire the debt which is reflected in the Consolidated Statements of Operations as a gain or loss on extinguishment of debt.

Securitized Debt Collateralized by Non-Agency RMBS

We did not acquire any securitized debt collateralized by Non-Agency RMBS during the quarters ended September 30, 2026 and June 30, 2026, or during the nine months ended September 30, 2026 and September 30, 2025.

Securitized Debt Collateralized by Loans Held for Investment

During the quarter ended September 30, 2026, we did not acquire any securitized debt collateralized by Loans held for investment, and accordingly, no gain or loss on extinguishment of debt was recognized in connection with such transactions.

During the nine months ended September 30, 2026, we redeemed eight securitizations collateralized by $1.5 billion of fully valued reperforming loans. We sold $1.2 billion of these seasoned reperforming loans and retained $287 million in Loans held for investment.

During the nine months ended September 30, 2026, we acquired securitized debt collateralized by Loans held for investment with an amortized cost balance of $1.1 billion for $1.2 billion. These transactions resulted in net loss on extinguishment of debt of $42 million.

We did not acquire any securitized debt collateralized by loans held for investment during the quarter ended September 30, 2025. During the nine months ended September 30, 2025, we acquired securitized debt collateralized by Loans held for investment with an amortized cost balance of $314 million for $312 million, which resulted in net gain on extinguishment of debt of $2 million.

Compensation, General and Administrative Expenses and Transaction Expenses

The table below shows our total compensation and benefits expense, general and administrative, or G&A expenses, and transaction expenses as compared to average total assets and average equity for the periods presented.

	Total Compensation, G&A and Transaction Expenses	Total Compensation, G&A and Transaction Expenses/Average Assets	Total Compensation, G&A and Transaction Expenses/Average Equity
	(Ratios have been annualized, dollars in thousands)		
For the Quarter Ended September 30, 2026	$ 36,049	0.90 %	5.91 %
For the Quarter Ended June 30, 2026	$ 39,788	0.99 %	6.52 %
For the Quarter Ended March 31, 2026	$ 38,965	0.98 %	6.19 %
For the Quarter Ended December 31, 2025	$ 28,164	0.73 %	4.38 %
For the Quarter Ended September 30, 2025	$ 30,623	0.82 %	4.72 %

Compensation and benefits costs were approximately $24 million and $25 million for the quarters ended September 30, 2026 and June 30, 2026, respectively. Compensation and benefits costs were approximately $76 million and $39 million for the nine months ended September 30, 2026 and September 30, 2025, respectively.

The decrease in Compensation and benefits costs for the quarter ended September 30, 2026 compared to the quarter ended June 30, 2026 is primarily attributable to lower bonus expense. The increase in Compensation and benefits costs for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, was driven by higher overall compensation expense related to the increase in employee headcount and expenses related to the acquisition of HomeXpress whose compensation and benefits expenses were not included in our results of operations during the prior-year period.

General and administrative expenses primarily consist of legal, market data and research, audit, consulting, information technology, rent and independent investment consulting expenses. While these expenses are generally fixed in nature, they may fluctuate based on the scale of our operations, continued investments in our origination platform, and certain variable expenses associated with our investment management and advisory services.

General and administrative expenses were approximately $12 million and $11 million for the quarters ended September 30, 2026 and June 30, 2026, respectively. General and administrative expenses were approximately $36 million and $21 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. The increase in general and administrative expenses for the nine months ended September 30, 2026 was primarily attributable to the inclusion of general and administrative expenses associated with HomeXpress, which was acquired in the fourth quarter of 2025 and therefore was not included in our results of operations during the prior-year period.

During the quarter ended September 30, 2026, we did not incur any transaction expenses because there was no securitization activity during the period. During the quarter ended June 30, 2026, we incurred transaction expenses of $3 million related to higher securitization activity. During the nine months ended September 30, 2026 and September 30, 2025, we incurred transaction expenses of $3 million and $16 million, respectively. The higher transaction expenses in the prior period are related to the HomeXpress Acquisition.

Servicing and Asset Manager Fee Expense

Servicing fees are primarily related to the servicing costs of the whole loans held in consolidated securitization vehicles and are paid from interest income earned by the VIEs. Servicing fees generally ranged from 2 to 50 basis points of UPBs of our consolidated VIEs. Servicing fees paid by our Residential Origination segment are for the interim servicing of loans from origination to sale and are included in gain on origination and sale of loans, net, in our Consolidated Statements of Operations.

Servicing fees and asset manager expenses were $6 million and $4 million for the quarters ended September 30, 2026 and June 30, 2026, respectively. The quarter-over-quarter increase was primarily attributable to revenue-sharing expenses associated with Palisades' transaction management services under an amended client agreement, which were recognized in Servicing and asset manager fees, consistent with the gross recognition of the related revenue. Servicing fees and asset manager expenses were $16 million and $22 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. The year to date decline is primarily due to our sales of loans held for investment of $1.7 billion during the year resulting in lower loan counts and balances.

Depreciation and amortization, and impairment expense

We recognized intangible assets related to investment management agreements, internally developed software, developed technology, broker relationships, trade name and licenses acquired in the acquisitions. The long-lived fixed assets are comprised of leasehold improvements, furniture and fixtures, and computers. The fixed assets and intangible assets are depreciated or amortized over their estimated useful lives. We acquired both intangible assets and long-lived fixed assets through the acquisitions of Palisades and HomeXpress during the fourth quarters of 2024 and 2025, respectively. During the quarters ended September 30, 2026 and June 30, 2026, we recognized depreciation and amortization, and impairment expense of $5 million and $4 million, respectively. During the nine months ended September 30, 2026 and September 30, 2025, we recognized depreciation and amortization, and impairment expense of $19 million and $3 million, respectively. The year-over-year increase was primarily attributable to amortization expense associated with intangible assets acquired through the HomeXpress acquisition, which was not included in our results of operations during the prior-year period.

We recorded an impairment charge of $5 million to reduce the carrying value of certain asset management contracts associated with the Palisades Acquisition to its estimated fair value during the first quarter of 2026.

Segment Results of Operations

Investment Portfolio segment

The Investment Portfolio segment consists of our investment and third-party advisory services activities, as well as the purchase and aggregation of LHFS from HomeXpress and third-party mortgage originators for future securitizations. The segment's investment activities encompass (i) residential mortgage loans and properties, (ii) real estate-related securities, (iii) consumer loans, (iv) MSR-related investments and (v) certain ancillary and equity method investments, together with associated financing and hedging activities and allocable expenses. Prior to the fourth quarter of 2025, these activities comprised the Company’s single reportable segment.

Residential Origination segment

In conjunction with the HomeXpress Acquisition, the Residential Origination segment consists of our stand-alone mortgage loan origination business of HomeXpress that originates Non-QM residential mortgage loans (both consumer loans and Investor Loans), and other Non-Agency and Agency mortgage loan products, and includes the related residential mortgage LHFS and other operational aspects including the goodwill and intangible assets resulting from the HomeXpress Acquisition.

The segment information presented below reflects our current reportable segment structure. Because the Residential Origination segment was established upon the completion of the HomeXpress Acquisition on October 1, 2025, the Residential Origination segment had no revenues or expenses for the nine months ended September 30, 2025. Accordingly, the segment results for the nine months ended September 30, 2026 are not directly comparable to those for the prior-year period.

The following presents, for each reportable segment, revenues, the measure of segment profit or loss, and significant segment expenses. Segment results are prepared on the same basis as our consolidated financial statements and are reconciled to consolidated amounts below:

	For the Quarter Ended					
	September 30, 2026			June 30, 2026		
	(dollars in thousands)					
	Investment Portfolio	Residential Origination	Total	Investment Portfolio	Residential Origination	Total
Net interest income:						
Interest income	$ 214,131	$ 16,556	$ 230,687	$ 206,910	$ 14,715	$ 221,625
Interest expense	147,630	11,874	159,504	140,205	10,911	151,116
Net interest income	66,501	4,682	71,183	66,705	3,804	70,509
Increase in provision for credit losses	6,847	—	6,847	7,192	—	7,192
Other income (losses):						
Net unrealized gains (losses) on derivatives	127,224	—	127,224	15,398	—	15,398
Realized gains (losses) on derivatives	74,901	—	74,901	9,527	—	9,527
Periodic interest on derivatives, net	5,639	—	5,639	2,061	—	2,061
Net gains (losses) on derivatives	207,764	—	207,764	26,986	—	26,986
Investment management and advisory fees	7,978	—	7,978	6,540	—	6,540
Interest income from investment in MSR financing receivables, net	777	—	777	838	—	838
Net unrealized gains (losses) on financial instruments at fair value	(391,000)	—	(391,000)	(43,386)	—	(43,386)
Net realized losses on sales of investments	(26,889)	—	(26,889)	(9,623)	—	(9,623)
Gains (losses) on extinguishment of debt	—	—	—	(2,748)	—	(2,748)
Other investment gains (losses)	1,063	—	1,063	1,229	—	1,229
Gain on origination and sale of loans, net	176	10,952	11,128	(68)	22,278	22,210
Total other income (losses)	(200,131)	10,952	(189,179)	(20,232)	22,278	2,046
Other expenses:						
Compensation and benefits	11,402	12,473	23,875	13,223	11,879	25,102
General and administrative expenses	9,452	2,722	12,174	9,027	2,452	11,479
Servicing and asset manager fees	6,164	—	6,164	4,431	—	4,431
Depreciation, amortization, and impairment expense	2,048	3,431	5,479	644	3,432	4,076
Transaction expenses	—	—	—	3,207	—	3,207
Total other expenses	29,066	18,626	47,692	30,532	17,763	48,295
Income (loss) before income taxes	(169,543)	(2,992)	(172,535)	8,749	8,319	17,068
Income tax (benefit) expense	254	(560)	(306)	47	(348)	(301)
Net income (loss)	(169,797)	(2,432)	(172,229)	8,702	8,667	17,369
Dividends on preferred stock	21,433	—	21,433	21,381	—	21,381
Net income (loss) available to common shareholders	$ (191,230)	$ (2,432)	$ (193,662)	$ (12,679)	$ 8,667	$ (4,012)

	For the Nine Months Ended					
	September 30, 2026			September 30, 2025		
	(dollars in thousands)					
	Investment Portfolio	Residential Origination	Total	Investment Portfolio	Residential Origination	Total
Net interest income:						
Interest income	$ 626,385	$ 45,222	$ 671,607	$ 601,014	$ —	$ 601,014
Interest expense	422,002	32,910	454,912	400,773	—	400,773
Net interest income	204,383	12,312	216,695	200,241	—	200,241
Increase in provision for credit losses	16,863	—	16,863	10,383	—	10,383
Other income (losses):						
Net unrealized gains (losses) on derivatives	160,772	—	160,772	(16,932)	—	(16,932)
Realized gains (losses) on derivatives	87,298	—	87,298	(15,857)	—	(15,857)
Periodic interest on derivatives, net	9,534	—	9,534	14,953	—	14,953
Net gains (losses) on derivatives	257,604	—	257,604	(17,836)	—	(17,836)
Investment management and advisory fees	21,682	—	21,682	26,254	—	26,254
Interest income from investment in MSR financing receivables, net	3,927	—	3,927	500	—	500
Net unrealized gains (losses) on financial instruments at fair value	(471,922)	—	(471,922)	98,872	—	98,872
Net realized losses on sales of investments	(76,941)	—	(76,941)	76	—	76
Gains (losses) on extinguishment of debt	(41,605)	—	(41,605)	2,122	—	2,122
Other investment losses	1,382	—	1,382	4,481	—	4,481
Gain on origination and sale of loans, net	108	54,615	54,723	—	—	—
Total other income (losses)	(305,765)	54,615	(251,150)	114,469	—	114,469
Other expenses:						
Compensation and benefits	39,690	35,993	75,683	38,501	—	38,501
General and administrative expenses	28,513	7,301	35,814	20,658	—	20,658
Servicing and asset manager fees	16,117	—	16,117	21,726	—	21,726
Depreciation, amortization, and impairment expense	8,913	10,290	19,203	2,850	—	2,850
Transaction expenses	3,305	—	3,305	16,009	—	16,009
Total other expenses	96,538	53,584	150,122	99,744	—	99,744
Income (loss) before income taxes	(214,783)	13,343	(201,440)	204,583	—	204,583
Income tax (benefit) expense	(1,804)	(867)	(2,671)	2,416	—	2,416
Net income (loss)	(212,979)	14,210	(198,769)	202,167	—	202,167
Dividends on preferred stock	63,910	—	63,910	64,200	—	64,200
Net income (loss) available to common shareholders	$ (276,889)	$ 14,210	$ (262,679)	$ 137,967	$ —	$ 137,967

Non-GAAP Financial Measures

Earnings Available for Distribution

Earnings available for distribution ("EAD") is a non-GAAP measure and is defined as GAAP net income (loss) excluding: (i) Net unrealized gains (losses) on financial instruments at fair value; (ii) Net realized gains (losses) on sales of investments; (iii) Gains (losses) on extinguishment of debt; (iv) Increase in provision for credit losses; (v) Net unrealized gains (losses) on derivatives; (vi) Realized gains (losses) on derivatives; (vii) Transaction expenses; (viii) stock compensation expenses for retirement eligible awards; (ix) Depreciation, amortization, and impairment of intangible assets, net of any tax impact; (x) non-cash imputed compensation expense related to business acquisitions; and (xi) Other investment gains (losses).

