

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2025

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 001-34766

ARMOUR RESIDENTIAL REIT, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

26-1908763

(I.R.S. Employer Identification No.)

3001 Ocean Drive, Suite 201, Vero Beach, FL 32963

(Address of principal executive offices)(zip code)

(772) 617-4340

(Registrant's telephone number, including area code)

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

Title of Class	Trading Symbols	Name of Exchange on which registered
Preferred Stock, 7.00% Series C Cumulative Redeemable	ARR-PRC	New York Stock Exchange
Common Stock, \$0.001 par value	ARR	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 twelve 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 twelve months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

On June 30, 2025, the aggregate value of the registrant's common stock held by non-affiliates of the registrant was approximately, \$1,477,111,863 based on the closing sales price of our common stock on such date as reported on the NYSE.

The number of outstanding shares of the Registrant's common stock as of February 17, 2026 was 119,384,920.

Documents Incorporated By Reference

Certain portions of the registrant's definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 for its 2026 annual meeting of stockholders are incorporated by reference into Part III of this Form 10-K.

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References to “we,” “us,” “our,” or the “Company” are to ARMOUR Residential REIT, Inc. (“ARMOUR”) and its subsidiaries. References to “ACM” are to ARMOUR Capital Management LP, a Delaware limited partnership. ARMOUR owns a 10.8% equity interest in BUCKLER Securities LLC (“BUCKLER”), a Delaware limited liability company and a FINRA-regulated broker-dealer, which is under common control with ACM. Refer to the Glossary of Terms for definitions of capitalized terms and abbreviations used in this report. U.S. dollar and share amounts are presented in thousands, except per share amounts or as otherwise noted.

ARMOUR is an externally managed Maryland corporation incorporated in 2008. The Company is managed by ACM, an investment advisor registered with the Securities and Exchange Commission (“SEC”) (which registration the Company provides notice of to the state of Florida) (see Note 8 and Note 14 to the consolidated financial statements). We have elected to be taxed as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”). We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and our manner of operations enables us to meet the requirements for taxation as a REIT for federal income tax purposes (See Real Estate Investment Trust Requirements section below).

All per share amounts, common shares outstanding and stock-based compensation amounts for all periods presented reflect our one-for-five reverse stock split (the “Reverse Stock Split”), which was effective September 29, 2023. No other reclassifications have been made to previously reported amounts.

Strategies

ARMOUR brings private capital into the mortgage markets to support home ownership for a broad and diverse spectrum of Americans. We seek to create stockholder value through thoughtful investment and risk management of a leveraged and diversified portfolio of MBS. We rely on the decades of experience of our management team for (i) MBS securities portfolio analysis and selection, (ii) access to equity capital and repurchase financing on potentially attractive rates and terms, and (iii) hedging and liquidity strategies to moderate interest rate and MBS price risk. We prioritize maintaining common share dividends appropriate for the intermediate term rather than focusing on short-term market fluctuations.

We are deeply committed to implementing sustainable environmental, responsible social, and prudent governance practices that improve our work and our world. We strive to contribute to a healthy, sustainable environment by utilizing resources efficiently. As an organization, we create a relatively small environmental footprint. Still, we are focused on minimizing the environmental impact of our business where possible.

Assets

At December 31, 2025, our investments in securities included mortgage backed securities (“MBS”), issued or guaranteed by a United States (“U.S.”) Government-sponsored entity (“GSE”), such as the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”), or a government agency such as Government National Mortgage Administration (“Ginnie Mae”) (collectively, “Agency Securities”) and U.S. Treasury Securities. At December 31, 2024, we invested solely in MBS. Our investment in securities consists primarily of fixed rate loans. Our charter permits us to invest in MBS backed by fixed rate, hybrid adjustable rate and adjustable rate home loans as well as unsecured notes and bonds issued by GSEs, U.S. Treasuries and money market instruments.

Borrowings

We borrow against our MBS using repurchase agreements. Our borrowings generally have maturities that range from overnight to three months, although occasionally we may enter into longer dated borrowing agreements. Our borrowings (on a recourse basis) are generally between six and ten times the amount of our total



stockholders' equity, but we are not limited to that range. The level of our borrowings may vary periodically depending on market conditions. In addition, certain of our MRAs and ISDA agreements contain a restriction that prohibits our leverage from exceeding twelve times our total stockholders' equity as well as termination events in the case of significant reductions in equity capital.

Hedging

We use derivatives in the normal course of our business to reduce the impact of interest rate fluctuations on our cost of funding consistent with our REIT tax requirements. These techniques primarily consist of entering into interest rate swap contracts, basis swap contracts and swaptions and purchasing or selling futures contracts and may also include entering into interest rate cap or floor agreements, purchasing put and call options on securities or futures contracts, or entering into forward rate agreements. Although we are not legally limited, we intend to limit our use of derivative instruments to only those techniques described above and to enter into derivative transactions only with counterparties that we believe have a strong credit rating to help limit the risk of counterparty default or insolvency. These transactions are not entered into for speculative purposes.

Our hedging activities are designed so that changes in the fair values of our derivatives will tend to offset changes in the fair values of our MBS. The actual extent of such offset will depend on the relative size of our derivative portfolio in relation to our MBS and the actual correlation of changes.

While we use strategies to economically hedge some of our interest rate risk, we do not hedge all of our exposure to changes in interest rates and prepayment rates, as there are practical limitations on our ability to insulate our securities portfolio from all potential negative consequences associated with changes in short-term interest rates in a manner that will allow us to seek attractive net spreads on our securities portfolio. For GAAP purposes, all changes in the fair value of our derivatives currently flow through earnings. Changes in the fair value of our legacy Agency MBS portfolio, that was designated as available for sale historically, were recognized in other comprehensive income (loss). Therefore, historical earnings reported in accordance with GAAP have fluctuated even in situations where our derivatives were operating as intended. Currently, all of our Agency MBS portfolio is designated as trading securities and changes in the fair values of our derivatives and Agency MBS flow through earnings together. Accordingly, our results of operations will not be subject to the additional fluctuations caused by the previous differences in mark-to-market accounting treatments. Comparisons with companies that use hedge accounting for all or part of their derivative activities may not be meaningful.

Management

The Company is managed by ACM, pursuant to a management agreement (see Note 8 and Note 14 to the consolidated financial statements). ACM manages our day-to-day operations, subject to the direction and oversight of the Board. The management agreement runs through December 31, 2029 and is thereafter automatically renewed for an additional five-year term unless terminated under certain circumstances.

The management agreement entitles ACM to receive a management fee payable monthly in arrears. Currently, the monthly management fee is 1/12th of the sum of (a) 1.5% of gross equity raised up to \$1.0 billion plus (b) 0.75% of gross equity raised in excess of \$1.0 billion. Gross equity raised includes the total amounts of paid in capital relating to both our common and preferred stock, before deduction of brokerage commissions and other costs of capital raising. Amounts paid to stockholders to repurchase stock, before deduction of brokerage commissions and costs, reduces gross equity raised. Dividends specifically designated by the Board as liquidation dividends will reduce the amount of gross equity raised. To date, the Board has not so designated any of the dividends paid by the Company. Realized and unrealized gains and losses do not affect the amount of gross equity raised. At December 31, 2025, December 31, 2024 and December 31, 2023, the effective management fee was 0.89%, 0.92% and 0.93% prior to management fees waived, and 0.77%, 0.77% and 0.77%, after management fees



waived, based on gross equity raised of \$5,366,343, \$4,498,880 and \$4,231,965, respectively and effectively a rate of 2.11%, 3.03% and 3.09% based on total stockholders' equity.

During each of the years ended December 31, 2025, December 31, 2024 and December 31, 2023 ACM voluntarily waived management fees of \$6,600, or \$550 per month of its contractual management fee. The monthly management fees are not calculated based on the performance of our assets. Accordingly, the payment of our monthly management fees may not decline in the event of a decline in our earnings and may cause us to incur losses. We are also responsible for any costs and expenses that ACM incurs solely on our behalf other than the various overhead expenses specified in the terms of the management agreement. ACM is further entitled to receive termination fees from us under certain circumstances.

On December 22, 2025, ACM notified ARMOUR that they were terminating the voluntarily waiver. The termination of the waiver is effective for the contractual management fee that becomes due and payable after February 1, 2026 (relating to services for the month of January 2026).

On February 14, 2023, the Company extended the contractual term of the management agreement through December 31, 2029. Based on the management fee base, gross equity raised, as of December 31, 2025, the Company's contractual management fee commitments are:

Year	Contractual Management Fee
2026	47,748
2027	47,748
2028	47,748
2029	47,748
Total	\$ 190,992

The Company cannot voluntarily terminate the management agreement without cause before the expiration of its contractual term. If the management agreement is terminated in connection with a liquidation of the Company or certain business combination transactions, the Company is obliged to pay ACM a termination fee equal to 4 times the contractual management fee (before any waiver) for the preceding 12 months.

We are required to take actions as may be reasonably required to permit and enable ACM to carry out its duties and obligations. From time to time, we grant restricted stock unit awards to our Board and to our executive officers that vest over various periods through 2027, 2029 and 2030, respectively (see Note 9 to the consolidated financial statements).

Environmental, Social and Governance Initiatives

ARMOUR is committed to best practices in our environmental, social and governance ("ESG") policies. We have incorporated many ESG principles into our corporate culture over time in growing the Company. We understand that ESG practices can create value by improving the environment and the lives of our employees, stockholders, business partners, and the community and we recognize that understanding our efforts on ESG practices is increasingly important to those key relationships. To demonstrate our commitment, ARMOUR's Nominating and Corporate Governance Committee provides primary oversight of our efforts in ESG policies, activities, and communications. Together, we assess our practices with a goal of meeting or exceeding industry and peer standards. We continually seek opportunities to enhance the communities where we operate through corporate giving, employee volunteering, human capital development, and environmental sustainability programs. Additional information regarding our efforts to implement environmental and social factors in the operation of our business is available in the ESG section of our website at www.armourreit.com. Furthermore, we continue to



evaluate relevant corporate sustainability reporting frameworks with a goal of adopting and implementing best practices in our reporting framework.

Human Capital Resources

Our greatest strength and most important assets are the members of the ARMOUR team. Their overall well-being is paramount to the Company's success. ACM ensures its employees have a rewarding, supportive, and healthy working environment in which to thrive, and endeavors to support their success in all things. ACM hires on the basis of qualifications and does not discriminate on the basis of sex, age, color, race, religion, marital status, national origin, ancestry, sexual orientation, physical and mental disability, medical condition, genetic information, veteran status or any other basis protected by federal, state, or local law. ACM provides employees with opportunities for growth and development, both in the personal and professional spheres, as well as a wide variety of resources to support their work and personal lives. ACM's compensation and comprehensive benefits are thoughtfully designed to recognize and reward their professional skills, resulting in a low voluntary turnover rate for ARMOUR.

Cybersecurity

We rely on our financial, accounting and other data processing systems. Computer malware, viruses, computer hacking and phishing attacks have become more prevalent in our industry and may occur on our systems. Although we have not detected a material cybersecurity breach to date, other financial services institutions have reported material breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected; as such, it is possible that we have experienced an undetected breach. There is no assurance that we, or the third parties that facilitate our business activities, have not or will not experience a breach. It is difficult to determine what, if any, negative impact may directly result from any specific interruption or cyber-attacks or security breaches of our networks or systems (or the networks or systems of third parties that facilitate our business activities) or any failure to maintain performance.

ACM has established an Information Technology Steering Committee (the "ITSC") to help mitigate technology risks including cybersecurity. One of the roles of the ITSC is to oversee cyber risk assessments, monitor applicable key risk indicators, review cybersecurity training procedures, oversee the Company's Cybersecurity Policies, including an incident response plan, and engage third parties to conduct periodic penetration testing. Our cybersecurity risk assessment includes an evaluation of cyber risk related to sensitive data held by third parties on their systems. There is no assurance that these efforts will effectively mitigate cybersecurity risk and mitigation efforts are not an assurance that no cybersecurity incidents will occur.

In addition, our Audit Committee periodically monitors and oversees our information and cybersecurity risks including reviewing and approving any information and cybersecurity policies, procedures and resources, and reviewing our information and cybersecurity risk assessment, detection, protection, and mitigation systems.

Funding Activities

If ACM and the Board determine that additional funding is advisable, we may raise such funds through equity offerings (including preferred equity), unsecured debt securities, convertible securities (including warrants, preferred equity and debt) or the retention of cash flow (subject to provisions in the Code concerning taxability of undistributed REIT taxable income) or a combination of these methods. In the event that ACM and the Board determine that we should raise additional equity capital, we have the authority, without stockholder approval, to issue additional stock in any manner and on such terms and for such consideration as we deem appropriate, at any time. At December 31, 2025, there were 63,085 authorized shares of common stock and 42,952 authorized shares



of preferred stock, respectively, available for issuance. At December 31, 2025, there were 866 authorized shares of common stock remaining available for repurchase under our Common Stock Repurchase Program and 2,000 authorized shares of Series C Preferred Stock available for repurchase under our Series C Preferred Stock Repurchase Program.

Real Estate Investment Trust Requirements

As a REIT, we will generally not be subject to federal income tax on the REIT taxable income that we currently distribute to our stockholders. Our qualification as a REIT depends on our ability to meet, on a continuing basis, various complex requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the concentration of ownership of our capital stock. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to federal income tax at regular corporate rates. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to some federal, state and local taxes on our income. See, General risks common to ARMOUR and our peer mortgage REITs in Item 1A. Risk Factors of this Form 10-K for further discussion.

In order to maintain our qualification as a REIT for U.S. federal income tax purposes, we are required to timely distribute, with respect to each year at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. To satisfy these requirements, we presently intend to continue to make regular cash distributions of all or substantially all of our taxable income to holders of our stock out of assets legally available for such purposes. We are not restricted from using the proceeds of equity or debt offerings to pay dividends. The timing and amount of any dividends we pay to holders of our stock will be at the discretion of our Board and will depend upon various factors, including our earnings and financial condition, maintenance of REIT status, applicable provisions of MGCL and such other factors as our Board deems relevant. Dividends in excess of REIT taxable income for the year (including taxable income carried forward from the previous year) will generally not be taxable to common stockholders. The portion of the dividends on our common and preferred stock which represented non-taxable return of capital was 19.6% in 2025, 14.8% in 2024 and 47.5% in 2023.

At December 31, 2025, we had approximately \$(313,284) in tax deductible expense relating to previously terminated interest rate swap, treasury futures contracts and treasury shorts amortizing through the year 2040.

Investment Company Act of 1940 Exclusion

We conduct our business so as not to become regulated as an investment company under the 1940 Act. We rely on the exclusion provided by Section 3(c)(5)(C) of the 1940 Act as interpreted by the staff of the SEC. To qualify for this exclusion, we must invest at least 55% of our assets in "mortgages and other liens on and interest in real estate" or "qualifying real estate interests" and at least 80% of our assets in qualifying real estate interests and "real estate related assets." In satisfying this 55% requirement we treat MBS issued with respect to an underlying pool of mortgage loans in which we hold all of the certificates issued by the pool ("whole pool" securities) as qualifying real estate interests. We currently treat MBS in which we hold less than all of the certificates issued by the pool ("partial pool" securities) as real estate related assets and not qualifying real estate interests. Our business would be materially and adversely affected if we fail to qualify for an exclusion from regulation under the 1940 Act. See General risks common to ARMOUR and our peer mortgage REITs in Item 1A. Risk Factors of this Form 10-K for further discussion.



Compliance with NYSE Corporate Governance Standards

We comply with the corporate governance standards of the NYSE. Our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are comprised entirely of independent directors and a majority of our directors are “independent” in accordance with the rules of the NYSE.

Competition

Our success depends, in large part, on our ability to acquire assets with favorable margins over our borrowing costs. In acquiring MBS, we compete with numerous mortgage REITs, mortgage finance and specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, other lenders, governmental bodies and other entities. Additional firms in the marketplace may increase competition for the available supply of mortgage assets suitable for purchase and could adversely affect the availability and cost of our financing. Some of these organizations have greater financial resources than we do, access to lower costs of capital than we do and lower cost structures than we have. Accordingly, those competitors may be able to generate higher total economic returns and/or accept lower returns on their investments. Some of these entities may not be subject to the same regulatory constraints that we are (i.e., REIT compliance or maintaining an exclusion under the 1940 Act).

Corporate Information

We are managed by ACM pursuant to a management agreement between ARMOUR and ACM. We do not have any employees. As of February 17, 2026, ACM had 20 employees that provide services to us.

Principal office location: 3001 Ocean Drive, Suite 201, Vero Beach, FL 32963

Phone number: (772) 617-4340.

Website: www.armourreit.com.

Our investor relations website can be found at www.armourreit.com. We make available on our website under “SEC filings,” free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. We also make available on our website, our Board committee charters as well as our corporate governance documents, including our code of business conduct and ethics and whistleblower policy. Any amendments or waivers thereto will be provided on our website within four business days following the date of the amendment or waiver. Information provided on our website is not part of this Annual Report on Form 10-K and not incorporated herein.

We are required to file Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q with the SEC on a regular basis and are required to disclose certain material events in a Current Report on Form 8-K. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The SEC’s Internet website is located at <http://www.sec.gov>.



You should consider carefully all of the risks described below together with the other information contained in this Annual Report on Form 10-K, before making a decision to invest in our securities. This Annual Report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. The risks and uncertainties described herein should not be considered to be a complete list of all potential risks that may affect us. Additional risks and uncertainties not currently known to us, or not presently deemed material by us, may also impair our operations and performance. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected, the trading price of our securities could decline and you may lose all or part of your investment. Refer to the Glossary of Terms for definitions of capitalized terms and abbreviations used in this report. U.S. dollar and share amounts are presented in thousands, except per share amounts or as otherwise noted.

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Risk Factor Summary

ARMOUR's MBS investments rely heavily on financial leverage, magnifying our interest rate and spread risks:

- Changes in interest rates impact our level of net interest income, total comprehensive income (loss) and stockholders' equity and we cannot always successfully mitigate such interest rate risks;
- Volatility in the relationships between the market prices and yields for our securities and certain benchmark prices and interest rates periodically will adversely affect our net income, earnings per share and stockholders' equity;
- Fed monetary policy significantly influences interest rates and short-term financing availability;
- U.S. Government backing of GSEs makes counterparty credit risk for investing in Agency Securities similar to that of U.S. Treasury Securities. Should GSEs lose that status or go fully private it could cause extreme market volatility and depressed prices on Agency Securities;
- The use of derivative instruments may fail to protect or could adversely affect us;
- During stressful market conditions, we have sold and may in the future be forced to sell MBS at distressed prices, thereby potentially incurring permanent equity losses; and
- We have credit exposure to our financing and derivative counterparties for the value of our collateral they hold in excess of our current liabilities.

ARMOUR actively issues new shares and may redeem outstanding shares of its common and preferred stock:

- We have issued and may in the future issue shares of our common stock in "at the market" offerings or underwritten "block" offerings, which may adversely impact the market price of our stock and result in dilution to existing stockholders;
- We may issue stock when investment opportunities are relatively less attractive; and
- We may repurchase our common and preferred stock at prices below book value, to the potential disadvantage of selling stockholders.

ARMOUR is externally managed by ACM:

- ACM may terminate the management agreement for any reason. If ACM ceases to be our investment manager, financial institutions providing any financing arrangements to us may not provide future financing to us;
- ACM's liability is limited under the management agreement and we have agreed to indemnify ACM and its affiliates against certain liabilities. As a result, we could experience poor performance or losses for which ACM would not be liable;
- There are potential conflicts of interest with current and future investment entities affiliated with ACM;
- There are potential conflicts of interest with the allocation of investment opportunities by ACM;
- Members of our management team have competing duties to other entities, which could result in decisions that are not in the best interests of our stockholders;
- ACM's management fees are calculated based on our gross equity raised and not on our performance. Gross equity raised substantially exceeds total stockholders' equity determined in accordance with GAAP and management fee expenses do not decline with reductions in our total stockholders' equity. As a result, ACM's annualized contractual management fee rate as of December 31, 2025 equaled 2.11% of stockholders' equity;
- The termination of the management agreement may be difficult and costly;
- The management agreement with ACM will automatically renew for an additional 5-year term unless ARMOUR gives 180-day written notice of non-renewal; and
- The management agreement was not negotiated on an arm's-length basis and the terms, including fees payable, may not be as favorable to us as if they were negotiated with an unaffiliated third-party.



We and equity analysts consider Distributable Earnings as a measure of ARMOUR's investment performance:

- Distributable Earnings is a non-GAAP measure which excludes gains and losses, and therefore is an imperfect measure of our overall financial performance, and is not a standardized metric; and
- Distributable Earnings may not provide sufficient incentive to ACM to maximize risk adjusted returns on our investment portfolio.

Our affiliate BUCKLER is our largest financing counterparty and placement agent under our ATM offering program:

- A material portion of our aggregate repurchase financing is facilitated through BUCKLER;
- We hold a 10.8% equity ownership interest in BUCKLER and additionally, provided BUCKLER with \$250 million in additional regulatory capital;
- BUCKLER relies primarily on bilateral and triparty repurchase agreement funding through the FICC;
- BUCKLER is the primary placement agent for ARMOUR's common share ATM Program;
- BUCKLER may pursue business opportunities with third parties; and
- There are potential conflicts of interest in our relationship with ACM and its affiliates, including BUCKLER, which could result in decisions that are not in the best interests of our stockholders.

General risks common to ARMOUR and our peer mortgage REITs:

- Making attractive portfolio investments, obtain financing and hedge risks consistent with our strategy;
- Complying with REIT and other tax requirements and Maryland law;
- Maintaining exemptions from the 1940 Act and CFTC commodity pool regulations;
- Our dependence on key personnel, information systems and communication systems; and
- Capital markets risks related to our securities.



ARMOUR's MBS investments rely heavily on financial leverage, magnifying our interest rate and spread risks:

Changes in interest rates impact our level of net interest income, total comprehensive income (loss) and stockholders' equity and we cannot always successfully mitigate such interest rate risks.

We invest predominately in MBS backed by loans with fixed interest rates, and to a lesser extent from time to time, in MBS backed by loans with interest rates that adjust on a regular basis, usually either monthly or annually. Our MBS have maturities ranging from 5 to 30 years (although average lives are much shorter due to amortization and prepayments). Our repurchase agreement borrowings generally have maturities ranging from one to 90 days. This mismatch in the interest rate terms between our assets and our liabilities is the primary source of our ability to generate positive net interest income because long-term interest rates tend to be higher than short-term rates. Short-term and long-term interest rates do not always move together. If short-term rates increase faster than long-term rates, the difference between the two may become zero or negative, and we may not have the ability to generate positive net interest income.

Changes in short-term rates will most significantly impact our level of net interest income, with rising interest rates likely to reduce our net interest income. Changes in long-term rates will initially impact the fair value of our investments in securities, with rising interest rates reducing their fair value. Changes in the values of our trading securities are reflected in our income as other gain or loss with rising rates likely to generate losses. Over longer periods of time, rising long-term interest rates will provide us the opportunity to reinvest principal receipts and otherwise make additional investments in securities with higher yields.

It can be difficult to predict the impact on interest rates of unexpected and uncertain global political and economic events, such as pandemics, epidemic disease, warfare (including the ongoing war between Russia and Ukraine and Middle East hostilities), economic and international trade conflicts or sanctions, the change in the political makeup of the U.S. Congress, or changes in the credit rating of the U.S. government, the United Kingdom, or one or more Eurozone nations; however, increased uncertainty or changes in the economic outlook for, or rating of, the creditworthiness of the U.S. government, the United Kingdom, or Eurozone and Asian nations may have adverse impacts on, among other things, the U.S. economy, financial markets, the cost of borrowing, the financial strength of counterparties we transact business with, and the value of assets we hold. Any such adverse impacts could negatively impact the availability to us of short-term debt financing, our cost of short-term debt financing, our business, and our financial results.

We attempt to mitigate interest rate risk by moderating the amount of our financial leverage, diversifying our securities portfolio across both maturities and interest rate coupons, and economic hedging with derivatives. For example, we enter into interest rate swaps that require us to pay fixed rates and receive variable rates. These swaps are designed to offset the fluctuations in the interest costs of our repurchase financing due to movements in short-term interest rates. We record our derivatives and our trading securities at fair value and periodic changes in fair value are reflected in our net income (loss) and earnings per share. To the extent that fair value changes on derivatives offset fair value changes in our investments in securities, the fluctuation in our stockholders' equity will be lower. Rising interest rates may tend to result in an overall increase in our reported net income even while our total stockholders' equity declines.

Volatility in the relationships between the market prices and yields for our securities and certain benchmark prices and interest rates periodically will adversely affect our net income, earnings per share and stockholders' equity.

The market prices and yields for Agency Securities and interest rate derivatives like those we hold are generally negatively correlated over time to each other and to certain benchmark prices and interest rates, such as those for U.S. Treasury Securities. Those correlations are never perfect, and can vary widely on occasion, particularly in times of market stress. This variation in the "spread" relationship among the market yields, and therefore prices, of different instruments can result in our hedging positions being not as effective as normally



would be expected, exposing us to the risk of unexpected volatility in our net income, earnings per share, and total stockholders' equity. Our most recent significant experience of this phenomena occurred in the first half of 2020.

Spread risk is difficult and expensive to hedge effectively. Avoiding holding MBS with interest rate spread risk would severely limit our opportunity to generate net interest income because low spread risk investments, such as U.S. Treasury Securities, usually have substantially lower yields. Our efforts to mitigate spread risk are limited to attempting to identify characteristics that might cause particular MBS to have relatively higher or lower spread risk under potential future market conditions. Such characteristics include characteristics of the underlying loans and current market premium levels. However, other investment considerations, such as prepayment risk, tend to overshadow spread risk in our selection of Agency Securities.

We cannot predict the impact of future Fed monetary policy on the prices and liquidity of Agency Securities or other securities in which we invest, although Fed action could increase the prices of our target assets and reduce the spread on our investments or decrease our book value.

Changes in Fed policy affect our financial results because our cost of funds is largely dependent on short-term rates. An increase in our cost of funds without a corresponding increase in interest income earned on our investments in securities causes our net income to decline. We cannot predict the impact of any future actions by the Fed on the prices and liquidity of the securities in which we invest. Future Fed action could reduce the value of our assets, reduce the spread on our investments and/or decrease our book value. Changes by the Fed in its securities purchase programs or other monetary policy could materially adversely affect our business, financial condition and results of operations and our ability to pay distributions to our stockholders. See Item 7. Management's Discussion and Analysis, "Federal Reserve Actions" for further discussion.

We invest in MBS guaranteed by GSEs such as Fannie Mae and Freddie Mac, which are under conservatorship by the FHFA. Changes to the conservatorship or to the laws and regulations affecting the support GSEs receive may adversely affect the availability, financing, pricing, market value and liquidity of our assets.

During the FHFA's conservatorship, U.S. Congress has considered structural changes to GSEs, including considering releasing GSEs from conservatorship. Market volatility and concerns about recession have raised concerns that the GSEs may need additional capital to meet their obligations as guarantors. The market value of MBS is highly dependent on the continued support of the GSEs by the U.S. government. If this support is modified or withdrawn, if the U.S. Treasury does not inject new capital as needed, or if the GSEs are released from conservatorship, the market value of MBS may significantly decline. The ability to obtain repurchase agreement financing might become difficult, or it may force us to sell assets at a loss. Policy changes to the relationship between the GSEs and the U.S. government may create market uncertainty, have the actual or perceived effect of reducing credit quality of MBS issued by GSEs; interrupt cash flows on the underlying MBS; and negatively impact our exclusion from the 1940 Act.

The payment of principal and interest on the Freddie Mac and Fannie Mae Agency Securities are guaranteed by those respective agencies and the payment of principal and interest on the Agency Securities guaranteed by Ginnie Mae are backed by the full faith and credit of the U.S. Government. Fannie Mae and Freddie Mac remain in conservatorship of the U.S. Government. There can be no assurances as to how or when the U.S. Government will end these conservatorships or how the future profitability of Fannie Mae and Freddie Mac and any future credit rating actions may impact the credit risk associated with Agency Securities and, therefore, the value of the Agency Securities. All of our Agency Securities are issued and guaranteed by GSEs or Ginnie Mae.

U.S. Government actions, including U.S. Congress, the Fed, U.S. Treasury, FHFA and other governmental and regulatory bodies may adversely affect our business.

If the markets do not respond favorably to any actions or if such actions do not function as intended, they could have adverse market implications and could negatively impact our consolidated financial statements. The actual or anticipated action or inaction on U.S. fiscal policy matters, including the U.S. debt ceiling, could result in a



wide range of negative economic effects, including increased financial market and interest rate volatility and wider market spreads between mortgage assets and benchmark interest rates. New regulatory requirements, including more stringent capital rules, could adversely affect financing availability and/or terms from our counterparties, reduce market liquidity and mortgage loan origination and limit activities of significant organizations and entities that are important to our business.

Tariff actions by the U.S and other countries may adversely affect our business, financial condition and results of operations.

The current U.S. administration has implemented tariffs on imports from a broad set of countries, including Canada, Mexico, European Union member states, Japan and China. In response to these tariffs, global trading partners have or are likely to impose their own tariffs. Such U.S. tariffs and responsive tariffs have resulted in significant financial market volatility, and their impact on the global economy has been significant. Further effects of these tariffs cannot be predicted with certainty. Continued uncertainty surrounding trade policies and the potential for further tariff increases or the imposition of new tariffs may lead to a continuation or worsening of the impact of the tariffs on the financial markets, including the MBS, repurchase and equity markets. In addition, many economists and certain financial data have indicated an increased likelihood of U.S. and global recessions as a result of the disruptions to international trade. These trade actions and the widespread uncertainty and international tensions resulting therefrom may have a material adverse effect on our business, results of operations, ability to access capital, and financial condition and on the market price of our common stock.

The use of derivative instruments may fail to protect or could adversely affect us.

The availability of derivatives may not correspond directly with the interest rate risk for which protection is sought (e.g., the difference in interest rate movements for long-term U.S. Treasury Securities compared to Agency Securities) and the duration of the derivatives may not match the duration of the related liability.

Counterparties to a derivative agreement may default on their obligation to pay or not perform under the terms of the agreement and the collateral posted may not be sufficient to protect against any consequent loss. We may lose collateral we have pledged to secure our obligations under a derivative agreement if the associated counterparty becomes insolvent or files for bankruptcy. We may also experience a termination event under one or more of our derivative agreements related to our REIT status, equity levels and performance, which could result in a payout to the associated counterparty and a taxable loss to us.

Although we attempt to structure our derivatives to offset the changes in asset prices, the complexity of the actual and expected prepayment characteristics of the underlying mortgages as well as the volatility in mortgage interest rates relative to U.S. Treasury and interest rate swap contract rates makes achieving high levels of offset difficult. The credit-quality of the party owing money on the derivatives may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction. The value of derivatives may be adjusted from time to time in accordance with GAAP to reflect changes in fair value; downward adjustments, or "mark-to-market losses," would reduce our net income or increase any net loss.

During stressful market conditions, we have sold and may in the future be forced to sell MBS at distressed prices, thereby potentially incurring permanent equity losses.

Occasionally, the cash and financing markets for MBS experience temporary periods of significant distress, as evidenced by limited liquidity, low bid prices and few transactions. In such circumstances, our lenders may increase their margin requirements and significantly reduce their collateral value for our pledged securities. Our lenders are contractually entitled to adjust margin requirements on relatively short notice and collateral values as frequently as daily. Depending on the duration and severity of the market distress, ARMOUR has sold, and may in the future need to sell, MBS at prices significantly below their long-term value in order to meet lender margin calls. We may not be able to participate in any potential market recovery and the resulting losses may permanently and materially reduce our equity.



Our lenders may insist on financing terms that could result in reducing the availability and/or increasing the cost of our financing or may terminate our financing.

In order to achieve a competitive return for our investors, we use financial leverage to hold a portfolio of MBS that is several times larger than our total stockholders' equity. Our borrowings are essentially all in the form of repurchase agreements where we nominally sell MBS to counterparties with an agreement to repurchase them at a later date. The sale and purchase prices are set several percentage points below the current fair value of the MBS. This "haircut" percentage provides the counterparty with excess collateral to secure their loan and provides us with an incentive to complete the repurchase transaction on schedule.

