

Annaly Capital Management, Inc. (NYSE: NLY; New York, NY) and Bayview Asset Management, LLC (Private; Coral Gables, FL) Announce Purchase by Bayview of Pingora Loan Servicing Platform

Deal Value: Undisclosed

Sandler O'Neill served as financial advisor to Annaly Capital Management, Inc. in this transaction. This represents Sandler O'Neill's 172nd financial services transaction since January 1, 2015, more than any other investment bank during that time.¹

NEW YORK--(BUSINESS WIRE)--Annaly Capital Management, Inc. (NYSE:NLY) ("Annaly") and Bayview Asset Management, LLC ("Bayview") today jointly announced that Bayview had entered into an interest purchase agreement to acquire Pingora Holdings, L.P. ("Pingora"), a Delaware limited partnership and wholly-owned indirect subsidiary of Annaly. Through its wholly-owned subsidiaries, Pingora Asset Management, LLC and Pingora Loan Servicing, LLC, Pingora operates as a specialized asset manager focused on investing in new production performing mortgage servicing rights ("MSRs") and servicing residential mortgage loans. The acquisition is subject to customary closing conditions, including requisite regulatory approvals, and is expected to close in the third quarter of 2017.

"This transaction exemplifies our strategy to partner with industry leaders across our diversified investment platforms to efficiently allocate capital, minimize operating risks and optimize returns for our shareholders," commented Kevin Keyes, CEO and President of Annaly. "We are pleased to have the expertise Bayview brings as a premier residential mortgage loan servicer for the MSR assets we own through our ongoing joint venture with a leading Sovereign Wealth Fund. This strategic transaction represents the beginning of a unique and compelling partnership for all stakeholders."

David Ertel, CEO of Bayview, said: "We are delighted to partner with Annaly in this important strategic transaction. Together, Bayview and Pingora are uniquely positioned to provide MSR capital solutions to the mortgage banking industry."

Michael Lau, CEO of Pingora, said: "We are excited about combining Pingora's best in class technology and MSR acquisition platform with Bayview's proven asset management and capital raising abilities to create the industry leading MSR acquisition and management platform."

About Annaly:

Annaly is a leading diversified capital manager that invests in and finances residential and commercial assets. Annaly's principal business objective is to generate net income for distribution to its stockholders and to preserve capital through the prudent selection of investments and continued management of its portfolio. Annaly has elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes. Annaly is externally managed by Annaly Management Company LLC.

About Bayview:

Bayview, initially founded in 1993, is a mortgage investment firm focused on investments in mortgage credit, including whole loans, mortgage and asset-backed securities, servicing rights, and mortgage-related equities. Bayview is headquartered in Coral Gables, Florida with approximately 2,100 employees across asset management and loan servicing operations. As of March 31, 2017, Bayview oversees approximately \$14.2 billion in assets under management. Bayview has substantial experience in sourcing, purchasing, servicing, and managing residential and commercial mortgage loans and mortgage-backed securities.

(1) Source: SNL Financial; includes all geographies; includes minority transactions; excludes terminated transactions and self-advisory roles

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