Non-cash imputed compensation expense reflects the portion of the consideration paid in the Palisades Acquisition that pursuant to the sellers' contractual arrangements is distributable to the sellers' legacy employees (who are now our employees) and that for GAAP purposes is recorded as non-cash imputed compensation expense with an offsetting entry recorded as a non-

cash contribution from a related party to stockholders' equity. The excluded amounts do not include any normal, recurring compensation paid to our employees.

Transaction expenses are primarily comprised of costs only incurred at the time of execution of our securitizations, certain structured secured financing agreements, and business combination transactions, and include costs such as underwriting fees, legal fees, diligence fees, accounting fees, bank fees, and other similar transaction-related expenses. These costs are incurred prior to or at the execution of the transaction and do not recur thereafter. Recurring expenses, such as servicing fees, custodial fees, trustee fees, and other similar ongoing fees, are not excluded from EAD. We believe that excluding these costs is useful to investors because it is generally consistent with the treatment applied by our peer group in their non-GAAP measure presentations, mitigates period to period comparability issues tied to the timing of securitization and structured finance transactions, and is consistent with the accounting for the deferral of debt issuance costs prior to the fair value election option made by us. We also believe it is important for investors to review EAD as it is consistent with how management internally evaluates the performance of the Company. Stock compensation expense charges incurred on awards to retirement eligible employees is reflected as an expense over a vesting period (generally 36 months) rather than reported as an immediate expense.

We may hold long and/or short positions in TBA securities through transactions commonly referred to as "dollar roll" transactions. Under U.S. GAAP, these transactions are accounted for as derivatives and are carried at fair value. Changes in the fair value of TBA positions consist of two components: (i) drop income (expense) and (ii) mark-to-market adjustments. For financial statement presentation purposes, drop income (expense) is reported within Periodic interest on derivatives, net, while mark-to-market adjustments are reported within Net unrealized gains (losses) on derivatives. Together with any realized gains and losses, these amounts are included in Net gains (losses) on derivatives in our Consolidated Statements of Operations. Management includes drop income (expense) in EAD because it views drop income (expense) as the economic equivalent of net interest income on the underlying Agency securities, reflecting the difference between the implied interest earned and the implied financing cost over the period from trade date to settlement date. This treatment is consistent with how management evaluates the Company's investment performance and how we believe our investors analyze our investment performance.

We view EAD as one measure of our investment portfolio's ability to generate income for distribution to common stockholders. EAD is one of the metrics, but not the exclusive metric, that our Board of Directors considers when determining the amount, if any, of dividends on our common stock. Other metrics that our Board of Directors may consider when determining the amount, if any, of dividends on our common stock include, among others, REIT taxable income, dividend yield, book value, cash generated from the portfolio, reinvestment opportunities, and other cash needs. To maintain our qualification as a REIT, U.S. federal income tax law generally requires that we distribute at least 90% of our REIT taxable income (subject to certain adjustments) annually. EAD is different from REIT taxable income. For example, differences between EAD and REIT taxable income may result from whether the REIT uses mark-to-market accounting for GAAP purposes, accretion of market discount or OID and amortization of premium, and differences in the treatment of securitizations for GAAP and tax purposes, among other items. Further, REIT taxable income generally does not include earnings of our domestic taxable REIT subsidiaries ("TRSs") unless such income is distributed from current or accumulated earnings and profits. The determination of whether we have met the requirement to distribute at least 90% of our annual REIT taxable income is not based on EAD, and EAD should not be considered as an indication of our REIT taxable income, a guarantee of our ability to pay dividends, or a proxy for the amount of dividends we may pay. We believe EAD helps us and investors evaluate our financial performance period over period without the impact of certain non-recurring transactions. EAD should not be viewed in isolation and is not a substitute for, or superior to, net income (loss) or net income (loss) per basic share computed in accordance with GAAP. In addition, our methodology for calculating EAD may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and accordingly, our EAD may not be comparable to the EAD reported by other REITs.

The following table provides GAAP measures of net income and net income per diluted share available to common stockholders for the periods presented and details with respect to reconciling the line items to Earnings available for distribution and related per average diluted common share amounts. Earnings available for distribution is presented on an adjusted dilutive shares basis.

	For the Quarters Ended				
	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
	(dollars in thousands, except per share data)				
GAAP net income (loss) available to common stockholders	$ (193,662)	$ (4,012)	$ (65,007)	$ 6,501	$ (21,997)
Adjustments [1]:					
Net unrealized (gains) losses on financial instruments at fair value	391,000	43,386	37,536	17,138	36,995
Net realized (gains) losses on sales of investments	26,889	9,623	40,428	23,268	(1,991)
Gain (loss) on extinguishment of debt	—	2,748	38,858	(20)	—
Increase in provision for credit losses	6,847	7,192	2,824	5,322	2,587
Net unrealized (gains) losses on derivatives	(127,224)	(15,398)	(18,150)	(27,303)	7,907
Realized (gains) losses on derivatives	(74,901)	(9,527)	(2,870)	17,495	(2,015)
Transaction expenses	—	3,207	98	625	9,931
Stock Compensation expense for retirement eligible awards	(515)	(510)	2,023	(449)	(506)
Depreciation, amortization, and impairment expense [2]	5,479	4,076	9,649	4,332	948
HomeXpress acquisition intangible amortization tax impact [3]	(850)	(850)	(863)	(837)	—
Non-cash imputed compensation related to business acquisition	302	341	341	341	341
Other investment (gains) losses	(1,063)	(1,229)	910	(1,252)	(1,945)
Earnings available for distribution	**$ 32,302**	**$ 39,047**	**$ 45,777**	**$ 45,161**	**$ 30,255**
GAAP net income (loss) per diluted common share	**$ (2.31)**	**$ (0.05)**	**$ (0.78)**	**$ 0.08**	**$ (0.27)**
Earnings available for distribution per adjusted diluted common share	**$ 0.38**	**$ 0.46**	**$ 0.54**	**$ 0.53**	**$ 0.37**

(1) As a result of the business combinations, we updated the determination of earnings available for distribution to exclude non-recurring acquisition-related transaction expenses, non-cash amortization of intangibles and depreciation expenses, and non-cash imputed compensation expenses. These expenses are excluded as they relate to our business combinations and are not directly related to our income-generating activities.
(2) Non-cash amortization of intangibles, depreciation, and impairment expense related to acquisitions.
(3) Tax impact on non-cash amortization of intangibles and depreciation expenses related to business combinations.

The table below summarizes the reconciliation from weighted-average diluted shares under GAAP to the weighted-average adjusted diluted shares used for Earnings available for distribution for the periods reported below.

	For the Quarters Ended				
	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Weighted average diluted shares - GAAP	83,870,874	83,813,331	83,661,145	83,942,704	81,507,492
Potentially dilutive shares [1]	2,049,249	1,958,441	1,709,686	—	1,377,857
Adjusted weighted average diluted shares - Earnings available for distribution	85,920,123	85,771,772	85,370,831	83,942,704	82,885,349

(1) Potentially dilutive shares related to restricted stock units and performance stock units are excluded from the computation of weighted average GAAP diluted shares because their effect would have been anti-dilutive given the GAAP net loss available to common shareholders for the quarters ended September 30, 2026, June 30, 2026, March 31, 2026 and September 30, 2025.

Earnings available for distribution for the quarter ended September 30, 2026 were $32 million, or $0.38 per average diluted common share, compared to $39 million and $0.46 per average diluted common share for the quarter ended June 30, 2026. The decline in Earnings available for distribution was primarily driven by lower gains on the origination and sale of loans, reflecting reduced loan sale margins resulting from increased interest rate volatility and unfavorable secondary-market pricing.

Net Income (Loss) and Return on Total Stockholders' Equity

The table below shows our Net income (loss) and Economic net interest income as a percentage of average stockholders' equity Earnings available for distribution as a percentage of average common stockholders' equity, and Average Tangible Common Equity. Return on average equity is defined as our GAAP net income (loss) as a percentage of average equity. Average equity is defined as the average of our beginning and ending stockholders' equity balance for the period reported. Economic net interest income and Earnings available for distribution are non-GAAP measures as defined in previous sections. Tangible Common Equity is a non-GAAP measure and is defined below.

	Return on Average Equity	Economic Net Interest Income/Average Equity [1]	Earnings available for distribution/Average Common Equity	Earnings available for distribution/Average Tangible Common Equity
		(Ratios have been annualized)		
For the Quarter Ended September 30, 2026	(30.04)%	13.91 %	9.48 %	11.05 %
For the Quarter Ended June 30, 2026	2.85 %	12.35 %	10.35 %	11.91 %
For the Quarter Ended March 31, 2026	(6.97)%	13.03 %	11.53 %	13.24 %
For the Quarter Ended December 31, 2025	4.41 %	10.75 %	11.00 %	11.91 %
For the Quarter Ended September 30, 2025	(0.09)%	10.56 %	7.26 %	7.44 %

(1) Represents our Economic Net Interest Income and Average equity on our Investment Portfolio segment.

Return on average equity was (30.04)% for the quarter ended September 30, 2026, as compared to 2.85% for the quarter ended June 30, 2026. Economic net interest income as a percentage of average equity on our investment portfolio increased by 156 basis points for the quarter ended September 30, 2026 as compared to the quarter ended June 30, 2026. Earnings available for distribution as a percentage of average common equity decreased by 87 basis points for the quarter ended September 30, 2026, as compared to the quarter ended June 30, 2026.

Tangible Common Equity is a non-GAAP measure and is defined as Total stockholders' equity available to common stockholders less intangible assets and goodwill related to the business acquisitions. We believe that this measure helps our management and investors understand our capital adequacy and changes from period to period in our common stockholders' equity exclusive of changes of intangible assets. The following table presents a reconciliation of Total Stockholders' Equity to Tangible Common Equity as of the following periods.