There is a risk that our counterparties might be unwilling to continue to extend repurchase financing to us. Changes in regulation, market conditions or the financial position or business strategy of our counterparties could cause them to reduce or terminate our repurchase financing facilities.

We attempt to mitigate our funding risk by maintaining repurchase funding relationships with a variety of counterparties that are diversified as to size, character and primary regulatory jurisdiction, including a substantial funding relationship with BUCKLER. We also monitor our borrowing levels with each counterparty, attempt to establish appropriate additional business relationships beyond our borrowing and regularly communicate with their credit and business officers responsible for our relationship. From time to time, we explore new funding structures and opportunities, but there can be no assurance that any such additional funding will become available on attractive terms.

We may not be able to minimize potential credit risks that could arise in the event of bankruptcy of one or more of our counterparties.

Substantially all of our Agency Securities are issued or guaranteed by GSEs, which we consider the functional equivalent of the full faith and credit of the U.S Government. Our primary credit risk relates to our exposure to our counterparties for the amount of the excess collateral they hold to secure our repurchase financing and derivative obligations. We would typically become a general unsecured creditor for that amount in the event of the bankruptcy of a counterparty.

Our forward settling transactions, including TBAs, subject us to certain risks, including price risks and counterparty risks. We purchase a portion of our Agency Securities through forward settling transactions, including TBAs. In a forward settling transaction, we enter into a forward purchase agreement with a counterparty to purchase either (i) an identified Agency Security, or (ii) a TBA, or to-be-issued, Agency Securities with certain terms. As with any forward purchase contract, the value of the underlying Agency Security may decrease between the contract date and the settlement date. Furthermore, a transaction counterparty may fail to deliver the underlying Agency Securities at the settlement date. If any of the above risks were to occur, our financial condition and results of operations may be materially adversely affected.

We mitigate our credit risk by evaluating the credit quality of our counterparties on an ongoing basis, reducing or closing positions with counterparties where we have credit concerns, monitoring our collateral positions to minimize excess collateral balances and diversifying our repurchase financing and derivatives positions among numerous counterparties. At December 31, 2025 and December 31, 2024, BUCKLER accounted for 47.0% and 45.7%, respectively, of our aggregate borrowings and had an amount at risk of 7.1% and 8.0%, respectively, of our total stockholders' equity (see Note 14 to the consolidated financial statements).

An inability to economically roll our TBA Agency Security transactions or to meet margin requirements on our TBA contracts could have a material adverse effect on our business, financial condition, and results of operations.

We utilize forward-settling transactions, including TBA Agency Security contracts, as part of our investment and hedging strategies. In a typical TBA transaction, we agree to purchase or sell Agency Securities at a



future date, with the specific securities to be delivered determined just prior to settlement. To maintain our desired portfolio exposure, we often “roll” these contracts by entering into a new TBA contract with a later settlement date prior to the settlement of the original contract.

There is a risk that it may become uneconomical to roll our TBA Agency Security transactions. Market conditions, such as changes in interest rates, supply and demand imbalances, or increased volatility, may result in unfavorable pricing or wider bid-ask spreads for TBA contracts. If the cost to roll TBA positions increases significantly, or if the market for rolling TBAs becomes illiquid, we may be forced to either take physical delivery of the underlying securities or liquidate our positions at a loss. Either scenario could negatively impact our liquidity, leverage, and overall financial performance.

Additionally, TBA contracts are subject to daily margin requirements. If the market value of our TBA positions declines, we may be required to post additional cash or eligible collateral to our counterparties. In periods of heightened volatility or declining asset values, margin calls may be substantial and occur on short notice. If we are unable to meet margin calls in a timely manner, our counterparties may liquidate our positions, which could result in realized losses, reduced access to future financing, and reputational harm.

Any inability to economically roll our TBA Agency Security transactions or to meet margin requirements on our TBA contracts could have a material adverse effect on our business, financial condition, and results of operations.

Factors beyond our control may increase the prepayment speeds on our MBS, thereby reducing our interest income.

Agency Securities backed by single-family residential loans allow the underlying borrowers to prepay their loans without premium or penalty. When borrowers default on their loans, the GSE or government entity that issued or guaranteed the Agency Securities (including Agency Securities backed by multi-family loans) pay off the remaining loan balance. Those prepayments, including default payoffs, are passed through to us, reducing the balance of the Agency Security. We purchase some of our Agency Securities at premium prices, and the premium amortization associated with prepayments reduces our interest income.

We experience prepayments on our Agency Securities every month and the speed of prepayments varies widely from month to month and across individual Agency Securities. Factors driving prepayment speeds include the rate of new and existing home sales, the level of borrower refinancing activities and the frequency of borrower defaults. Such factors are themselves influenced by government monetary, fiscal and regulatory policies and general economic conditions such as the level of and trends in interest rates, gross domestic product, employment and consumer confidence. Prepayment expectations are an integral part of pricing Agency Securities in the marketplace. Volatility in actual prepayment speeds creates volatility in the amount of premium amortization we recognize. Higher speeds reduce our interest income and lower speeds increase our interest income.

We consider our expectations of future prepayments when evaluating the prices at which we purchase and sell Agency Securities. We attempt to mitigate the risk of unexpected prepayments by identifying characteristics of the underlying loans, such as the loan size, coupon rate, loan age and maturity, geographic location, borrower credit scores and originator/servicer that might predict relatively faster or slower prepayment speed tendencies for a particular Agency Security. Agency Securities with characteristics expected to be favorable often command marginally higher prices, or “pay ups.” We seek to purchase Agency Securities with favorable prepayment characteristics when the required pay ups are relatively lower and may sell our Agency Securities when their pay ups are relatively higher.



Our MBS portfolio may lose some of its liquidity capital due to margin calls from repurchase counterparties on the fourth business day of each month.

On the fourth business day of each month, factors drop and lower the market value of our Agency Securities. This reflects both scheduled and unscheduled principal paydowns, which are guaranteed by GSEs. These payments are passed to investors by the end of the same month. This time delay may create a risk to our liquidity when unscheduled principal paydowns are larger than expected.

Reliance on inaccurate models or estimates could lead to poor business decisions and expose us to risk.

Analytical models and other data are used to value our assets, to aid in risk management, hedging strategies and potential investment opportunities. Models and estimates may be sourced from third-parties or may be developed internally. These are dependent on market factors, assumptions and estimates from third-parties as well as management's judgment and experience. If the models or the underlying assumptions or inputs are inaccurate or incomplete, decisions made based on that information may be inaccurate and could cause actual results to differ from projected results.

ARMOUR actively issues new shares and may redeem outstanding shares of its common and preferred stock:

We have issued and may in the future issue shares of our common stock in "at the market" offerings or underwritten "block" offerings, which may adversely impact the market price of our stock and result in dilution to existing stockholders

We have historically been active in raising capital for ARMOUR. Through February 2019, we primarily relied on "block" offerings placed through a syndicate of underwriters to issue new shares of our common stock. The number of shares offered typically represents a multiple of daily trading volume and the offering price is typically set at a discount to recently reported market prices to facilitate the timely sale to investors. The public announcement of the transactions may depress market trading prices, potentially for an extended period of time. We continue from time to time to evaluate underwritten block offerings and may execute one or more in the future depending on overall considerations of size, pricing and market conditions.

Since 2020, we have relied on ATM offerings to issue new shares of our common stock. Under our ATM programs, we instruct a placement agent to accept bids and post offers for our stock in the regular trading markets throughout the trading day. These transactions are typically executed through automated trading algorithms and subject to limits including minimum sales prices and maximum percentage of trading volume. A placement agent may also entertain direct offers from its institutional customers on our behalf. Our ATM sales are not the subject of contemporaneous public reporting. Therefore, the direct impact on overall market trading prices for our stock is difficult to discern, but may also be negative. Fees to placement agents for ATM transactions represent a lower percentage of stock proceeds than underwriting fees for block offerings.

We consider the potential dilution of existing stockholders as part of our decision to issue new shares. ARMOUR's board of directors has authorized our CEO and CFO to issue new common shares where the net proceeds to the Company, after fees and expenses, represents at least 93.50% of our most recent estimate of ARMOUR's book value per common share. We endeavor to achieve net proceeds representing a higher percentage. For 2025, we realized net proceeds that averaged approximately 98.0% of recently estimated book value, resulting in an aggregate dollar dilution of \$11,536. We also consider the favorable impact to existing stockholders of spreading administrative and operating expenses over an increased number of common shares.

We may issue stock when investment opportunities are relatively less attractive.

The market trading price of our common stock tends to be positively correlated with the general price levels of the MBS that represent our target investments. Therefore, opportunities to raise capital at attractive prices may occur when potential investment opportunities are relatively less attractive. Accordingly, we may temporarily invest the proceeds of stock issuances by reducing our repo borrowings on our existing portfolio or



purchasing US Treasuries or other assets in anticipation of more attractive MBS investment opportunities in the future.

Typically, we purchase our MBS for regular settlement, which occurs only once a month. Accordingly, even when we are able to invest the proceeds of stock issuances in MBS at attractive prices, there may be a temporary delay before we begin to earn investment income.

We may repurchase our common and preferred stock at prices below book value, to the potential disadvantage of selling stockholders.

We only repurchase stock by accepting unsolicited offers in open market transactions and only when the market trading price is significantly below our current estimate of ARMOUR's book value per common share. These depressed market trading prices may be temporary as a result of relatively transient anomalies. Selling stockholders may base their decisions on less sophisticated research and analytical tools than are available to ARMOUR, and therefore be at a potential disadvantage.

ARMOUR is externally managed by ACM:

ACM may terminate the management agreement for any reason. If ACM ceases to be our investment manager, financial institutions providing any financing arrangements to us may not provide future financing to us.

The management agreement allows ACM to terminate its service to ARMOUR for any reason upon 180 days prior written notice. No termination fee shall be due from ACM to ARMOUR following any termination by ACM. Financial institutions that finance our investments may require that ACM continue to act in such capacity. If ACM ceases to be our manager, it may constitute an event of default and the financial institution providing the arrangement may have acceleration rights with respect to outstanding borrowings and termination rights with respect to our ability to finance our future investments with that institution. If we are unable to obtain financing for our accelerated borrowings and for our future investments under such circumstances, it is likely that we would be materially and adversely affected.

ACM's liability is limited under the management agreement and we have agreed to indemnify ACM and its affiliates against certain liabilities. As a result, we could experience poor performance or losses for which ACM would not be liable.

The management agreement limits the liability of ACM and any directors and officers of ACM for money damages, except for liability resulting from actual receipt of an improper benefit or profit in money, property or services, or a final judgment based upon a finding of active and deliberate dishonesty by the director or officer that was material to the cause of action adjudicated.

Pursuant to the management agreement, ACM will not assume any responsibility other than to render the services called for thereunder and will not be responsible for any action of our Board in following or declining to follow its advice or recommendations. ACM and its affiliates, directors, officers, stockholders, equity holders, employees, representatives and agents and any affiliates thereof, will not be liable to us, our stockholders, any subsidiary of ours, the stockholders of any subsidiary of ours, our Board, any issuer of mortgage securities, any credit-party, any counterparty under any agreement, or any other person for any acts or omissions, errors of judgment or mistakes of law by ACM or its affiliates, directors, officers, stockholders, equity holders, employees, representatives or agents, or any affiliates thereof, under or in connection with the management agreement, except if ACM was grossly negligent, acted with reckless disregard or engaged in willful misconduct or fraud while discharging its duties under the management agreement. We have agreed to indemnify ACM and its affiliates, directors, officers, stockholders, equity holders, employees, representatives and agents and any affiliates thereof, with respect to all expenses, losses, costs, damages, liabilities, demands, charges and claims of any nature, actual or threatened (including reasonable attorneys' fees), arising from or in respect of any acts or omissions, errors of judgment or mistakes of law (or any alleged acts or omissions, errors of judgment or mistakes of law) performed or made while acting in any capacity contemplated under the management agreement or pursuant to any



underwriting or similar agreement to which ACM is a party that is related to our activities, unless ACM was grossly negligent, acted with reckless disregard or engaged in willful misconduct or fraud while discharging its duties under the management agreement. As a result, we could experience poor performance or losses for which ACM would not be liable.

In addition, our articles of incorporation provide that no director or officer of ours shall be personally liable to us or our stockholders for money damages. Furthermore, our articles of incorporation permit and our by-laws require, us to indemnify, pay or reimburse any present or former director or officer of ours who is made or threatened to be made a party to a proceeding by reason of his or her service to us in such capacity. Officers and directors of ours who are also officers of ACM will therefore benefit from the exculpation and indemnification provisions of our articles of incorporation and by-laws and accordingly may not be liable to us in such circumstances.

There are potential conflicts of interest with current and future investment entities affiliated with ACM.

There are potential conflicts of interest in allocating investment opportunities among us and other funds, investment vehicles and ventures which ACM and its affiliates may in the future form or sponsor, which additional investment vehicles and ventures may have overlapping objectives with us and therefore may compete with us for investment opportunities and ACM resources. ACM has an allocation policy that addresses the manner in which investment opportunities are allocated among the various entities and strategies for which they provide investment management services. However, we cannot assure you that ACM will always allocate every investment opportunity in a manner that is advantageous for us; indeed, we may expect that the allocation of investment opportunities will at times result in our receiving only a portion of, or none of, certain investment opportunities.

There are potential conflicts of interest with the allocation of investment opportunities by ACM.

In allocating investment opportunities among us and any other funds or accounts that may be managed by them, ACM's personnel are guided by the principles that they will treat all entities fairly and equitably, they will not arbitrarily distinguish among entities and they will not favor one entity over another.

In allocating a specific investment opportunity among funds or accounts, ACM will make a determination, exercising its judgment in good faith, as to whether the opportunity is appropriate for each entity. Factors in making such a determination may include an evaluation of each entity's liquidity, overall investment strategy and objectives, the composition of the existing portfolio, the size or amount of the available opportunity, the characteristics of the securities involved, the liquidity of the markets in which the securities trade, the risks involved, and other factors relating to the entity and the investment opportunity. ACM is not required to provide every opportunity to each entity.

If ACM determines that an investment opportunity is appropriate for us, then ACM will allocate that opportunity in a manner that it determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations taken as a whole. ACM has broad discretion in making that determination, and in amending that determination over time.

In the future, ACM may adopt additional conflicts of interest resolution policies and procedures designed to support the equitable allocation and to prevent the preferential allocation of investment opportunities among entities with overlapping investment objectives.



Members of our management team have competing duties to other entities, which could result in decisions that are not in the best interests of our stockholders.

Our executive officers and the employees of ACM are not required to spend all of their time managing our activities and our investment portfolio. Our executive officers and the employees of ACM currently allocate a substantial majority of their time to ARMOUR. Certain executive officers and the employees of ACM also allocate some of their time to other businesses and activities. None of these individuals is required to devote a specific minimum amount of time to our affairs, and the portion of their time devoted elsewhere could become material. As a result of these overlapping responsibilities, there may be conflicts of interest among and reduced time commitments from our officers and employees of ACM that we will face in making investment decisions on our behalf. Accordingly, we will compete with ACM, and its existing activities, other ventures and possibly other entities in the future for the time and attention of these officers.

In the future, we may enter, or ACM may cause us to enter, into additional transactions with ACM or its affiliates. In particular, we may make loans to ACM or its affiliates or purchase, or ACM may cause us to purchase, assets from ACM or its affiliates or make co-purchases alongside ACM or its affiliates. These transactions may not be the result of arm's length negotiations and may involve conflicts between our interests and the interests of ACM and/or its affiliates in obtaining favorable terms and conditions.

ACM's management fees are calculated based on our gross equity raised and not on our performance. Gross equity raised substantially exceeds total stockholders' equity determined in accordance with GAAP and management fee expenses do not decline with reductions in our total stockholders' equity. As a result, ACM's annualized contractual management fee rate as of December 31, 2025 equaled 2.11% of stockholders' equity.

The management agreement entitles ACM to receive a management fee payable monthly in arrears calculated based on gross equity raised (see Note 8 and Note 14 to the consolidated financial statements). The annualized management fee rate is (a) 1.5% of gross equity raised up to \$1.0 billion plus (b) 0.75% of gross equity raised in excess of \$1.0 billion. Gross equity raised includes the total amounts of paid in capital relating to both our common and preferred stock, before deduction of brokerage commissions and other costs of capital raising. Amounts paid to stockholders to repurchase common and preferred stock, before deduction of brokerage commissions and costs, reduce gross equity raised. Dividends specifically designated by the Board as liquidation dividends reduce the amount of gross equity raised. To date the Board has made no such specific designation of any of the dividends paid by the Company. Regular dividends (including those treated as a return of capital for tax purposes on or after January 1, 2016) and investment losses do not reduce gross equity raised. Investment gains and net income do not increase gross equity raised. Accordingly, we have experienced and may continue to experience reductions in our total stockholders' equity without a commensurate reduction in management fee expense.

At December 31, 2025 gross equity raised totaled \$5,366,343 resulting in an effective contractual management fee rate of 0.89% prior to management fees waived and 0.77% after management fees waived, of that base. The resulting annualized contractual management fee of \$47,747 represents 2.11% of the Company's total stockholders' equity determined in accordance with GAAP of \$2,261,053 at December 31, 2025.

ACM is entitled to receive monthly management fees that are based on gross equity raised regardless of our performance. Accordingly, ARMOUR has paid, and may in the future pay, significant management fees to ACM for a given month in which we experience a total comprehensive loss. ACM's entitlement to such significant nonperformance-based compensation may not provide sufficient incentive to ACM to devote its time and effort to source and maximize risk adjusted returns on our investment portfolio, which could, in turn, adversely affect our ability to pay dividends to our stockholders and the market price of our stock. Further, the management fee structure gives ACM the incentive to maximize gross equity raised by the issuance of new equity securities or the retention of existing equity, regardless of the effect of these actions on existing stockholders. In other words, the



management fee structure will reward ACM primarily based on the size of our equity raised and not on our current common equity capital or financial returns to common stockholders.

The termination of the management agreement may be difficult and costly.

We may not terminate our management agreement with ACM before December 31, 2029, except for cause or in connection with the liquidation of ARMOUR or certain business combination transactions. For the period from January 1, 2025 through December 31, 2029, ARMOUR is obliged to pay contractual management fees totaling approximately \$190,992 based on gross equity raised as of December 31, 2025, the date of the most recent management contract extension.

The term “cause” is limited to those circumstances described in the management agreement with ACM and generally includes a final court determination of material breach of the management agreement, willful misconduct, gross negligence or fraud. Upon a termination by us in connection with the liquidation of ARMOUR or certain business combination transactions the management agreement provides that ARMOUR will pay ACM a termination payment equal to four times the contractual base management fee payable to ACM in the preceding full 12 months, calculated as of the effective date of the termination of the agreement. ACM's voluntary fee waiver does not reduce the amount of such termination payment. The contractual management fee payable to ACM for the 12 months ended December 31, 2025, was \$45,464. The contractually required termination payment would increase the effective cost to us to terminate the management agreement in connection with the liquidation of ARMOUR or certain business combinations and adversely affect ARMOUR's attractiveness as a potential business combination target.

ARMOUR does not have the contractual right to voluntarily end our relationship with ACM before December 31, 2029, even if we believe ACM's performance is not satisfactory. Accordingly, we would need to negotiate a mutually agreeable termination settlement in order to internalize new management of ARMOUR or engage a different manager. Such a negotiated termination settlement may be difficult and costly to achieve.

The management agreement with ACM will automatically renew for an additional 5-year term unless ARMOUR gives 180-day written notice of non-renewal.

The current term of our management agreement with ACM extends through December 31, 2029. This management agreement will automatically renew for an additional five-year term to December 31, 2034 unless ARMOUR gives ACM written notice of non-renewal on or before July 3, 2029. Such non-renewal notice requires either two-thirds of our independent directors or holders of a majority of the common stock outstanding to find that (i) there has been unsatisfactory performance by ACM that is materially detrimental to ARMOUR or (ii) that the compensation to ACM is unfair, in which case ACM may endeavor to renegotiate such compensation on terms agreeable to two-thirds of the independent directors. The term of the management agreement and automatic renewals thereof may limit ARMOUR's ability to cancel or modify the agreement to address changing circumstances.

The management agreement was not negotiated on an arm's-length basis and the terms, including fees payable, may not be as favorable to us as if they were negotiated with an unaffiliated third-party.

The management agreement that we entered into with ACM was negotiated between related parties, and we did not have the benefit of arm's-length negotiations of the type normally conducted with an unaffiliated third-party. The terms of the management agreement, including fees payable, may not reflect the terms that we may have received if it were negotiated with an unrelated third-party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under the management agreement because of our desire to maintain our ongoing relationship with ACM.



We and equity analysts consider Distributable Earnings as a measure of ARMOUR's investment performance:

Distributable Earnings is a non-GAAP measure which excludes gains and losses, and therefore is an imperfect measure of our overall financial performance, and is not a standardized metric.

We consider Distributable Earnings as a measure of our investment performance and discuss our periodic financial results in terms of Distributable Earnings in our press releases and conference calls with equity analysts. We believe that Distributable Earnings is useful to investors because it is related to the amount of dividends we may distribute. Distributable Earnings is a non-GAAP measure defined as net interest income plus TBA Drop Income adjusted for the net coupon effect of interest rate swaps minus net operating expenses. Distributable Earnings differs, potentially significantly, from net interest income and from total comprehensive income (loss) (which includes realized gains and losses and market value adjustments).

Distributable Earnings is an incomplete measure of the Company's financial performance. Distributable Earnings should be considered as supplementary to, and not as a substitute for, the Company's net interest income and total comprehensive income (loss) computed in accordance with GAAP as a measure of the Company's financial performance.

Other mortgage REITs report Distributable Earnings or similar measures that are calculated on a different basis than the basis we use. For example, other calculations may exclude some or all prepayment effects and/or more or less hedging activities. Because Distributable Earnings is not a standardized metric, it may not be directly comparable across various reporting companies.

Distributable Earnings may not provide sufficient incentive to ACM to maximize risk adjusted returns on our investment portfolio.

Because Distributable Earnings excludes gains and losses in portfolio value, using it as a measure of investment performance may encourage ACM to make portfolio decisions on our behalf that have the effect of accelerating the realization of losses and delaying the realization of gains.

Our affiliate BUCKLER is our largest financing counterparty and placement agent under our ATM offering program:

A material portion of our aggregate repurchase financing is facilitated through BUCKLER.

At December 31, 2025, BUCKLER provided approximately \$8,426,540, or 47.0% of ARMOUR's repurchase financing. BUCKLER is subject to various broker-dealer regulations. BUCKLER's failure to comply with these regulations and facilitate attractive repurchase financing and its ability to conduct business with third parties could adversely affect ARMOUR's funding costs, "haircuts" and/or counterparty exposure. We cannot guarantee that BUCKLER will be able to provide repurchase financing in the future.

We hold a 10.8% equity ownership interest in BUCKLER and additionally, provided BUCKLER with \$250 million in additional regulatory capital.

The primary purpose of our investment in BUCKLER is to facilitate our access to repurchase financing, on potentially more attractive terms (considering rate, term, size, haircut, relationship, and funding commitment) compared to other suitable repurchase financing counterparties. To facilitate this, ARMOUR holds a 10.8% equity ownership interest in BUCKLER and has committed to provide on demand subordinated loans to BUCKLER.

Effective March 20, 2023, the Company committed to provide on demand a subordinated loan agreement to BUCKLER in an amount up to \$200,000; this commitment has been automatically extended through March 20, 2027. Effective February 28, 2025, the Company committed to provide an additional on demand subordinated loan agreement to BUCKLER in the amount of \$50,000 that extends through February 28, 2028. These commitments are collateralized by mortgage backed and/or U.S. Treasury Securities owned by the Company and pledged to BUCKLER. They are treated by BUCKLER currently as capital for regulatory purposes and BUCKLER may pledge the



securities to secure its own borrowings. The scheduled maturity dates of the on demand subordinated loan agreements shall automatically be extended by an additional one year, unless the Company notifies BUCKLER of non-renewal, thirteen months in advance, on or before the scheduled maturity dates (see Note 14 to the consolidated financial statements).

BUCKLER relies primarily on bilateral and triparty repurchase agreement funding through the FICC.

BUCKLER's ability to access bilateral and triparty repo funding and to raise funds through the General Collateral Finance Repo service offered by the FICC, requires that it continuously meet the regulatory and membership requirements of FINRA and the FICC, which may change over time. If BUCKLER fails to meet these requirements and is unable to access such funding, we would be required to find alternative funding, which we may be unable to do, and our funding costs, "haircuts" and/or counterparty exposure could increase, and our liquidity could be adversely impacted.

ARMOUR continues to maintain active repurchase financing arrangements with numerous other counterparties with the intention of reducing our risk of relying primarily on BUCKLER. At December 31, 2025, we had repurchase borrowings from 22 different counterparties including BUCKLER. However, there can be no assurance as to the availability, terms, or cost of additional repurchase financing that might be available from other counterparties if we needed to replace BUCKLER's financing capacity, particularly on short notice or during times of market distress.

BUCKLER is the primary placement agent for ARMOUR's common share ATM Program.

BUCKLER has acted as placement agent for 62% of the shares of common stock that ARMOUR has issued through its ATM programs in 2025. BUCKLER's commission rate for these placements has been lower than the commission rates of other placement agents involved in our ATM program. Placement commissions contributes to BUCKLER's profitability. If BUCKLER became unable to participate in our ATM program, our placement costs would increase. If we reduce the volume of ATM placements with BUCKLER, its profitability may be adversely affected.

BUCKLER may pursue business opportunities with third parties.

The Company cannot direct BUCKLER's daily activities. However, the BUCKLER operating agreement contains certain provisions to benefit and protect the Company. One of those provisions requires approval from the independent directors of the Company of any third-party business engaged by BUCKLER so long as any loan amount of indebtedness remains outstanding under the on demand subordinated loan agreements. We cannot guarantee that BUCKLER's pursuit of business with third parties will not incur losses for us or that BUCKLER will be able to continue to provide us with attractive repurchase financing.

There are potential conflicts of interest in our relationship with ACM and its affiliates, including BUCKLER, which could result in decisions that are not in the best interests of our stockholders.

We are subject to conflicts of interest arising out of our relationship with ACM and its affiliates, including BUCKLER. An entity affiliated with Mr. Ulm is one of the two general partners of ACM, and each of Mr. Ulm, Mr. Staton and Mr. Bell is a limited partner in ACM. ACM is under common control with BUCKLER.

The management agreement with ACM may create a conflict of interest and the terms, including fees payable to ACM, may not be as favorable to us as if they had been negotiated with an unaffiliated third-party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under the management agreement because of our desire to maintain our ongoing relationship with ACM. ACM maintains a contractual and fiduciary relationship with us. The management agreement with ACM does not prevent ACM and its affiliates from engaging in additional management or investment opportunities some of which will compete with us. ACM and its affiliates may engage in additional management or investment opportunities that have overlapping objectives with ours and may thus face conflicts in the allocation of investment opportunities to these other investments. Such allocation is at the discretion of ACM and there is no guarantee that this allocation would be made in the best



interest of our stockholders. We are not entitled to receive preferential treatment as compared with the treatment given by ACM or its affiliates to any investment company, fund or advisory account other than any fund or advisory account which contains only funds invested by ACM (and not of any of its clients or customers) or its officers and directors. Additionally, the ability of ACM and its respective officers and employees to engage in other business activities may reduce the time spent and resources used managing our activities.

The equity owners of ACM own 89.2% of the equity of BUCKLER. BUCKLER may offer repurchase agreement financing to us at rates and terms that may be less advantageous to us than if they had been negotiated with third parties.

General risks common to ARMOUR and our peer mortgage REITs:

We operate in a highly competitive market for investment opportunities and related financing and competition may limit our ability and financing to acquire desirable investments in our target assets or obtain necessary financing and could also affect the pricing of these assets and cost of funds.

We operate in a highly competitive market for investment opportunities and borrowing facilities. Our profitability depends, in large part, on our ability to acquire our target assets at attractive prices and finance them economically. In acquiring and financing our target assets, we will compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, government entities, commercial and investment banks, commercial finance and insurance companies and other financial institutions. Several of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. Several other REITs may have investment objectives that overlap with ours, which may create additional competition for investment opportunities and financing. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us, such as funding from the U.S. or foreign governments. Many of our competitors are not subject to the operating constraints associated with REIT tax compliance or maintenance of an exemption from the 1940 Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, competition for investments in our target assets may lead to the price of such assets increasing, which may further limit our ability to generate desired returns. We cannot provide assurance that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, desirable investments in our target assets may be limited in the future and we may not be able to take advantage of attractive investment opportunities from time to time, as we can provide no assurance that we will be able to identify, finance and make investments that are consistent with our investment objectives.

Our ability to buy or sell our securities and arrange our repurchase financing may be severely limited or not profitable and we may be required to post additional collateral in connection with our financing.

We buy and sell our securities and arrange our repurchase financing in privately negotiated transactions with banks, brokers, dealers, or principal counter parties such as originators, the GSEs and other investors. Without the benefit of a securities exchange, there may be times when the supply of or demand for the MBS we wish to buy or sell is severely limited. The bid-ask spread between the prices at which we can purchase and sell MBS may also become temporarily wide relative to historical levels. This could exacerbate our losses or limit our opportunities to profit during times of market stress or dislocation. It may also reduce the amount of repurchase financing that our lenders are willing to provide. We attempt to mitigate this risk by concentrating our investments in MBS that have more widespread trading interest resulting in deeper and more liquid trading.

All of our repurchase financing has daily collateral maintenance requirements, and a substantial portion of our MBS is pledged as collateral. These collateral requirements are monitored by our counterparties and we may be required to post additional collateral when the value of our posted collateral declines. We attempt to mitigate this risk by moderating the amount of our financial leverage, monitoring collateral maintenance requirements,



timely calling for collateral (or a return of collateral) from our counterparties, and maintaining reserve liquidity in the form of cash or unpledged Agency Securities that are widely acceptable as collateral. By concentrating our investments in more liquid Agency Securities, we also seek to be able to quickly sell positions and reduce our financial leverage if necessary.

The daily collateral maintenance required for our repurchase financing and our hedging derivatives generally move in opposite directions as market interest rates change. However, because market yields on our Agency Securities are not perfectly correlated with interest rate market yields, it is likely that our daily requirements to post collateral to our counterparties will not equal the collateral our counterparties are required to post to us. In times of higher market volatility, those differences can become more significant.

Exchange-traded swaps and futures have higher initial margin requirements than bilateral swap agreements.

Historically, we have primarily used bilateral interest rate swaps that were privately negotiated with counterparties. Under the Dodd-Frank Act, certain swaps are required to clear through a registered clearing facility and traded on a designated exchange or swap execution facility. As more swap transactions are being executed through clearing facilities, our ability to enter into new bilateral swaps has waned. We have been using exchange-traded futures contracts and cleared swaps in place of bilateral swaps. While these contracts are more liquid than bilateral swaps, they also may require substantially higher initial margin deposits. For example, longer tenor cleared swaps may require initial margin deposits currently as high as 4.7% of the notional swap amount. Higher initial margin requirements will increase our need for liquidity.

We may change our target assets, financing and investment strategies and operational policies without stockholder consent, which may adversely affect the market price of our common stock and our ability to make distributions to stockholders.

We may change our target assets financing strategy and investment strategies at any time without the consent of our stockholders, which could result in our making investments that are different from, and possibly riskier than, the investments described in this Annual Report on Form 10-K. Our Board also determines our operational policies and may amend or revise such policies, including our policies with respect to our REIT qualification, acquisitions, dispositions, operations, indebtedness and distributions, or approve transactions that deviate from these policies, without a vote of, or notice to, our stockholders. A change in our targeted investments, financing strategy, investment strategies and operational policies may increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could adversely affect the market price of our stock and our ability to make distributions to our stockholders.

There are significant restrictions on ownership of our common stock.

In order for us to maintain our qualification as a REIT under the Code, not more than 50% in value of the issued and outstanding shares of our capital stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year (other than our first year as a REIT). This test is known as the "5/50 test." Attribution rules in the Code apply to determine if any individual actually or constructively owns our capital stock for purposes of this requirement, including, without limitation, a rule that deems, in certain cases, a certain holder of a warrant or option to purchase stock as owning the shares underlying such warrant or option and a rule that treats shares owned (or treated as owned, including shares underlying warrants) by entities in which an individual has a direct or indirect interest as if they were owned by such individual. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of each taxable year (other than our first year as a REIT). While we believe that we meet the 5/50 test, no assurance can be given that we will continue to meet this test.

Our charter prohibits beneficial or constructive ownership by any person of more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock or all classes of



our capital stock. Additionally, our charter prohibits beneficial or constructive ownership of our stock that would otherwise result in our failure to qualify as a REIT. In each case, such prohibition includes a prohibition on owning warrants or options to purchase stock if ownership of the underlying stock would cause the holder or beneficial owner to exceed the prohibited thresholds. The ownership rules in our charter are complex and may cause the outstanding stock owned by a group of related individuals or entities to be deemed to be owned by one individual or entity. As a result, these ownership rules could cause an individual or entity to unintentionally own shares beneficially or constructively in excess of our ownership limits. Any attempt to own or transfer shares of our common or preferred stock, in excess of our ownership limits without the consent of our board of directors shall be void, and will result in the shares being transferred to a charitable trust. These provisions may inhibit market activity and the resulting opportunity for our stockholders to receive a premium for their shares that might otherwise exist if any person were to attempt to assemble a block of shares of our stock in excess of the number of shares permitted under our charter and which may be in the best interests of our stockholders. We may grant waivers from the 9.8% charter restriction for holders where, based on representations, covenants and agreements received from certain equity holders, we determine that such waivers would not jeopardize our status as a REIT.

If we fail to comply with the REIT tax requirements, we must dispose of a portion of our assets within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. If we fail to qualify as a REIT, we will be subject to federal income tax as a regular corporation and may face substantial tax liability.

Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual or quarterly basis) established under highly technical and complex provisions of the Code for which only a limited number of judicial or administrative interpretations exist. We believe we currently satisfy all the requirements of a REIT. However, the determination that we satisfy all REIT requirements requires an analysis of various factual matters and circumstances that may not be totally within our control. We have not requested and do not intend to request a ruling from the IRS that we qualify as a REIT. Accordingly, we are not certain we will be able to qualify and remain qualified as a REIT for federal income tax purposes. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, the U.S. Congress or the IRS might change tax laws or regulations and the courts might issue new rulings, in each case potentially having retroactive effect, which could make it more difficult or impossible for us to qualify as a REIT.

If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a regular domestic corporation, which, among other things, means that we would be unable to deduct distributions to stockholders in computing taxable income and would be subject to federal income tax on our net income at regular corporate rates;
- any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to stockholders and could force us to liquidate assets at inopportune times, causing lower income or higher losses than would result if these assets were not liquidated; and
- unless we were entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the subsequent four taxable years following the year during which we lost our qualification and thus, our cash available for distribution to our stockholders would be reduced for each of the years during which we do not qualify as a REIT.

If we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

If we remain qualified for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, taxes on income from some activities conducted as a result of a foreclosure, excise taxes, state or local income, property and transfer taxes, such as mortgage recording taxes, and other taxes. In addition, in order to meet the REIT qualification requirements, prevent the recognition of certain types of non-cash income, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we may hold some of our assets through a



taxable REIT subsidiary ("TRS") or other subsidiary corporations that will be subject to corporate level income tax at regular rates. In addition, if we lend money to a TRS, the TRS may be unable to deduct all or a portion of the interest paid to us, which could result in an even higher corporate level tax liability. Any of these taxes would decrease cash available for distribution to our stockholders.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our stockholders and the ownership of our stock. We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a REIT. In addition, in certain cases, the modification of a debt instrument or, potentially, an increase in the value of a debt instrument that we acquired at a significant discount, could result in the conversion of the instrument from a qualifying real estate asset to a wholly or partially non-qualifying asset that must be contributed to a TRS or disposed of in order for us to qualify or maintain our qualification as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make and, in certain cases, to maintain ownership of, certain attractive investments.

Complying with REIT requirements may force us to liquidate otherwise attractive investments.

To qualify as a REIT, we must ensure that at the end of each calendar quarter, at least 75% of our gross income each year is derived from certain real estate related sources, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of MBS. The remainder of our investment in securities (other than government securities, TRSs and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, TRSs and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of our total securities can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our investment portfolio otherwise attractive investments. For example, in certain cases, the modification of a debt instrument or, potentially, an increase in the value of a debt instrument that we acquired at a significant discount, could result in the conversion of the instrument from a qualifying real estate asset to a wholly or partially non-qualifying asset that must be liquidated in order for us to qualify or maintain our qualification as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT.

In order to finance some of our assets that we hold or acquire, we may enter into repurchase agreements, including with persons who sell us those assets. Under a repurchase agreement, we will nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase those sold assets. Although the tax treatment of repurchase transactions is unclear, we take the position that we are treated for U.S. federal income tax purposes as the owner of those assets that are the subject of any such repurchase agreement notwithstanding that we may transfer record ownership of those assets to the counterparty during the term of any such agreement. Because we enter into repurchase agreements the tax treatment of which is unclear, the IRS could assert, particularly in respect of our repurchase agreements with persons who sell us the assets that we wish to finance by way of repurchase agreements, that we did not own those assets during the term of the repurchase agreements, in which case we could fail to satisfy the 75% asset test necessary to qualify as a REIT.



Our capital loss carry forward for tax purposes may expire before we can fully use it to offset otherwise taxable income or gains.

For U.S. federal income tax purposes, we previously have incurred net capital losses. Such net capital losses may be carried forward for five taxable years and generally used to offset undistributed taxable net capital gains realized during the carry forward period. Net capital losses realized totaling \$(732,477), \$(472,002), \$(46,823), and \$(4,137) will be available to offset future capital gains realized through 2027, 2028, 2029 and 2030 respectively. Any capital loss carry forward that we have not used to offset undistributed otherwise taxable net capital gains will expire after the end of such five-year period, and will no longer be available to us.

Distributions to tax-exempt investors may be classified as unrelated business taxable income.

Neither ordinary nor capital gain distributions with respect to our common stock nor gain from the sale of common stock should generally constitute unrelated business taxable income to a tax-exempt investor. However, there are certain exceptions to this rule, including: (i) part of the income and gain recognized by certain qualified employee pension trusts with respect to our common stock may be treated as unrelated business taxable income if we become a "pension held" REIT and such qualified employee pension trust owns more than 10% of our common stock; (ii) part of the income and gain recognized by a tax-exempt investor with respect to our common stock would constitute unrelated business taxable income if the investor incurs debt in order to acquire the common stock; (iii) part or all of the income or gain recognized with respect to our common stock by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from federal income taxation under the Code may be treated as unrelated business taxable income; and (iv) to the extent that we are (or a part of us, or a disregarded subsidiary of ours, is) a "taxable mortgage pool," (or if we hold residual interests in a REMIC), a portion of the distributions paid to a tax-exempt stockholder that is allocable to excess inclusion income may be treated as unrelated business taxable income.

The "taxable mortgage pool" rules may increase the taxes that we or our stockholders may incur and may limit the manner in which we effect future securitizations.

Securitizations could result in the creation of taxable mortgage pools for federal income tax purposes. As a REIT, so long as we own 100% of the equity interests in a taxable mortgage pool, we generally would not be adversely affected by the characterization of the securitization as a taxable mortgage pool. Certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses and certain tax-exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their distribution income from us that is attributable to the taxable mortgage pool. In addition, to the extent that our stock is owned by tax-exempt "disqualified organizations," such as certain government-related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of our income from the taxable mortgage pool. In that case, we will reduce the amount of our distributions to any disqualified organization whose stock ownership gave rise to the tax. Moreover, we would be precluded from selling equity interests in these securitizations to outside investors or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

Liquidation of assets may jeopardize our REIT qualification or create additional tax liability for us.

To qualify as a REIT, we must comply with requirements regarding the composition of our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.



Risks related to rights to take action against directors and officers under Maryland law

The rights of our stockholders to take action against our directors and officers are limited under Maryland law. Accordingly, this could limit the recourse of a stockholder in the event the Company or ACM take actions which the stockholder considers to be not in their best interests.

Provisions of Maryland law and other provisions of our organizational documents may limit the ability of a third-party to acquire control of the company.

Certain provisions of the MGCL may have the effect of delaying, deferring or preventing a transaction or a change in control of the company that might involve a premium price for holders of our common stock or otherwise be in their best interests. Additionally, our charter and bylaws contain other provisions that may delay or prevent a change of control of the company.

If we have a class of equity securities registered under the Exchange Act and meet certain other requirements, Title 3, Subtitle 8 of the MGCL permits us without stockholder approval and regardless of what is currently provided in our charter or bylaws, to elect to be subject to statutory provisions that may have the effect of delaying, deferring or preventing a transaction or a change in control of the company that might involve a premium price for holders of our common stock or otherwise be in their best interest. Pursuant to Title 3, Subtitle 8 of the MGCL, once we meet the applicable requirements, our charter provides that our Board will have the exclusive power to fill vacancies on our Board. As a result, unless all of the directorships are vacant, our stockholders will not be able to fill vacancies with nominees of their own choosing. We may elect to opt into additional provisions of Title 3, Subtitle 8 of the MGCL without stockholder approval at any time that we have a class of equity securities registered under the Exchange Act and satisfy certain other requirements.

Rapid changes in the values of our target assets may make it more difficult for us to maintain our qualification as a REIT or our exemption from the 1940 Act.

If the market value or income potential of our MBS declines as a result of increased interest rates, prepayment rates, general market conditions, government actions or other factors, we may need to increase certain types of our assets and income or liquidate our non-qualifying assets to maintain our REIT qualifications or our exemption from the 1940 Act. If the decline in real estate asset values or income occurs quickly, this may be especially difficult to accomplish. We may have to make decisions that we otherwise would not make absent the REIT and the 1940 Act considerations.

Maintenance of our exclusion from the 1940 Act will impose limits on our business.

There can be no assurance that the laws and regulations governing the 1940 Act status of REITs, including guidance and interpretations from the SEC staff regarding the Section 3(c)(5)(C) exclusion, will not change in a manner that adversely affects our operations or business. For example, such changes might require us to employ less leverage in financing certain of our mortgage related investments and we may be precluded from acquiring certain types of higher yielding securities. The net effect of these factors would be to lower our net interest income. If we fail to qualify for an exclusion from registration as an investment company or an exclusion from the definition of an investment company, our ability to use leverage would be substantially reduced. Our business will be materially and adversely affected if we fail to qualify for an exclusion from regulation under the 1940 Act.

We conduct our business so as not to become regulated as an investment company under the 1940 Act. If we were to fall within the definition of investment company, we would be unable to conduct our business as described in this Annual Report on Form 10-K. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act also defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis. Excluded from the term



“investment securities,” among other things, in Section 3(a)(1)(C) of the 1940 Act, as defined above, are U.S. Government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exclusion from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act.

We rely on the exclusion from the definition of “investment company” provided by Section 3(c)(5)(C) of the 1940 Act. To qualify for the exclusion, we make investments so that at least 55% of the assets we own consist of “qualifying assets” and so that at least 80% of the assets we own consist of qualifying assets and other real estate related assets. We generally expect that our investments in our target assets will be treated as either qualifying assets or real estate related assets under Section 3(c)(5)(C) of the 1940 Act in a manner consistent with SEC staff no-action letters. Qualifying assets for this purpose include mortgage loans and other assets, such as whole pool Agency Securities that are considered the functional equivalent of mortgage loans for purposes of the 1940 Act. We invest at least 55% of our assets in whole pool Agency Securities that constitute qualifying assets in accordance with SEC staff guidance and at least 80% of our assets in qualifying assets plus other real estate related assets. Other real estate related assets would consist primarily of Agency Securities that are not whole pools, such as CMOs and CMBS. As a result of the foregoing restrictions, we are limited in our ability to make or dispose of certain investments. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our strategy accordingly. These restrictions could also result in our holding assets we might wish to sell or selling assets we might wish to hold. Although we monitor our portfolio for compliance with the Section 3(c)(5)(C) exclusion periodically and prior to each acquisition and disposition, there can be no assurance that we will be able to maintain this exclusion.

To the extent that we elect in the future to conduct our operations through majority-owned subsidiaries, such business will be conducted in such a manner as to ensure that we do not meet the definition of investment company under either Section 3(a)(1)(A) or Section 3(a)(1)(C) of the 1940 Act, because less than 40% of the value of our total assets on an unconsolidated basis would consist of investment securities. We intend to monitor our portfolio periodically to ensure compliance with the 40% test. In such case, we would be a holding company which conducts business exclusively through majority-owned subsidiaries and we would be engaged in the non-investment company business of our subsidiaries.

Loss of the 1940 Act exclusion would adversely affect us, the market price of shares of our stock and our ability to distribute dividends.

As described above, we conduct our operations so as not to become required to register as an investment company under the 1940 Act based on current laws, regulations and guidance. Although we monitor our portfolio, we may not be able to maintain this exclusion under the 1940 Act. If we were to fail to qualify for this exclusion in the future, we could be required to restructure our activities or the activities of our subsidiaries, if any, including effecting sales of assets in a manner that, or at a time when we would not otherwise choose, which could negatively affect the value of our stock, the sustainability of our business model and our ability to make distributions. The sale could occur during adverse market conditions and we could be forced to accept a price below that which we believe is appropriate.

There can be no assurance that the laws and regulations governing the 1940 Act status of REITs, including guidance and interpretations from the SEC and its staff regarding the Section 3(c)(5)(C) exclusion, will not change in a manner that adversely affects our operations or business. The SEC or its staff may issue new interpretations of the Section 3(c)(5)(C) exclusion causing us to change the way we conduct our business, including changes that may adversely affect our ability to achieve our investment objective. We may be required at times to adopt less efficient methods of financing certain of our mortgage related investments and we may be precluded from acquiring certain types of higher yielding securities. The net effect of these factors would be to lower our net interest income. If we fail to qualify for an exclusion from registration as an investment company or an exclusion from the definition of an investment company, our ability to use leverage would be substantially reduced. Our



business will be materially and adversely affected if we fail to qualify for an exclusion from regulation under the 1940 Act.

Failure to maintain an exemption from being registered as a CPO could subject us to additional regulation and compliance requirements and may result in fines and other penalties which could materially adversely affect our business and financial condition.

Under rules adopted under the Dodd-Frank Act, any investment fund that trades in swaps may be considered a “commodity pool,” which would cause its directors to be regulated as CPOs.

The CFTC staff has issued a no-action letter (CFTC Staff Letter 12-44) to provide exemptive relief to mortgage REITs. We have submitted our claim and our directors do not intend to register as CPOs. To comply with CFTC Staff Letter 12-44, we are restricted to operating within certain parameters. For example, the exemptive relief limits our ability to enter into interest rate hedging transactions such that the initial margin and premiums for such hedges will not exceed five percent of the fair market value of our total assets. Furthermore, while the exemptive relief eliminates the CPO requirement, we still operate a commodity pool and are therefore subject to other CFTC requirements. Such other requirements may include having our interest rate swap contracts cleared through recognized clearing organizations or having to post higher initial margins on uncleared swaps.

The CFTC has substantial enforcement power with respect to violations of the laws over which it has jurisdiction, including their anti-fraud and anti-manipulation provisions. Among other things, the CFTC may suspend or revoke the registration of a person who fails to comply, prohibit such a person from trading or doing business with registered entities, impose civil money penalties, require restitution and seek fines or imprisonment for criminal violations. Additionally, a private right of action exists against those who violate the laws over which the CFTC has jurisdiction or who willfully aid, abet, counsel, induce or procure a violation of those laws. In the event we fail to maintain exemptive relief with the CFTC on this matter and our directors fail to comply with the regulatory requirements of these new rules, we may be subject to significant fines, penalties and other civil or governmental actions or proceedings, any of which could have a materially adverse effect on our business, financial condition and results of operations.

We depend on ACM for our key personnel. The loss of those key personnel could severely and detrimentally affect our operations.

As an externally managed company, we depend on the diligence, experience and skill of ACM personnel for the selection, acquisition, structuring, hedging and monitoring of our MBS and associated borrowings. We depend on the efforts and expertise of our operating officers to manage our day-to-day operations and strategic business direction. If any of our key personnel were to leave the Company, locating individuals with specialized industry knowledge and skills similar to that of our key personnel may not be possible or could take months. Because we have no employees, the loss of ACM could harm our business, financial condition, cash flow and results of operations.

We have a contract with AVM to administer clearing and settlement services for our securities and derivative transactions. We have also entered into a second contract with AVM to assist us with financing transaction services such as repurchase financings and managing the margin arrangement between us and our lenders for each of our repurchase agreements. We use the services of AVM for these aspects of our business so our executive officers can focus on our daily operations and strategic direction. Further, as our business expands, reliance on AVM to provide us with timely, effective services will increase. In the future, as we expand our staff, we may absorb internally some or all of the services provided by AVM. Until we elect to move those services in-house, we continue to use AVM or other third-parties that provide similar services. If we are unable to maintain a relationship with AVM or are unable to establish a successful relationship with other third-parties providing similar services at comparable pricing, we may have to reduce or delay our operations and/or increase our expenditures and undertake the repurchase agreement and trading and administrative activities on our own, which could have a



material adverse effect on our business operations and financial condition. However, we believe that the breadth and scope of ACM's experience will enable it to fill any needs created by discontinuing a relationship with AVM.

We have very broad investment strategies, and our Board will not approve each investment and financing decision made by ACM.

We are authorized to invest in MBS backed by fixed rate, hybrid adjustable rate and adjustable rate home loans as well as unsecured notes and bonds issued by GSEs, U.S. Treasuries and money market instruments, subject to certain income tests we must satisfy for our qualification as a REIT. ACM is authorized to invest and obtain financing on our behalf within these strategies. Our Board periodically reviews our investment strategies and our investment portfolio but does not, and is not required to, review all our investments on an individual basis or in advance. In conducting periodic reviews, our Board relies primarily on information provided to it by ACM. Furthermore, ACM may use complex strategies and transactions that may be costly, difficult, or impossible to unwind if our Board determines that they are not consistent with our investment strategies. In addition, because ACM has a certain amount of discretion in investment, financing and hedging decisions, ACM's decisions could result in investment returns that are substantially below expectations or that result in losses, which would materially and adversely affect our business, financial condition, and results of operations.

We are highly dependent on information and communications systems. System failures, security breaches or cyber-attacks of networks or systems could significantly disrupt our business and negatively affect the market price of our common stock and our ability to distribute dividends.

Our business is highly dependent on communications and information systems that allow us to monitor, value, buy, sell, finance, and hedge our investments. These systems are primarily operated by third-parties and, as a result, we have limited ability to ensure their continued operation. In the event of systems failure or interruption, we will have limited ability to affect the timing and success of systems restoration. Any failure or interruption of our systems could cause delays or other problems in our securities trading activities, including Agency Securities trading activities, which could have a material adverse effect on our operating results and negatively affect the market price of our stock and our ability to make distributions to our stockholders.

We rely on sophisticated information technology systems, networks, and infrastructure in managing our day-to-day operations. Despite cybersecurity measures already in place, which we monitor on a regular basis, our information technology systems, networks, and infrastructure may be vulnerable to deliberate attacks or unintentional events that could interrupt or interfere with their functionality or the confidentiality of our information. Our inability to effectively utilize our information technology systems, networks, and infrastructure, and protect our information could adversely affect our business.

We rely on our financial, accounting, and other data processing systems. Computer malware, viruses, computer hacking, and phishing attacks have become more prevalent in our industry and may occur on our systems. Although we have not detected a material cybersecurity breach to date, other financial services institutions have reported material breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that we have experienced an undetected breach. There is no assurance that we, or the third parties that facilitate our business activities, have not or will not experience a breach. It is difficult to determine what, if any, negative impact may directly result from any specific interruption or cyber-attacks or security breaches of our networks or systems (or the networks or systems of third parties that facilitate our business activities) or any failure to maintain performance.

The use of artificial intelligence presents risks and challenges that may adversely impact our business.

We, our manager, or third-party service providers use, and may continue to use, artificial intelligence ("AI") in certain business processes, including but not limited to data analysis, investment modeling, risk management, financial reporting, and cybersecurity. While AI technologies have the potential to improve



efficiency, accuracy, and decision-making, their use also introduces a number of risks and uncertainties that could adversely affect our business, financial condition, and results of operations.

AI systems are dependent on the quality and completeness of the data used for training and operation. Inaccurate, incomplete, or biased data can result in flawed outputs, which may lead to suboptimal investment decisions, errors in financial reporting, or ineffective risk management. Additionally, AI models may be subject to “black box” limitations, where the rationale for certain outputs or recommendations is not transparent or easily understood by management or oversight personnel. This lack of transparency can make it difficult to identify, assess, and remediate errors or unintended consequences in a timely manner.

The use of AI may also expose us to increased cybersecurity risks. AI systems can be targeted by malicious actors seeking to manipulate outputs, exfiltrate sensitive data, or disrupt operations. Furthermore, as regulatory expectations and industry standards regarding the use of AI continue to evolve, we may be required to implement additional controls, documentation, or governance measures to ensure compliance. Failure to do so could result in regulatory scrutiny, penalties, or reputational harm.

We rely on third-party vendors for certain AI-enabled services and solutions. These vendors may not have adequate controls in place to ensure the reliability, security, or regulatory compliance of their AI systems. Any failure by a third-party provider to manage AI-related risks appropriately could have a material adverse effect on our operations.

There is no assurance that our use of AI will achieve the intended benefits or that we will be able to effectively manage the associated risks. Any failure to do so could result in financial losses, regulatory action, or damage to our reputation. As AI technologies and their applications continue to develop, the risks and uncertainties associated with their use may increase.

We are subject to financial reporting and other requirements for which our accounting, internal audit and other management systems and resources may not be adequately prepared.

We are subject to reporting and other obligations under the Securities Act and the Exchange Act, including the requirements of Section 404 of the Sarbanes-Oxley Act. These reporting and other obligations may place significant demands on our management, administrative, operational, internal audit and accounting resources and cause us to incur significant expenses. We may need to upgrade our systems or create new systems; implement additional financial and management controls, reporting systems and procedures; expand or outsource our internal audit function; and hire additional accounting, internal audit and finance staff. If we are unable to accomplish these objectives in a timely and effective fashion, our ability to comply with the financial reporting requirements and other rules that apply to reporting companies could be impaired. Any failure to maintain effective internal controls could have a material adverse effect on our business, operating results and stock price.

We have not established a minimum dividend payment level and there are no guarantees of our ability to pay dividends in the future.

We expect to continue to make regular cash distributions to our stockholders in amounts such that all or substantially all our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to qualify for the tax benefits accorded to a REIT under the Code. However, we have not established a minimum dividend payment level and our ability to pay dividends may be adversely affected by the risk factors described in this report. Future distributions are made at the discretion of our Board and will depend on our earnings, our financial condition, maintenance of our REIT status, restrictions on making distributions under the MGCL and such other factors as our Board may deem relevant from time to time. There are no guarantees of our ability to pay dividends in the future. In addition, some of our distributions may include a return of capital.



We may use proceeds from equity and debt offerings and other financings to fund distributions, which will decrease the amount of capital available for purchasing our target assets.

There are no restrictions in our charter or in any agreement to which we are a party that prohibits us from using the proceeds of any offering of our equity or debt or other financings to fund distributions to stockholders. In the event that we elect to fund any distribution to our stockholders from sources other than our earnings, the amount of capital available to us to purchase our target assets would decrease, which could have an adverse effect on our overall financial results and performance.

Our return of capital distributions may increase capital gains.

Differences in accounting methods for tax and financial reporting purposes have periodically resulted in ARMOUR reporting taxable income that is less than our comprehensive income for the same period. ARMOUR has also reported taxable losses for periods in which it reported comprehensive income. In order to maintain our REIT status, we are generally required to make timely distributions at least equal to 90% of our current taxable income. We have made and may continue to make distributions in excess of the amounts required to maintain our REIT status. Such distributions represent a return of capital for tax purposes and thus will generally not be immediately taxable. Such return of capital distributions will generally reduce stockholders' tax basis in their shares and potentially increase the taxable gain, if any, recognized by such stockholders upon disposition of their shares. In addition, if stockholders hold our shares as a capital asset, to the extent return of capital distributions exceed their adjusted tax basis in their shares, such stockholders would be required to include those distributions in income as long-term capital gain (or short-term capital gain if their shares have been held for one year or less).

The performance of our common stock correlates to the performance of our REIT investments, which may be speculative and aggressive compared to other types of investments.

The investments we make in accordance with our investment objectives may result in a greater amount of risk as compared to alternative investment options, including relatively higher risk of volatility or loss of principal. Our investments may be speculative and aggressive, and therefore an investment in our common stock may not be suitable for someone with lower risk tolerance.

One of the factors that investors may consider in deciding whether to buy or sell shares of our common stock is our distribution rate as a percentage of the trading price of our common stock relative to market interest rates. If the market price of our common stock is based primarily on the earnings and return that we derive from our investments and income with respect to our investments and our related distributions to stockholders, and not from the market value of the investments themselves, then interest rate fluctuations and capital market conditions are likely to affect adversely the market price of our common stock. For instance, if market rates rise without an increase in our distribution rate, the market price of our common stock could decrease as potential investors may require a higher distribution yield on our common stock or seek other securities paying higher distributions or interest. In addition, rising interest rates would result in increased interest expense on our variable rate debt, thereby reducing cash flow and our ability to service our indebtedness and pay distributions.

Any future offerings of debt securities and/or preferred stock, which would rank senior to our common stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidation distributions, may adversely affect the market price of our common stock.

In the future, we may raise capital through the issuance of debt, preferred equity or common equity securities. Upon liquidation, holders of our debt securities and preferred stock, if any, and lenders with respect to other borrowings will be entitled to our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Additional series of preferred stock, if issued, could have a preference on liquidation distributions or a preference on dividend payments that could limit our ability to pay dividends to the holders of our common



stock. Sales of substantial amounts of our common stock (including shares of our common stock issued pursuant to our Third Amended and Restated 2009 Stock Incentive Plan), or the perception that these sales could occur, could have a material adverse effect on the price of our common stock. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in us.

Our common stock may become the target of a “short squeeze.”

The securities of several companies have increasingly experienced significant and extreme volatility in share price due to short sellers of common stock and buy-and-hold decisions of longer investors, resulting in what is sometimes described as a “short squeeze.” Short squeezes have caused extreme volatility in those companies and in the market and have led to the price per share of those companies to trade at a significantly inflated rate that is disconnected from the underlying value of the company. Sharp rises in a company’s stock price may force traders in a short position to buy the shares to avoid even greater losses. Many investors who have purchased shares in those companies at an inflated rate face the risk of losing a significant portion of their original investment as the price per share has declined steadily as interest in those shares have abated. We may be a target of a short squeeze, and investors may lose a significant portion or all of their investment if they purchase our shares at a rate that is significantly disconnected from our underlying value.

Our common stock has experienced and may continue to experience price fluctuations, which could cause you to lose a significant portion of your investment and interfere with our efforts to grow our business.

Stock markets are subject to significant price fluctuations that may be unrelated to the operating performance of particular companies, and accordingly the market price of our common stock may frequently and meaningfully change. In addition, the market price of our common stock has fluctuated and may continue to fluctuate substantially due to a variety of other factors. Possible exogenous incidents and trends may also impact the capital markets generally and our common stock prices specifically. For example, the ongoing war between Russia and Ukraine and resulting economic sanctions imposed by many countries on Russia, as well as the ongoing hostilities in the Middle East, have led to disruption, instability and volatility in the U.S. and global markets and industries and are expected to have a negative impact on the U.S. and broader global economies. The timing of your purchase and sale of our common stock relative to fluctuations in its trading price may result in you losing a significant portion of your investment.

If securities or industry analysts fail to continue publishing research about our business, if they change their recommendations adversely or if our results of operations do not meet their expectations, our share price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. In addition, it is likely that in some future period our operating results will be below the expectations of securities analysts or investors. If one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.



None.



Risk Management

We recognize the importance of developing, implementing, and maintaining cybersecurity measures to safeguard our information systems and protect the integrity and confidentiality of our data. ACM has established the ITSC to help mitigate technology risks including those relating to cybersecurity. One of the roles of the ITSC is to oversee cyber risk assessments, monitor applicable key risk indicators, review cybersecurity training procedures, oversee the Company's Cybersecurity Incident Response Plan and engage third-party service providers to conduct periodic penetration testing, advise on current best practices and review policies and procedures.

Third-party Service Providers

The ITSC engages with external experts, including cybersecurity assessors and consultants in evaluating and testing our cyber risk systems. These engagements enable leveraging specialized knowledge and provides insight to attempt to ensure the cybersecurity strategies and processes are industry best practices. Our collaboration with these third-party service providers includes regular audits, threat assessments, and consultation on security enhancements.

Because of the risks associated with third-party service providers, the ITSC has implemented processes to oversee and manage these risks. Security assessments of key third-party providers are performed before engagement with ongoing monitoring performed to attempt to ensure compliance with cybersecurity standards. The monitoring includes quarterly assessments by the ITSC. This approach is designed to mitigate risks related to data breaches or other security incidents originating from third parties. Our cybersecurity risk assessment includes an evaluation of cyber risk related to sensitive data held by third parties on their systems. There is no assurance that these efforts will effectively mitigate cybersecurity risk and mitigation efforts are not an assurance that no cybersecurity incidents will occur.

Risks from Cybersecurity Threats

We rely on our financial, accounting and other data processing systems. Computer malware, viruses, computer hacking and phishing attacks have become more prevalent in our industry and may occur on our systems. Although we have not detected a material cybersecurity breach to date, or encountered any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to affect the Company, including its business strategy, results of operations or financial condition, other financial services institutions have reported material breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that we have experienced an undetected breach. There is no assurance that we, or the third parties that facilitate our business activities, have not or will not experience a breach. It is difficult to determine what, if any, negative impact may directly result from any specific interruption or cyber-attacks or security breaches of our networks or systems (or the networks or systems of third parties that facilitate our business activities), any failure to maintain performance or any other risk from cybersecurity threats. See Item 1A. Risk Factors of this Form 10-K for further discussion.

Governance

Our Board is aware of the critical nature of managing risks associated with cybersecurity threats and has established oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity threats. Our Audit Committee periodically monitors and oversees our information and cybersecurity risks including reviewing and approving any information and cybersecurity policies, procedures and resources, and reviewing our information and cybersecurity risk assessment, detection, protection, and mitigation systems.



Management's Role

The ITSC and the Chief Executive Officer ("CEO") play a pivotal role in informing the Audit Committee on cybersecurity risks. They provide comprehensive briefings to the Audit Committee on a regular basis, with a minimum frequency of once per year. These briefings encompass a broad range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reports from any cybersecurity events; and
- Compliance with regulatory requirements and industry standards.

In addition to our scheduled meetings, the Audit Committee, ITSC and CEO maintain an ongoing dialogue regarding emerging or potential cybersecurity risks. Together, they receive updates on any significant developments in the cybersecurity domain, attempting to ensure the Board's oversight is proactive and responsive. The Audit Committee provides the guidance that attempts to ensure cybersecurity considerations are integrated into the broader operating environment. The Audit Committee conducts an annual review of the company's cybersecurity position and the effectiveness of its risk management strategies. This review helps in identifying areas for improvement and attempting to ensure the alignment of cybersecurity efforts with the overall risk management framework.

Risk Management Personnel

Primary responsibility for assessing, monitoring, and managing our cybersecurity risks rests with the ITSC. This committee consists of the Chief Technology Officer ("CTO"), Co-Chief Investment Officers, Controller and the CFO. Our CTO has over thirty years of cybersecurity experience. All ACM employees are required to complete monthly cybersecurity trainings. Our ITSC oversees our governance programs, tests our compliance with standards, remediates known risks, and leads our cybersecurity training procedures.

Monitoring

The ITSC is informed by our CTO about the latest developments in cybersecurity, including potential threats and innovative risk management techniques. Information technology subscriptions and cybersecurity updates are reviewed regularly by our CTO and continuing education in the cybersecurity field is ongoing. This ongoing knowledge acquisition is crucial for the effective prevention, detection, mitigation, and remediation of cybersecurity incidents. The ITSC implements and oversees processes for the regular monitoring of our information systems. This includes the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. In the event of a cybersecurity incident, the ITSC is equipped with a well-defined incident response plan. This plan includes immediate actions to mitigate the impact and long-term strategies for remediation and prevention of future incidents.