	As of				
	September 30, 2026	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**
	(dollars in thousands, except share and per share data)				
Total stockholders' equity	$ 2,170,321	$ 2,415,626	$ 2,463,759	$ 2,572,694	$ 2,571,238
Less: Liquidation Preference on Preferred Stock	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)
Total stockholders' equity available to common stockholders	$ 1,240,321	$ 1,485,626	$ 1,533,759	$ 1,642,694	$ 1,641,238
Less: Intangibles	(95,535)	(100,850)	(104,760)	(114,246)	(18,124)
Less: Goodwill	(95,342)	(95,342)	(95,342)	(95,342)	(22,152)
Total Intangibles & Goodwill	(190,877)	(196,192)	(200,102)	(209,588)	(40,276)
Tangible Common Equity	$ 1,049,444	$ 1,289,434	$ 1,333,657	$ 1,433,106	$ 1,600,962

Financial Condition

Portfolio Review

During the nine months ended September 30, 2026, we focused our efforts on taking advantage of relative value opportunities while simultaneously increasing our liquid securities allocation. During the nine months ended September 30, 2026, on an aggregate basis, we purchased $4.7 billion of investments and received $1.4 billion in principal payments related to our Agency MBS, Non-Agency RMBS and Loans held for investment portfolio.

The following table summarizes certain characteristics of our portfolio at September 30, 2026 and December 31, 2025.

	September 30, 2026	**December 31, 2025**
	(dollars in thousands)	
Interest earning assets at period-end [1]	$ 15,652,219	$ 15,017,791
Interest bearing liabilities at period-end	$ 14,013,005	$ 13,070,591
GAAP Leverage at period-end	6.5:1	5.1:1
GAAP Leverage at period-end (recourse)	4.1:1	2.4:1

(1) Excludes cash and cash equivalents.

Portfolio Composition	September 30, 2026	December 31, 2025	September 30, 2026	December 31, 2025
	Amortized Cost		Fair Value	
Non-Agency RMBS	4.6 %	5.5 %	4.6 %	5.8 %
Senior	2.6 %	2.9 %	3.0 %	3.6 %
Subordinated	1.1 %	1.6 %	1.2 %	1.6 %
Interest-only	0.9 %	1.0 %	0.4 %	0.6 %
Agency RMBS	37.6 %	24.1 %	37.4 %	24.2 %
Pass-through	37.6 %	21.6 %	37.4 %	21.8 %
CMO	N/A	2.4 %	N/A	2.3 %
Interest-only	N/A	0.1 %	N/A	0.1 %
Agency CMBS	0.1 %	0.3 %	0.1 %	0.2 %
ACMBS bond	0.1 %	N/A	0.1 %	N/A
Project loans	N/A	0.3 %	N/A	0.2 %
Interest-only	N/A	0.0 %	N/A	0.1 %
Loans held for investment	50.2 %	69.8 %	50.3 %	69.5 %
Loans held for sale	7.1 %	N/A	7.4 %	N/A
Interests in MSR financing receivables	0.3 %	0.3 %	0.3 %	0.3 %
Fixed-rate percentage of portfolio	97.8 %	86.5 %	98.0 %	86.1 %
Adjustable-rate percentage of portfolio	2.2 %	13.5 %	2.0 %	13.9 %

GAAP leverage at period-end is calculated as a ratio of our secured financing agreements and securitized debt liabilities over GAAP book value. GAAP recourse leverage is calculated as a ratio of our secured financing agreements and long-term debt over stockholders' equity.

The following table presents details of each asset class in our portfolio, excluding interests in MSR financing receivables, at September 30, 2026 and December 31, 2025. The principal or notional value represents the interest income earning balance of each class. The weighted average figures are weighted by each investment's respective principal/notional value in the asset class.

	September 30, 2026											
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End[1]	Weighted Average 3 Month Prepay Rate at Period-End	Weighted Average 12 Month Prepay Rate at Period-End	Weighted Average 3 Month CDR at Period-End	Weighted Average 12 Month CDR at Period-End	Weighted Average Loss Severity[2]	Weighted Average Credit Enhancement
Non-Agency RMBS											
Senior	$ 816,412	$ 41.09	$ 54.25	5.7 %	21.8 %	7.4 %	5.8 %	0.7 %	1.8 %	23.6 %	1.0 %
Subordinated	382,975	45.06	46.44	3.8 %	9.2 %	8.7 %	8.6 %	0.9 %	0.8 %	46.6 %	2.9 %
Interest-only	2,282,171	6.13	2.32	0.8 %	3.3 %	4.9 %	5.1 %	0.9 %	1.0 %	43.5 %	— %
Agency RMBS											
Pass-through	5,739,072	100.65	96.33	5.6 %	5.4 %	8.9 %	8.0 %	N/A	N/A	N/A	N/A
Agency CMBS											
ACMBS bond	17,905	97.77	92.42	4.1 %	4.4 %	— %	— %	N/A	N/A	N/A	N/A
Loans held for sale	1,091,042	100.00	99.97	7.2 %	5.9 %	— %	— %	— %	— %	— %	N/A
Loans held for investment											
Re-performing Loans	6,989,840	97.91	94.31	5.3 %	5.5 %	7.4 %	6.6 %	0.8 %	0.4 %	24.5 %	19.9 %
Prime Loans	363,230	91.09	89.42	4.3 %	4.1 %	20.5 %	7.1 %	0.8 %	0.8 %	32.9 %	— %
Investor Loans	483,172	102.32	100.89	7.4 %	6.9 %	14.2 %	18.3 %	0.6 %	0.6 %	18.8 %	14.3 %
RTLs	38,260	100.78	90.94	7.9 %	4.1 %	13.7 %	7.1 %	14.4 %	4.0 %	23.2 %	— %

(1) Bond Equivalent Yield at period-end. Weighted Average Yield is calculated using each investment's respective amortized cost.
(2) Calculated based on reported losses to date, utilizing widest data set available (i.e., life-time losses, 12-month loss, etc.)

	December 31, 2025										
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End[1]	Weighted Average 3 Month Prepay Rate at Period-End	Weighted Average 12 Month Prepay Rate at Period-End	Weighted Average 3 Month CDR at Period-End	Weighted Average 12 Month CDR at Period-End	Weighted Average Loss Severity[2]	Weighted Average Credit Enhancement
Non-Agency RMBS											
Senior	$ 852,887	$ 42.78	$ 59.21	5.7 %	20.3 %	4.5 %	4.6 %	2.4 %	2.2 %	23.6 %	1.1 %
Subordinated	453,269	48.99	51.47	4.2 %	9.3 %	8.7 %	8.3 %	1.6 %	0.8 %	46.6 %	4.7 %
Interest-only	2,428,976	6.03	3.25	0.8 %	4.4 %	5.1 %	5.1 %	1.4 %	1.2 %	43.5 %	— %
Agency RMBS											
Pass-through	3,096,299	97.79	99.52	5.0 %	5.3 %	9.6 %	6.3 %	N/A	N/A	N/A	N/A
CMO	330,871	99.94	100.31	5.1 %	5.1 %	18.7 %	12.3 %	N/A	N/A	N/A	N/A
Interest-only	367,866	5.07	4.04	0.6 %	6.5 %	7.8 %	8.7 %	N/A	N/A	N/A	N/A
Agency CMBS											
Project loans	39,693	101.52	81.98	3.4 %	3.3 %	— %	— %	N/A	N/A	N/A	N/A
Interest-only	123,375	2.67	2.11	0.7 %	13.0 %	— %	— %	N/A	N/A	N/A	N/A
Loans held for investment											
Re-performing Loans	8,946,869	97.86	98.21	5.2 %	5.5 %	6.7 %	6.6 %	0.6 %	0.4 %	34.4 %	9.3 %
Prime Loans	386,617	90.91	94.50	4.3 %	5.9 %	5.9 %	4.1 %	— %	— %	37.8 %	— %
Investor Loans	569,775	102.11	104.20	7.5 %	7.1 %	18.2 %	12.9 %	— %	— %	32.4 %	12.4 %
RTLs	85,339	99.50	96.45	8.4 %	9.0 %	25.2 %	30.5 %	0.4 %	0.5 %	14.1 %	— %

(1) Bond Equivalent Yield at period-end. Weighted Average Yield is calculated using each investment's respective amortized cost.
(2) Calculated based on reported losses to date, utilizing widest data set available (i.e., life-time losses, 12-month loss, etc.)

Based on the projected cash flows for our Non-Agency RMBS that are not of high credit quality, a portion of the original purchase discount is designated as Accretable Discount, which reflects the purchase discount expected to be accreted into interest income, and a portion is designated as Non-Accretable Difference, which represents the contractual principal on the security that is not expected to be collected. The amount designated as Non-Accretable Difference may be adjusted over time, based on the actual performance of the security, its underlying collateral, actual and projected cash flow from such collateral, economic conditions and other factors. If the performance of a security is more favorable than previously estimated, a portion of the amount designated as Non-Accretable Difference may be transferred to Accretable Discount and accreted into interest income over time. Conversely, if the performance of a security is less favorable than previously estimated, a provision for credit loss may be recognized, resulting in an increase in the amounts designated as Non-Accretable Difference.

The following table presents changes to Accretable Discount (net of premiums) as it pertains to our Non-Agency RMBS portfolio, excluding premiums on interest-only investments, during the previous five quarters.

	For the Quarters Ended (dollars in thousands)				
Accretable Discount (Net of Premiums)	**September 30, 2026**	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**
Balance, beginning of period	$ 56,913	$ 59,964	$ 79,422	$ 89,297	$ 108,412
Accretion of discount	(6,168)	(8,774)	(9,756)	(8,795)	(10,803)
Purchases	—	—	—	—	—
Sales	200	(58)	(7,241)	(4,224)	(10,786)
Elimination in consolidation	—	—	—	—	—
Transfers from/(to) credit reserve, net	6,304	5,781	(2,460)	3,144	2,474
Balance, end of period	$ 57,249	$ 56,913	$ 59,964	$ 79,422	$ 89,297

Liquidity and Capital Resources

General

Liquidity measures our ability to meet cash requirements, including for ongoing borrowing commitments such as margin calls on non-MTM facilities, purchases of RMBS, residential mortgage loans and other assets for our portfolio, payment of dividends and other general business needs. Our principal sources of capital and funds for additional investments primarily include earnings, principal paydowns and sales from our investments, borrowings under securitizations and re-securitizations, secured financing agreements and other financing facilities, including warehouse facilities, and proceeds from equity or other securities

offerings. Over the past several months, we have deliberately positioned the portfolio to maintain flexibility and to meet liquidity needs as they arise, including the HomeXpress Acquisition that closed on October 1, 2025.

Our ability to fund our operations, meet financial obligations and finance target asset acquisitions may be impacted by our ability to secure and maintain our master secured financing agreements, warehouse facilities and secured financing agreement facilities with our counterparties. Because secured financing agreements and warehouse facilities are short-term commitments of capital, lenders may respond to market conditions making it more difficult for us to renew or replace on a continuous basis our maturing short-term borrowings and have and may continue to impose more onerous conditions when rolling forward such financings. If we are not able to renew our existing facilities or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under our financing facilities, or if we are required to post more collateral or face larger haircuts, we may have to curtail our asset acquisition activities and dispose of assets.

To meet our short-term (one year or less) liquidity needs, we expect to continue to borrow funds in the form of secured financing agreements and, subject to market conditions, other types of financing. The terms of the secured financing transaction borrowings under our master secured financing agreement generally conform to the terms in the standard master secured financing agreement as published by SIFMA or similar market accepted agreements, as to repayment and margin requirements. In addition, each lender typically requires that we include supplemental terms and conditions to the standard master secured financing agreement. Typical supplemental terms and conditions include changes to the margin maintenance requirements, net asset value, required "haircuts" (which are the difference expressed in percentage terms between the fair value of the collateral and the amount the counterpart will lend to us) purchase price maintenance requirements, and requirements that all disputes related to the secured financing agreement be litigated or arbitrated in a particular jurisdiction. These provisions may differ for each of our lenders.

To meet our longer-term liquidity needs (greater than one year), we expect our principal sources of capital and funds to continue to be provided by earnings, principal paydowns and sales from our investments, borrowings under securitizations and re-securitizations, secured financing agreements and other financing facilities, as well as proceeds from equity, debt or other securities offerings.

In addition to the principal sources of capital described above, we may enter into warehouse facilities and use longer-dated structured secured financing agreements. The use of any particular source of capital and funds will depend on market conditions, availability of these facilities, and the investment opportunities available to us.