Reporting

The ITSC regularly informs the CEO of all known aspects related to cybersecurity risks and incidents. This attempts to ensure that the highest levels of management are kept abreast of the cybersecurity posture and potential risks facing ARMOUR. Furthermore, significant cybersecurity matters are escalated to the Board, so that the Board can provide guidance on critical cybersecurity issues.



Item 2. Properties

We do not own or lease any real estate or other physical properties. Pursuant to the management agreement, ACM maintains our executive offices at 3001 Ocean Drive, Suite 201, Vero Beach, Florida 32963. We consider our current office space adequate for our current operations.

Item 3. Legal Proceedings

See Note 8 - Commitments and Contingencies for information on legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.



Stock Symbols and Holders of Common Equity

Our 7.00% Series C Cumulative Preferred Stock ("Series C Preferred Stock"), and our common stock are currently listed on the NYSE under the symbols "ARR-PRC" and "ARR," respectively. On February 17, 2026, the closing per share price of our common stock as reported on the NYSE was \$17.78.

As of February 17, 2026, we had 153 stockholders of record of our outstanding common stock. We believe that there are more beneficial owners of shares of our common stock.

Dividend Policy

We intend to continue to make regular cash distributions to holders of shares of common stock. Future dividends will be at the discretion of the Board and will depend on our earnings and financial condition, maintenance of our REIT qualification, restrictions on making distributions under MGCL and such other factors as our Board deems relevant. Dividends cannot be paid on our common stock unless we have paid full cumulative dividends on all classes of our preferred stock. For the year ended December 31, 2025, we paid full cumulative dividends on our preferred stock.

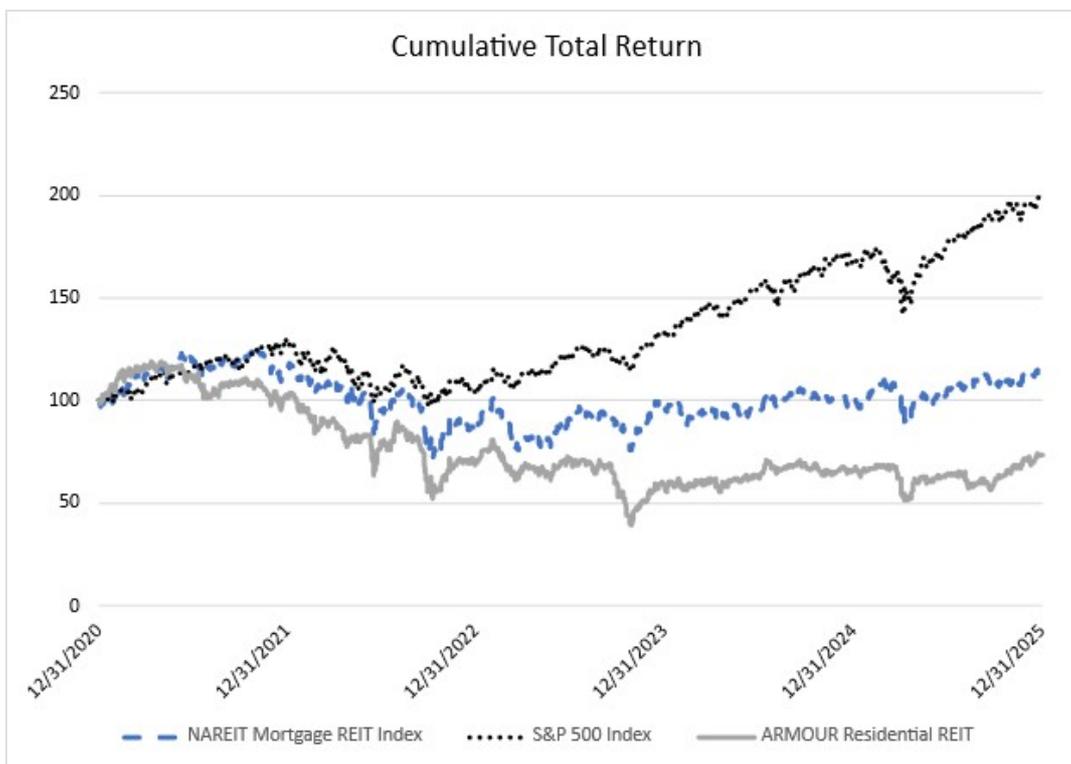
For historical information on the frequency and amount of cash dividends paid to the holders of shares of our preferred stock and common stock see Note 10 to the consolidated financial statements.

Our REIT taxable income and dividend requirements are determined on an annual basis. Total dividend payments to common stockholders were \$271,474 and dividend payments to preferred stockholders were \$12,038 for the year ended December 31, 2025. Our estimated REIT taxable income available to pay dividends was \$229,732 for the year ended December 31, 2025. Dividends in excess of REIT taxable income for the year will generally not be taxable to common stockholders. The portion of the dividends on our common stock which represented non-taxable return of capital was approximately 19.6% in 2025, 14.8% in 2024 and 47.5% in 2023.



Performance Graph

The following graph compares the stockholder’s cumulative total return, assuming \$100 invested at December 31, 2020, with all reinvestment of dividends, as if such amounts had been invested in: (i) our common stock; (ii) the stocks included in the S&P 500 and (iii) the stocks included in the NAREIT Mortgage REIT Index.



Index	Period Ending					
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
ARMOUR Residential REIT	\$ 100.00	\$ 101.18	\$ 69.02	\$ 58.40	\$ 66.09	\$ 73.74
S&P 500 Index	\$ 100.00	\$ 128.71	\$ 105.4	\$ 133.10	\$ 166.40	\$ 196.16
NAREIT Mortgage REIT Index	\$ 100.00	\$ 115.64	\$ 84.86	\$ 97.89	\$ 98.24	\$ 113.98

The information in the performance graph and table has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness can be guaranteed. The historical information set forth above is not necessarily indicative of future performance. Accordingly, we do not make or endorse any predictions as to future performance.



[Reserved]



You should read the following discussion and analysis of our financial condition and results of operations together with "Risk Factors," and "Special Note Regarding Forward-Looking Statements," that appear elsewhere in this Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those presented under "Risk Factors" included in this Form 10-K.

References to "we," "us," "our," or the "Company" are to ARMOUR Residential REIT, Inc. ("ARMOUR") and its subsidiaries. References to "ACM" are to ARMOUR Capital Management LP, a Delaware limited partnership. ARMOUR owns a 10.8% equity interest in BUCKLER Securities LLC ("BUCKLER"), a Delaware limited liability company and a FINRA-regulated broker-dealer, controlled by ACM. Refer to the Glossary of Terms for definitions of capitalized terms and abbreviations used in this report.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. All per share amounts, common shares outstanding and stock-based compensation amounts for all periods reflect the effect of our Reverse Stock Split. U.S. dollar and share amounts are presented in thousands, except per share amounts or as otherwise noted.

Overview

We are a Maryland corporation managed by ACM, an investment advisor registered with the SEC (see Note 8 and Note 14 to the consolidated financial statements). We have elected to be taxed as a REIT under the Code. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and our manner of operations enables us to meet the requirements for taxation as a REIT for federal income tax purposes.

ARMOUR brings private capital into the mortgage markets to support home ownership for a broad and diverse spectrum of Americans. We seek to create stockholder value through thoughtful investment and risk management of a leveraged and diversified portfolio of MBS. We rely on the decades of experience of our management team for (i) MBS securities portfolio analysis and selection, (ii) access to equity capital and repurchase financing on potentially attractive rates and terms, and (iii) hedging and liquidity strategies to moderate interest rate and MBS price risk. We prioritize maintaining common share dividends appropriate for the intermediate term rather than focusing on short-term market fluctuations.

We are deeply committed to implementing sustainable environmental, responsible social, and prudent governance practices that improve our work and our world. We strive to contribute to a healthy, sustainable environment by utilizing resources efficiently. As an organization, we create a relatively small environmental footprint. Still, we are focused on minimizing the environmental impact of our business where possible.

At December 31, 2025, our investments in securities included MBS, issued or guaranteed by a U.S. GSE, such as Fannie Mae, Freddie Mac, or a government agency such as Ginnie Mae (collectively, Agency Securities) and U.S. Treasury Securities. At December 31, 2024, we invested solely in MBS. Our investment in securities consist primarily of fixed rate loans. Our charter permits us to invest in MBS backed by fixed rate, hybrid adjustable rate and adjustable rate home loans as well as unsecured notes and bonds issued by GSEs, U.S. Treasury Securities and money market instruments.

We earn returns on the spread between the yield on our assets and our costs, including the interest cost of the funds we borrow, after giving effect to our hedges. We identify and acquire MBS, finance our acquisitions with borrowings under a series of short-term repurchase agreements and then hedge certain risks based on our entire portfolio of assets and liabilities and our management's view of the market.



Factors that Affect our Results of Operations and Financial Condition

Our results of operations and financial condition are affected by various factors, many of which are beyond our control, including, among other things, our net interest income, the market value of our assets and the supply of and demand for such assets. Recent events, such as those discussed below, can affect our business in ways that are difficult to predict and may produce results outside of typical operating variances. Our net interest income varies primarily as a result of changes in interest rates, borrowing costs and prepayment speeds, the behavior of which involves various risks and uncertainties. We currently invest primarily in Agency Securities, for which the principal and interest payments are guaranteed by a GSE or other government agency. From time to time, we also invest in U.S. Treasury Securities and money market instruments subject to certain income tests we must satisfy for our qualification as a REIT. We expect our investments to be subject to risks arising from prepayments resulting from existing home sales, financings, delinquencies and foreclosures. We are exposed to changing mortgage spreads, which could result in declines in the fair value of our investments. Our asset selection, financing and hedging strategies are designed to work together to generate current net interest income while moderating our exposure to market volatility.

Interest Rates

Changes in interest rates, particularly short-term interest rates, may significantly influence our net interest income. With the maturities of our assets, generally of a longer term than those of our liabilities, interest rate increases will tend to decrease our net interest income and the market value of our assets (and therefore our book value). Such rate increases could possibly result in operating losses or adversely affect our ability to make distributions to our stockholders. Our operating results depend, in large part, upon our ability to manage interest rate risks effectively while maintaining our status as a REIT.

While we use strategies to economically hedge some of our interest rate risk, we do not hedge all of our exposure to changes in interest rates and prepayment rates, as there are practical limitations on our ability to insulate our securities portfolio from all potential negative consequences associated with changes in short-term interest rates in a manner that will allow us to seek attractive net spreads on our securities portfolio. For GAAP purposes, all changes in the fair value of our derivatives currently flow through earnings. Changes in the fair value of our legacy Agency MBS portfolio, that was designated as available for sale historically, were recognized in other comprehensive income (loss). Therefore, historical earnings reported in accordance with GAAP have fluctuated even in situations where our derivatives were operating as intended. Currently, all of our Agency MBS portfolio is designated as trading securities and changes in the fair values of our derivatives and Agency MBS flow through earnings together. Accordingly, our results of operations will not be subject to the additional fluctuations caused by the previous differences in mark-to-market accounting treatments. Comparisons with companies that use hedge accounting for all or part of their derivative activities may not be meaningful.

Prepayment Rates

Prepayments on MBS and the underlying mortgage loans may be influenced by changes in market interest rates and a variety of economic and geographic factors, policy decisions by regulators, as well as other factors beyond our control. To the extent we hold MBS acquired at a premium or discount to par, or face value, changes in prepayment rates may impact our anticipated yield. In periods of declining interest rates, prepayments on our MBS will likely increase. If we are unable to reinvest the proceeds of such prepayments at comparable yields, our net interest income may decline. Our operating results depend, in large part, upon our ability to manage prepayment risks effectively while maintaining our status as a REIT.

In addition to the use of derivatives to hedge interest rate risk, a variety of other factors relating to our business may also impact our financial condition and operating performance; these factors include:

- our degree of leverage;



- our access to funding and borrowing capacity;
- the REIT requirements under the Code; and
- the requirements to qualify for an exclusion under the 1940 Act and other regulatory and accounting policies related to our business.

Management

See section titled *Management* in Item 1. Business and see also Note 8 and Note 14 to the consolidated financial statements.

Market and Interest Rate Trends and the Effect on our Securities Portfolio

2025 Trends

In 2025, the U.S. administration introduced tariffs on imports from a broad set of countries in the first half of the year, including Canada, Mexico, European Union member states, Japan and China. In response, global trading partners have imposed or may impose their own tariffs. Such U.S. tariffs and responsive tariffs increased the volatility of financial markets and interest rates, though volatility subsequently fell in the latter part of the year, influenced by other factors such as the Federal Reserve resumption of interest-rate normalization. ARMOUR expects that it will continue prioritizing liquidity, given the potential for renewed market volatility and financial risks. The Company has met all of its obligations to repurchase agreement counterparties in a timely manner, while managing the risk of its assets and hedging portfolios. See Item 1A. "Risk Factors" for further discussion of the possible impact of tariffs on our business.

Federal Reserve Actions

At the Federal Reserve Open Market Committee meeting on October 29, 2025, the Fed lowered the target range for the Federal Funds Rate by 0.25% to 3.75% from 4.00%. At the December 10, 2025 meeting of the Federal Reserve Open Market Committee, the Fed further lowered the target range by 0.25% to 3.50% from 3.75%. The Fed noted that inflation has moved up since earlier in the year and remains somewhat elevated, while economic activity has been expanding at a moderate pace. The Fed also stated that uncertainty about the economic outlook remains elevated, and in considering the extent and timing of additional adjustments to the target range for the Federal Funds Rate, it will carefully assess incoming data, the evolving outlook, and the balance of risks.

At the October 29, 2025 meeting, the Fed announced that it will conclude the reduction of its aggregate securities holdings effective December 1, 2025. Beginning on that date, the Fed will roll over at auction all principal payments from its Treasury securities holdings and will reinvest all principal payments from its agency securities holdings (agency debt and agency mortgage-backed securities) into Treasury bills.

At the December 10, 2025 meeting, the Fed stated that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis.

Financial markets will likely be highly sensitive to the Fed's interest rate decisions, its bond purchasing and balance sheet holding decisions, as well as its communication. We intend to continue to mitigate risk and maximize liquidity within the scope of our business plan. The agency mortgage-backed securities market remains highly dependent on the future course and timing of the Fed's actions on interest rates as well as its purchases and holdings of our target assets.



Developments at Fannie Mae and Freddie Mac

The payments we receive on the Agency Securities in which we invest depend upon a steady stream of payments by borrowers on the underlying mortgages and the fulfillment of guarantees by GSEs. There can be no assurance that the U.S. Government's intervention in Fannie Mae and Freddie Mac will continue to be adequate or assured for the longer-term viability of these GSEs. These uncertainties may lead to concerns about the availability of and market for Agency Securities in the long term. Accordingly, if the GSEs defaulted on their guaranteed obligations, suffered losses or ceased to exist, the value of our Agency Securities and our business, operations and financial condition could be materially and adversely affected.

Short-term Interest Rates and Funding Costs

Changes in Fed policy affect our financial results, since our cost of funds is largely dependent on short-term rates. An increase in our cost of funds without a corresponding increase in interest income earned on our MBS would cause our net income to decline.

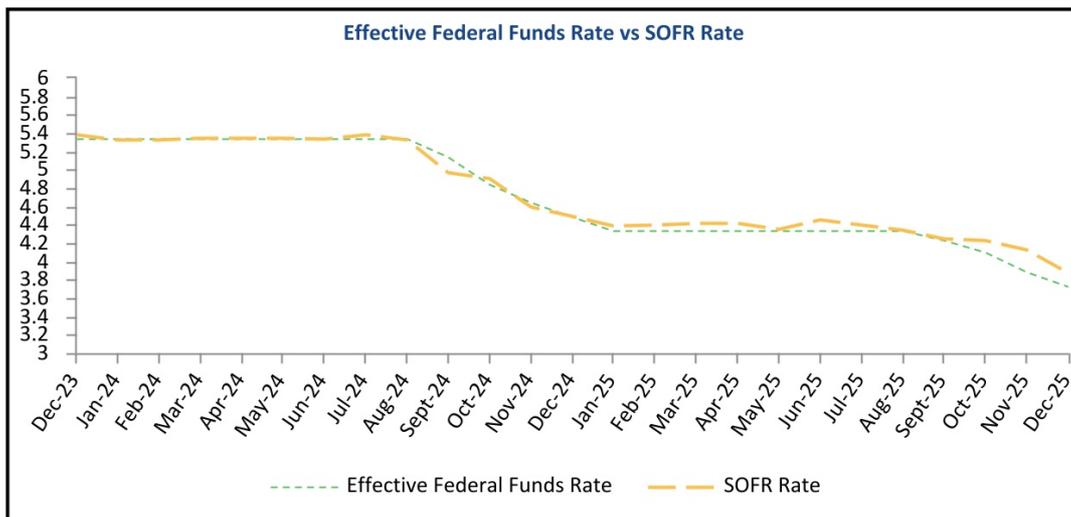
Below is the Fed's target range for the Federal Funds Rate at each Fed meeting where a change was made since the beginning of 2023.

Meeting Date	Lower Bound	Higher Bound
December 10, 2025	3.50 %	3.75 %
October 29, 2025	3.75 %	4.00 %
September 17, 2025	4.00 %	4.25 %
December 18, 2024	4.25 %	4.50 %
November 7, 2024	4.50 %	4.75 %
September 18, 2024	4.75 %	5.00 %
July 26, 2023	5.25 %	5.50 %
May 3, 2023	5.00 %	5.25 %
March 22, 2023	4.75 %	5.00 %
February 1, 2023	4.50 %	4.75 %

Our borrowings in the repurchase market have closely tracked the Federal Funds Rate and SOFR. Traditionally, a lower Federal Funds Rate has indicated a time of increased net interest spread and higher asset values. Volatility in these rates and divergence from the historical relationship among these rates could negatively impact our ability to manage our securities portfolio. If rates were to increase, our net interest spread and the value of our securities portfolio might suffer as a result. Our derivatives are either Federal Funds Rate or SOFR-based interest rate swap contracts (see Note 7 to the consolidated financial statements).



The following graph shows the effective Federal Funds Rate as compared to SOFR on a monthly basis from December 31, 2023 to December 31, 2025.



Long-term Interest Rates and Mortgage Spreads

Our securities are valued at an interest rate spread versus long-term interest rates (mortgage spread). This mortgage spread varies over time and can be above or below long-term averages, depending upon market participants' current desire to own MBS over other investment alternatives. When the mortgage spread gets smaller (or negative) versus long-term interest rates, our book value will be positively affected. When this spread gets larger (or positive), our book value will be negatively affected.

Mortgage spreads can vary due to movements in securities valuations, movements in long-term interest rates or a combination of both. We mainly use interest rate swap contracts, interest rate swaptions, basis swap contracts and futures contracts to economically hedge against changes in the valuation of our securities. We do not use such hedging contracts for speculative purposes.

We may reduce our mortgage spread exposure by entering into certain TBA Agency Securities short positions. The TBA short positions may represent different securities and maturities than our MBS and TBA Agency Security long positions, and accordingly, may perform somewhat differently. While we expect our TBA Agency Securities short positions to perform well compared to our related mortgage securities, there can be no assurance as to their relative performance.



Results of Operations

Net Income (Loss)

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Net Interest Income	\$ 158,339	\$ 26,800	\$ 27,109
Total Other Income (Loss)	219,097	12,456	(51,481)
Total Expenses after fees waived	(54,749)	(53,650)	(43,551)
Net Income (Loss)	<u>\$ 322,687</u>	<u>\$ (14,394)</u>	<u>\$ (67,923)</u>
Reclassification adjustment for realized loss on sale of available for sale Agency Securities	—	—	7,471
Net unrealized gain on available for sale Agency Securities	—	—	4,056
Other comprehensive income	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,527</u>
Comprehensive Income (Loss)	<u>\$ 322,687</u>	<u>\$ (14,394)</u>	<u>\$ (56,396)</u>

Net income for the year ended December 31, 2025, reflects gains on our trading securities and interest income from a larger average securities portfolio, offset by losses on our derivatives and interest expense on a larger average balance of repurchase agreements compared to 2024 and 2023. Net losses for the years ended December 31, 2024 and December 31, 2023 reflect losses on our trading securities offset by gains on derivatives.

Net interest income is a function of the size of and yield earned from our investment portfolio and the size of and cost of our repurchase and other financing costs.

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Interest Income	\$ 800,424	\$ 550,946	\$ 552,903
Interest Expense	(642,085)	(524,146)	(525,794)
Net Interest Income	<u>\$ 158,339</u>	<u>\$ 26,800</u>	<u>\$ 27,109</u>



The following table details the factors impacting our net interest income for the year ended December 31, 2025.

For the Year Ended December 31, 2025	Interest Income (Expense)	Average Balance	Yield/Rate
Agency Securities, Net of Amortization	\$ 786,906	\$ 15,650,506	5.03 %
Cash Equivalents & Treasury Securities	13,518	422,171	3.20 %
Total Interest Income/Average Interest Earning Assets	\$ 800,424	\$ 16,072,677	4.98 %
Interest-bearing Liabilities:			
Repurchase Agreements	\$ (629,465)	\$ 14,121,360	(4.46)%
Treasury Securities Sold Short	(12,620)	252,398	(5.00)%
Total Interest Expense/Average Interest Bearing Liabilities	\$ (642,085)	\$ 14,373,758	(4.47)%
Net Interest Income/Net Interest Spread	\$ 158,339		0.51 %
Net Yield on Interest Earning Assets			0.99 %

The following table details the factors impacting our net interest income for the year ended December 31, 2024.

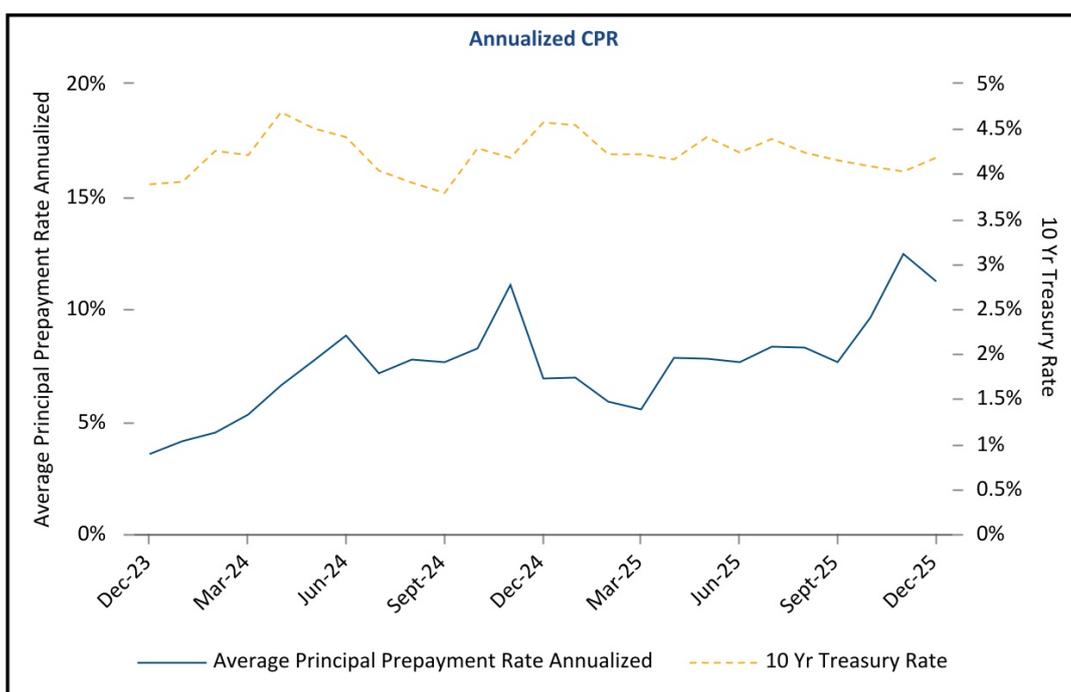
For the Year Ended December 31, 2024	Interest Income (Expense)	Average Balance	Yield/Rate
Agency Securities, Net of Amortization	\$ 545,282	\$ 11,109,539	4.91 %
Cash Equivalents & Treasury Securities	5,664	143,954	3.93 %
Total Interest Income/Average Interest Earning Assets	\$ 550,946	\$ 11,253,493	4.90 %
Interest-bearing Liabilities:			
Repurchase Agreements	\$ (495,625)	\$ 9,143,471	(5.42)%
Treasury Securities Sold Short	(28,521)	687,462	(4.15)%
Total Interest Expense/Average Interest Bearing Liabilities	\$ (524,146)	\$ 9,830,933	(5.33)%
Net Interest Income/Net Interest Spread	\$ 26,800		(0.43)%
Net Yield on Interest Earning Assets			0.24 %

The following table details the factors impacting our net interest income for the year ended December 31, 2023.



For the Year Ended December 31, 2023	Interest Income (Expense)	Average Balance	Yield/Rate
Agency Securities, Net of Amortization	\$ 546,246	\$ 11,381,637	4.80 %
Cash Equivalents & Treasury Securities	5,684	159,112	3.57 %
Subordinated Loan to BUCKLER	973	22,726	4.28 %
Total Interest Income/Average Interest Earning Assets	\$ 552,903	\$ 11,563,475	4.78 %
Interest-bearing Liabilities:			
Repurchase Agreements	(506,242)	9,580,996	(5.28)%
Treasury Securities Sold Short	(19,552)	432,922	(4.52)%
Total Interest Expense/Average Interest Bearing Liabilities	\$ (525,794)	\$ 10,013,918	(5.25)%
Net Interest Income/Net Interest Spread	\$ 27,109		(0.47)%
Net Yield on Interest Earning Assets			0.23 %

The yield on our assets is most significantly affected by the rate of repayments on our Agency Securities. The following graph shows the annualized CPR on a monthly basis for the quarterly periods ended on the dates shown below.



Other Income (Loss)

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Other Income (Loss):			
Realized loss on sale of available for sale Agency Securities (reclassified from Other comprehensive loss)	\$ —	\$ —	\$ (7,471)
Gain (Loss) on Agency Securities, trading, net	514,836	(348,646)	(52,665)
Gain (Loss) on U.S. Treasury Securities, net	(9,990)	37,602	(43,093)
Gain (Loss) on derivatives, net	(285,749)	323,500	51,748
Total Other (Income) Loss	<u>\$ 219,097</u>	<u>\$ 12,456</u>	<u>\$ (51,481)</u>

Year Ended December 31, 2025 vs. Year Ended December 31, 2024

- Gain (Loss) on Agency Securities, trading, net includes mark to market changes in the fair value of our securities as well as the gain (loss) on sales.
 - The change in fair value of the securities was \$527,643 for the year ended December 31, 2025 compared to \$(243,464) for the year ended December 31, 2024.
 - Sales of our Agency Securities, trading resulted in realized losses of \$(12,807) and \$(105,182) for the years ended December 31, 2025 and December 31, 2024, respectively.
 - During the years ended December 31, 2025 and December 31, 2024, we sold \$1,634,243 and \$4,589,515, respectively, of Agency Securities, trading.
- Gain (Loss) on U.S. Treasury Securities, net resulted from the change in fair value of the securities as well as the gain (loss) on sales.
 - The change in fair value of the securities was \$(11,436) for the year ended December 31, 2025 compared to \$35,140 for the year ended December 31, 2024.
 - Sales of U.S. Treasury Securities resulted in realized gains of \$1,446 and \$2,462 for the years ended December 31, 2025 and December 31, 2024, respectively.
 - For the years ended December 31, 2025 and December 31, 2024, we sold short \$0 and \$1,050,019, respectively, of U.S. Treasury Securities.
 - For the years ended December 31, 2025 and December 31, 2024, we sold \$603,493 and \$0, respectively, of U.S. Treasury Securities.
- Gain (Loss) on derivatives, net resulted from a combination of the following:
 - Changes in fair value due to interest rate movements.
 - Interest rate swap contracts' aggregate notional balance was \$12,327,000 at December 31, 2025 and \$7,232,000 at December 31, 2024.

Year Ended December 31, 2024 vs. Year Ended December 31, 2023

- During the first quarter of 2023, we sold the remaining balance of our Available for Sale Securities which resulted in a realized loss of \$(7,471).
- Gain (Loss) on Agency Securities, trading, net includes mark to market changes in the fair value of our securities as well as the gain (loss) on sales.



- The change in fair value of the securities was \$(243,464) for the year ended December 31, 2024 compared to \$419,213 for the year ended December 31, 2023.
- Sales of our Agency Securities, trading resulted in realized losses of \$(105,182) and \$(471,878) for the years ended December 31, 2024 and December 31, 2023, respectively.
- During the years ended December 31, 2024 and December 31, 2023, we sold \$4,589,515 and \$6,100,661, respectively, of Agency Securities, trading.
- Gain (Loss) on U.S. Treasury Securities, net resulted from the change in fair value of the securities as well as the gain (loss) on sales
 - The change in fair value of the securities was \$35,140 for the year ended December 31, 2024 compared to \$(16,496) for the year ended December 31, 2023.
 - Sales of U.S. Treasury Securities resulted in realized gains (losses) of \$2,462 and \$(26,597) for the years ended December 31, 2024 and December 31, 2023, respectively.
 - For the years ended December 31, 2024 and December 31, 2023 we sold short \$1,050,019 and \$651,621 of U.S. Treasury Securities, respectively.
 - For the years ended December 31, 2024 and December 31, 2023, we sold \$0 and \$618,520, respectively, of U.S. Treasury Securities.
- Gain on derivatives, net resulted from a combination of the following:
 - Changes in fair value due to interest rate movements.
 - Interest rate swap contracts' aggregate notional balance was \$7,232,000 at December 31, 2024 and \$6,786,000 at December 31, 2023.
 - Our total TBA Agency Securities aggregate notional balance was \$0 at December 31, 2024 and \$300,000 at December 31, 2023.

Expenses

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Expenses:			
Management fees	\$ 45,464	\$ 39,734	\$ 38,188
Compensation	3,561	4,737	4,944
Other Operating	12,324	15,779	7,019
Total Expenses	\$ 61,349	\$ 60,250	\$ 50,151
Less management fees waived	(6,600)	(6,600)	(6,600)
Total Expenses after fees waived	\$ 54,749	\$ 53,650	\$ 43,551



The Company is managed by ACM, pursuant to a management agreement. The management fees are determined based on gross equity raised. Therefore, management fees increase when we raise capital and decline when we repurchase previously issued stock and make liquidation distributions as approved and so designated by a majority of the Board. However, because the management fee rate decreases to 0.75% per annum for gross equity raised in excess of \$1.0 billion pursuant to the management agreement, the effective management fee rate declines as equity is raised. The cost of repurchased stock and any dividends specifically designated by the Board as liquidation distributions will reduce the amount of gross equity raised used to calculate the monthly management fee. Realized and unrealized gains and losses do not affect the amount of gross equity raised. At December 31, 2025, December 31, 2024 and December 31, 2023, the effective management fee was 0.89%, 0.92% and 0.93% prior to management fees waived, and 0.77%, 0.77% and 0.77%, after management fees waived, based on gross equity raised of \$5,366,343, \$4,498,880 and \$4,231,965, respectively. During each of the years ended December 31, 2025, December 31, 2024 and December 31, 2023 ACM voluntarily waived management fees of \$6,600 (see Note 8 to the consolidated financial statements).

Compensation includes non-executive director compensation as well as the restricted stock units awarded to our Board and executive officers directly or through ACM. The fluctuation from year to year is due to the number of awards vesting.

Other Operating expenses include:

- Fees for market and pricing data, analytics and risk management systems and portfolio related data processing costs as well as stock exchange listing fees and similar stockholder related expenses, net of other miscellaneous income.
- Professional fees for securities clearing, legal, audit and consulting costs that are generally driven by the size and complexity of our securities portfolio, the volume of transactions we execute and the extent of research and due diligence activities we undertake on potential transactions.
- Insurance premiums for both general business and directors and officers liability coverage fluctuate from year to year due to changes in premiums.
- For the year ended December 31, 2024, other expenses included \$9,610 of expenses related to the Special Committee internal investigation in the first quarter of 2024. With the dismissal in the third quarter of 2024 of the JAVELIN class action lawsuits, other expenses for the year ended December 31, 2024 reflect the reversal of approximately \$1,000 of certain costs accrued in prior years.

Taxable Income

As a REIT that regularly distributes all of its taxable income, we are generally not required to pay federal income tax (see Note 13 to the consolidated financial statements).

Realized gains and losses on interest rate contracts and treasury futures terminated before their maturity are deferred and amortized over the remainder of the original term of the contract for REIT taxable income. At December 31, 2025 and at December 31, 2024, we had approximately \$(313,284) and \$(189,450) respectively, of net deductible expense relating to previously terminated interest rate swap and treasury futures/shorts contracts amortizing through the years 2040 and 2034, respectively. At December 31, 2025, we had \$257,341 of net operating loss carryforwards available for use indefinitely. Series C Preferred Stock dividends for 2025 will be treated 100.00% as fully taxable ordinary income. Common stock dividends for 2025 will be treated 80.40% as taxable ordinary income and 19.60% as non-taxable return of capital.



Comprehensive Income (Loss)

Comprehensive Income (loss) is comprised of net income (loss) and all changes to the statements of stockholders' equity, except those due to investments by stockholders, changes in additional paid-in capital and distributions to stockholders (see Note 12 to the consolidated financial statements).

Financial Condition

Investment In Securities

Our securities portfolio consists primarily of Agency Securities backed by fixed rate home loans. Our charter permits us to invest in MBS backed by fixed rate, hybrid adjustable rate and adjustable rate home loans as well as unsecured notes and bonds issued by GSEs, U.S. Treasuries and money market instruments, subject to certain income tests we must satisfy for our qualification as a REIT. Our TBA Agency Securities are reported at net carrying value and are reported in Derivatives, at fair value on our consolidated balance sheets (see Note 7 to the consolidated financial statements).

Agency Securities:

Agency Security purchase and sale transactions, including purchases and sales for forward settlement, are recorded on the trade date, based on the specific identification method, to the extent it is probable that we will take or make timely physical delivery of the related securities. Premiums and discounts associated with the purchase of Multi-Family MBS, which are generally not subject to prepayment, are amortized or accreted into interest income over the contractual lives of the securities using a level yield method. Premiums and discounts associated with the purchase of other Agency Securities are amortized or accreted into interest income over the actual lives of the securities, reflecting actual prepayments as they occur. Gains or losses realized from the sale of securities are included in income and are determined using the specific identification method. We purchase some of our Agency Securities at premium prices. The lower the prepayment rate, the lower the amount of amortization expense for a particular period. Accordingly, the yield on an asset and earnings are higher. If prepayment rates increase, the amount of amortization expense for a particular period will go up. These increased prepayment rates would act to decrease the yield on an asset and would decrease earnings.

Our net interest income is primarily a function of the difference between the yield on our assets and the financing (borrowing and hedging) cost of owning those assets. Since we tend to purchase Agency Securities at a premium to par, the main item that can affect the yield on our Agency Securities after they are purchased is the rate at which the mortgage borrowers repay the loan. While the scheduled repayments, which are the principal portion of the homeowners' regular monthly payments, are fairly predictable, the unscheduled repayments, which are generally refinancing of the mortgage but can also result from repurchases of delinquent, defaulted, or modified loans, are less so. Being able to accurately estimate and manage these repayment rates is a critical portion of the management of our securities portfolio, not only for estimating current yield but also for considering the rate of reinvestment of those proceeds into new securities, the yields on those new securities and the impact of the repayments on our hedging strategy.

TBA Agency Securities:

We account for TBA Agency Securities as derivative instruments if it is reasonably possible that we will not take or make physical delivery of the Agency Security upon settlement of the contract. TBA Agency Securities are forward contracts for the purchase ("long position") or sale ("short position") of Agency Securities at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date. The specific Agency Securities delivered pursuant to the contract upon the settlement date, published each month by the Securities Industry and Financial Markets Association, are not known at the time of the transaction. We estimate the fair value of TBA Agency Securities based on similar methods used to value our Agency Securities. TBA Agency



Securities are included in the table below on a gross basis, as applicable, since they can be used to establish and finance portfolio positions in Agency Securities.

U.S. Treasury Securities:

From time to time, we may purchase U.S. Treasury Securities to tailor the overall risk characteristics of our investment securities portfolio. While U.S. Treasury Securities provide overall interest rate exposure, they are generally not sensitive to the other risks inherent in MBS. We did not have any U.S. Treasury Securities at December 31, 2024.

The tables below summarize certain characteristics of our investments in securities at December 31, 2025 and December 31, 2024.

December 31, 2025	Principal Amount	Amortized Cost	Gross Unrealized Gain (Loss)	Fair Value	CPR ⁽¹⁾	Weighted Average Months to Maturity	Percent of Total
Agency Fixed Rates ≥ 181 months							
2.5%	\$ 279,247	\$ 229,375	\$ 7,753	\$ 237,128	3.8 %	318	1.2 %
3.0%	786,291	682,281	15,411	697,692	4.5 %	307	3.5
3.5%	1,214,594	1,164,509	(34,947)	1,129,562	6.2 %	317	5.6
4.0%	955,727	949,417	(33,903)	915,514	5.9 %	317	4.6
4.5%	1,109,874	1,097,323	(5,153)	1,092,170	7.1 %	324	5.5
5.0%	3,512,525	3,481,472	45,274	3,526,746	6.3 %	343	17.6
5.5%	5,784,032	5,812,792	86,973	5,899,765	10.4 %	343	29.5
6.0%	3,949,537	4,016,730	60,878	4,077,608	20.0 %	342	20.4
6.5%	702,504	722,927	11,653	734,580	31.4 %	342	3.6
Other Agency Securities							
Agency CMBS	\$ 1,086,473	\$ 1,100,260	\$ 6,615	\$ 1,106,875	n/a	48	5.5 %
Total Agency Securities	\$ 19,380,804	\$ 19,257,086	\$ 160,554	\$ 19,417,640	10.8 %	321	97.0 %
U.S. Treasury Securities	600,000	598,760	(651)	598,109	n/a	n/a	3.0 %
Total Investments in Securities	\$ 19,980,804	\$ 19,855,846	\$ 159,903	\$ 20,015,749			100.0 %

(1) Weighted average CPR during the fourth quarter for the securities owned at December 31, 2025. Negative CPR can occur if payments are not made on the first of the month and the scheduled principal amount is not received.



December 31, 2024	Principal Amount	Amortized Cost	Gross Unrealized Gain (Loss)	Fair Value	CPR ⁽¹⁾	Weighted Average Months to Maturity	Percent of Total
Agency Fixed Rates ≥ 181 months							
2.5%	\$ 297,928	\$ 244,720	\$ (1,954)	\$ 242,766	3.2 %	330	2.0 %
3.0%	741,422	642,064	(12,481)	629,583	3.9 %	320	5.1
3.5%	1,319,235	1,265,106	(95,476)	1,169,630	4.6 %	329	9.4
4.0%	1,038,798	1,032,126	(79,202)	952,924	5.3 %	329	7.7
4.5%	972,765	964,169	(47,336)	916,833	5.6 %	331	7.4
5.0%	2,198,347	2,178,480	(51,735)	2,126,745	6.1 %	346	17.1
5.5%	2,705,528	2,723,247	(40,980)	2,682,267	10.2 %	345	21.6
6.0%	2,646,152	2,696,087	(28,015)	2,668,072	13.7 %	343	21.4
6.5%	526,144	538,733	914	539,647	28.5 %	347	4.3
Other Agency Securities							
Agency CMBS	\$ 510,720	\$ 521,772	\$ (10,825)	\$ 510,947	n/a	53	4.0 %
Total Investments in Securities	\$ 12,957,039	\$ 12,806,504	\$ (367,090)	\$ 12,439,414			100.0 %

(1) Weighted average CPR during the fourth quarter for the securities owned at December 31, 2024. Negative CPR can occur if payments are not made on the first of the month and the scheduled principal amount is not received.

The following tables summarize our investment in securities and collateral sold as of December 31, 2025 and December 31, 2024, excluding TBA Agency Securities (see Note 7 to the consolidated financial statements).

	December 31, 2025			December 31, 2024		
	Agency Securities, Trading	U.S. Treasury Securities	U.S. Treasury Securities Sold Short	Agency Securities, Trading	U.S. Treasury Securities Sold Short	
Balance, beginning of period	\$ 12,439,414	\$ —	\$ (497,234)	\$ 11,159,754	\$ (355,322)	
Purchases ⁽¹⁾	9,796,487	1,200,838	504,277	7,271,101	869,257	
Proceeds from sales	(1,634,243)	(603,493)	—	(4,589,515)	(1,050,019)	
Principal repayments	(1,696,914)	—	—	(1,053,625)	—	
Gains (losses)	514,836	854	(10,844)	(348,646)	37,602	
Accrued interest payable	—	—	3,801	—	1,248	
(Amortization) accretion of purchase premium or discount	(1,940)	(90)	—	345	—	
Balance, end of period	\$ 19,417,640	\$ 598,109	\$ —	\$ 12,439,414	\$ (497,234)	
Percentage of Portfolio	97.0 %	3.0 %		100.0 %		

(1) Purchases include cash paid during the period, plus payable for investment securities purchased during the period as of period end.



Repurchase Agreements, net

We have entered into repurchase agreements to finance the majority of our MBS. Our repurchase agreements are secured by our MBS and bear interest at rates that have moved in close relationship to the Federal Funds Rate and SOFR. We have established borrowing relationships with numerous investment banking firms and other lenders, 22 and 17 of which had open repurchase agreements with us at December 31, 2025 and December 31, 2024, respectively. We had outstanding balances under our repurchase agreements, net at December 31, 2025 of \$17,941,796 and at December 31, 2024 of \$10,713,830 (net of reverse repurchase agreements of \$498,250, \$447,063 of which were with BUCKLER), respectively. We had obligations to return securities received as collateral associated with our reverse repurchase agreements as of December 31, 2025 and December 31, 2024 of \$0 and \$493,433, respectively. At December 31, 2025 and December 31, 2024, BUCKLER accounted for 47.0% and 45.7%, respectively, of our aggregate borrowings and had an amount at risk of 7.1% and 8.0%, respectively, of our total stockholders' equity (see Note 6 to the consolidated financial statements).

Our repurchase agreements require excess collateral, known as a "haircut." At December 31, 2025, the average gross haircut percentage was 2.73% compared to 2.77% at December 31, 2024.

Derivative Instruments

We use various contracts to manage our interest rate risk as we deem prudent in light of market conditions and the associated costs with counterparties that have a high-quality credit rating and with futures exchanges. We generally pay a fixed rate and receive a floating rate with the objective of fixing a portion of our borrowing costs and hedging the change in our book value to some degree. The floating rate we receive is generally the Federal Funds Rate or SOFR. We had contractual commitments under derivatives at December 31, 2025 and December 31, 2024. At December 31, 2025 and December 31, 2024, we had derivatives with a net fair value of \$592,241 and \$906,778, respectively (see Note 7 to the consolidated financial statements).

At December 31, 2025 and December 31, 2024, we had interest rate swap contracts with an aggregate notional balance of \$12,327,000 and \$7,232,000, a weighted average swap rate of 2.44% and 1.66% and a weighted average term of 51 and 76 months, respectively.

The following table details the changes in the fair value of our interest rate swap contracts for the years ended December 31, 2025 and December 31, 2024.

Interest Swap Contracts	For the Years Ended	
	December 31, 2025	December 31, 2024
Net Balance, beginning of period	\$ 894,715	\$ 870,560
Net interest rate swap contract payments paid	(203,247)	(237,688)
Interest rate swap income accrued	433,274	397,045
Interest rate swap expense accrued	(250,397)	(168,942)
Current unrealized gains (losses)	(368,209)	17,435
Gain on early terminations	68,378	16,305
Net Balance, end of period	<u>\$ 574,514</u>	<u>\$ 894,715</u>

Our policies do not contain specific requirements as to the percentages or amount of interest rate risk that we are required to hedge. No assurance can be given that our derivatives will have the desired beneficial impact on our results of operations or financial condition. We have not elected cash flow hedge accounting treatment as allowed by GAAP. Since we do not designate our derivative activities as cash flow hedges, realized as well as unrealized gains/losses from these transactions will impact our GAAP earnings.

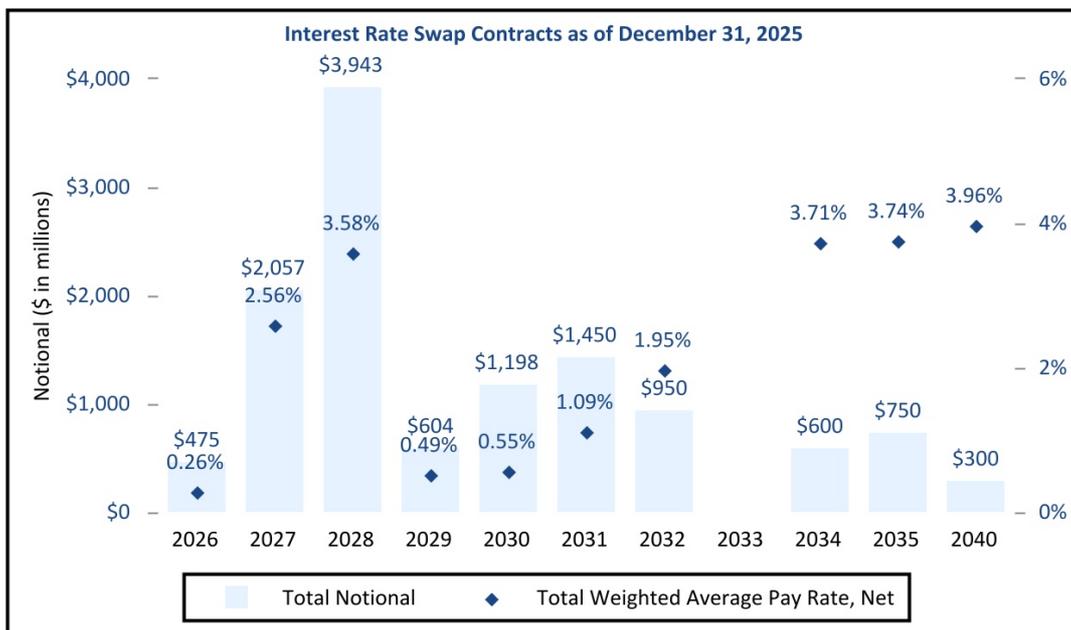


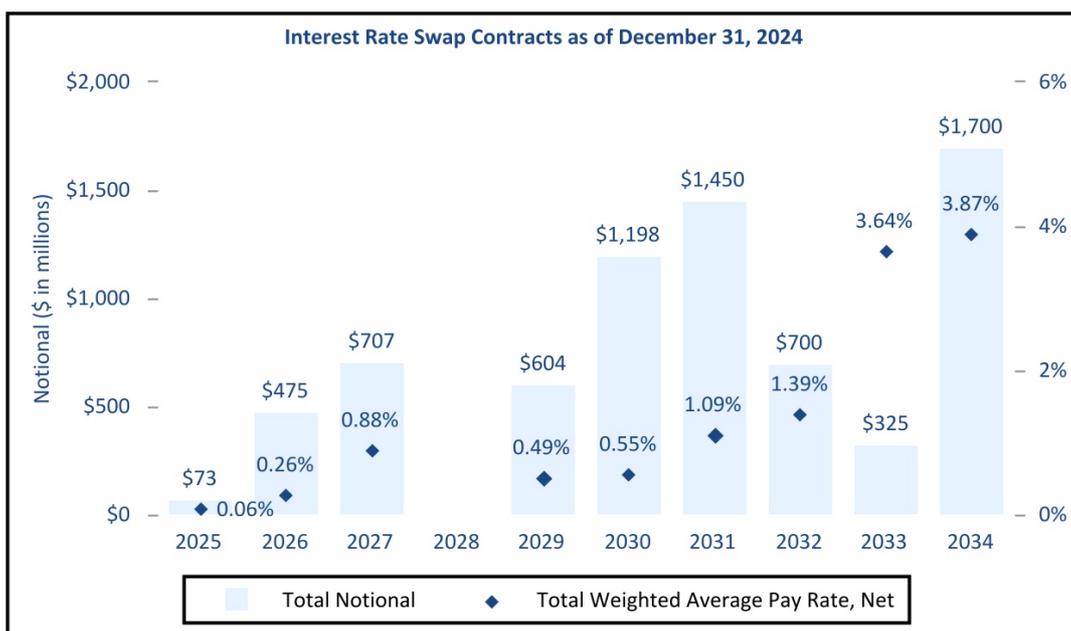
Although we attempt to structure our derivatives to offset the changes in asset prices, the complexity of the actual and expected prepayment characteristics of the underlying mortgages as well as the volatility in mortgage interest rates relative to U.S. Treasury and interest rate swap contract rates makes achieving high levels of offset difficult. We recognized net (losses) gains related to our derivatives of \$(285,749), \$323,500 and \$51,748, respectively for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

As required by the Dodd-Frank Act, the Commodity Futures Trading Commission has adopted rules requiring certain interest rate swap contracts to be cleared through a derivatives clearing organization. We are required to clear certain new interest rate swap contracts. Centrally-cleared interest rate swaps may have higher margin requirements than bilateral interest rate swaps. We have established an account with a futures commission merchant for this purpose. At December 31, 2025, December 31, 2024 and December 31, 2023, we had \$7,193,000, \$2,025,000. and \$1,275,000, respectively, of notional amount of centrally-cleared interest rate swap contracts.

We are required to account for our TBA Agency Securities as derivatives when it is reasonably possible that we will not take or make timely physical delivery of the related securities. However, from time to time, we use TBA Agency Securities primarily to effectively establish portfolio positions. See the section, "TBA Agency Securities" above.

The following graphs present the notional and weighted average interest rate of our interest rate swap contracts by year of maturity.





Liquidity and Capital Resources

At December 31, 2025, our liquidity totaled \$1,173,820, consisting of \$63,270 of cash and cash equivalents plus \$1,110,550 of unencumbered Agency Securities and U.S. Treasury Securities (including securities received as reverse margin collateral). Our primary sources of funds are borrowings under repurchase arrangements, monthly principal and interest payments on our MBS and cash generated from our operating results.

We generally maintain liquidity to pay down borrowings under repurchase arrangements to reduce borrowing costs and otherwise efficiently manage our long-term investment capital. Because the level of our borrowings can be adjusted on a daily basis, the level of cash and cash equivalents carried on our consolidated balance sheet is significantly less important than our potential liquidity available under our borrowing arrangements. We continue to pursue additional lending counterparties in order to help increase our financial flexibility and ability to withstand periods of contracting liquidity in the credit markets.

In addition to the repurchase agreement financing discussed above, from time to time we have entered into reverse repurchase agreements with certain of our repurchase agreement counterparties. Under a typical reverse repurchase agreement, we purchase U.S. Treasury Securities from a borrower in exchange for cash and agree to sell the same securities back in the future. We then sell such U.S. Treasury Securities to third parties and recognize a liability to return the securities to the original borrower. Reverse repurchase agreement receivables and repurchase agreement liabilities are presented net when they meet certain criteria, including being with the same counterparty, being governed by the same MRA, settlement through the same brokerage or clearing account and maturing on the same day. The practical effect of these transactions is to replace a portion of our repurchase agreement financing of our MBS in our securities portfolio with short positions in U.S. Treasury Securities. We believe that this helps to reduce interest rate risk, and therefore counterparty credit and liquidity risk. Both parties



to the repurchase and reverse repurchase transactions have the right to make daily margin calls based on changes in the value of the collateral obtained and/or pledged.

Our primary uses of cash are to purchase MBS, pay interest and principal on our borrowings, fund our operations and pay dividends. From time to time, we purchase or sell assets for forward settlement up to 90 days in the future to lock in purchase prices or sales proceeds. At December 31, 2025 and December 31, 2024, we financed our securities portfolio with \$17,941,796 and \$10,713,830 (net of reverse repurchase agreements of \$498,250, \$447,063 of which were with BUCKLER) of borrowings under repurchase agreements, respectively. At December 31, 2025 and December 31, 2024, we had obligations to return securities received as collateral associated with our reverse repurchase agreements of \$0 and \$493,433, respectively.

We generally seek to borrow (on a recourse basis) between six and ten times the amount of our total stockholders' equity. Our debt to equity ratios at December 31, 2025 and December 31, 2024, were 7.94:1 and 7.87:1, respectively, as we substituted Agency MBS for TBA Agency Securities. Our leverage ratios, including our TBA Agency Securities, were 7.94:1 and 7.87:1 at December 31, 2025 and December 31, 2024, respectively. Implied leverage, including TBA Securities and forward settling sales and unsettled purchases was 8.07:1 and 7.95:1 at December 31, 2025 and December 31, 2024, respectively.

Securities Portfolio Matters

	For the Years Ended	
	December 31, 2025	December 31, 2024
Securities purchased using proceeds from repurchase agreements and principal repayments	\$ 10,997,325	\$ 7,271,101
Average securities portfolio, including TBA Securities	\$ 16,047,173	11,610,751
Cash received from principal repayments on MBS	\$ 1,696,914	1,053,625
Net cash increase from repurchase agreements	\$ 7,227,966	1,065,848
Cash interest payments made on liabilities	\$ 735,444	686,182
Cash and cash collateral posted to counterparties provided by operating activities ⁽¹⁾	\$ 124,202	261,459

(1) The decrease in cash and cash collateral posted to counterparties provided by operating activities from 2024 to 2025 is related to the change in our derivatives.

Other potential sources of liquidity include our automatic shelf registration filed with the SEC, pursuant to which we may offer an unspecified amount of shares of our common stock, preferred stock, warrants, depositary shares and debt securities.

The following tables present our equity transactions for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 (see Note 10 and Note 14 to the consolidated financial statements).

Transaction Type	Completion Date	Number of Shares	Per Share price ⁽¹⁾	Net Proceeds (Costs)
December 31, 2025				
Preferred C ATM Sales Agreement	January 22, 2025 - December 31, 2025	201	\$ 20.50	\$ 4,118
August 2025 Public Offering	August 5, 2025	18,500	\$ 16.14	\$ 298,502
2023 Common stock ATM Sales Agreement	January 2, 2025 - July 30, 2025	32,290	\$ 17.82	\$ 575,554



DRIP shares issued	January 27, 2025 - December 29, 2025	7	\$	16.59	\$	111
Common stock repurchased	April 8, 2025 - September 22, 2025	(1,351)	\$	14.77	\$	(19,947)

(1) Weighted average price

Transaction Type	Completion Date	Number of Shares	Per Share price ⁽¹⁾	Net Proceeds (Costs)		
December 31, 2024						
2023 Common stock ATM Sales Agreement	July 26, 2024 - December 27, 2024	13,619	\$	19.50	\$	265,614
DRIP shares issued	January 25, 2024 - December 30, 2024	5	\$	18.95	\$	86
Common stock repurchased	January 22, 2024 - January 25, 2024	(70)	\$	19.31	\$	(1,344)

(1) Weighted average price

Transaction Type	Completion Date	Number of Shares	Per Share price ⁽¹⁾	Net Proceeds (Costs)		
December 31, 2023						
2021 Common stock ATM Sales Agreement	January 4, 2023 - July 12, 2023	13,305	\$	27.66	\$	367,997
2023 Common stock ATM Sales Agreement	July 26, 2023 - September 29, 2023	3,328	\$	24.66	\$	82,100
DRIP shares issued	July 25, 2023 - September 29, 2023	3	\$	19.71	\$	51
Common stock repurchased	March, May and September, October and November	(477)	\$	20.80	\$	(9,935)

(1) Weighted average price

Other Contractual Obligations

The Company is managed by ACM, pursuant to a management agreement (see Note 8 and Note 14 to the consolidated financial statements). The management agreement runs through December 31, 2029 and is thereafter automatically renewed for an additional five-year term unless terminated under certain circumstances.

The following table reconciles the fees incurred in accordance with the management agreement for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 (see Note 8 to the consolidated financial statements).

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
ARMOUR management fees	\$ 45,464	\$ 39,726	\$ 38,121
Less management fees waived	(6,600)	(6,600)	(6,600)
Total management fee expense	<u>\$ 38,864</u>	<u>\$ 33,126</u>	<u>\$ 31,521</u>

We adopted the Third Amended and Restated 2009 Stock Incentive Plan (the "Plan") to attract, retain and reward directors and other persons who provide services to us in the course of operations. The Plan authorizes the Board to grant awards including common stock, restricted shares of common stock ("RSUs"), stock options,



performance shares, performance units, stock appreciation rights and other equity and cash-based awards (collectively, "Awards"), subject to terms as provided in the Plan. At December 31, 2025, there were 3 shares available for future issuance under the Plan.

At December 31, 2025, there was approximately \$7,602 of unvested stock based compensation related to the Awards (based on a weighted grant date price of \$23.37 per share), which we expect to recognize as an expense as follows: in 2026 an expense of \$2,540, in 2027 an expense of \$2,062, and thereafter an expense of \$3,000. Our policy is to account for forfeitures as they occur. We also pay each of our non-executive Board members quarterly fees, which are payable in cash, common stock, RSUs or a combination of common stock, RSUs and cash at the option of the director. Compensation to be paid to our non-executive Board in the form of cash and common equity is \$1,219 annually (see Note 9 to the consolidated financial statements).

We currently believe that we have sufficient liquidity and capital resources available for the acquisition of additional investments, repayments on repurchase borrowings, reacquisition of securities to be returned to borrowers and the payment of cash dividends as required for continued qualification as a REIT.

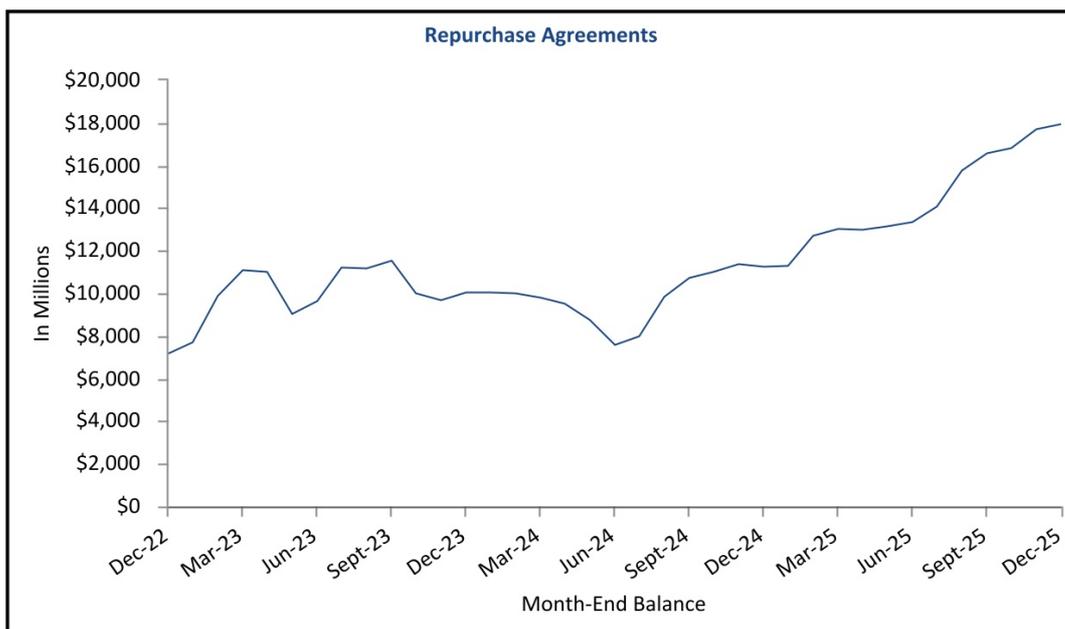
Repurchase Agreements, net

Declines in the value of our Agency Securities portfolio can trigger margin calls by our lenders under our repurchase agreements. An event of default or termination event under the standard MRA would give our counterparty the option to terminate all repurchase transactions existing with us and require any amount due to be payable immediately.

Changing capital or other financial market regulatory requirements may cause our lenders to exit the repurchase market, increase financing rates, tighten lending standards or increase the amount of required equity capital or haircut we post, any of which could make it more difficult or costly for us to obtain financing.

The following graph represents the outstanding balances of our repurchase agreements (before the effect of netting reverse repurchase agreements), which finance most of our MBS. Our repurchase agreements balance will fluctuate based on our change in capital, leverage targets and the market prices of our assets (including the effects of principal paydowns) and the level and timing of investment and reinvestment activity (see Note 6 and Note 14 to the consolidated financial statements).





Effects of Margin Requirements, Leverage and Credit Spreads

Our MBS have values that fluctuate according to market conditions and, as discussed above, the market value of our MBS will decrease as prevailing interest rates or credit spreads increase. When the value of the securities pledged to secure a repurchase agreement decreases to the point where the positive difference between the collateral value and the loan amount is less than the haircut, our lenders may issue a margin call, which requires us to pay the difference in cash or pledge additional collateral to meet the obligations under our repurchase agreements. Under our repurchase facilities, our lenders have full discretion to determine the value of the MBS we pledge to them. Most of our lenders will value securities based on recent trades in the market. Lenders also issue margin calls as the published current principal balance factors change on the pool of mortgages underlying the securities pledged as collateral when scheduled and unscheduled principal repayments are announced monthly.

Forward-Looking Statements Regarding Liquidity

Based on our current portfolio, leverage rate and available borrowing arrangements, we believe that our cash flow from operations and our ability to make timely portfolio adjustments will be sufficient to enable us to meet anticipated short-term (one year or less) liquidity requirements such as to fund our investment activities, meet our financing obligations, pay fees under the management agreement and fund our distributions to stockholders and pay general corporate expenses.

We may increase our capital resources by obtaining long-term credit facilities or making public or private offerings of equity or debt securities, including classes of preferred stock, common stock and senior or subordinated notes to meet our liquidity requirements. As of the date hereof, we have "at-the-market" offering programs with 2,722 shares of 7.00% Series C Cumulative Redeemable Preferred Stock available under the Preferred C ATM Sales Agreement and 22,792 shares of common stock available under the 2023 Common stock ATM Sales Agreement. In accordance with the terms of these agreements, we may offer and sell shares of stock over a period of time and from time to time, with BUCKLER and other agents as sales agents (see Note 10 to the



consolidated financial statements). These liquidity requirements include maturing repurchase agreements, settling TBA Agency Security positions and potentially making net payments on our interest rate swap contracts, and in each case, continuing to meet ongoing margin requirements. Such financing will depend on market conditions for capital raises and for the investment of any proceeds and there can be no assurances that we will successfully obtain any such financing.

Stockholders' Equity

See Note 10 to the consolidated financial statements.

Critical Accounting Estimates

Valuation

Fair value is based on valuations obtained from third-party pricing services and/or dealer quotes. The third-party pricing services use common market pricing methods that include valuation models which incorporate such factors as coupons, collateral type, bond structure, historical and projected future prepayment speeds, priority of payments, historical and projected future delinquency rates and default severities, spread to the Treasury curve and interest rate swap curves, duration, periodic and life caps and credit enhancement. If the fair value of the MBS is not available from the third-party pricing services or such data appears unreliable, we obtain pricing indications from up to three dealers who make markets in similar MBS. Management reviews pricing used to ensure that current market conditions are properly reflected. This review includes, but is not limited to, comparisons of similar market transactions or alternative third-party pricing services, dealer pricing indications and comparisons to a third-party pricing model.

Valuation modeling is required because each individual MBS pool is a separately identified security with individual combinations of characteristics that influence market pricing. While the Agency Security market is generally very active and liquid within the context of broader classes of MBS, any particular security will likely trade infrequently. Our bilateral contracts with individual dealers and counterparties are not cleared through recognized clearing organizations, and valuation models for these positions rely on information from the active and liquid general interest rate swap market to infer the value of these unique positions.

From time to time, we challenge the information and valuations we receive from third-party pricing services. Occasionally, the third-party pricing services revise their information or valuations as a result of such challenges. While we have concluded that the fair values reflected in the financial statements are appropriate, there is no way to verify that the particular fair value estimated for any individual position represents the price at which it may actually be bought or sold at any given date.

Fair value for our U.S. Treasury Securities is based on obtaining a valuation for each U.S. Treasury Security from third-party pricing services and/or dealer quotes.