Current Period

We held cash and cash equivalents of approximately $357 million and $279 million at September 30, 2026 and December 31, 2025, respectively. As a result of our operating, investing and financing activities described below, our cash position increased by $79 million from December 31, 2025 to September 30, 2026.

Our operating activities used net cash of approximately $496 million and $96 million for the nine months ended September 30, 2026 and 2025, respectively. The cash flows from operations were primarily driven by interest received in excess of interest paid of $199 million, and proceeds from sale of LHFS, net of cash used related to our origination activities, of $767 million during the nine months ended September 30, 2026. The cash flows from operations were primarily driven by interest received in excess of interest paid of $207 million during the nine months ended September 30, 2025.

Our investing activities used cash of $290 million and $1.3 billion for the nine months ended September 30, 2026 and 2025, respectively. During the nine months ended September 30, 2026, we used cash to purchase $4.2 billion of Agency MBS and $469 million of Loans held for investment, which were offset by cash received from sales of Agency MBS of $1.3 billion and sales of Loans held for investment of $1.7 billion as well as from cash received for principal repayments on Agency MBS, Non-Agency RMBS and Loans held for investment of $1.4 billion, collectively. During the nine months ended September 30, 2025, we used cash to purchase $3.3 billion of Agency MBS and $440 million of Loans held for investment, which were offset by cash received for principal repayments on Agency MBS, Non-Agency RMBS and Loans held for investment of $1.3 billion, collectively.

Our financing activities provided cash of $867 million and $1.8 billion for the nine months ended September 30, 2026 and 2025, respectively. During the nine months ended September 30, 2026, we received cash from net proceeds on our secured financing agreements of $2.6 billion and proceeds received from our secured debt borrowings of $379 million. This was offset by cash used for repayment of principal on our securitized debt of $1.9 billion and payment of common and preferred dividends of $172 million. During the nine months ended September 30, 2025, we received cash from net proceeds on our secured financing agreements of $2.0 billion and cash proceeds received from our secured debt borrowings of $1.0 billion. This was

offset by cash used for repayment of principal on our securitized debt of $1.2 billion and payment of common and preferred dividends of $155 million.

Our recourse leverage increased at September 30, 2026 to 4.1:1 as compared to 2.4:1 at December 31, 2025. This increase was primarily driven by higher borrowings under secured financing agreements to finance our Agency RMBS and LHFS purchases. Our recourse leverage excludes the securitized debt which can only be repaid from the proceeds on the assets securing this debt in their respective VIEs. Our recourse leverage is presented as a ratio of our secured financing agreements and long-term debt, which are recourse to our assets and our equity.

Based on our current portfolio, leverage ratio and available borrowing arrangements, we believe our assets will be sufficient to enable us to meet anticipated short-term liquidity requirements. However, if our cash resources are insufficient to satisfy our liquidity requirements, we may sell additional investments, reduce our dividends, or issue debt or additional common or preferred equity securities to meet our liquidity needs. As of September 30, 2026 and December 31, 2025, we had $203 million and $249 million of unencumbered assets available to us, respectively, which can be pledged to access additional short-term financing or sold to raise additional cash, if necessary.

At September 30, 2026 and December 31, 2025, the secured financing agreements collateralized by MBS, Loans held for investment, and LHFS had the following remaining maturities and borrowing rates.

	September 30, 2026			December 31, 2025		
	(dollars in thousands)					
	Principal [1]	Weighted Average Borrowing Rates	Range of Borrowing Rates	Principal [1]	Weighted Average Borrowing Rates	Range of Borrowing Rates
Overnight	$ —	N/A	N/A	$ —	N/A	N/A
1 to 29 days	4,929,563	4.18 %	3.80% - 6.65%	2,630,804	4.15 %	3.93% - 6.76%
30 to 59 days	1,622,196	4.26 %	3.85% - 6.65%	781,654	4.86 %	3.94% - 6.54%
60 to 89 days	123,902	5.59 %	4.90% - 6.65%	722,995	4.75 %	3.90% - 6.54%
90 to 119 days	64,174	6.09 %	4.79% - 6.65%	263,081	6.78 %	5.37% - 6.97%
120 to 180 days	778,594	6.97 %	4.84% - 8.15%	96,153	5.47 %	5.36% - 6.54%
180 days to 1 year	483,694	5.66 %	5.15% - 6.90%	810,443	6.03 %	4.77% - 8.38%
1 to 2 years	633,906	5.95 %	4.97% - 7.25%	733,206	6.79 %	4.98% - 8.15%
Total	$ 8,636,029	4.69 %		$ 6,038,336	5.02 %	

(1) The values for secured financing agreements in the table above are net of $533 thousand and $271 thousand of deferred financing costs as of September 30, 2026 and December 31, 2025, respectively.

Average remaining maturity of Secured financing agreements secured by:

	September 30, 2026	December 31, 2025
Agency RMBS	22 Days	26 Days
Agency CMBS	16 Days	8 Days
Loans held for sale	139 Days	218 Days
Non-Agency RMBS and Loans held for investment	299 Days	278 Days

Because the fair value of the Non-Agency MBS is more difficult to determine in current financial conditions, as well as more volatile period to period than Agency MBS, the Non-Agency MBS typically requires a larger haircut. In addition, when financing assets use the standard form of SIFMA master repurchase agreements, the counterparty to the agreement typically nets its exposure to us on all outstanding repurchase agreements and issues margin calls if movement of the fair values of the assets in the aggregate exceeds their allowable exposure to us. A decline in asset fair values could create a margin call or may create no margin call depending on the counterparty's specific policy. In addition, counterparties consider a number of factors, including their aggregate exposure to us as a whole and the number of days remaining before the repurchase transaction closes prior to issuing a margin call. To minimize the risk of margin calls, as of September 30, 2026, we have entered into $835 million of financing arrangements for which the collateral cannot be adjusted as a result of changes in market value, minimizing the risk of a margin call as a result in price volatility. We refer to these agreements as non-MTM facilities. These non-MTM facilities generally have higher costs of financing, but lower the risk of a margin call which could result in sales of our assets at distressed prices. All non-MTM facilities are collateralized by Non-Agency RMBS collateral, which tends to have increased volatile price changes during periods of market stress. In addition we have entered into certain secured financing agreements that are not subject to additional margin requirement until the drop in fair value of collateral is greater than a

threshold. We refer to these agreements as limited MTM facilities. As of September 30, 2026, we have $402 million of limited MTM facilities. We believe these non-MTM and limited MTM facilities significantly reduce our financing risks. See Note 6 — Fair Value Measurements to our consolidated financial statements for a discussion on how we determine the fair values of the RMBS collateralizing our secured financing agreements.

We collateralize the secured financing agreements we use to finance our operations with our MBS investments and mortgage loans held in trusts controlled by us. Our counterparties negotiate a "haircut", which is the difference expressed in percentage terms between the fair value of the collateral and the amount the counterparty will lend to us, when we enter into a financing transaction. The size of the haircut reflects the perceived risk and market volatility associated with holding the MBS by the lender. The haircut provides lenders with a cushion for daily market value movements that reduce the need for a margin call to be issued or margin to be returned as normal daily increases or decreases in MBS market values occur. At September 30, 2026, the weighted average haircut on our secured financing agreements collateralized by Agency RMBS was 4.2%, Agency CMBS was 4.0%, LHFS was 8.7% and Non-Agency RMBS and Loans held for investment was 25.7%. At December 31, 2025, the weighted average haircut on our secured financing agreements collateralized by Agency RMBS was 4.4%, Agency CMBS was 5.4%, LHFS was 7.3%, and Non-Agency RMBS and Loans held for investment was 27.1%.

At September 30, 2026, the weighted average borrowing rates for our secured financing agreements collateralized by Agency RMBS was 4.0%, Agency CMBS was 4.0%, LHFS was 4.7% and Non-Agency MBS and Loans held for investment was 6.3%. At December 31, 2025, the weighted average borrowing rates for our secured financing agreements collateralized by Agency RMBS was 4.0%, Agency CMBS was 4.0%, LHFS was 5.8% and Non-Agency MBS and Loans held for investment was 6.4%.

The table below presents our average daily secured financing agreements balance and the secured financing agreements balance at each period end for the periods presented. Our balance at period-end tends to fluctuate from the average daily balances due to adjustments to the size of our portfolio resulting from the use of leverage.

Period	Average secured financing agreements balances	Secured financing agreements balance at period end
	(dollars in thousands)	
Quarter End September 30, 2026	$ 7,277,929	$ 8,619,936
Quarter End June 30, 2026	$ 6,454,228	$ 6,987,171
Quarter End March 31, 2026	$ 5,589,698	$ 6,031,182
Quarter End December 31, 2025	$ 4,799,281	$ 4,876,986
Quarter End September 30, 2025	$ 3,806,015	$ 4,563,063

Our secured financing agreements do not require us to maintain any specific leverage ratio. We believe the appropriate leverage for the particular assets we are financing depends on the credit quality and risk of those assets. At September 30, 2026 and December 31, 2025, the carrying value of our total interest-bearing debt was approximately $14.0 billion and $13.1 billion, respectively, which represented a leverage ratio of approximately 6.5:1 and 5.1:1 respectively. We include our secured financing agreements, long term debt, and securitized debt in the numerator of our leverage ratio and stockholders' equity as the denominator.

At September 30, 2026, we had secured financing agreements with 24 counterparties. All of our secured financing agreements are secured by Agency MBS, Non-Agency RMBS, Loans held for investment, LHFS, and cash. Under these secured financing agreements, we may not be able to reclaim our collateral but will still be obligated to pay our repurchase obligations. We mitigate this risk by ensuring our counterparties are rated financial institutions. As of September 30, 2026 and December 31, 2025, we had $9.7 billion and $7.4 billion, respectively, of securities or cash pledged against our secured financing agreements obligations.

We expect to enter into new secured financing agreements at maturity; however, there is a risk that we will not be able to renew our secured financing agreements when we desire to renew them or obtain favorable interest rates and haircuts as a result of uncertainty in the market including, but not limited to, uncertainty as a result of inflation and increases in the federal funds rate. We offset the interest rate risk of our repurchase agreements primarily through the use of derivatives, which primarily consist of interest rate swaps, swap futures, swaptions, U.S. Treasury futures and interest rate caps. The average remaining maturities on our interest rate swaps at September 30, 2026 was less than ten years. All of our swaps are cleared by a central clearing house. When our interest rate swaps are in a net loss position (expected cash payments are in excess of expected cash receipts on the swaps), we post collateral as required by the terms of our swap agreements. The average remaining maturities on our swap futures at September 30, 2026 is four years. The swap futures are exchange traded instruments. Similar to our interest rate swaps, we post collateral when we are in a net loss position. The interest rate cap has a two-year maturity with a potential payment every ninety days from the initial settlement date. The payment is dependent upon whether the compounded average

market reference rate for the ninety day period is greater than the strike rate on the interest rate cap. We will receive a payment if the difference between the two amounts is positive.

Exposure to Financial Counterparties

We actively manage the number of secured financing counterparties to reduce counterparty risk and manage our liquidity needs. The following table summarizes our exposure to our secured financing agreements counterparties at September 30, 2026:

	September 30, 2026			
Country	**Number of Counterparties**	**Secured Financing Agreement**	**Derivative Instruments at Fair Value**	**Exposure [1]**
		(dollars in thousands)		
United States	14	$ 5,870,493	$ 26,809	$ 549,856
Japan	4	1,251,729	—	334,047
Canada	2	804,107	91,320	81,749
Spain	1	19,792	—	810
South Korea	1	258,770	—	11,578
France	2	431,138	—	12,530
Total	24	$ 8,636,029	$ 118,129	$ 990,570

(1) Represents the amount of securities and/or cash pledged as collateral to each counterparty less the aggregate of secured financing agreement.