Inflation

Virtually all of our assets and liabilities are interest rate-sensitive in nature. As a result, interest rates and other factors influence our performance far more than inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. Our financial statements are prepared in accordance with GAAP and any distributions we may make will be determined by our Board based in part on our REIT taxable income as calculated according to the requirements of the Code; in each case, our activities and balance sheet are measured with reference to fair value without considering inflation.



Subsequent Events

See Note 10 and Note 16 to the consolidated financial statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The forward-looking statements in this report are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and 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 and results of operations may vary materially from those expressed in our forward-looking statements. See Part I, Item 1A. "Risk Factors" of this Annual Report on Form 10-K. You should carefully consider these risks before you make an investment decision with respect to our stock, along with the following factors that could cause actual results to vary from our forward-looking statements:

- risks related to governmental regulation, including uncertainties from the U.S. federal administration, including the impact of sanctions, tariffs and other trade policies of the U.S. and its global trading partners;
- changes in interest rates, interest rate spreads and the yield curve or prepayment rates;
- political, regulatory or market uncertainty, including economic downturns and heightened geopolitical tensions and conflicts, may continue to adversely affect the U.S. economy, which may lead the Fed to take actions that may impact our business;
- the impact of the federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the federal government and the Fed system;
- the possible material adverse effect on our business if the U.S. Congress passed legislation reforming or winding down Fannie Mae or Freddie Mac;
- mortgage loan modification programs and future legislative action;
- actions by the Fed which could cause a change of the yield curve, which could materially adversely affect our business, financial condition and results of operations and our ability to pay distributions to our stockholders;
- availability, terms and deployment of capital;
- changes in economic conditions generally;
- the impact of a new pandemic on our operations;
- general volatility of the financial markets, including markets for mortgage securities;
- a downgrade of the U.S. Government's or certain European countries' credit ratings and future downgrades of the U.S. Government's or certain European countries' credit ratings may materially adversely affect our business, financial condition and results of operations;
- our inability to maintain the level of non-taxable returns of capital through the payment of dividends to our stockholders or to pay dividends to our stockholders at all;
- inflation or deflation;
- the impact of a shutdown of the U.S. Government;
- availability of suitable investment opportunities;
- the degree and nature of our competition, including competition for MBS;
- changes in our business and investment strategy;



- our failure to maintain our qualification as a REIT;
- our failure to maintain an exemption from being regulated as a commodity pool operator;
- our dependence on ACM and ability to find a suitable replacement if ACM was to terminate its management relationship with us;
- the existence of conflicts of interest in our relationship with ACM, BUCKLER, certain of our directors and our officers, which could result in decisions that are not in the best interest of our stockholders;
- the potential for BUCKLER's inability to access attractive repurchase financing on our behalf or secure profitable third-party business;
- our management's and certain directors' competing duties to other affiliated entities, which could result in decisions that are not in the best interest of our stockholders;
- changes in personnel at ACM or the availability of qualified personnel at ACM;
- limitations imposed on our business by our status as a REIT under the Code;
- the potential burdens on our business of maintaining our exclusion from the 1940 Act and possible consequences of losing that exclusion;
- changes in GAAP, including interpretations thereof;
- changes in applicable laws and regulations, including to federal tax law and other regulatory provisions as a result of the One Big Beautiful Bill Act being signed into law; and
- changes in effectiveness of our controls.

We cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on forward-looking statements, which apply only as of the date of this report. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this report to reflect new information, future events or otherwise, except as required under the U.S. federal securities laws.



We seek to create stockholder value through thoughtful investment and risk management of a leveraged and diversified portfolio of MBS. While we do not seek to avoid risk completely, we believe the risk can be quantified from historical experience and seek to actively manage that risk, to earn sufficient compensation to justify taking those risks and to maintain capital levels consistent with the risks we undertake.

Interest Rate Risk

Our primary market risk is interest rate risk. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. Changes in the general level of interest rates can affect net interest income, which is the difference between the interest income earned on our assets and the interest expense incurred in connection with our liabilities, by affecting the spread between the interest-earning assets and interest-bearing liabilities. Changes in the level of interest rates also can affect the value of MBS and our ability to realize gains from the sale of these assets. A decline in the value of the MBS pledged as collateral for borrowings under repurchase agreements could result in the counterparties demanding additional collateral pledges or liquidation of some of the existing collateral to reduce borrowing levels.

Our borrowings are not subject to similar restrictions and are generally repurchase agreements of limited duration that track the Federal Funds Rate and SOFR and are periodically refinanced at current market rates. Therefore, on average, our cost of funds may rise or fall more quickly than our earnings rate on our assets. Hence, in a period of increasing interest rates, interest rates on our borrowings could increase without limitation, while the changes in the interest rates on our mortgage related assets could be limited. These factors could lower our net interest income or cause a net loss during periods of rising interest rates, which would negatively impact our liquidity, net income and our ability to make distributions to stockholders.

We anticipate that in most cases the interest rates, interest rate indices and repricing terms of our mortgage assets and our funding sources will not be identical, thereby creating an interest rate mismatch between assets and liabilities. These indices generally move in the same direction, but there can be no assurance that this will continue to occur. Furthermore, our net income may vary somewhat as the spread between one-month interest rates, the typical term for our repurchase agreements, and the interest rates on our mortgage assets varies. During periods of changing interest rates, such interest rate mismatches could negatively impact our net interest income, dividend yield and the market price of our stock.

Another component of interest rate risk is the effect changes in interest rates will have on the market value of our MBS. We face the risk that the market value of our MBS will increase or decrease at different rates than that of our liabilities, including our derivative instruments and obligations to return securities received as collateral.

We primarily assess our interest rate risk by estimating the effective duration of our assets and the effective duration of our liabilities and by estimating the time difference between the interest rate adjustment of our assets and the interest rate adjustment of our liabilities. Effective duration essentially measures the market price volatility of financial instruments as interest rates change. We generally estimate effective duration using various financial models and empirical data. Different models and methodologies can produce different effective duration estimates for the same securities.

The sensitivity analysis tables presented below reflect the estimated impact of an instantaneous parallel shift in the yield curve, up and down 50 and 100 basis points, on the market value of our interest rate-sensitive investments and net interest income, at December 31, 2025 and December 31, 2024. It assumes that the mortgage spread on our MBS remains constant. Actual interest rate movements over time will likely be different, and such differences may be material. When evaluating the impact of changes in interest rates, prepayment assumptions and principal reinvestment rates are adjusted based on ACM's expectations. Interest rates for interest rate swaps



ARMOUR Residential REIT, Inc.
Market Risk Disclosures (continued)

and repurchase agreements are assumed to remain positive. The analysis presented utilized assumptions, models and estimates of ACM based on ACM's judgment and experience.

Change in Interest Rates	Net Interest Income	Percentage Change in Projected Portfolio Including Derivatives	Stockholder's Equity
December 31, 2025			
1.00%	(6.31)%	(0.99)%	(8.98)%
0.50%	(3.25)%	(0.38)%	(3.44)%
(0.50)%	3.55%	(0.05)%	(0.41)%
(1.00)%	7.46%	(0.59)%	(5.36)%
December 31, 2024			
1.00%	(4.92)%	(0.98)%	(9.16)%
0.50%	(2.50)%	(0.42)%	(3.89)%
(0.50)%	2.67%	0.18%	1.65%
(1.00)%	5.58%	0.03%	0.28%

While the tables above reflect the estimated immediate impact of interest rate increases and decreases on a static securities portfolio, we rebalance our securities portfolio from time to time either to seek to take advantage of or reduce the impact of changes in interest rates. It is important to note that the impact of changing interest rates on market value and net interest income can change significantly when interest rates change beyond 100 basis points from current levels. Therefore, the volatility in the market value of our assets could increase significantly when interest rates change beyond amounts shown in the tables above. In addition, other factors impact the market value of and net interest income from our interest rate-sensitive investments and derivative instruments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, interest income would likely differ from that shown above and such difference might be material and adverse to our stockholders.

Mortgage Spread Risk

Weakness in the mortgage market may adversely affect the performance and market value of our investments. This could negatively impact our book value. Furthermore, if our lenders are unwilling or unable to provide additional financing, we could be forced to sell our MBS at an inopportune time when prices are depressed.

The table below quantifies the estimated changes in the fair value of our securities portfolio and in our stockholders' equity as of December 31, 2025 and December 31, 2024. The estimated impact of changes in spreads is in addition to our interest rate sensitivity presented above. Our securities portfolio's sensitivity to mortgage spread changes will vary with changes in interest rates and in the size and composition of our securities portfolio. Therefore, actual results could differ materially from our estimates.



ARMOUR Residential REIT, Inc.
Market Risk Disclosures (continued)

Change in MBS spread	December 31, 2025		December 31, 2024	
	Portfolio Value	Stockholders' Equity	Portfolio Value	Stockholders' Equity
+25 BPS	(1.16)%	(10.24)%	(1.31)%	(11.96)%
+10 BPS	(0.46)%	(4.10)%	(0.52)%	(4.78)%
-10 BPS	0.46%	4.10%	0.52%	4.78%
-25 BPS	1.16%	10.24%	1.31%	11.96%

Prepayment Risk

As we receive payments of principal on our MBS, premiums paid on such securities are amortized against interest income and discounts are accreted to interest income as realized. Premiums arise when we acquire MBS at prices in excess of the principal balance of the mortgage loans underlying such MBS. Conversely, discounts arise when we acquire MBS at prices below the principal balance, adjusted for expected impairment losses, of the mortgage loans underlying such MBS. Volatility in actual prepayment speeds will create volatility in the amount of premium amortization we recognize. Higher speeds will reduce our interest income and lower speeds will increase our interest income.

Credit Risk

We have limited our exposure to impairment losses on our securities portfolio of Agency Securities. The payment of principal and interest on the Freddie Mac and Fannie Mae Agency Securities are guaranteed by those respective agencies and the payment of principal and interest on the Agency Securities guaranteed by Ginnie Mae are backed by the full faith and credit of the U.S. Government. Fannie Mae and Freddie Mac remain in conservatorship of the U.S. Government. There can be no assurances as to how or when the U.S. Government will end these conservatorships or how the future profitability of Fannie Mae and Freddie Mac and any future credit rating actions may impact the credit risk associated with Agency Securities and, therefore, the value of the Agency Securities. All of our Agency Securities are issued and guaranteed by GSEs or Ginnie Mae. The GSEs have a long term credit rating of AA+.

Liquidity Risk

Our primary liquidity risk arises from financing long-maturity MBS with short-term debt. The interest rates on our borrowings adjust frequently while the interest rates on our MBS are fixed. Accordingly, in a period of rising interest rates, our borrowing costs will usually increase faster than our interest earnings from MBS. Our repurchase agreements require that we maintain adequate pledged collateral. A decline in the value of the MBS pledged as collateral for borrowings under repurchase agreements could result in the counterparties demanding additional collateral pledges or liquidation of some of the existing collateral to reduce borrowing levels.



Operational Risk

We rely on our financial, accounting and other data processing systems. Computer malware, viruses, computer hacking and phishing attacks have become more prevalent in our industry and may occur on our systems. Although we have not detected a material cybersecurity breach to date, other financial services institutions have reported material breaches of their systems, some of which have been significant. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that we have experienced an undetected breach. There is no assurance that we, or the third parties that facilitate our business activities, have not or will not experience a breach. It is difficult to determine what, if any, negative impact may directly result from any specific interruption or cyber-attacks or security breaches of our networks or systems (or the networks or systems of third parties that facilitate our business activities) or any failure to maintain performance.

ACM has established an ITSC to help mitigate technology risks including cybersecurity. One of the roles of the ITSC is to oversee cyber risk assessments, monitor applicable key risk indicators, review cybersecurity training procedures, oversee the Company's Cybersecurity Policies, including an incident response plan, and engage third parties to conduct periodic penetration testing. Our cybersecurity risk assessment includes an evaluation of cyber risk related to sensitive data held by third parties on their systems. There is no assurance that these efforts will effectively mitigate cybersecurity risk and mitigation efforts are not an assurance that no cybersecurity incidents will occur.

In addition, our Audit Committee periodically monitors and oversees our information and cybersecurity risks including reviewing and approving any information and cybersecurity policies, procedures and resources, and reviewing our information and cybersecurity risk assessment, detection, protection, and mitigation systems.



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To the stockholders and the Board of Directors of ARMOUR Residential REIT, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ARMOUR Residential REIT, Inc. (the “Company”) as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive income (loss), stockholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2026, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involve our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Deloitte & Touche LLP

Miami, Florida
February 18, 2026

We have served as the Company’s auditor since 2011.



To the stockholders and the Board of Directors of ARMOUR Residential REIT, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ARMOUR Residential REIT, Inc. (the "Company") as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 18, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
Miami, Florida
February 18, 2026



ARMOUR Residential REIT, Inc.
CONSOLIDATED BALANCE SHEETS

(U.S dollar and share amounts in thousands, except per share amounts)

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	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 63,270	\$ 67,970
Cash collateral posted to counterparties	226,701	78,213
Investments in securities, at fair value:		
Agency Securities (including pledged securities of \$18,071,863 (\$8,324,007 with BUCKLER) and \$11,796,858 (\$5,733,374 with BUCKLER)), respectively	19,417,640	12,439,414
U.S. Treasury Securities (including pledged securities of \$598,109 (\$498,438 with BUCKLER))	598,109	—
Derivatives, at fair value	611,544	908,063
Accrued interest receivable	86,153	52,874
Prepaid and other	1,742	1,419
Total Assets	\$ 21,005,159	\$ 13,547,953
Liabilities and Stockholders' Equity		
Liabilities:		
Repurchase agreements, net (including \$8,426,540 and \$4,895,003, respectively with BUCKLER)	\$ 17,941,796	\$ 10,713,830
Obligations to return securities received as collateral, at fair value	—	493,433
Cash collateral posted by counterparties	419,427	833,857
Payable for unsettled purchases	302,094	103,509
Derivatives, at fair value	19,303	1,285
Accrued interest payable - repurchase agreements (including \$27,752 and \$14,442, respectively with BUCKLER)	59,267	32,090
Accrued interest payable - U.S. Treasury Securities sold short	—	3,801
Accounts payable and other accrued expenses	2,219	4,733
Total Liabilities	\$ 18,744,106	\$ 12,186,538
Commitments and contingencies (Note 8 and Note 14)		
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 50,000 shares authorized; 7.00% Series C Cumulative Preferred Stock; 7,048 shares and 6,847 shares issued and outstanding (\$176,196 and \$171,175 aggregate liquidation preference), respectively.	7	7
Common stock, \$0.001 par value, 175,000 and 125,000 shares authorized; 111,915 shares and 62,412 shares issued and outstanding, respectively.	112	62
Additional paid-in capital	5,446,152	4,585,739
Cumulative distributions to stockholders	(2,667,051)	(2,383,539)
Accumulated net loss	(518,167)	(840,854)
Total Stockholders' Equity	\$ 2,261,053	\$ 1,361,415
Total Liabilities and Stockholders' Equity	\$ 21,005,159	\$ 13,547,953

See consolidated financial statement notes.



ARMOUR Residential REIT, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(U.S. dollar and share amounts in thousands, except per share amounts)

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	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Interest Income:			
Interest Income (including \$0, \$0 and \$973, respectively with BUCKLER)	\$ 800,424	\$ 550,946	\$ 552,903
Interest expense (including \$(294,368), \$(249,313) and \$(245,846), respectively with BUCKLER)	(642,085)	(524,146)	(525,794)
Net Interest Income	\$ 158,339	\$ 26,800	\$ 27,109
Other Income (Loss):			
Realized loss on sale of available for sale Agency Securities (reclassified from Other comprehensive loss)	—	—	(7,471)
Gain (Loss) on Agency Securities, trading, net	514,836	(348,646)	(52,665)
Gain (Loss) on U.S. Treasury Securities, net	(9,990)	37,602	(43,093)
Gain (Loss) on derivatives, net ⁽¹⁾	(285,749)	323,500	51,748
Total Other Income (Loss)	\$ 219,097	\$ 12,456	\$ (51,481)
Expenses:			
Management fees	45,464	39,734	38,188
Compensation	3,561	4,737	4,944
Other Operating	12,324	15,779	7,019
Total Expenses	\$ 61,349	\$ 60,250	\$ 50,151
Less management fees waived	(6,600)	(6,600)	(6,600)
Total Expenses after fees waived	\$ 54,749	\$ 53,650	\$ 43,551
Net Income (Loss)	\$ 322,687	\$ (14,394)	\$ (67,923)
Dividends on preferred stock	(12,038)	(11,982)	(11,982)
Net Income (Loss) available (related) to common stockholders	\$ 310,649	\$ (26,376)	\$ (79,905)
Net Income (Loss)			
Reclassification adjustment for realized loss on sale of available for sale Agency Securities	—	—	7,471
Net unrealized gain on available for sale Agency Securities	—	—	4,056
Other Comprehensive income	—	—	11,527
Comprehensive Income (Loss)	\$ 322,687	\$ (14,394)	\$ (56,396)
Dividends on preferred stock	(12,038)	(11,982)	(11,982)
Comprehensive Income (Loss) available (related) to common stockholders	\$ 310,649	\$ (26,376)	\$ (68,378)

Continued



ARMOUR Residential REIT, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(U.S. dollar and share amounts in thousands, except per share amounts)

Net Income (Loss) per share available (related) to common stockholders (Note 11):

Basic	\$ 3.31	\$ (0.51)	\$ (1.86)
Diluted	\$ 3.30	\$ (0.51)	\$ (1.86)
Dividends declared per common share	\$ 2.88	\$ 2.88	\$ 5.00
Weighted average common shares outstanding:			
Basic	93,943	52,158	43,054
Diluted	94,268	52,158	43,054

(1) Interest income and expense related to our interest rate swap contracts is recorded in gain (loss) on derivatives, net on the consolidated statements of operations and comprehensive income (loss). For additional information, see financial statement Note 7.

See consolidated financial statement notes.



ARMOUR Residential REIT, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(U.S dollar and share amounts in thousands, except per share amounts)

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	Shares		Par		Additional Paid-in Capital	Cumulative Distributions to Stockholders	Accumulated Net Loss	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Preferred Stock	Common Stock	Preferred Stock	Common Stock					
Balance, January 1, 2023	6,847	32,582	\$ 7	\$ 33	\$ 3,874,757	\$ (1,992,361)	\$ (758,537)	\$ (11,527)	\$ 1,112,372
Other Comprehensive income (loss)	—	—	—	—	—	—	(67,923)	11,527	(56,396)
Issuance of common stock, net	—	16,636	—	16	450,132	—	—	—	450,148
Stock based compensation, net of withholding requirements	—	58	—	—	3,201	—	—	—	3,201
Common stock repurchased	—	(477)	—	—	(9,935)	—	—	—	(9,935)
Preferred stock dividends	—	—	—	—	—	(11,982)	—	—	(11,982)
Common stock dividends	—	—	—	—	—	(216,224)	—	—	(216,224)
Balance, December 31, 2023	<u>6,847</u>	<u>48,799</u>	<u>\$ 7</u>	<u>\$ 49</u>	<u>\$ 4,318,155</u>	<u>\$ (2,220,567)</u>	<u>\$ (826,460)</u>	<u>\$ —</u>	<u>\$ 1,271,184</u>
Other Comprehensive loss	—	—	—	—	—	—	(14,394)	—	(14,394)
Issuance of common stock, net	—	13,624	—	13	265,687	—	—	—	265,700
Stock based compensation, net of withholding requirements	—	59	—	—	3,241	—	—	—	3,241
Common stock repurchased	—	(70)	—	—	(1,344)	—	—	—	(1,344)
Preferred stock dividends	—	—	—	—	—	(11,982)	—	—	(11,982)
Common stock dividends	—	—	—	—	—	(150,990)	—	—	(150,990)
Balance, December 31, 2024	<u>6,847</u>	<u>62,412</u>	<u>\$ 7</u>	<u>\$ 62</u>	<u>\$ 4,585,739</u>	<u>\$ (2,383,539)</u>	<u>\$ (840,854)</u>	<u>\$ —</u>	<u>\$ 1,361,415</u>
Other Comprehensive income	—	—	—	—	—	—	322,687	—	322,687
Issuance of Preferred stock, net	201	—	—	—	4,118	—	—	—	4,118
Issuance of common stock, net	—	50,797	—	51	874,116	—	—	—	874,167
Stock based compensation, net of withholding requirements	—	57	—	—	2,125	—	—	—	2,125
Common stock repurchased	—	(1,351)	—	(1)	(19,946)	—	—	—	(19,947)
Preferred stock dividends	—	—	—	—	—	(12,038)	—	—	(12,038)
Common stock dividends	—	—	—	—	—	(271,474)	—	—	(271,474)
Balance, December 31, 2025	<u>7,048</u>	<u>111,915</u>	<u>\$ 7</u>	<u>\$ 112</u>	<u>\$ 5,446,152</u>	<u>\$ (2,667,051)</u>	<u>\$ (518,167)</u>	<u>\$ —</u>	<u>\$ 2,261,053</u>

See consolidated financial statement notes.



ARMOUR Residential REIT, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollar amounts in thousands)

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	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Cash Flows Provided By (Used In) Operating Activities:			
Net Income (Loss)	\$ 322,687	\$ (14,394)	\$ (67,923)
Adjustments to reconcile net income (loss) to net cash and cash equivalents and cash collateral posted to counterparties provided by operating activities:			
Net (accretion) amortization of premium (discount) on Agency Securities	1,940	(345)	3,388
Net amortization of U.S. Treasury Securities	90	—	131
Realized loss on sale of Agency Securities, available for sale	—	—	7,471
(Gain) Loss on Agency Securities, trading, net	(514,836)	348,646	52,665
(Gain) Loss on U.S. Treasury Securities, net	9,990	(37,602)	43,093
Stock based compensation	2,125	3,241	3,201
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	(32,906)	(5,873)	(18,474)
(Increase) decrease in prepaid and other assets	(287)	(159)	841
Change in derivatives, at fair value	314,537	(34,402)	99,064
Increase in accrued interest payable- repurchase agreements	27,177	5,581	7,413
(Decrease) increase in accrued interest payable- U.S. Treasury Securities sold short	(3,801)	(1,248)	1,631
(Decrease) increase in accounts payable and other accrued expenses	(2,514)	(1,986)	315
Net cash and cash equivalents and cash collateral posted to counterparties provided by operating activities	<u>\$ 124,202</u>	<u>\$ 261,459</u>	<u>\$ 132,816</u>
Cash Flows Provided By (Used In) Investing Activities:			
Purchases of Agency Securities (including \$0, \$0 and \$57,039 with BUCKLER, respectively)	(9,598,275)	(7,338,995)	(10,288,661)
Purchases of U.S. Treasury Securities (including \$454,164, \$0 and \$155,857 with BUCKLER, respectively)	(1,705,115)	(869,257)	(1,465,748)
Principal repayments of Agency Securities	1,696,914	1,053,625	803,158
Proceeds from sales of Agency Securities	1,634,243	4,589,515	6,290,592
Proceeds from sales of U.S. Treasury Securities (including \$100,502, \$0 and \$154,875 with BUCKLER, respectively)	603,493	1,050,019	1,270,141
Disbursements on reverse repurchase agreements (including \$(1,860,188), \$(4,643,450) and \$(2,774,490), respectively with BUCKLER)	(2,268,875)	(5,829,200)	(2,774,490)
Receipts from reverse repurchase agreements (including \$2,307,250, \$4,550,325 and \$3,124,829, respectively with BUCKLER)	2,767,125	5,684,888	3,124,829

(Continued)



ARMOUR Residential REIT, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollar amounts in thousands)

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Increase (decrease) in cash collateral posted by counterparties	(414,430)	(26,273)	(103,461)
Proceeds from subordinated loan due to BUCKLER	—	—	105,000
Net cash and cash equivalents and cash collateral posted to counterparties used in investing activities	<u>\$ (7,284,920)</u>	<u>\$ (1,685,678)</u>	<u>\$ (3,038,640)</u>

Cash Flows Provided By (Used In) Financing Activities:

Issuance of Series C Preferred stock, net of expenses	4,082	—	—
Issuance of common stock, net of expenses	874,117	265,660	450,117
Proceeds from repurchase agreements (including \$89,783,916, \$59,055,222 and \$69,806,936, respectively with BUCKLER)	157,010,813	105,402,159	119,704,734
Principal repayments on repurchase agreements (including \$(86,699,441), \$(58,734,577) and \$(68,737,266), respectively with BUCKLER)	(150,281,097)	(104,191,999)	(116,870,149)
Series C Preferred stock dividends paid	(12,038)	(11,982)	(11,982)
Common stock dividends paid	(271,424)	(150,950)	(216,193)
Common stock repurchased, net	(19,947)	(1,344)	(9,935)
Net cash and cash equivalents and cash collateral posted to counterparties provided by financing activities	<u>\$ 7,304,506</u>	<u>\$ 1,311,544</u>	<u>\$ 3,046,592</u>

Net increase (decrease) in cash and cash equivalents and cash collateral posted to counterparties

	143,788	(112,675)	140,768
Cash and cash equivalents and cash collateral posted to counterparties - beginning of year	<u>146,183</u>	<u>258,858</u>	<u>118,090</u>

Cash and cash equivalents and cash collateral posted to counterparties - end of year	<u>\$ 289,971</u>	<u>\$ 146,183</u>	<u>\$ 258,858</u>
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Supplemental Disclosure:

Cash paid during the year for interest	<u>\$ 735,444</u>	<u>\$ 686,182</u>	<u>\$ 607,030</u>
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Non-Cash Investing Activities:

Payable for unsettled purchases	<u>\$ (302,094)</u>	<u>\$ (103,509)</u>	<u>\$ (171,513)</u>
Net unrealized gain (loss) on available for sale Agency Securities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,056</u>

Non-Cash Financing Activities:

Amounts receivable for issuance of preferred stock	<u>\$ 36</u>	<u>\$ —</u>	<u>\$ —</u>
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See consolidated financial statement notes.



ARMOUR Residential REIT, Inc.
FINANCIAL STATEMENT NOTES

(U.S dollar and share amounts in thousands, except per share)

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Note 1 - Organization and Nature of Business Operations

References to “we,” “us,” “our,” or the “Company” are to ARMOUR Residential REIT, Inc. (“ARMOUR”) and its subsidiaries. References to “ACM” are to ARMOUR Capital Management LP, a Delaware limited partnership. ARMOUR owns a 10.8% equity interest in BUCKLER Securities LLC (“BUCKLER”). BUCKLER is a Delaware limited liability company and a FINRA-regulated broker-dealer, which was controlled by ACM. Subsequent to year-end, ACM and BUCKLER are now under common control. Refer to the Glossary of Terms for definitions of capitalized terms and abbreviations used in this report. U.S. dollar and share amounts are presented in thousands, except per share amounts or as otherwise noted.

We are an externally managed Maryland corporation incorporated in 2008, managed by ACM, an investment advisor registered with the SEC (see Note 8 - Commitments and Contingencies and Note 14 - Related Party Transactions). We have elected to be taxed as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”). Our qualification as a REIT depends on our ability to meet, on a continuing basis, various complex requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the concentration of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and our manner of operations enables us to meet the requirements for taxation as a REIT for federal income tax purposes. As a REIT, we will generally not be subject to federal income tax on the REIT taxable income that we currently distribute to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to federal income tax at regular corporate rates. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to some federal, state and local taxes on our income.

At December 31, 2025, our investments in securities included mortgage backed securities (“MBS”), issued or guaranteed by a United States (“U.S.”) Government-sponsored entity (“GSE”), such as the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”), or a government agency such as Government National Mortgage Administration (“Ginnie Mae”) (collectively, “Agency Securities”) and U.S. Treasury Securities. At December 31, 2024, we invested solely in MBS. Our investment in securities consists primarily of fixed rate loans. Our charter permits us to invest in MBS backed by fixed rate, hybrid adjustable rate and adjustable rate home loans as well as unsecured notes and bonds issued by GSEs, U.S. Treasuries and money market instruments.

Note 2 - Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”). The consolidated financial statements include the accounts of ARMOUR Residential REIT, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated. 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. Actual results could differ from those estimates. Significant estimates affecting the accompanying consolidated financial statements include the valuation of MBS and derivative instruments.

All per share amounts, common shares outstanding and stock-based compensation amounts for all periods presented reflect our one-for-five reverse stock split (the “Reverse Stock Split”), which was effective September 29, 2023. No other reclassifications have been made to previously reported amounts.



ARMOUR Residential REIT, Inc.
FINANCIAL STATEMENT NOTES

(U.S dollar and share amounts in thousands, except per share)

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Note 3 - Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and highly liquid short-term investments with financial institutions with original maturities of three months or less. We may maintain deposits in federally insured financial institutions in excess of federally insured limits. However, management believes we are not exposed to significant credit risk due to the financial position and creditworthiness of the depository institutions in which those deposits are held.

Cash Collateral Posted To/By Counterparties

Cash collateral posted to/by counterparties represents cash posted by us to counterparties or posted by counterparties to us as collateral. Cash collateral posted to/by counterparties may include collateral for interest rate swap contracts, interest rate swaptions, basis swap contracts, futures contracts, repurchase agreements on our MBS and our Agency Securities purchased or sold on a to-be-announced basis ("TBA Agency Securities").

The interest earned or paid on cash collateral posted to/by counterparties is recorded in gain on derivatives, net in the consolidated statements of operations and comprehensive income (loss).

Investments in Securities, at Fair Value

Our investments in securities are generally classified as trading securities. Management determines the appropriate classifications of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date.

Trading Securities are reported at their estimated fair values with gains and losses included in Other Income (Loss) as a component of the consolidated statements of operations and comprehensive income (loss).

Available for Sale Securities represented investments that we intended to hold for extended periods of time and were reported at their estimated fair values with unrealized gains and losses excluded from earnings and reported as part of comprehensive income (loss). During the first quarter of 2023, we sold the remaining balance of our Available for Sale Securities which resulted in a realized loss of \$7,471.

Receivables and Payables for Unsettled Sales and Purchases

We account for purchases and sales of securities on the trade date based on the specific identification method, including purchases and sales for forward settlement. Receivables and payables for unsettled trades represent the agreed trade price multiplied by the outstanding balance of the securities at the balance sheet date.

Accrued Interest Receivable and Payable

Accrued interest receivable includes interest accrued between payment dates on securities and interest on unsettled sales of securities. Accrued interest payable includes interest on unsettled purchases of securities and interest on repurchase agreements, net. At certain times, we may have interest payable on U.S. Treasury Securities sold short.

Repurchase Agreements, net

We finance the acquisition of the majority of our MBS through the use of repurchase agreements. Our repurchase agreements are secured by our MBS and bear interest rates that have moved in close relationship to the Federal Funds Effective Rate ("Federal Funds Rate") and the Secured Overnight Financing Rate ("SOFR"). Under these repurchase agreements, we sell MBS to a lender and agree to repurchase the same MBS in the future for a



ARMOUR Residential REIT, Inc.
FINANCIAL STATEMENT NOTES

(U.S dollar and share amounts in thousands, except per share)

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price that is higher than the original sales price. The difference between the sales price that we receive and the repurchase price that we pay represents interest paid to the lender, which accrues over the life of the repurchase agreement. A repurchase agreement operates as a financing arrangement under which we pledge our MBS as collateral to secure a loan which is equal in value to a specified percentage of the estimated fair value of the pledged collateral. We retain beneficial ownership of the pledged collateral. At the maturity of a repurchase agreement, we are required to repay the loan and concurrently receive back our pledged collateral from the lender or, with the consent of the lender, we may renew such agreement at the prevailing interest rate. The repurchase agreements may require us to pledge additional assets to the lender in the event the estimated fair value of the existing pledged collateral declines or allow us to take back certain pledged collateral if values increase.

In addition to the repurchase agreement financing discussed above, at certain times, we have entered into reverse repurchase agreements with certain of our repurchase agreement counterparties. Under a typical reverse repurchase agreement, we purchase U.S. Treasury Securities from a borrower in exchange for cash and agree to sell the same securities in the future in exchange for a price that is higher than the original purchase price. The difference between the purchase price originally paid and the sale price represents interest received from the borrower. Reverse repurchase agreement receivables and repurchase agreement liabilities are presented net when they meet certain criteria, including being with the same counterparty, being governed by the same master repurchase agreement ("MRA"), settlement through the same brokerage or clearing account and maturing on the same day. At December 31, 2025 and December 31, 2024, we had \$0 and \$498,250 (\$447,063 of which were with BUCKLER), respectively, in reverse repurchase agreements which are recorded in repurchase agreements, net on our consolidated balance sheet.