We regularly monitor our exposure to financing counterparties for credit risk and allocate assets to these counterparties based, in part, on the credit quality and internally developed metrics measuring counterparty risk. Our exposure to a particular counterparty is calculated as the excess collateral that is pledged relative to the secured financing agreement balance. If our exposure to our financing counterparties exceeds internally developed thresholds, we develop a plan to reduce the exposure to an acceptable level. At September 30, 2026, we had amounts at risk with Nomura Securities International, Inc., or Nomura, of 15% of our equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 209 days. The amount at risk with Nomura was $321 million. At December 31, 2025, we had amounts at risk with Nomura of 18% of our equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 287 days. The amount at risk with Nomura was $459 million.

At September 30, 2026, we did not use credit default swaps or other forms of credit protection to hedge the exposures summarized in the table above.

Covenants - Residential Origination Segment

In addition to warehouse bank covenants, we are also subject to liquidity and net worth requirements established by the FHFA for Freddie Mac seller/servicers and HUD. The FHFA and HUD have established minimum liquidity requirements and net worth requirements for their approved non-depository single-family sellers/servicers in the case of Freddie Mac and HUD:

- FHFA liquidity requirement is equal to 0.035% (3.5 basis points) of total Agency servicing UPB at the entity level plus an incremental 200 basis points of the amount by which total nonperforming Agency servicing UPB exceeds 6% of the applicable Agency servicing UPB. Allowable assets to satisfy liquidity requirement include cash and cash equivalents (unrestricted), certain investment-grade securities that are available for sale or held for trading including Agency mortgage-backed securities, obligations of Fannie Mae or Freddie Mac, and U.S. Treasury obligations, and unused and available portions of committed servicing advance lines.
- FHFA net worth requirement is a minimum net worth of $2.5 million plus 0.25% (25 basis points) of UPB at the entity level for total 1-4 unit residential mortgage loans serviced and a tangible net worth/total assets ratio greater than or equal to 6%.
- HUD net worth requirement is equal to $1.0 million plus 1% (100 basis points) of adjusted activity up to a $2.5 million net worth requirement.

These requirements are calculated based on standalone audited financial statements of HomeXpress and we are currently in compliance with the applicable Agency requirements.

Secured Financing Agreements at fair value - Investment Portfolio

We entered into a secured financing agreement during the fourth quarter of 2022 for which we have elected fair value option. We believe electing fair value for this financial instrument better reflects the transactional economics. The total principal balance outstanding on this secured financing at September 30, 2026 and December 31, 2025 was $283 million and

$306 million, respectively. The fair value of collateral pledged was $320 million and $360 million as of September 30, 2026 and December 31, 2025, respectively. We carry this secured financing instrument at fair value of $267 million and $299 million as of September 30, 2026 and December 31, 2025, respectively. At September 30, 2026 and December 31, 2025, the weighted average borrowing rate on secured financing agreements at fair value was 5.0%, respectively. At September 30, 2026 and December 31, 2025, the haircut for the secured financing agreements at fair value was 8.0%, respectively. At September 30, 2026, the maturity on the secured financing agreements at fair value was more than one year.

Stockholders' Equity

Preferred Stock

We declared dividends to Series A preferred stockholders of $3 million and $9 million, or $0.50 and $1.50 per preferred share, during the quarter and nine months ended September 30, 2026. We declared dividends to Series A preferred stockholders of $3 million and $9 million, or $0.50 and $1.50 per preferred share, during the quarter and nine months ended September 30, 2025.

We declared dividends to Series B preferred stockholders of $8 million and $24 million, or $0.61 and $1.83 per preferred share, during the quarter and nine months ended September 30, 2026. We declared dividends to Series B preferred stockholders of $8 million and $25 million, or $0.65 and $1.94 per preferred share, during the quarter and nine months ended September 30, 2025.

We declared dividends to Series C preferred stockholders of $6 million and $17 million, or $0.56 and $1.66 per preferred share, during the quarter and nine months ended September 30, 2026. We declared dividends to Series C preferred stockholders of $5 million and $15 million, or $0.48 and $1.45 per preferred share, during the quarter and nine months ended September 30, 2025.

We declared dividends to Series D preferred stockholders of $5 million and $14 million, or $0.60 and $1.78 per preferred share, during the quarter and nine months ended September 30, 2026. We declared dividends to Series D preferred stockholders of $5 million and $15 million, or $0.63 and $1.89 per preferred share, during the quarter and nine months ended September 30, 2025.

On October 30, 2021, all 5,800,000 issued and outstanding shares of Series A Preferred Stock with an outstanding liquidation preference of $145 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

On March 30, 2024, all 13,000,000 issued and outstanding shares of Series B Preferred Stock with an outstanding liquidation preference of $325 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

On March 30, 2024, all 8,000,000 issued and outstanding shares of Series D Preferred Stock with an outstanding liquidation preference of $200 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

On September 30, 2025, all 10,400,000 issued and outstanding shares of Series C Preferred Stock with an outstanding liquidation preference of $260 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including, the redemption date.

After June 30, 2023, all LIBOR tenors relevant to us ceased to be published or became no longer representative. We believe that the federal Adjustable Interest Rate (LIBOR) Act and the related regulations promulgated thereunder are applicable to each of our Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock. In light of the applicability of the law to the aforementioned preferred stock, we believe, given all of the information available to us to date, that three-month CME Term SOFR plus the applicable tenor spread adjustment of 0.26161% per annum have automatically replaced three-month LIBOR as the reference rate for calculations of the dividend rate payable on the relevant preferred stock for dividend periods from and after (i) March 30, 2024, in the case of the Series B Preferred Stock, (ii) September 30, 2025, in the case of the Series C Preferred Stock, and (iii) March 30, 2024, in the case of the Series D Preferred Stock.

Common Stock

In January 2024, our Board of Directors updated the authorization of our share repurchase program (the "Share Repurchase Program") to include our preferred stock and increased the authorization by $33 million to $250 million. Such authorization does not have an expiration date, and at present, there is no intention to modify or otherwise rescind such authorization. Shares of our common stock and preferred stock may be purchased in the open market, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any repurchases will be determined at our discretion and the program may be suspended, terminated or modified at any time, for any reason. Among other factors, we intend to only consider repurchasing shares of our common stock when the purchase price is less than the last publicly reported book value per common share. In addition, we do not intend to repurchase any shares from directors, officers or other affiliates.

The program does not obligate us to acquire any specific number of shares, and all repurchases will be made in accordance with Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases.

We did not repurchase any of our common stock during the quarters ended September 30, 2026 and 2025. The approximate dollar value of shares that may yet be purchased under the Share Repurchase Program is $250 million as of September 30, 2026.

In 2022, we entered into separate Distribution Agency Agreements (the "Existing Sales Agreements") with each of Credit Suisse Securities (USA) LLC, JMP Securities LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC. In February 2023, we amended the Existing Sales Agreements and entered into separate Distribution Agency Agreements (together with the Existing Sales Agreements, as amended, the "Sales Agreements") with J.P. Morgan Securities LLC and UBS Securities LLC (replacing Credit Suisse Securities LLC) to include J.P. Morgan Securities LLC and UBS Securities LLC as additional sales agents. Pursuant to the terms of the Sales Agreements, we may offer and sell shares of our common stock, having an aggregate offering price of up to $500 million from time to time in "at the market offerings" through any of the sales agents under the Securities Act of 1933. We did not issue any shares under the at-the-market sales program during the quarters and nine months ended September 30, 2026 and 2025. The approximate dollar value of shares that may yet be issued under our at-the-market sales program is $426 million as of September 30, 2026.

Stock Based Compensation

On June 14, 2023, the Board of Directors recommended and shareholders approved the Chimera Investment Corporation 2023 Equity Incentive Plan (the "2023 Plan"). It authorized the issuance of up to 6,666,667 shares of our common stock for the grant of awards under the 2023 Plan (adjusted on a retroactive basis to reflect our 1-for-3 reverse stock split effected on May 21, 2024). The 2023 Plan replaced our 2007 Equity Incentive Plan, as amended and restated effective December 10, 2015 (the "Prior Plan"), and no new awards will be granted under the Prior Plan. Any awards outstanding under the Prior Plan will remain subject to and be paid under the Prior Plan. Any shares subject to outstanding awards under the Prior Plan that expire, terminate, or are surrendered or forfeited for any reason without issuance of shares will automatically become available for issuance under the 2023 Plan. Also, shares withheld for tax withholding requirements after stockholder approval of the 2023 Plan for full value awards originally granted under the Prior Plan (such as the RSUs and PSUs awarded to our named executive officers) will automatically become available for issuance under the 2023 Plan.

As of September 30, 2026, approximately 3 million shares were available for future grants under the 2023 Plan.

Awards under the 2023 Plan may include stock options, stock appreciation rights, restricted stock, dividend equivalent rights ("DERs") and other share-based awards (including RSUs). Under the 2023 Plan, any of these awards may be performance awards that are conditioned on the attainment of performance goals.

In addition, in connection with the HomeXpress Acquisition, the Compensation Committee of the Board of Directors (the "Compensation Committee") adopted the Chimera Investment Corporation 2025 Inducement Award Plan (the "2025 Inducement Award Plan"), pursuant to which we reserved 540,000 shares of our common stock, $0.01 par value per share for issuance under the 2025 Inducement Award Plan solely to individuals who were not previously employees of us or any subsidiary of us (or who are returning to employment following a bona fide period of interruption of employment with us), in accordance with NYSE Listed Company Manual Rule 303A.08. The 2025 Inducement Award Plan was approved by the Compensation Committee without shareholder approval pursuant to NYSE Listed Company Manual Rule 303A.08. The Compensation Committee also adopted a form of restricted stock unit award agreement for use with the 2025 Inducement Award Plan. We issued restricted stock units to certain employees of HomeXpress as a material inducement for such employees to continue their employment with HomeXpress following the completion of the HomeXpress Acquisition. Effective April 1, 2026, we amended the settlement provisions applicable to DERs issued under the 2025 Inducement Award Plan to permit settlement in cash, shares of our common stock or a combination thereof, at our discretion.

The Compensation Committee had previously approved a Stock Award Deferral Program, or the Deferral Program. The Deferral Program consisted of two distinct non-qualified deferred compensation plans within the meaning of Section 409A of the Code, as amended, one for non-employee directors (the "Director Plan") and one for certain executive officers (the "Executive Officer Plan"). Under the Deferral Program, non-employee directors and certain executive officers could elect to defer payment of certain stock awards made pursuant to the 2023 Plan. Deferred awards are treated as deferred stock units and paid at the earlier of separation from service or a date elected by the participant who is separating. Payments are generally made in a lump sum or, if elected by the participant, in five annual installments. Deferred awards receive dividend equivalents during the deferral period in the form of additional deferred stock units. Amounts are paid at the end of the deferral period by delivery of shares from the 2023 Plan (plus cash for any fractional deferred stock units), less any applicable tax withholdings. Deferral elections do not alter any vesting requirements applicable to the underlying stock award. On November 5, 2024, the Compensation Committee irrevocably terminated the Executive Officer Plan and suspended new deferral elections under the Director Plan. The Executive Officer Plan was liquidated as of November 30, 2025, and all amounts outstanding under the

Executive Officer Plan on the liquidation date were paid at that time in accordance with applicable tax rules. All deferrals previously made under the Director Plan will remain outstanding, and all deferrals pursuant to prior elections made by directors will be paid on the originally scheduled payment dates. At both September 30, 2026 and December 31, 2025, there are approximately 92 thousand shares for which payments have been deferred until separation or a date elected by the participant. At September 30, 2026 and December 31, 2025, there are approximately 417 thousand and 269 thousand DERs earned but not yet delivered, respectively.