Obligations to Return Securities Received as Collateral, at Fair Value

We also sell to third parties the U.S. Treasury Securities received as collateral for reverse repurchase agreements and recognize the resulting obligation to return said U.S. Treasury Securities as a liability on our consolidated balance sheet. Interest is recorded on the repurchase agreements, reverse repurchase agreements and U.S. Treasury Securities on an accrual basis and presented as net interest expense. Both parties to the transaction have the right to make daily margin calls based on changes in the fair value of the collateral received and/or pledged. At December 31, 2025 and December 31, 2024 we had obligations to return securities received as collateral associated with our reverse repurchase agreements of \$0 and \$493,433, respectively.

Derivatives, at Fair Value

We recognize all derivatives individually as either assets or liabilities at fair value on our consolidated balance sheets. All changes in the fair values of our derivatives are reflected in our consolidated statements of operations. We designate derivatives as hedges for tax purposes and any unrealized derivative gains or losses would not affect our distributable net taxable income. These transactions may include interest rate swap contracts, interest rate swaptions, basis swap contracts and futures contracts.

We also may utilize forward contracts for the purchase or sale of TBA Agency Securities. We account for TBA Agency Securities as derivative instruments if it is reasonably possible that we will not take or make physical delivery of the Agency Security upon settlement of the contract. We account for TBA dollar roll transactions as a series of derivative transactions. We may also purchase and sell TBA Agency Securities as a means of investing in and financing Agency Securities (thereby increasing our "at risk" leverage) or as a means of disposing of or reducing our exposure to Agency Securities (thereby reducing our "at risk" leverage). We agree to purchase or sell, for future delivery, Agency Securities with certain principal and interest terms and certain types of collateral, but the particular Agency Securities to be delivered are not identified until shortly before the TBA settlement date. We may also choose, prior to settlement, to move the settlement of these securities out to a later date by entering into an offsetting short or long position (referred to as a "pair off"), net settling the paired off positions for cash, and simultaneously purchasing or selling a similar TBA Agency Security for a later settlement date. This transaction



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is commonly referred to as a “dollar roll.” When it is reasonably possible that we will pair off a TBA Agency Security, we account for that contract as a derivative.

Revenue Recognition

Interest income is earned and recognized on Agency Securities based on their unpaid principal amounts and their contractual terms. We record interest payable for interest received on securities sold during the period between the trade date and settlement date and interest receivable for purchases during the period between the trade date and settlement date. Premiums and discounts associated with the purchase of Multi-Family MBS, which are generally not subject to prepayment, are amortized or accreted into interest income over the contractual lives of the securities using a level yield method. Premiums and discounts associated with the purchase of other Agency Securities are amortized or accreted into interest income over the actual lives of the securities, reflecting actual prepayments as they occur. Purchase and sale transactions (including TBA Agency Securities) are recorded on the trade date, based on the specific identification method, to the extent it is probable that we will take or make timely physical delivery of the related securities. Gains or losses realized from sales of available for sale securities were reclassified into income from Comprehensive Income (Loss) and were determined using the specific identification method.

Interest income on U.S. Treasury Securities is recognized based on their unpaid principal amounts and their contractual terms. Recognition of interest income commences on the settlement date of the purchase transaction and continues through the settlement date of the sale transaction.

Comprehensive Income (Loss)

Comprehensive income (loss) refers to the sum of net income and other comprehensive income (loss). It represents all changes in equity during a period from transactions and other events from non-owner sources. It excludes all changes in equity during a period resulting from investments by owners and distributions to owners.

Note 4 - Fair Value of Financial Instruments

Our valuation techniques for financial instruments use observable and unobservable inputs. Observable inputs reflect readily obtainable data from third-party sources, while unobservable inputs reflect management’s market assumptions. The Accounting Standards Codification Topic No. 820, “Fair Value Measurement,” classifies these inputs into the following hierarchy:

Level 1 Inputs - Quoted prices for identical instruments in active markets.

Level 2 Inputs - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs - Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect management’s assumptions about the factors that market participants would use in pricing an asset or liability and would be based on the best information available.

The fair value of financial instruments is the amount received to sell an asset or the amount paid to transfer the liability in a transaction between willing market participants on the measurement date. At the beginning of each period, we assess the assets and liabilities that are measured at fair value on a recurring basis to determine if any transfers between levels in the fair value hierarchy are needed.



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The following describes the valuation methodologies used for our assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy. Any transfers between levels are assumed to occur at the beginning of the reporting period.

Investment in Securities

Fair value for our investments in securities are based on obtaining a valuation for each security from third-party pricing services and/or dealer quotes. The third-party pricing services use common market pricing methods that may include pricing models that may incorporate such factors as coupons, prepayment speeds, spread to the Treasury curves and interest rate swap curves, duration, periodic and life caps and credit enhancement. If the fair value of a security is not available from the third-party pricing services or such data appears unreliable, we obtain pricing indications from up to three dealers who make markets in similar securities. Management reviews pricing used to ensure that current market conditions are properly reflected. This review includes, but is not limited to, comparisons of similar market transactions or alternative third-party pricing services, dealer pricing indications and comparisons to a third-party pricing model. Fair values obtained from the third-party pricing services for similar instruments are classified as Level 2 securities if the inputs to the pricing models used are consistent with the Level 2 definition. If quoted prices for a security are not reasonably available from the third-party pricing service, but dealer pricing indications are, the security will be classified as a Level 2 security. If neither is available, management will determine the fair value based on characteristics of the security that we receive from the issuer and based on available market information and classify it as a Level 3 security. U.S. Treasury Securities are classified as Level 1, as quoted unadjusted prices are available in active markets for identical assets.

Derivatives

The fair values of our interest rate swap contracts, interest rate swaptions and basis swap contracts are valued using information provided by third-party pricing services that incorporate common market pricing methods that may include current interest rate curves, forward interest rate curves and market spreads to interest rate curves and are classified as Level 2. We estimate the fair value of TBA Agency Securities based on similar methods used to value our Agency Securities and they are classified as Level 2. Management compares the pricing information received to dealer quotes to ensure that the current market conditions are properly reflected. Futures contracts are traded on the Chicago Mercantile Exchange ("CME") which requires the use of daily mark-to-market collateral and they are classified as Level 1.

The following tables provide a summary of our assets and liabilities that are measured at fair value on a recurring basis at December 31, 2025 and December 31, 2024.

December 31, 2025	Level 1	Level 2	Level 3	Balance
Assets at Fair Value:				
Agency Securities	\$ —	\$ 19,417,640	\$ —	\$ 19,417,640
U.S. Treasury Securities	\$ 598,109	\$ —	\$ —	\$ 598,109
Derivatives	\$ 17,820	\$ 593,724	\$ —	\$ 611,544
Liabilities at Fair Value:				
Derivatives	\$ 93	\$ 19,210	\$ —	\$ 19,303



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December 31, 2024	Level 1	Level 2	Level 3	Balance
Assets at Fair Value:				
Agency Securities	\$ —	\$ 12,439,414	\$ —	\$ 12,439,414
Derivatives	\$ 13,300	\$ 894,763	\$ —	\$ 908,063
Liabilities at Fair Value:				
Obligations to return securities as collateral	\$ —	\$ 493,433	\$ —	\$ 493,433
Derivatives	\$ 328	\$ 957	\$ —	\$ 1,285

There were no transfers of assets or liabilities between the levels of the fair value hierarchy during the year ended December 31, 2025 or for the year ended December 31, 2024.

Excluded from the tables above are financial instruments, including cash and cash equivalents, cash collateral posted to/by counterparties, receivables, payables (categorized as Level 1) and borrowings under repurchase agreements, net (categorized as Level 2), which are presented in our consolidated financial statements at cost, which approximates fair value at December 31, 2025 and December 31, 2024.

Note 5 - Investments in Securities

As of December 31, 2025 and December 31, 2024, our securities portfolio consisted of \$20,015,749 and \$12,439,414 of trading securities, at fair value, respectively.

The tables below present the components of the carrying value and the unrealized gain or loss position of our investments in securities at December 31, 2025 and December 31, 2024.

December 31, 2025	Principal Amount	Amortized Cost	Gross Unrealized Loss	Gross Unrealized Gain	Fair Value
Agency Securities	\$ 19,380,804	\$ 19,257,086	\$ (87,828)	\$ 248,382	\$ 19,417,640
U.S. Treasury Securities	600,000	598,760	(1,078)	427	598,109
Totals	<u>\$ 19,980,804</u>	<u>\$ 19,855,846</u>	<u>\$ (88,906)</u>	<u>\$ 248,809</u>	<u>\$ 20,015,749</u>

December 31, 2024	Principal Amount	Amortized Cost	Gross Unrealized Loss	Gross Unrealized Gain	Fair Value
Agency Securities	\$ 12,957,039	\$ 12,806,504	\$ (370,044)	\$ 2,954	\$ 12,439,414
Totals	<u>\$ 12,957,039</u>	<u>\$ 12,806,504</u>	<u>\$ (370,044)</u>	<u>\$ 2,954</u>	<u>\$ 12,439,414</u>



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The following tables summarize the weighted average lives of our investments in securities at December 31, 2025 and December 31, 2024.

Weighted Average Life	December 31, 2025		December 31, 2024	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
< 1 year	\$ —	\$ —	\$ —	\$ —
≥ 1 year and < 3 years	1,934,537	1,910,316	—	—
≥ 3 years and < 5 years	8,305,993	8,201,320	1,329,834	1,341,663
≥ 5 years	9,775,219	9,744,210	11,109,580	11,464,841
Totals	\$ 20,015,749	\$ 19,855,846	\$ 12,439,414	\$ 12,806,504

We use a third-party model to calculate the weighted average lives of our investments in securities. Weighted average life is calculated based on expectations for estimated prepayments for the underlying mortgage loans of our investments in securities. These estimated prepayments are based on assumptions such as interest rates, current and future home prices, housing policy and borrower incentives. The weighted average lives of our investments in securities at December 31, 2025 and December 31, 2024 in the table above are based upon market factors, assumptions, models and estimates from the third-party model and also incorporate management's judgment and experience. The actual weighted average lives of these securities could be longer or shorter than estimated.

Note 6 - Repurchase Agreements, net

At December 31, 2025, we had active MRAs with 35 counterparties and had \$17,941,796 in outstanding borrowings with 22 of those counterparties. At December 31, 2024, we had active MRAs with 33 counterparties and had \$10,713,830 in outstanding borrowings with 17 of those counterparties.

The following tables represent the contractual repricing regarding our repurchase agreements to finance MBS purchases at December 31, 2025 and December 31, 2024. Our repurchase agreements require excess collateral, known as a "haircut." At December 31, 2025, the average gross haircut percentage was 2.73% compared to 2.77% at December 31, 2024. The haircut for our repurchase agreements vary by counterparty and therefore, the changes in the average haircut percentage will vary with the changes in our counterparty repurchase agreement balances.

December 31, 2025	Balance	Weighted Average Contractual Rate	Weighted Average Maturity in days
≤ 30 days	\$ 17,941,796	4.01 %	15
Total or Weighted Average	\$ 17,941,796	4.01 %	15



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December 31, 2024	Balance	Weighted Average Contractual Rate	Weighted Average Maturity in days
≤ 30 days ⁽¹⁾	\$ 10,466,630	4.72 %	17
> 30 days to ≤ 60 days	247,200	4.63 %	31
Total or Weighted Average	\$ 10,713,830	4.72 %	17

(1) Net of reverse repurchase agreements of \$498,250 (\$447,063 of which were with BUCKLER). Obligations to return securities received as collateral of \$493,433 associated with the reverse repurchase agreements all matured in January 2024.

The following tables present information about the gross and net securities purchased and sold under our repurchase agreements, net on the accompanying consolidated balance sheets at December 31, 2024. We did not have reverse repurchase agreements at December 31, 2025.

December 31, 2024	Gross Amounts Not Offset					
	Gross Amounts	Gross Amounts offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	Financial Instruments ⁽¹⁾	Cash Collateral	Total Net
Assets						
Reverse Repurchase Agreements	\$ 498,250	\$ (498,250)	\$ —	\$ —	\$ —	\$ —
Totals	\$ 498,250	\$ (498,250)	\$ —	\$ —	\$ —	\$ —
Liabilities						
Repurchase Agreements	\$ (11,212,080)	\$ 498,250	\$ (10,713,830)	\$ 10,713,830	\$ —	\$ —
Totals	\$ (11,212,080)	\$ 498,250	\$ (10,713,830)	\$ 10,713,830	\$ —	\$ —

(1) The fair value of securities pledged against our repurchase agreements was \$11,796,858 at December 31, 2024.

Our repurchase agreements require that we maintain adequate pledged collateral. A decline in the value of the MBS pledged as collateral for borrowings under repurchase agreements could result in the counterparties demanding additional collateral pledges or liquidation of some of the existing collateral to reduce borrowing levels. We manage this risk by maintaining an adequate balance of available cash and unpledged securities. An event of default or termination event under the standard MRA would give our counterparty the option to terminate all repurchase transactions existing with us and require any amount due to be payable immediately. In addition, certain of our MRAs contain a restriction that prohibits our leverage from exceeding twelve times our stockholders' equity as well as termination events in the case of significant reductions in equity capital. We also may receive cash or securities as collateral from our derivative counterparties which we may use as additional collateral for repurchase agreements. Certain interest rate swap contracts provide for cross collateralization and cross default with repurchase agreements and other contracts with the same counterparty.

At December 31, 2025 and December 31, 2024, BUCKLER accounted for 47.0% and 45.7%, respectively, of our aggregate borrowings and had an amount at risk of 7.1% and 8.0%, respectively, of our total stockholders' equity with a weighted average maturity of 13 days and 15 days, respectively, on repurchase agreements, net (see Note 14 - Related Party Transactions).



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In addition, at December 31, 2025, we had 2 repurchase agreement counterparties that individually accounted for over 5% of our aggregate borrowings. In total, these counterparties accounted for approximately 12.1% of our repurchase agreement borrowings outstanding at December 31, 2025. At December 31, 2024, we had 3 repurchase agreement counterparties that individually accounted for over 5% of our aggregate borrowings. In total, these counterparties accounted for 19.9% of our repurchase agreement borrowings at December 31, 2024.

Note 7 - Derivatives

We enter into derivative transactions to manage our interest rate risk and agency mortgage rate exposures. We have agreements with our derivative counterparties that provide for the posting of collateral based on the fair values of our derivatives. Through this margin process, either we or our counterparties may be required to pledge cash or securities as collateral. Collateral requirements vary by counterparty and change over time based on the fair value, notional amount and remaining term of the contracts. Certain contracts provide for cross collateralization and cross default with repurchase agreements and other contracts with the same counterparty.

Interest rate swap contracts are designed to lock in long-term average funding costs for repurchase agreements associated with our assets in an attempt to maximize earnings from our assets. Such transactions are based on assumptions about prepayments which, if not realized, will cause transaction results to differ from expectations. Interest rate swaptions generally provide us with the option to enter into an interest rate swap agreement at a certain point of time in the future with a predetermined notional amount, stated term and stated rate of interest in the fixed leg and interest rate index on the floating leg. Basis swap contracts allow us to exchange one floating interest rate basis for another, thereby allowing us to diversify our floating rate basis exposures.

All of our interest rate contracts have floating leg interest rate indexes of either the Federal Funds Rate or SOFR. The Federal Funds Rate is published daily by the New York Federal Reserve and is a measure of unsecured borrowings by depository institutions from other depository institutions or GSEs. SOFR is published daily by the New York Federal Reserve and is the average overnight rate for borrowings secured by U.S. Treasury securities. We enter into interest rate swap contracts either directly with a counterparty (a "bilateral" contract) or through a centrally-cleared swap contract. In a bilateral contract, we exchange margin collateral with the counterparty and have exposure to counterparty risk. In a centrally-cleared contract, we exchange margin collateral with a Futures Clearing Merchant, with whom we have opened an account. Our counterparty risk is limited to the clearing exchange itself. All of our centrally-cleared swaps are cleared by the CME. In general, centrally-cleared interest rate swap contracts require us to post higher initial margin than bilateral contracts.

Futures contracts are traded on the CME which requires the use of daily mark-to-market collateral and the CME provides substantial credit support. The collateral requirements of the CME require us to pledge assets under a bi-lateral margin arrangement, including either cash or Agency Securities and these requirements may vary and change over time based on the market value, notional amount and remaining term of the futures contracts. In the event we are unable to meet a margin call under one of our futures contracts, the counterparty to such agreement may have the option to terminate or close-out all of the outstanding futures contracts with us. In addition, any close-out amount due to the counterparty upon termination of the counterparty's transactions would be immediately payable by us pursuant to the applicable agreement.

TBA Agency Securities are forward contracts for the purchase ("long position") or sale ("short position") of Agency Securities at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date. The specific Agency Securities delivered into the contract upon the settlement date, published each month by the Securities Industry and Financial Markets Association, are not known at the time of the transaction. We may enter into TBA Agency Securities as a means of hedging against short-term changes in interest rates. We



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may also enter into TBA Agency Securities as a means of acquiring or disposing of Agency Securities and we may from time to time utilize TBA dollar roll transactions to finance Agency Security purchases. We estimate the fair value of TBA Agency Securities based on similar methods used to value our Agency Securities.

We have netting arrangements in place with all derivative counterparties pursuant to standard documentation developed by ISDA. We are also required to post or hold cash collateral based upon the net underlying market value of our open positions with the counterparty. A decline in the value of the open positions with the counterparty could result in the counterparties demanding additional collateral pledges or liquidation of some of the existing collateral to reduce borrowing levels. We manage this risk by maintaining an adequate balance of available cash and unpledged securities. An event of default or termination event under the standard ISDA agreement would give our counterparty to the applicable agreement the right to terminate the agreement. In addition, certain of our ISDA agreements contain a restriction that prohibits our leverage from exceeding twelve times our stockholders' equity as well as termination events in the case of significant reductions in equity capital.

The following tables present information about the potential effects of netting our derivatives if we were to offset the assets and liabilities on the accompanying consolidated balance sheets. We currently present these financial instruments at their gross amounts and they are included in Derivatives, at fair value on the accompanying consolidated balance sheets at December 31, 2025 and December 31, 2024.

Assets	Gross Amounts ⁽¹⁾	Amounts Not Offset		Total Net
		Financial Instruments	Cash Collateral	
December 31, 2025				
Interest rate swap contracts ⁽²⁾	\$ 593,724	\$ (19,210)	\$ (244,878)	\$ 329,635
Futures contracts	17,820	(93)	53,210	70,937
Totals	\$ 611,544	\$ (19,303)	\$ (191,668)	\$ 400,573
December 31, 2024				
Interest rate swap contracts ⁽²⁾	\$ 894,714	\$ —	\$ (781,923)	\$ 112,791
Futures contracts	13,300	(328)	24,702	37,674
TBA Agency Securities	49	(957)	1,578	670
Totals	\$ 908,063	\$ (1,285)	\$ (755,643)	\$ 151,135

(1) See Note 4 - Fair Value of Financial Instruments for additional discussion.

(2) Includes \$15,329 and \$47,045 of centrally-cleared interest rate swap contracts, respectively.



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Liabilities	Gross Amounts ⁽¹⁾	Amounts Not Offset		Total Net
		Financial Instruments	Cash Collateral	
December 31, 2025				
Interest rate swap contracts ⁽²⁾	\$ (19,210)	\$ 19,210	\$ —	\$ —
Futures contracts	(93)	93	—	—
Totals	\$ (19,303)	\$ 19,303	\$ —	\$ —
December 31, 2024				
Futures contracts	\$ (328)	\$ 328	\$ —	\$ —
TBA Agency Securities	(957)	957	—	—
Totals	\$ (1,285)	\$ 1,285	\$ —	\$ —

(1) See Note 4 - Fair Value of Financial Instruments for additional discussion.

(2) Includes \$(19,210) of centrally-cleared interest rate swap contracts.

The following table represents the information regarding our derivatives which are included in Gain (Loss) on derivatives, net in the accompanying consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

Derivatives	Income (Loss) Recognized For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Interest rate swap contracts ⁽¹⁾	\$ (185,332)	\$ 245,537	\$ 58,300
Futures contracts	(107,604)	21,569	(30,645)
TBA Agency Securities	7,187	56,394	24,093
Total Gain (Loss) on Derivatives, net	\$ (285,749)	\$ 323,500	\$ 51,748

(1) Includes \$(102,574), \$42,102 and \$36,547 of centrally-cleared interest rate swap contracts, entered into for the year ended December 31, 2025, December 31, 2024 and December 31, 2023, respectively.



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The following tables present information about our derivatives at December 31, 2025 and December 31, 2024.

Interest Rate Swap Contracts ⁽¹⁾	Notional Amount	Weighted Average Remaining Term (Months)	Weighted Average Rate
December 31, 2025			
< 3 years	\$ 6,475,000	25	3.02 %
≥ 3 years and < 5 years	1,802,000	52	0.53 %
≥ 5 years and < 7 years	2,400,000	69	1.43 %
≥ 7 years and < 10 years	1,350,000	111	3.73 %
≥ 10 years	300,000	176	3.96 %
Total or Weighted Average ⁽²⁾	\$ 12,327,000	51	2.44 %
December 31, 2024			
< 3 years	\$ 1,255,000	24	0.60 %
≥ 3 years and < 5 years	604,000	58	0.49 %
≥ 5 years and < 7 years	2,648,000	71	0.85 %
≥ 7 years	2,725,000	108	3.20 %
Total or Weighted Average ⁽³⁾	\$ 7,232,000	76	1.66 %

(1) Pay Fixed/Receive Variable.

(2) Of this amount, \$7,393,000 notional are SOFR based swaps, the last of which matures in 2040; and \$4,934,000 notional are Federal Funds Rate based swaps, the last of which matures in 2032. Of this amount, \$7,193,000 notional are centrally-cleared interest rate swap contracts, the last of which matures in 2040.

(3) Of this amount, \$2,225,000 notional are SOFR based swaps, the last of which matures in 2034; and \$5,007,000 notional are Federal Funds Rate based swaps, the last of which matures in 2032. Of this amount, \$2,025,000 notional are centrally-cleared interest rate swap contracts, the last of which matures in 2034.

Note 8 - Commitments and Contingencies

Management Agreement

The Company is managed by ACM, pursuant to a management agreement (see also Note 14, "Related Party Transactions"). The management agreement entitles ACM to receive a management fee payable monthly in arrears. Currently, the monthly management fee is 1/12th of the sum of (a) 1.5% of gross equity raised up to \$1.0 billion plus (b) 0.75% of gross equity raised in excess of \$1.0 billion. Gross equity raised includes the total amounts of paid in capital relating to both our common and preferred stock, before deduction of brokerage commissions and other costs of capital raising. Amounts paid to stockholders to repurchase stock, before deduction of brokerage commissions and costs, reduces gross equity raised. Dividends specifically designated by the Board as liquidation dividends will reduce the amount of gross equity raised. To date, the Board has not so designated any of the dividends paid by the Company. Realized and unrealized gains and losses do not affect the amount of gross equity raised. At December 31, 2025, December 31, 2024 and December 31, 2023, the effective management fee was 0.89%, 0.92% and 0.93% prior to management fees waived, and 0.77%, 0.77% and 0.77%, after management fees waived, based on gross equity raised of \$5,366,343, \$4,498,880 and \$4,231,965, respectively.



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During each of the years ended December 31, 2025, December 31, 2024 and December 31, 2023 ACM voluntarily waived management fees of \$6,600, or \$550 per month of its contractual management fee. The monthly management fees are not calculated based on the performance of our assets. Accordingly, the payment of our monthly management fees may not decline in the event of a decline in our earnings and may cause us to incur losses. We are also responsible for any costs and expenses that ACM incurs solely on our behalf other than the various overhead expenses specified in the terms of the management agreement.

On December 22, 2025, ACM notified ARMOUR that they were terminating the voluntarily waiver. The termination of the waiver is effective for the contractual management fee that becomes due and payable after February 1, 2026 (relating to services for the month of January 2026). This waiver did not constitute a waiver of any other amounts due to ACM from ARMOUR under the management agreement or otherwise, including but not limited to any expense reimbursements, any amounts calculated by reference to the contractual Base Management Fee, or any awards under the Third Amended and Restated 2009 Stock Incentive Plan (the "Plan").

On February 14, 2023, the Company extended the contractual term of the management agreement through December 31, 2029. Based on the management fee base, gross equity raised, as of December 31, 2025, the Company's contractual management fee commitments are:

Year	Contractual Management Fee
2026	47,748
2027	47,748
2028	47,748
2029	47,748
Total	\$ 190,992

The Company cannot voluntarily terminate the management agreement without cause before the expiration of its contractual term. If the management agreement is terminated in connection with a liquidation of the Company or certain business combination transactions, the Company is obliged to pay ACM a termination fee equal to 4 times the contractual management fee (before any waiver) for the preceding 12 months.

[Indemnifications and Litigation](#)

We enter into certain contracts that contain a variety of indemnifications, principally with ACM and underwriters, against third-party claims for errors and omissions in connection with their services to us. We have not incurred any costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the estimated fair value of these agreements, as well as the maximum amount attributable to past events, is not material. Accordingly, we have no liabilities recorded for these agreements at December 31, 2025 and December 31, 2024.

Note 9 - Stock Based Compensation

We adopted the Plan to attract, retain and reward directors and other persons who provide services to us in the course of operations. The Plan authorizes the Board to grant awards including common stock, restricted shares of common stock ("RSUs"), stock options, performance shares, performance units, stock appreciation rights and other equity and cash-based awards (collectively, "Awards"), subject to terms as provided in the Plan. At December 31, 2025, there were 3 shares available for future issuance under the Plan.



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Transactions related to awards for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 are summarized below:

	December 31, 2025		For the Years Ended December 31, 2024		December 31, 2023	
	Number of Awards	Weighted Average Grant Date Fair Value per Award	Number of Awards	Weighted Average Grant Date Fair Value per Award	Number of Awards	Weighted Average Grant Date Fair Value per Award
Unvested RSU Awards Outstanding beginning of period	170	\$ 36.38	298	\$ 38.21	114	\$ 64.40
Granted ⁽¹⁾	225	\$ 16.60	—	\$ —	260	\$ 29.65
Vested	(70)	\$ 33.19	(73)	\$ 48.90	(76)	\$ 48.24
Forfeited	—	\$ —	(55)	\$ 29.65	—	\$ —
Unvested RSU Awards Outstanding end of period	<u>325</u>	<u>\$ 23.37</u>	<u>170</u>	<u>\$ 36.38</u>	<u>298</u>	<u>\$ 38.21</u>

(1) During the year ended December 31, 2025 135 RSUs were granted to certain officers of ARMOUR and 90 RSUs were granted to the Board. During the year ended December 31, 2023, 196 RSUs were granted to certain officers of ARMOUR and 64 RSUs were granted to the Board.

At December 31, 2025, there was approximately \$7,602 of unvested stock based compensation related to the Awards (based on a weighted grant date price of \$23.37 per share), which we expect to recognize as an expense as follows: in 2026 an expense of \$2,540, in 2027 an expense of \$2,062, and thereafter an expense of \$3,000. Our policy is to account for forfeitures as they occur. We also pay each of our non-executive Board members quarterly fees of \$33, which are payable in cash, common stock, RSUs or a combination of common stock, RSUs and cash at the option of the director. Non-executive Board members have the option to participate in the Company's Non-Management Director Compensation and Deferral Program (the "Deferral Program"). The Deferral Program permits non-executive Board members to elect to receive either common stock or RSUs or a combination of common stock and RSUs at the option of the director, instead of all or part of their quarterly cash compensation and/or all or part of their committee and chairperson cash retainers.

Note 10 - Stockholders' Equity

The following table presents the components of cumulative distributions to stockholders at December 31, 2025, December 31, 2024 and December 31, 2023.

Cumulative Distributions to Stockholders	December 31, 2025	December 31, 2024	December 31, 2023
Preferred dividends	\$ 180,829	\$ 168,791	\$ 156,809
Common stock dividends	2,486,222	2,214,748	2,063,758
Total	<u>\$ 2,667,051</u>	<u>\$ 2,383,539</u>	<u>\$ 2,220,567</u>

Preferred Stock

At December 31, 2025 and December 31, 2024, we were authorized to issue up to 50,000 shares of preferred stock, par value \$0.001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by our Board of Directors ("Board") or a committee thereof. At December



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31, 2025, 10,000 shares of the Company's authorized preferred stock, par value \$0.001 per share, were designated as shares of 7.00% Series C Cumulative Redeemable Preferred Stock ("Series C Preferred Stock") with the powers, designations, preferences and other rights as set forth therein and a total of 40,000 shares of our authorized preferred stock remained available for designation as future series.

At December 31, 2025 and December 31, 2024, we had 7,048 and 6,847 shares of Series C Preferred Stock issued and outstanding with a par value of \$0.001 per share and a liquidation preference of \$25.00 per share, or \$176,196 and \$171,175 in the aggregate, respectively. At December 31, 2025 and December 31, 2024, there were no accrued or unpaid dividends on the Series C Preferred Stock. Shares designated as Series C Preferred Stock but unissued, which are available under the Preferred C ATM Sales Agreement (as defined below), totaled 2,952 and 3,153 at December 31, 2025 and December 31, 2024.

On January 29, 2020, the Company entered into an Equity Sales Agreement (the "Preferred C ATM Sales Agreement") with B. Riley Securities, Inc. (formerly B. Riley FBR, Inc.) and BUCKLER, as sales agents (individually and collectively, the "Agents"), and ACM, pursuant to which the Company may offer and sell, over a period of time and from time to time, through one or more of the Agents, as the Company's agents, up to 6,550 of Series C Preferred Stock. The Preferred C ATM Sales Agreement relates to a proposed "at-the-market" offering program. Under the Preferred C ATM Sales Agreement, we will pay the agent designated to sell our shares an aggregate commission of up to 2.0% of the gross sales price per share of our Series C Preferred Stock sold through the designated agent under the Preferred C ATM Sales Agreement. On June 20, 2024, the Preferred C ATM Sales Agreement was amended to add BTIG, LLC, as a sales agent.

During the year ended December 31, 2025, we sold 201 shares of Series C Preferred Stock under the Preferred C ATM Sales Agreement for proceeds of \$4,118, net of issuance costs and commissions of approximately \$146.

In the first quarter of 2026, through February 11, 2026, we sold 230 shares of Series C Preferred Stock under the Preferred C ATM Sales Agreement for proceeds of \$4,787, net of issuance costs and commissions of approximately \$48. See Note 14 - Related Party Transactions for discussion of transactions with BUCKLER.

Preferred Stock Repurchase Program

On July 26, 2022, the Board authorized a repurchase program of up to an aggregate of 2,000 shares of the Company's outstanding Series C Preferred Stock ("Series C Preferred Stock Repurchase Program"). Under the Series C Preferred Stock Repurchase Program, shares of Series C Preferred Stock may be purchased in the open market, including block trades, through privately negotiated transactions, or pursuant to a trading plan separately adopted in the future. The timing, manner, price and amount of any repurchases will be at our discretion, in consultation with the Pricing Committee of the Board, subject to the requirements of the Exchange Act and related rules. We are not required to repurchase any shares under the Series C Preferred Stock Repurchase Program and it may be modified, suspended or terminated at any time for any reason. We do not intend to purchase shares from our Board or other affiliates. Under Maryland law, such repurchased shares are treated as authorized but unissued. We did not repurchase any shares under the Series C Preferred Stock Repurchase Program during the years ended December 31, 2025, December 31, 2024 or December 31, 2023.

Common Stock

At December 31, 2025 and December 31, 2024, we were authorized to issue up to 175,000 and 125,000 shares of common stock, par value \$0.001 per share, respectively, with such designations, voting and other rights and preferences as may be determined from time to time by our Board. We had 111,915 and 62,412 shares of common stock issued and outstanding at December 31, 2025 and December 31, 2024, respectively.