Grants of Restricted Stock Units ("RSUs")

During the quarters and nine months ended September 30, 2026 and 2025, we granted RSU awards under the 2023 Plan to senior management, employees and directors. These RSU awards are designed to reward our senior management, employees and directors for services provided to us. Generally, the RSU awards vest equally over a three-year period and will fully vest after three years. For employees who are retirement eligible, defined as years of service to us plus age that is equal to or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. For senior management who are retirement eligible, defined as having attained age 55 and the sum of his or her age plus his or her years of service is equal or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. The RSU awards are valued at the market price of our common stock on the grant date and generally the employees must be employed by us on the vesting dates to receive the RSU awards. We did not grant any RSUs awards during the quarters ended September 30, 2026 and 2025. We granted 522 thousand RSU awards during the nine months ended September 30, 2026 with a grant date fair value of $7 million which include stock grants to Chimera employees and two HomeXpress employees who did not receive awards under the 2025 Inducement Award Plan for the 2026 performance year. We granted 362 thousand RSU awards during the nine months ended September 30, 2025 with a grant date fair value of $5 million for the 2025 performance year.

In connection with the HomeXpress Acquisition, we issued restricted stock units under the 2025 Inducement Award Plan to certain employees of HomeXpress as a material inducement for such employees to continue their employment with HomeXpress following the completion of the HomeXpress Acquisition. In connection with this transaction, stock-based compensation expense of $7 million will be recognized on a straight-line basis over the three-year vesting period.

Following the amendment of the settlement provisions applicable to awards made under the 2025 Inducement Award Plan effective April 1, 2026, we evaluated the amended terms under ASC 718 and concluded that the DERs are liability-classified awards. Accordingly, we reclassified the outstanding DERs from equity to liabilities on the modification date and will subsequently remeasure the liability at fair value each reporting period until settlement. The amendment did not affect the accounting for the underlying restricted stock units, which continue to be classified as equity awards. For the quarter and nine months ended September 30, 2026, we recognized $62 thousand and $120 thousand, respectively, of stock compensation expense related to DERs issued.

Grants of Performance Share Units ("PSUs")

PSU awards made under the 2023 Plan are designed to align compensation with our future performance. The PSU awards granted during the nine months ended September 30, 2026 include a three-year performance period ending on December 31, 2028. For the PSU awards granted during the nine months ended September 30, 2026, the final number of shares awarded will be between 0% and 150% of the PSUs granted based on share price performance compared to a peer group. The PSU awards granted during the nine months ended September 30, 2025, include a three-year performance period ending on December 31, 2027. For the PSU awards granted during the nine months ended September 30, 2025, the final number of shares awarded will be between 0% and 200% of the PSUs granted based equally on our Economic Return and share price performance compared to a peer group.

Our three-year Company Economic Return is equal to our change in book value per common share plus common stock dividends. Share price performance equals change in share price plus common stock dividends. Compensation expense will be recognized on a straight-line basis over the three-year vesting period based on an estimate of our Economic Return and share price performance in relation to the entities in the peer group and will be adjusted each period based on our best estimate of the actual number of shares awarded. We did not grant any PSU awards during the quarters ended September 30, 2026 and 2025. For the nine months ended September 30, 2026, we granted 415 thousand PSU awards to senior management with a grant date fair value of $5 million. For the nine months ended September 30, 2025, we granted 296 thousand PSU awards to senior management with a grant date fair value of $4 million.

We recognized stock-based compensation expense of $3 million and $11 million which includes stock grants to both Chimera and HomeXpress employees for the quarter and nine months ended September 30, 2026. We recognized stock-based compensation expense of $2 million and $8 million for the quarter and nine months ended September 30, 2025.

At both September 30, 2026 and December 31, 2025, there were approximately 2 million unvested shares of RSUs and PSUs granted to our employees and directors.

Contractual Obligations and Commitments

The following tables summarize our contractual obligations at September 30, 2026 and December 31, 2025. The estimated principal repayment schedule of the securitized debt is based on expected cash flows of the residential mortgage loans or RMBS, as adjusted for expected principal write-downs on the underlying collateral of the debt.

September 30, 2026
(dollars in thousands)

Contractual Obligations	Within One Year	One to Three Years	Three to Five Years	Greater Than or Equal to Five Years	Total
Secured financing agreements	$ 8,002,123	$ 633,906	$ —	$ —	$ 8,636,029
Securitized debt, collateralized by Non-Agency RMBS	9	5	3	25	42
Securitized debt at fair value, collateralized by Loans held for investment	978,706	1,949,715	1,128,490	1,475,051	5,531,962
Interest expense on MBS secured financing agreements [1]	40,231	2,726	—	—	42,957
Interest expense on securitized debt [1]	193,250	296,613	185,177	268,647	943,687
Total	$ 9,214,319	$ 2,882,965	$ 1,313,670	$ 1,743,723	$ 15,154,677

(1) Interest is based on variable rates in effect as of September 30, 2026.

December 31, 2025
(dollars in thousands)

Contractual Obligations	Within One Year	One to Three Years	Three to Five Years	Greater Than or Equal to Five Years	Total
Secured financing agreements	$ 5,305,130	$ 733,206	$ —	$ —	$ 6,038,336
Securitized debt, collateralized by Non-Agency RMBS	8	145	4	28	185
Securitized debt at fair value, collateralized by Loans held for investment	1,194,768	1,960,648	1,802,112	2,123,842	7,081,370
Interest expense on MBS secured financing agreements [1]	31,990	3,946	—	—	35,935
Interest expense on securitized debt [1]	247,789	385,515	250,747	350,176	1,234,228
Total	$ 6,779,685	$ 3,083,460	$ 2,052,862	$ 2,474,047	$ 14,390,054

(1) Interest is based on variable rates in effect as of December 31, 2025.

Not included in the table above as of December 31, 2025, is the unfunded construction loan commitment of $3 million. We expect the majority of these commitments will be paid within one year and are reported under Payable for investments purchased in our Consolidated Statements of Financial Condition.

We have made a $75 million capital commitment to a fund managed by Kah Capital Management, LLC. During the quarter and nine months ended September 30, 2026, we did not make any additional fundings toward the commitment, and the total remained $57 million leaving an unfunded commitment of $18 million.

Capital Expenditure Requirements

At September 30, 2026 and December 31, 2025, we had no material commitments for capital expenditures.

Dividends

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our taxable income (subject to certain adjustments). Before we pay any dividend, we must first meet any operating requirements and scheduled debt service on our financing facilities and other debt payable.

Critical Accounting Estimates

Accounting policies are integral to understanding our Management's Discussion and Analysis of Financial Condition and Results of Operations. The preparation of financial statements in accordance with GAAP requires management to make certain judgments and assumptions, on the basis of information available at the time of the financial statements, in determining accounting estimates used in the preparation of these statements. Our significant accounting policies and accounting estimates are described in Note 2 to the consolidated financial statements. Critical accounting policies are described in this section. An accounting policy is considered critical if it requires management to make assumptions or judgments about matters that are highly uncertain at the time the accounting estimate was made or require significant management judgment in interpreting the

accounting literature. If actual results differ from our judgments and assumptions, or other accounting judgments were made, this could have a significant and potentially adverse impact on our financial condition, results of operations and cash flows.

The accounting policies and estimates which we consider most critical relate to the recognition of revenue on our investments, including recognition of any losses, and the determination of fair value of our financial instruments. The consolidated financial statements include, on a consolidated basis, our accounts, the accounts of our wholly-owned subsidiaries, and variable interest entities ("VIEs") for which we are the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although our estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially adversely impact our results of operations and our financial condition. Management has made significant estimates in several areas, including current expected credit losses of Non-Agency RMBS, valuation of Loans held for investment, Agency and Non-Agency MBS, forward interest rates for interest rate swaps, and income recognition on Loans held for investment, Non-Agency RMBS, goodwill, intangibles and contingent earn-out liability. Actual results could differ materially from those estimates.

Recent Accounting Pronouncements

Refer to Note 2 to our consolidated financial statements for a discussion of accounting guidance we have recently adopted or expect to be adopted in the future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The primary components of our market risk are related to credit risk, interest rate risk, prepayment risk, extension risk, basis risk and market risk. While we do not seek to avoid risk completely, we believe many risks can be quantified from historical experience and we seek to actively manage those risks and to maintain capital levels consistent with the risks we undertake.

Additionally, refer to Item 1A, "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2025 for additional information on risks we face.

Credit Risk

Through our Investment Portfolio segment, we are subject to credit risk in connection with our investments in Non-Agency RMBS and residential mortgage loans and may face more credit risk on assets we own that are rated below ''AAA'' or not rated. The credit risk related to these investments pertains to the ability and willingness of the borrowers to make scheduled debt servicing payments, which is assessed by lenders before credit is granted and reviewed by us prior to investment and periodically throughout the loan and security term. We believe that residential loan credit quality, and thus the quality of our assets, is primarily determined by the borrowers' credit profiles, payment history, loan characteristics, and with respect to certain RTLs and investor loans, the ability of the borrower to renovate the properties, lease and collect rental income.

Through our Residential Origination segment, we are subject to credit risk related to loans originated prior to the sale to third parties. Loans that default prior to sale are withdrawn from the normal course offering process and are either sold to third-party distressed asset investors or retained and subjected to internal loss mitigation, workout, or foreclosure processes. Additionally, pursuant to the terms of the related purchase and sale agreements with third party investors, we are exposed to risks of default after the sale due to certain repurchase obligations that are negotiated at the time of sale.

In connection with loan acquisitions, we or a third party perform an independent review of the mortgage file to assess the credit underwriting and compliance with respect to the mortgage loans as well as our ability to enforce the contractual rights in the mortgage. Depending on various elements of the proposed acquisition and loan and portfolio characteristics, we may not review all of the loans in a pool, but rather select an adverse sample of loans for diligence review based upon specific risk-based criteria such as property location, loan size, effective LTV ratio, payment history, borrower characteristics and other criteria we believe to be important indicators of credit risk. Additionally, we obtain representations and warranties from each seller with respect to the residential mortgage loans, including the origination and servicing of the mortgage loan as well as the enforceability of the lien on the mortgaged property. A loan that breaches any of these representations and warranties may obligate the related seller to repurchase the loan from us.

Our Residential Origination segment's lending activities also utilize third-party due diligence firms. However, to the extent loans are funded prior to review by the third-party review vendor, and there are adverse findings with respect to such loans, depending on the deficiency we may not be able to sell the loan, or may not be able to obtain a price for the loan that exceeds our cost to originate, in which case we may realize a loss.

Additionally, we closely monitor credit losses incurred, as well as how expectations of credit losses are expected to change on our Non-Agency RMBS and Loans held for investment portfolios. We estimate future credit losses based on historical experience, market trends and forecasts and current delinquencies, as well as expected recoveries. The net present value of these expected credit losses can change, sometimes significantly from period to period, as new information becomes available. When credit loss experience and expectations improve, we will expect to collect more principal on our investments. If credit loss experience and expectations deteriorate, we will expect to collect less principal on our investments. The favorable or unfavorable changes in credit losses are reflected in the yield on our investments in mortgage loans and recognized in earnings over the remaining life of our investments. The following table presents changes to net present value of expected credit losses for our Non-Agency RMBS and Loans held for investment portfolios during the previous five quarters. Gross losses are discounted at the rate used to amortize any discounts or premiums on our investments into income. A decrease (negative balance) in the "Increase/(decrease)" line item in the tables below represents a favorable change in expected credit losses. An increase (positive balance) in the "Increase/(decrease)" line item in the tables below represents an unfavorable change in expected credit losses.

Changes to net present value of expected credit losses — Non-Agency RMBS

	For the Quarters Ended (dollars in thousands)				
Non-Agency RMBS	**September 30, 2026**	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**
Balance, beginning of period	$ 99,353	$ 96,017	$ 95,483	$ 93,781	$ 90,565
Realized losses	(1,113)	(1,637)	(650)	(1,441)	(1,539)
Accretion	3,783	3,917	3,663	3,452	3,317
Losses on purchases	—	—	—	—	—
Losses on sold/paid-off	(36)	(271)	(276)	(142)	(7,328)
Increase/(decrease)	(6,864)	1,327	(2,203)	(167)	8,766
Balance, end of period	$ 95,123	$ 99,353	$ 96,017	$ 95,483	$ 93,781

Changes to net present value of expected credit losses — Loans held for Investment

	For the Quarters Ended (dollars in thousands)				
Loans held for investment	**September 30, 2026**	**June 30, 2026**	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**
Balance, beginning of period	$ 75,834	$ 78,402	$ 94,859	$ 97,910	$ 102,727
Realized losses	(6,019)	(2,307)	(13,147)	(6,565)	(6,717)
Accretion	958	1,001	1,034	1,312	1,385
Losses on purchases	—	—	—	—	—
Increase/(decrease)	448	(1,262)	(4,344)	2,202	515
Balance, end of period	$ 71,221	$ 75,834	$ 78,402	$ 94,859	$ 97,910

Additionally, the Non-Agency RMBS which we acquire for our portfolio are reviewed by us to ensure that they satisfy our risk-based criteria. Our review of Non-Agency RMBS and other ABS is based on quantitative and qualitative analysis of the risk-adjusted returns on Non-Agency RMBS and other ABS. This analysis includes an evaluation of the collateral characteristics supporting the RMBS such as borrower payment history, credit profiles, geographic concentrations, seasoning, collateral value, the security's credit enhancement, payment priorities across classes of securities, and other pertinent factors.

Interest Rate Risk

Our net interest income, borrowing activities and profitability could be negatively affected by changes in interest rates and the shape of the yield curve. These risks may be influenced by factors that could lead the Federal Reserve to increase or decrease the federal funds rate and the supply of, and market demand for, U.S. Treasury securities. A prolonged period of volatile and unstable market conditions would likely increase our funding costs, reduce our net interest income and negatively affect the fair

market value of our investments. This could in turn have a material adverse effect on our net income, operating results, or financial condition.

Interest rate risk is highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. We are subject to interest rate risk in connection with our investments, our lending activities and our related debt obligations, which are generally secured financing agreements and securitization trusts. Our secured financing agreements and warehouse facilities may be of limited duration that is periodically refinanced at current market rates. We typically mitigate this risk by utilizing derivative contracts, primarily interest rate swap agreements, swaptions, interest rate caps, and futures. While we may use interest rate hedges to mitigate risks related to changes in interest rates, the hedges may not fully offset interest expense movements.

Interest Rate Effects on Mortgage Lending Operations

Higher interest rates may also impact our mortgage lending activities undertaken by HomeXpress. Rising interest rates generally have the effect of reducing housing demand and overall activity as it increases the cost of purchasing a home. Correspondingly, the demand for mortgage credit would likely decline, reducing HomeXpress loan origination volume and related earnings.

In the event that mortgage interest rates are trending lower, our lending operations may be exposed to risks related to reduced funding or Pull-through Rates on approved but unfunded or locked loans, as well as early prepayments with respect to loans sold to third parties. Borrowers with locked loans may seek to secure more favorable terms from other lenders prior to funding, resulting in lower Pull-through Rates. In addition, pursuant to certain purchase and sale agreements, we may be required to reimburse third-party investors for the premiums paid on loans that prepay shortly after sale (commonly referred to as premium recapture). Early payoffs in excess of our established reserves may adversely affect our earnings.

Interest Rate Effects on Net Interest Income

Our operating results depend, in large part, on differences between the income from our investments and our borrowing costs. Most of our warehouse facilities and secured financing agreements provide financing based on a floating rate of interest calculated on a fixed spread over SOFR. The fixed spread varies depending on the type of underlying asset that collateralizes the financing as well as the amount and term of that financing. During periods of rising interest rates, the borrowing costs associated with our investments tend to increase while the income earned from our investments may remain substantially unchanged or decrease. This will result in a narrowing of the net interest spread between the related assets and borrowings and may even result in losses. To the extent delinquencies or defaults increase, this could have an adverse effect on the spread between interest-earning assets and interest-bearing liabilities. We generally do not hedge against credit losses. Hedging techniques are partly based on assumed levels of prepayments of our residential mortgage loans and RMBS. If prepayments are slower or faster than assumed, the life of the residential mortgage loans and RMBS will be longer or shorter, which would reduce the effectiveness of any hedging strategies we may use and may cause losses on such transactions. Similarly, if interest rates declined and the levels of prepayments increased, this would have the effect of shortening the life of our interests in MSR financing receivables and may reduce the cash and interest income related to such investments.

Interest Rate Effects on Fair Value

Another component of interest rate risk is the effect changes in interest rates will have on the fair value of our investments and the assets we originate. We face the risk that the fair value of our assets will increase or decrease at different rates than that of our liabilities, including our hedging instruments, if any. We primarily assess our interest rate risk by estimating the duration of our assets compared to the duration of our liabilities and hedges. Duration essentially measures the market price movements of financial instruments as interest rates change. We generally calculate duration using various financial models, assumptions and empirical data. Different models and methodologies can produce different duration estimates for the same securities.

The impact of changes in interest rates on the fair value of our assets is not linear. As the magnitude of interest rate movements increases, the corresponding changes in fair value may become progressively larger due to the convexity characteristics of the underlying assets. As a result, periods of significant interest rate volatility may produce disproportionately greater changes in the fair value of our assets. In addition, other factors impact the fair value of our interest rate-sensitive investments and hedging instruments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, in the event of changes in actual interest rates, the change in the fair value of our assets would likely differ from that shown below and such difference might be material and adverse to our stockholders.

Interest Rate Cap Risk

We may also invest in adjustable-rate residential mortgage loans and RMBS. These are mortgages or RMBS in which the underlying mortgages are typically subject to periodic and lifetime interest rate cap and floors, which limit the amount by which

the loan or security's interest rate may change during any given period. However, our borrowing costs pursuant to our financing agreements will not be subject to similar restrictions. Therefore, in a period of increasing interest rates, interest rate costs on our borrowings could increase without limitation, while the interest rate on our adjustable-rate residential mortgage loans and RMBS would effectively be limited. This problem will be magnified to the extent we acquire adjustable-rate RMBS that are not based on mortgages which are fully indexed. In addition, the mortgages or the underlying mortgages in an RMBS may be subject to periodic payment caps that result in some portion of the interest being deferred and added to the principal outstanding. This could result in our receipt of less cash income available on our adjustable-rate mortgages or RMBS to pay the interest cost on our related borrowings. These factors could lower our net interest income or cause a net loss during periods of rising interest rates, which could harm our financial condition, cash flows and results of operations.

Interest Rate Mismatch Risk

We fund a substantial portion of our investments with borrowings that have interest rates based on indices with shorter maturities than indices used to derive the interest rate on the adjustable rate mortgage assets and MBS we own, thereby creating an interest rate mismatch between assets and liabilities. In many cases, our cost of funds would likely rise or fall more quickly than the earnings rate on our assets. During periods of changing interest rates, such interest rate mismatches could negatively impact our financial condition, cash flows and results of operations. We may utilize derivatives as part of the hedging strategies to mitigate interest rate mismatches. Our analysis of risk is based on our experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or implementation of investment decisions by our management may produce results that differ significantly from the estimates and assumptions used in our models and the projected results.

To further mitigate potential interest rate risk, we have entered into agreements for longer term, non-MTM financing facilities at rates that are higher than short-term secured financing agreements. These longer term agreements are primarily collateralized by our less liquid Non-Agency RMBS assets. Having non-MTM financing facilities are intended to mitigate liquidity risk related to margin calls and prevent the need to liquidate collateral in a volatile market. If rates on short term secured financing agreements fall, we may be locked into higher interest expenses than would otherwise be available in the market to finance our portfolio.

Our profitability and the value of our investment portfolio, including derivatives may be adversely affected during any period as a result of changing interest rates. The following table quantifies the potential changes in net interest income and market value on the assets we retain and derivatives, if interest rates go up or down 50 and 100 basis points, assuming parallel movements in the yield curves. All changes in income and value are measured against the projected net interest income and the value of the assets we retain at the base interest rate scenario. The base interest rate scenario assumes interest rates at September 30, 2026 and all prepayment and cash flow estimates are made at each rate sensitivity level. Actual results could differ significantly from these estimates.

	September 30, 2026 [1]	
Change in Interest Rate	Projected Percentage Change in Net Interest Income [2]	Projected Percentage Change in Market Value [3]
-100 Basis Points	11.02 %	2.60 %
-50 Basis Points	6.42 %	1.40 %
Base Interest Rate	—	—
+50 Basis Points	(6.93) %	(1.40) %
+100 Basis Points	(13.95) %	(2.80) %

(1) The retained securities are securities retained by us from securitization VIEs included in our portfolio and not the consolidated assets and liabilities of the VIEs. Our Consolidated Statements of Financial Condition include assets of consolidated VIEs that can only be used to settle obligations and liabilities of the VIEs for which creditors do not have recourse to us.
(2) Includes preferred stock dividend expense.
(3) Projected Percentage Change in Market Value is based on instantaneous moves in interest rates.

Prepayment & Extension Risk - Investment Portfolio

As we receive prepayments of principal on these investments, premiums and discounts on such investments will be amortized or accreted into interest income. In general, an increase in actual or expected prepayment rates will accelerate the amortization of purchase premiums, thereby reducing the interest income earned on the investments. Conversely, discounts on such investments are accelerated and accreted into interest income, increasing interest income when prepayments increase. Actual prepayment results may be materially different from the assumptions we use for our portfolio.

Management computes the projected weighted average life of our investments based on assumptions regarding the rate at which borrowers will prepay the underlying mortgages. If prepayment rates decrease in a rising interest rate environment, the average

life of the related assets could extend beyond original expectations. This extension risk may result in a mismatch between the duration of our borrowings and the related assets being financed, which could impact our net interest income. In such cases, the income earned on the mortgage assets may remain stable, while borrowing costs could rise, potentially negatively affecting our results from operations. Additionally, in volatile markets, we may be forced to sell assets to maintain adequate liquidity, which could result in losses.

Basis Risk - Investment Portfolio

We may seek to mitigate a portion of our interest rate risk through the use of interest rate swaps, caps and other derivative instruments, which are primarily intended to manage the interest rate exposure associated with our financing activities. However, these hedging instruments do not eliminate all market risk, and changes in the fair value of our assets may not correspond to changes in the fair value of our hedging instruments. In particular, changes in mortgage spreads, credit spreads, prepayment expectations, liquidity conditions and other market factors may cause the value of our assets to change independently of movements in benchmark interest rates. As a result, declines in the fair value of our assets may exceed gains in the fair value of our hedging instruments, which could adversely affect our book value.

Market Risk

Market Value Risk

Certain of our securities classified as available-for-sale are reflected at their estimated fair value with unrealized gains and losses excluded from earnings and reported in other comprehensive income. The estimated fair value of these securities fluctuates primarily due to changes in interest rates, prepayment speeds, market liquidity, credit quality, credit spreads and other factors. Generally, in a rising interest rate environment, the estimated fair value of these securities would be expected to decrease; conversely, in a decreasing interest rate environment, the estimated fair value of these securities would be expected to increase. As market volatility increases or liquidity decreases, the fair value of our investments may be adversely impacted.

Real Estate Market Risk

We own assets secured by real property and may own real property directly. Residential property values are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions and unemployment (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as housing supply and demand); changes or continued weakness in specific industry segments; construction quality, age and design; demographic factors; natural disasters and other acts of God; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay our loans, which could also cause us to incur losses.

Risk Management - Investment Portfolio

Subject to maintaining our REIT status, we seek to manage risk exposure to protect our portfolio of residential mortgage loans, RMBS, and other assets and related debt against the effects of major interest rate changes. We generally seek to manage risk by:

- monitoring and adjusting, if necessary, the interest rate resets related to our financings;
- attempting to structure our financing agreements to have a range of different maturities, terms, amortizations and interest rate adjustment periods, rights to post both cash and collateral for margin calls and provisions for non-MTM financing facilities;
- using derivatives, financial futures, swaps, options, caps, floors and forward sales to adjust the interest rate sensitivity of our portfolio of investments and borrowings;
- using securitization financing to secure financing terms for an extended period of time in contrast to short term financing generally involved in our secured recourse financings; and
- actively managing, through asset selection, on an aggregate basis, the interest rate indices, interest rate adjustment periods, and gross reset margins of our investments and the interest rate indices and adjustment periods of our financings.

Our efforts to manage our assets and liabilities are focused on the timing and magnitude of the re-pricing of assets and liabilities. We attempt to control risks associated with interest rate movements. Methods for evaluating interest rate risk include an analysis of our interest rate sensitivity “gap,” which is the difference between interest-earning assets and interest-bearing liabilities maturing or re-pricing within a given time period. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap

would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market rates or conditions, changes in interest rates may affect net interest income positively or negatively even if an institution were perfectly matched in each maturity category.

The following table sets forth the estimated maturity or re-pricing of our interest-earning assets and interest-bearing liabilities at September 30, 2026. The amounts of assets and liabilities shown within a particular period were determined in accordance with the contractual terms of the assets and liabilities, and securities are included in the period in which their interest rates are first scheduled to adjust and not in the period in which they mature and includes the effect of the interest rate derivatives, if any. The interest rate sensitivity of our assets and liabilities in the table could vary substantially based on actual prepayments.

	September 30, 2026				
	(dollars in thousands)				
	Within 3 Months	3-12 Months	1 Year to 3 Years	Greater than 3 Years	Total
Rate sensitive assets	$ 1,587,213	$ 3,308,465	$ 487,456	$ 9,365,407	$ 14,748,541
Cash equivalents	303,004	—	—	—	303,004
Total rate sensitive assets	$ 1,890,217	$ 3,308,465	$ 487,456	$ 9,365,407	$ 15,051,545
Rate sensitive liabilities	8,603,313	2,282,533	425,446	1,642,773	12,954,065
Interest rate sensitivity gap	$ (6,713,096)	$ 1,025,932	$ 62,010	$ 7,722,634	$ 2,097,480
Cumulative rate sensitivity gap	$ (6,713,096)	$ (5,687,164)	$ (5,625,154)	$ 2,097,480	
Cumulative interest rate sensitivity gap as a percentage of total rate sensitive assets	(45)%	(38)%	(37)%	14 %	

Our analysis of risks is based on our management's experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or implementation of investment decisions by our management may produce results that differ significantly from the estimates and assumptions used in our models and the projected results shown in the above tables. These analyses contain certain forward-looking statements and are subject to the safe harbor statement set forth under the heading, "Special Note Regarding Forward-Looking Statements."

Enterprise Risk Management

We employ a "Three Layers of Defense Approach" to Enterprise Risk Management designed to assess and manage our operational, strategic, and financial risks. The "First Layer of Defense" consists of assessing key risks indicators facing each respective business unit within the Company. Our risk management unit is a separate group that acts as the "Second Layer of Defense". The risk management unit partners with various business units to enhance their understanding, monitoring, managing and escalating risks as appropriate. The financial reporting unit operates under the requirements of the Sarbanes-Oxley Act. The "Third Layer of Defense" consists of many of our internal controls which are subject to an independent evaluation by our third-party internal auditors. As an independent third party, the mandate of the internal auditor is to objectively assess the adequacy and effectiveness of our internal control environment to improve risk management, control and governance processes. Periodic reporting from the risk management unit is provided to executive management and to the Audit Committee of the Board of Directors.

Cybersecurity Risk

Our cybersecurity risk management and strategy is incorporated into our Enterprise Risk Management process. Our Board of Directors, in coordination with the Audit Committee and the Risk Committee, oversees management of cybersecurity risk. Please refer to Item 1C, "Cybersecurity" in our Annual Report on Form 10-K for additional information about our cybersecurity risk management, strategy and governance.

Business Continuity Plans

Our Business Continuity Plans are prepared with the intent of providing guidelines to facilitate (i) employee safety and relocation; (ii) preparedness for carrying out activities and receiving communication; (iii) resumption and restoration of systems and business processes and (iv) the protection and integrity of the Company's assets.

Our Business Continuity Plans are designed to facilitate business process resilience in a broad range of scenarios with dedicated disaster recovery teams which are comprised of executive management and professionals across our various business units. Our Business Continuity Plans identify the critical systems and processes necessary for business operations as well as the resources, employees, and planning needed to support these systems and processes. Our Business Continuity Plans provide guidelines to aid in the timely resumption of business operations and for communication with employees, service providers and other key stakeholders needed to support these operations. Our Business Continuity Plans are a "living process" that evolve with the input and guidance of the key stakeholders, subject matter experts and industry best practices and is reviewed and updated at least annually.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed under the supervision and with the participation of the Company's senior management, including the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, the Company's management, including its Chief Executive Officer and the Chief Financial Officer, has evaluated the Company's internal control over financial reporting to determine whether any changes occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there have been no such changes during the third quarter of 2026.

Part II. Other Information

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Under "Part I — Item 1A — Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2025 we set forth risk factors related to our business and operations. You should carefully consider the risk factors set forth in our Form 10-K for the year ended December 31, 2025. As of the date hereof, there have been no material changes to the risk factors set forth in our Form 10-K for the year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In January 2024, the Company's Board of Directors updated the authorization of the Company's Share Repurchase Program to include the Company's preferred stock and increased the authorization by $33 million to $250 million. Such authorization does not have an expiration date, and at present, there is no intention to modify or otherwise rescind such authorization. Shares of the Company's common stock may be purchased in the open market, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Exchange Act. The timing, manner, price and amount of any repurchases will be determined at the Company's discretion and the program may be suspended, terminated or modified at any time, for any reason. Among other factors, the Company intends to only consider repurchasing shares of its common stock when the purchase price is less than the last publicly reported book value per common share. In addition, the Company does not intend to repurchase any shares from directors, officers or other affiliates. The program does not obligate the Company to acquire any specific number of shares, and all repurchases will be made in accordance with Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases.

The Company did not repurchase any of its common or preferred stock during the nine months ended September 30, 2026.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 30, 2026, none of our officers or directors adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement" as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Registration Statement on Amendment No. 1 to Form S-11 (File No. 333-145525) filed on September 27, 2007 and incorporated herein by reference).
3.2	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on May 28, 2009 and incorporated herein by reference).
3.3	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on November 5, 2010 and incorporated herein by reference).
3.4	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on April 6, 2015 and incorporated herein by reference).
3.5	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.2 to the Company's Report on Form 8-K filed on April 6, 2015 and incorporated herein by reference).
3.6	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.6 to the Company's Report on Form 8-A filed on January 17, 2019 and incorporated herein by reference).
3.7	Certificate of Correction, dated as of September 10, 2021 (filed as Exhibit 3.7 to the Company's Report on Form 8-K filed on September 13, 2021 and incorporated herein by reference).
3.8	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on May 21, 2024 and incorporated by reference herein).
3.9	Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation, (filed as Exhibit 3.2 to the Company's Report on Form 8-K filed on May 21, 2024 and incorporated by reference herein).
3.10	Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 8.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value $0.01 per share (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed October 12, 2016 and incorporated herein by reference).
3.11	Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value $0.01 per share (filed as Exhibit 3.7 to the Company's Registration Statement on Form 8-A filed on February 24, 2017 and incorporated herein by reference).
3.12	Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (filed as Exhibit 3.8 to the Company's Report on Form 8-A filed September 18, 2018 and incorporated herein by reference).
3.13	Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (filed as Exhibit 3.10 to the Company's Report on Form 8-A filed January 17, 2019 and incorporated herein by reference).
3.14	Amended and Restated Bylaws of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 10, 2017 and incorporated herein by reference).
4.1	Specimen Common Stock Certificate of Chimera Investment Corporation (filed as Exhibit 4.1 to the Company's Registration Statement on Amendment No. 1 to Form S-11 (File No. 333-145525) filed on September 27, 2007 and incorporated herein by reference).
4.2	Form of specimen certificate representing the shares of 8.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Report on Form 8-K filed October 12, 2016 and incorporated herein by reference).
4.3	Form of specimen certificate representing the shares of 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on February 24, 2017 and incorporated herein by reference).
4.4	Form of specimen certificate representing the shares of 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on September 18, 2018 and incorporated herein by reference).

4.5	Form of specimen certificate representing the shares of 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on January 17, 2019 and incorporated herein by reference).
4.6	Indenture, dated April 13, 2020, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 13, 2020 and incorporated herein by reference).
4.7	Second Supplemental Indenture, dated May 22, 2024, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on May 22, 2024 and incorporated herein by reference).
4.8	Third Supplemental Indenture, dated August 19, 2024, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.9 to the Company's Registration Statement on Form 8-A filed on August 19, 2024 and incorporated herein by reference).
4.9	Fourth Supplemental Indenture, dated September 16, 2025, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.10 to the Company's Registration Statement on Form 8-A, dated September 16, 2025 and incorporated herein by reference).
4.10	Form of 9.000% Senior Notes Due 2029 of the Company (attached as Exhibit A to the Second Supplemental Indenture, incorporated by reference as Exhibit 4.9 to the Company's Registration Statement on Form 8-A filed on May 22, 2024).
4.11	Form of 9.250% Senior Notes Due 2029 of the Company (attached as Exhibit A to the Third Supplemental Indenture, incorporated by reference as Exhibit 4.11 to the Company's Registration Statement on Form 8-A filed on August 19, 2024).
4.12	Form of 8.875% Senior Notes Due 2030 of the Company (attached as Exhibit A to the Fourth Supplemental Indenture, incorporated herein by reference to Exhibit 4.13 to the Company's Registration Statement on Form 8-A, dated September 16, 2025).
31.1	Certification of Phillip J. Kardis II, Chief Executive Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Subramaniam Viswanathan, Chief Financial Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Phillip J. Kardis II, Chief Executive Officer of the Registrant, 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 Subramaniam Viswanathan, Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

CHIMERA INVESTMENT CORPORATION

By: /s/ Phillip J. Kardis II

Phillip J. Kardis II
President and Chief Executive Officer
(Principal Executive Officer of the registrant)

Date: November 5, 2026

By: /s/ Subramaniam Viswanathan

Subramaniam Viswanathan
Chief Financial Officer (Principal Financial Officer
and Principal Accounting Officer of the registrant)

Date: November 5, 2026

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Phillip J. Kardis II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chimera Investment Corporation;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) 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 officers 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 5, 2026
/s/ Phillip J. Kardis II
Phillip J. Kardis II
President and Chief Executive Officer (Principal Executive Officer of the registrant)

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Subramaniam Viswanathan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chimera Investment Corporation;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) 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 officers 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 5, 2026

/s/ Subramaniam Viswanathan

Subramaniam Viswanathan

Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer of the registrant)

Exhibit 32.1

CHIMERA INVESTMENT CORPORATION
ONE ROCKEFELLER PLAZA 32ND FLOOR
NEW YORK, NEW YORK 10020

CERTIFICATION
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the quarterly report on Form 10-Q of Chimera Investment Corporation (the "Company") for the period ended September 30, 2026 to be filed with Securities and Exchange Commission on or about the date hereof (the "Report"), I, Phillip J. Kardis II, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ Phillip J. Kardis II

Phillip J. Kardis II
President and Chief Executive Officer (Principal Executive Officer of the registrant)
Date: November 5, 2026

Exhibit 32.2

CHIMERA INVESTMENT CORPORATION
ONE ROCKEFELLER PLAZA 32ND FLOOR
NEW YORK, NEW YORK 10020

CERTIFICATION
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the quarterly report on Form 10-Q of Chimera Investment Corporation (the "Company") for the period ended September 30, 2026 to be filed with Securities and Exchange Commission on or about the date hereof (the "Report"), I, Subramaniam Viswanathan, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ Subramaniam Viswanathan

Subramaniam Viswanathan
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer of the registrant)
Date: November 5, 2026