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On May 14, 2021, we entered into a new Equity Sales Agreement (the "2021 Common stock ATM Sales Agreement") with BUCKLER, JMP Securities LLC, Ladenburg Thalmann & Co. Inc. and B. Riley Securities, Inc., as sales agents, relating to the shares of our common stock. In accordance with the terms of the 2021 Common Stock ATM Sales agreement, we could offer and sell over a period of time and from time to time, up to 3,400 shares of our common stock, par value \$0.001 per share. On November 12, 2021, the 2021 Common stock ATM Sales Agreement was amended to add JonesTrading Institutional Services LLC, as a sales agent and to offer an additional 5,000 shares available for sale pursuant to the terms of the 2021 Common stock ATM Sales Agreement. On June 9, 2022, the 2021 Common stock ATM Sales Agreement was further amended to offer an additional 5,760 shares available for sale. On November 4, 2022, the Common stock ATM Sales Agreement was further amended to offer an additional 7,000 shares available for sale. On January 17, 2023, it was amended to add an additional 9,736 shares pursuant to the terms of the 2021 Common stock ATM Sales Agreement.

The 2021 Common stock ATM Sales Agreement related to an "at-the-market" offering program. The 2021 Common stock ATM Sales Agreement provided that we would pay the agent designated to sell our shares an aggregate commission of up to 2.0% of the gross sales price per share of our common stock sold through the designated agent under the 2021 Common stock ATM Sales Agreement. Sales from January 2023 through July 2023 fully utilized the shares allocated to the 2021 Common stock ATM Sales Agreement, which was completed.

On July 26, 2023 we entered into a new Equity Sales Agreement (the "2023 Common stock ATM Sales Agreement"), with BUCKLER, JonesTrading Institutional Services LLC, Citizens JMP Securities, LLC (formerly JMP Securities LLC), Ladenburg Thalmann & Co. Inc. and B. Riley Securities, Inc., as sales agents, relating to the shares of our common stock. In accordance with the terms of the 2023 Common Stock ATM Sales agreement, we may offer and sell over a period of time and from time to time, up to 15,000 shares of our common stock, par value \$0.001 per share. On October 25, 2023, the 2023 Common stock ATM Sales Agreement was amended to add StockBlock Securities LLC, as a sales agent and on June 20, 2024 it was further amended to add BTIG, LLC as a sales agent. On August 23, 2024, the 2023 Common stock ATM Sales Agreement was amended to increase by 25,000 the number of shares of our common stock that may be offered and sold under the 2023 Common stock ATM Sales Agreement. On September 20, 2024, the 2023 Common stock ATM Sales Agreement was further amended to add Janney Montgomery Scott LLC ("Janney"), as a sales agent. On February 13, 2025, the 2023 Common stock ATM Sales Agreement was further amended to increase by 15,000 the number of shares of our common stock that may be offered and sold under the 2023 Common stock ATM Sales Agreement. On July 25, 2025, the 2023 Common stock ATM Sales Agreement was further amended to increase by 9,500 the number of shares of our common stock that may be offered and sold under the 2023 Common stock ATM Sales Agreement. On January 28, 2026, the 2023 Common stock ATM Sales Agreement was further amended to increase by 15,000 the number of shares of our common stock that may be offered and sold under the 2023 Common stock ATM Sales Agreement and to remove Janney as a sales agent, and add Huntington Securities, Inc. as a sales agent.

The following table presents our common stock ATM transactions for the years ended December 31, 2025, December 31, 2024 and December 31, 2023. See Note 14 - Related Party Transactions for discussion of transactions with BUCKLER.

For the year ended	Common ATM shares sold	Net Proceeds	Issuance Costs and Commissions
2025 ⁽¹⁾	32,290	\$ 575,554	\$ 4,856
2024 ⁽¹⁾	13,619	\$ 265,614	\$ 2,545
2023 ⁽¹⁾	3,328	\$ 82,100	\$ 903
2023 ⁽²⁾	13,305	367,997	3,725

(1) 2023 Common stock ATM Sales Agreement.



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(2) 2021 Common stock ATM Sales Agreement.

In the first quarter of 2026, through January 28, 2026, we sold 7,469 common shares under the 2023 Common stock ATM Sales Agreement for proceeds of \$137,990, net of issuance costs and commissions of approximately \$1,108.

During the year ended December 31, 2025, we issued 7 common shares under our Common Stock Dividend Reinvestment Program ("DRIP") for net proceeds of \$111.

Common Stock Repurchase Program

At December 31, 2025 and December 31, 2024, there were 866 and 2,217 authorized shares remaining under the Company's common stock repurchase authorization (the "Common Stock Repurchase Program"). Under the Common Stock Repurchase Program, shares of common stock may be purchased in the open market, including block trades, through privately negotiated transactions, or pursuant to a trading plan separately adopted in the future. The timing, manner, price and amount of any repurchases will be at our discretion, subject to the requirements of the Exchange Act, and related rules. We are not required to repurchase any shares under the Common Stock Repurchase Program and it may be modified, suspended or terminated at any time for any reason. We do not intend to purchase shares from our Board or other affiliates. Under Maryland law, such repurchased shares are treated as authorized but unissued.

The following table presents our common stock repurchase transactions under the Common Stock Repurchase Program for the years ended December 31, 2025, December 31, 2024 and December 31, 2023. See Note 14 - Related Party Transactions for discussion of transactions with BUCKLER.

For the year ended	Number of shares repurchased	Cost
2025	(1,351)	\$ (19,947)
2024	(70)	\$ (1,344)
2023 ⁽¹⁾	(11)	\$ (233)
2023	(466)	\$ (9,702)

(1) Fractional shares repurchased in connection with the Reverse Stock Split.

Equity Capital Activities

The following tables present our equity transactions for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

Transaction Type	Completion Date	Number of Shares	Per Share price ⁽¹⁾	Net Proceeds (Costs)
December 31, 2025				
Preferred C ATM Sales Agreement	January 22, 2025 - December 31, 2025	201	\$ 20.50	\$ 4,118
August 2025 Public Offering	August 5, 2025	18,500	\$ 16.14	\$ 298,502
2023 Common stock ATM Sales Agreement	January 2, 2025 - July 30, 2025	32,290	\$ 17.82	\$ 575,554



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DRIP shares issued	January 27, 2025 - December 29, 2025	7	\$	16.59	\$	111
Common stock repurchased	April 8, 2025 -September 22, 2025	(1,351)	\$	14.77	\$	(19,947)

(1) Weighted average price

Transaction Type	Completion Date	Number of Shares	Per Share price ⁽¹⁾	Net Proceeds (Costs)
December 31, 2024				
2023 Common stock ATM Sales Agreement	July 26, 2024 - December 27, 2024	13,619	\$ 19.50	\$ 265,614
DRIP shares issued	January 25, 2024 - December 30, 2024	5	\$ 18.95	\$ 86
Common stock repurchased	January 22, 2024 - January 25, 2024	(70)	\$ 19.31	\$ (1,344)

(1) Weighted average price

Transaction Type	Completion Date	Number of Shares	Per Share price ⁽¹⁾	Net Proceeds (Costs)
December 31, 2023				
2021 Common stock ATM Sales Agreement	January 4, 2023 - July 12, 2023	13,305	\$ 27.66	\$ 367,997
2023 Common stock ATM Sales Agreement	July 26, 2023 - September 29, 2023	3,328	\$ 24.66	\$ 82,100
DRIP shares issued	July 25, 2023 - September 29, 2023	3	\$ 19.71	\$ 51
Common stock repurchased	March, May and September, October and November	(477)	\$ 20.80	\$ (9,935)

(1) Weighted average price

Dividends

On January 27, 2026, a cash dividend of \$0.1458 per outstanding share of Series C Preferred Stock, or \$1,041 in the aggregate, was paid to holders of record on January 15, 2026. We have also declared cash dividends of \$0.1458 payable February 27, 2026 and March 27, 2026 to holders of record on February 15, 2026 and March 15, 2026, respectively.

On January 29, 2026, a cash dividend of \$0.24 per outstanding common share, or \$27,796 in the aggregate, was paid to holders of record on January 15, 2026. We have also declared cash dividends of \$0.24 per outstanding common share payable February 27, 2026 and March 30, 2026 to holders of record on February 17, 2026 and March 16, 2026, respectively.



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The following table presents our Series C Preferred Stock dividend transactions for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

2025 Record Date	Payment Date	Rate per Series C Preferred Share	Aggregate amount paid to holders of record
January 15, 2025	January 27, 2025	\$ 0.14583	\$ 998
February 15, 2025	February 27, 2025	\$ 0.14583	1,001
March 15, 2025	March 27, 2025	\$ 0.14583	1,001
April 15, 2025	April 28, 2025	\$ 0.14583	1,001
May 15, 2025	May 27, 2025	\$ 0.14583	1,001
June 15, 2025	June 27, 2025	\$ 0.14583	1,001
July 15, 2025	July 28, 2025	\$ 0.14583	1,001
August 15, 2025	August 27, 2025	\$ 0.14583	1,001
September 15, 2025	September 29, 2025	\$ 0.14583	1,001
October 15, 2025	October 27, 2025	\$ 0.14583	1,003
November 15, 2025	November 28, 2025	\$ 0.14583	1,003
December 15, 2025	December 29, 2025	\$ 0.14583	1,026
Total dividends paid			\$ 12,038

2024 Record Date	Payment Date	Rate per Series C Preferred Share	Aggregate amount paid to holders of record
January 15, 2024	January 29, 2024	\$ 0.14583	998.5
February 15, 2024	February 27, 2024	\$ 0.14583	998.5
March 15, 2024	March 27, 2024	\$ 0.14583	998.5
April 15, 2024	April 29, 2024	\$ 0.14583	998.5
May 15, 2024	May 28, 2024	\$ 0.14583	998.5
June 15, 2024	June 27, 2024	\$ 0.14583	998.5
July 15, 2024	July 29, 2024	\$ 0.14583	998.5
August 15, 2024	August 27, 2024	\$ 0.14583	998.5
September 15, 2024	September 27, 2024	\$ 0.14583	998.5
October 15, 2024	October 28, 2024	\$ 0.14583	998.5
November, 15, 2024	November 27, 2024	\$ 0.14583	998.5
December 15, 2024	December 27, 2024	\$ 0.14583	998.5
Total dividends paid			\$ 11,982



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2023 Record Date	Payment Date	Rate per Series C Preferred Share	Aggregate amount paid to holders of record
January 15, 2023	January 27, 2023	\$ 0.14583	998.5
February 15, 2023	February 27, 2023	\$ 0.14583	998.5
March 15, 2023	March 27, 2023	\$ 0.14583	998.5
April 15, 2023	April 27, 2023	\$ 0.14583	998.5
May 15, 2023	May 30, 2023	\$ 0.14583	998.5
June 15, 2023	June 27, 2023	\$ 0.14583	998.5
July 15, 2023	July 27, 2023	\$ 0.14583	998.5
August 15, 2023	August 28, 2023	\$ 0.14583	998.5
September 15, 2023	September 27, 2023	\$ 0.14583	998.5
October 15, 2023	October 27, 2023	\$ 0.14583	998.5
November 15, 2023	November 27, 2023	\$ 0.14583	998.5
December 15, 2023	December 27, 2023	\$ 0.14583	998.5
Total dividends paid			\$ 11,982

The following tables present our common stock dividend transactions for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

2025 Record Date	Payment Date	Rate per common share	Aggregate amount paid to holders of record
January 15, 2025	January 30, 2025	\$ 0.24	16,009
February 14, 2025	February 27, 2025	\$ 0.24	18,384
March 17, 2025	March 27, 2025	\$ 0.24	19,689
April 15, 2025	April 29, 2025	\$ 0.24	19,661
May 15, 2025	May 29, 2025	\$ 0.24	19,954
June 16, 2025	June 27, 2025	\$ 0.24	20,823
July 15, 2025	July 30, 2025	\$ 0.24	22,028
August 15, 2025	August 29, 2025	\$ 0.24	27,085
September 15, 2025	September 29, 2025	\$ 0.24	27,083
October 15, 2025	October 30, 2025	\$ 0.24	26,919
November 17, 2025	November 28, 2025	\$ 0.24	26,920
December 15, 2025	December 29, 2025	\$ 0.24	26,919
Total dividends paid			\$ 271,474



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2024 Record Date	Payment Date	Rate per common share	Aggregate amount paid to holders of record
January 16, 2024	January 30, 2024	\$ 0.24	\$ 11,787
February 15, 2024	February 28, 2024	\$ 0.24	11,770
March 15, 2024	March 28, 2024	\$ 0.24	11,755
April 15, 2024	April 29, 2024	\$ 0.24	11,756
May 15, 2024	May 28, 2024	\$ 0.24	11,756
June 17, 2024	June 27, 2024	\$ 0.24	11,754
July 15, 2024	July 30, 2024	\$ 0.24	11,755
August 15, 2024	August 29, 2024	\$ 0.24	12,532
September 16, 2024	September 27, 2024	\$ 0.24	13,188
October 15, 2024	October 30, 2024	\$ 0.24	13,389
November, 15, 2024	November 27, 2024	\$ 0.24	14,623
December 16, 2024	December 30, 2024	\$ 0.24	14,925
Total dividends paid			\$ 150,990

2023 Record Date	Payment Date	Rate per common share	Aggregate amount paid to holders of record
January 17, 2023	January 30, 2023	\$ 0.50	\$ 17,007
February 15, 2023	February 27, 2023	\$ 0.50	19,471
March 15, 2023	March 28, 2023	\$ 0.40	15,526
April 17, 2023	April 27, 2023	\$ 0.40	15,788
May 15, 2023	May 30, 2023	\$ 0.40	15,964
June 15, 2023	June 29, 2023	\$ 0.40	16,585
July 17, 2023	July 28, 2023	\$ 0.40	18,405
August 15, 2023	August 30, 2023	\$ 0.40	19,123
September 15, 2023	September 28, 2023	\$ 0.40	19,310
October 16, 2023	October 30, 2023	\$ 0.40	19,730
November, 15, 2023	November 29, 2023	\$ 0.40	19,671
December 15, 2023	December 28, 2023	\$ 0.40	19,644
Total dividends paid			\$ 216,224



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Note 11 - Net Income per Common Share

The following table presents a reconciliation of net income (loss) and the shares used in calculating weighted average basic and diluted earnings per common share for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Net Income (Loss)	\$ 322,687	\$ (14,394)	\$ (67,923)
Less: Preferred dividends	(12,038)	(11,982)	(11,982)
Net Income (Loss) available (related) to common stockholders	<u>\$ 310,649</u>	<u>\$ (26,376)</u>	<u>\$ (79,905)</u>
Weighted average common shares outstanding – basic	93,943	52,158	43,054
Add: Effect of dilutive non-vested awards, assumed vested	325	—	—
Weighted average common shares outstanding – diluted	<u>94,268</u>	<u>52,158</u>	<u>43,054</u>
Net Income (Loss) per share available (related) to common stockholders - basic	\$ 3.31	\$ (0.51)	\$ (1.86)
Net Income (Loss) per share available (related) to common stockholders - diluted	\$ 3.30	\$ (0.51)	\$ (1.86)

For the years ended December 31, 2024 and December 31, 2023, 170 and 298, respectively, of potentially dilutive non-vested awards outstanding were excluded from the computation of diluted Net Income (Loss) available (related) to common stockholders because to have included them would have been anti-dilutive for the period.



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Note 12 - Comprehensive Income (Loss) per Common Share

The following table presents a reconciliation of comprehensive income (loss) and the shares used in calculating weighted average basic and diluted comprehensive loss per common share for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Comprehensive Income (Loss)	\$ 322,687	\$ (14,394)	\$ (56,396)
Less: Preferred dividends	(12,038)	(11,982)	(11,982)
Comprehensive Income (Loss) available (related) to common stockholders	<u>\$ 310,649</u>	<u>\$ (26,376)</u>	<u>\$ (68,378)</u>
Comprehensive Income (Loss) per share available (related) to common stockholders:			
Basic	\$ 3.31	\$ (0.51)	\$ (1.59)
Diluted	\$ 3.30	\$ (0.51)	\$ (1.59)
Weighted average common shares outstanding:			
Basic	93,943	52,158	43,054
Add: Effect of dilutive non-vested awards, assumed vested	325	—	—
Diluted	94,268	52,158	43,054

For the years ended December 31, 2024 and December 31, 2023, 170 and 298 of potentially dilutive non-vested awards outstanding were excluded from the computation of diluted Comprehensive Income (Loss) available (related) to common stockholders because to have included them would have been anti-dilutive for the period.



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Note 13 - Income Taxes

The following table reconciles our GAAP net income (loss) to estimated REIT taxable income for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
GAAP net income (loss)	\$ 322,687	\$ (14,394)	\$ (67,923)
Book to tax differences:			
TRS (income) loss	(49)	(51)	81
Premium amortization expense		—	(1)
Agency Securities, trading	(514,836)	348,646	52,665
U.S. Treasury Securities	9,990	(37,602)	43,093
Changes in interest rate contracts	475,165	(93,236)	167,963
Loss on Security sales	—	—	7,471
Amortization of deferred hedging costs	(71,930)	(82,209)	(103,669)
Amortization of deferred Treasury Future gains	8,392	16,753	23,161
Other	313	2,134	1,876
Estimated REIT taxable income	<u>\$ 229,732</u>	<u>\$ 140,041</u>	<u>\$ 124,717</u>

Interest rate contracts and futures contracts are treated as hedging transactions for U.S. federal income tax purposes. Unrealized gains and losses on open interest rate contracts are not included in the determination of REIT taxable income. Realized gains and losses on interest rate contracts and futures contracts terminated before their maturity are deferred and amortized over the remainder of the original term of the contract for REIT taxable income. At December 31, 2025 and December 31, 2024, we had approximately \$(313,284) and \$(189,450) of net deductible expense relating to previously terminated interest rate swap and treasury futures/shorts contracts amortizing through the years 2040 and 2034, respectively. At December 31, 2025, we had \$257,341 of net operating loss carryforwards available for use indefinitely.

Net capital losses realized	Amount	Available to offset capital gains through
2022	(732,477)	2027
2023	(472,002)	2028
2024	(46,823)	2029
2025	(4,137)	2030

The Company's subsidiary, ARMOUR TRS, Inc. has made an election as a taxable REIT subsidiary ("TRS"). As such, the TRS is taxable as a domestic C corporation and subject to federal, state, and local income taxes based upon its taxable income.

The aggregate tax basis of our assets and liabilities was greater than our total Stockholders' Equity at December 31, 2025, by approximately \$106,444, or approximately \$0.95 per common share (based on the 111,915 common shares then outstanding). State and federal tax returns for the years 2022 and later remain open and are subject to possible examination.



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We are required and intend to timely distribute substantially all of our REIT taxable income in order to maintain our REIT status under the Code. Total dividend payments to stockholders for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 were \$283,512, \$162,972 and \$228,206, respectively.

Our estimated REIT taxable income and dividend requirements to maintain our REIT status are determined on an annual basis. Dividends paid in excess of current tax earnings and profits for the year will generally not be taxable to common stockholders. The portion of the dividends on our common stock which represented non-taxable return of capital was 19.6% in 2025, 14.8% in 2024 and 47.5% in 2023.

Our management is responsible for determining whether tax positions taken by us are more likely than not to be sustained on their merits. We have no material unrecognized tax benefits or material uncertain tax positions for all periods presented.

Note 14 - Related Party Transactions

ACM

The Company is managed by ACM, pursuant to a management agreement. All of our executive officers are also employees of ACM. ACM manages our day-to-day operations, subject to the direction and oversight of the Board. The management agreement runs through December 31, 2029 and is thereafter automatically renewed for an additional five-year term unless terminated under certain circumstances. Either party must provide 180 days prior written notice of any such termination. During each of the years ended December 31, 2025, December 31, 2024 and December 31, 2023 ACM voluntarily waived management fees of \$6,600, or \$550 per month of its contractual management fee. On December 22, 2025, ACM notified ARMOUR that they were terminating the voluntarily waiver (see Note 8 - Commitments and Contingencies).

Under the terms of the management agreement, ACM is responsible for costs incident to the performance of its duties, such as compensation of its employees and various overhead expenses. ACM is responsible for the following primary roles:

- Advising us with respect to, arranging for and managing the acquisition, financing, management and disposition of, elements of our investment portfolio;
- Evaluating the duration risk and prepayment risk within the investment portfolio and arranging borrowing and hedging strategies;
- Coordinating capital raising activities;
- Advising us on the formulation and implementation of operating strategies and policies, arranging for the acquisition of assets, monitoring the performance of those assets and providing administrative and managerial services in connection with our day-to-day operations; and
- Providing executive and administrative personnel, office space and other appropriate services required in rendering management services to us.



ARMOUR Residential REIT, Inc.
FINANCIAL STATEMENT NOTES

(U.S dollar and share amounts in thousands, except per share)

The following table reconciles the fees incurred in accordance with the management agreement for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

	For the Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
ARMOUR management fees	\$ 45,464	\$ 39,726	\$ 38,121
Less management fees waived	(6,600)	(6,600)	(6,600)
Total management fee expense	\$ 38,864	\$ 33,126	\$ 31,521

We are required to take actions as may be reasonably required to permit and enable ACM to carry out its duties and obligations. We are also responsible for any costs and expenses that ACM incurred solely on our behalf other than the various overhead expenses, which are included in Other Operating expenses in the consolidated statements of operations specified in the terms of the management agreement. For the years ended December 31, 2025, December 31, 2024 and December 31, 2023 we reimbursed ACM \$2,803, \$965 and \$535, respectively for other expenses incurred on our behalf. In 2020, 2021, 2023 and 2025, we elected to grant restricted stock unit awards to our executive officers and other ACM employees that generally vest over 5 years. In 2020, 2021, 2023, and 2025 we elected to grant RSUs to the Board. We recognized stock based compensation expense of \$300, \$350 and \$456 for the years ended, December 31, 2025, December 31, 2024 and December 31, 2023, respectively.

BUCKLER

At December 31, 2025, we held an ownership interest in BUCKLER of 10.8%, which is included in prepaid and other assets in our consolidated balance sheet and is accounted for using the equity method as BUCKLER maintains specific ownership accounts. Based on our evaluation of certain protective rights and the nature of the on demand subordinated loan agreements, we have determined that we do not have the power to direct the day-to-day activities that most significantly impact BUCKLER's economic performance and additionally do not have the obligation to absorb losses or the right to receive benefits that could be significant to BUCKLER. As a result, we do not have a controlling financial interest, and thus, are not BUCKLER's primary beneficiary and do not consolidate BUCKLER.

The value of the investment was \$583 at December 31, 2025 and \$453 at December 31, 2024 reflecting our total investment plus our share of BUCKLER's operating results, in accordance with the terms of the BUCKLER operating agreement that our independent directors negotiated. The primary purpose of our investment in BUCKLER is to facilitate our access to repurchase financing.

BUCKLER's operating agreement (as may be amended and restated from time to time, the "BUCKLER operating agreement") contains certain provisions to benefit and protect the Company, including (1) sharing in any (a) defined profits realized by BUCKLER from the anticipated financing spreads resulting from repurchase financing facilitated by BUCKLER, and (b) distributions from BUCKLER to its members of net cash receipts, and (2) the realization of anticipated savings from reduced clearing, brokerage, trading and administrative fees. Other protective provisions in the BUCKLER operating agreement include (1) the requirement for the approval from the independent directors of the Company of any third-party business engaged by BUCKLER so long as any loan amount or indebtedness remains outstanding under the on demand subordinated loan agreements (as described more fully below) and (2) the independent directors may under certain circumstances cause BUCKLER to wind up and dissolve and promptly return certain on demand subordinated loans we provide to BUCKLER as regulatory capital. For each of the years ended December 31, 2025 and December 31, 2024, we earned \$0 from BUCKLER as an allocated share of Financing Gross Profit for a reduction of interest on repurchase agreements charged to the Company. Financing Gross Profit is defined in the BUCKLER operating agreement.



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Effective March 20, 2023, the Company committed to provide on demand a subordinated loan agreement to BUCKLER in an amount up to \$200,000; this commitment has been automatically extended through March 20, 2027. Effective February 28, 2025, the Company committed to provide an additional on demand subordinated loan agreement to BUCKLER in the amount of \$50,000 that extends through February 28, 2028. These commitments are collateralized by mortgage backed and/or U.S. Treasury Securities owned by the Company and pledged to BUCKLER. They are treated by BUCKLER currently as capital for regulatory purposes and BUCKLER may pledge the securities to secure its own borrowings. The scheduled maturity dates of the on demand subordinated loan agreements shall automatically be extended by an additional one year, unless the Company notifies BUCKLER of non-renewal, thirteen months in advance, on or before the scheduled maturity dates.

On February 22, 2021, the Company entered into an uncommitted revolving credit facility and security agreement with BUCKLER. Under the terms of the facility, the Company may, in its sole and absolute discretion, provide drawings to BUCKLER of up to \$50,000. Interest on drawings is payable monthly at the Federal Reserve Bank of New York SOFR plus 2% per annum. To date, BUCKLER has not yet used the facility and therefore no interest expense was payable for the year ended December 31, 2025.

The following table presents our common stock ATM transactions, with BUCKLER as the sales agent, for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 (see Note 10 - Stockholders' Equity).

For the year ended	Common ATM shares sold	Net Proceeds	Commissions
2025 ⁽¹⁾	19,890	\$ 351,129	\$ 2,653
2024 ⁽¹⁾	11,370	\$ 221,472	\$ 1,740
2023 ⁽¹⁾	3,113	\$ 77,092	\$ 661
2023 ⁽²⁾	8,626	\$ 246,672	\$ 2,358

(1) 2023 Common stock ATM Sales Agreement.

(2) 2021 Common stock ATM Sales Agreement.

During the first quarter of 2026, through January 28, 2026, with BUCKLER as the sales agent, under the 2023 Common stock ATM Sales Agreement, we sold 7,469 common shares for proceeds of \$138,055, net of issuance costs and commissions of approximately \$1,043.

The following table presents the common stock repurchased, with BUCKLER, under our current repurchase authorization, for the years ended December 31, 2025, December 31, 2024 and December 31, 2023 (see Note 10 - Stockholders' Equity).

For the year ended	Common shares repurchased	Net Cost (including commissions)	Commissions
2025	(1,351)	\$ (19,945)	\$ (149)
2024	(70)	\$ (1,344)	\$ (11)
2023	(466)	\$ (9,702)	\$ (82)



ARMOUR Residential REIT, Inc.
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Note 15 - Segment Reporting

We operate in the U.S. and invest primarily in fixed rate residential, adjustable rate and hybrid adjustable rate residential MBS issued or guaranteed by U.S. GSEs or guaranteed by Ginnie Mae. From time to time, we may also invest in U.S. Treasury Securities and money market instruments. Resources and financial performance are assessed by our CEO and Co-Chief Investment Officers who collectively are the Company's Chief Operating Decision Maker ("CODM"), based on total assets reported on the consolidated balance sheets and comprehensive income as reported on the consolidated statements of operations and comprehensive income (loss). Our CODM views consolidated expense information related to interest expense, management fees, compensation and other operating expenses as disclosed on our consolidated statement of operations as significant. The CODM manages our investment portfolio as a whole and decisions regarding investments and hedging are made collectively based on the inputs above. Accordingly, the Company consists of a single operating and reportable segment and the consolidated financial statements and notes thereto are presented as a single reportable segment. Since the Company operates in a single segment, the segment information is consistent with the consolidated financial statements. Therefore, no reconciliation is necessary.

Note 16 - Subsequent Events

Except as disclosed in Note 8, Note 10, and Note 14 no subsequent events were identified through the date of filing this Annual Report on Form 10-K.



Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that information required to be disclosed in our reports filed or furnished under the Exchange Act, is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Our CEO and CFO participated in an evaluation by our management of the effectiveness of our disclosure controls and procedures as of the end of our fiscal year that ended on December 31, 2025. Based on their participation in that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Internal Control Over Financial Reporting

Our CEO and CFO also participated in an evaluation by our management of any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2025. That evaluation did not identify any changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management Report On Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. As a result, even systems determined to be effective can provide only reasonable assurance regarding the preparation and presentation of financial statements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

There have been no changes in our internal controls over financial reporting that occurred during the year ended December 31, 2025 that have materially affected, or are reasonably likely to affect our internal control over financial reporting.



Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. Management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013) when making this assessment.

Based on management's assessment, management concluded that, as of December 31, 2025, the Company's internal control over financial reporting was effective. The Company's independent registered public accounting firm, Deloitte & Touche LLP, has issued its attestation report on the Company's internal control over financial reporting. This report appears on page 71 of this Annual Report on Form 10-K.

Item 9B. Other Information

During the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.



Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 of this Annual Report on Form 10-K will be contained in and is hereby incorporated by reference to, the proxy statement for our 2026 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

Item 11. Executive Compensation

The information required by Item 11 of this Annual Report on Form 10-K will be contained in and is hereby incorporated by reference to, the proxy statement for our 2026 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 of this Annual Report on Form 10-K will be contained in and is hereby incorporated by reference to, the proxy statement for our 2026 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 of this Annual Report on Form 10-K will be contained in and is hereby incorporated by reference to, the proxy statement for our 2026 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 of this Annual Report on Form 10-K will be contained in and is hereby incorporated by reference to, the proxy statement for our 2026 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.



GLOSSARY OF TERMS
ARMOUR Residential REIT, Inc.

Term	Definition
2023 Common stock ATM Sales Agreement	An equity sales agreement that we entered into on July 26, 2023 with BUCKLER, JonesTrading Institutional Services LLC, Citizens JMP Securities, LLC (formerly JMP Securities LLC), Ladenburg Thalmann & Co. Inc. and B. Riley Securities, Inc., as sales agents, as amended on October 25, 2023 to add StockBlock Securities LLC as a sales agent, as amended on June 20, 2024 to add BTIG, LLC as a sales agent, as amended on August 23, 2024 to increase the number of shares of the Company's common stock that may be offered and sold under the agreement by 25,000, as amended on September 20, 2024, to add Janney Montgomery Scott LLC as a sales agent, as amended on February 13, 2025, to increase the number of shares of the Company's common stock that may be offered and sold under the agreement by 15,000, as further amended on July 25, 2025, to increase the number of shares of the Company's common stock that may be offered and sold under the agreement by 9,500, and as further amended on January 28, 2026, to increase the number of shares of our common stock that may be offered and sold under the agreement by 15,000 and to remove Janney as a sales agent, and to add Huntington Securities, Inc. as a sales agent, pursuant to which we may offer and sell over a period of time and from time to time up to 64,500 shares of our common stock, par value \$0.001 per share.
Agency CMBS	Commercial mortgage backed securities.
Agency Securities	Securities issued or guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae; interests in or obligations backed by pools of fixed rate, hybrid adjustable rate and adjustable rate mortgage loans.
AVM	AVM LP is a securities broker dealer, which we contract with for administering clearing and settlement services for our securities and derivative transactions, as well as assistance with financing transaction services such as repurchase financing.
Basis swap contracts	Derivative contracts that allow us to exchange one floating interest rate basis for another, for example, Federal Funds Rate and SOFR, thereby allowing us to diversify our floating rate basis exposures.
Board	ARMOUR's Board of Directors.
BUCKLER	A Delaware limited liability company, and a FINRA-regulated broker-dealer. The primary purpose of our investment in BUCKLER is to facilitate our access to repurchase financing, on potentially more attractive terms (considering rate, term, size, haircut, relationship and funding commitment) compared to other suitable repurchase financing counterparties.
CFO	Chief Financial Officer of ARMOUR, Gordon Harper
CFTC	U.S. Commodity Futures Trading Commission.
CME	Chicago Mercantile Exchange.
CEO	Chief Executive Officer of ARMOUR, Scott Ulm.
Code	The Internal Revenue Code of 1986.
Common Stock Repurchase Program	ARMOUR's common stock repurchase program originally authorized by our Board on December 17, 2012, as amended from time to time.
CPOs	Commodity pool operators.
CMOs	Collateralized mortgage obligations.
COVID-19	The Coronavirus pandemic.
CPR	Constant prepayment rate.



Distributable Earnings	Distributable Earnings, including TBA Drop Income, is a non-GAAP measure. Net interest income plus TBA Drop Income is adjusted for the net coupon effect of interest rate swaps minus net operating expenses. Distributable Earnings differs from GAAP total comprehensive income (loss), which includes realized gains and losses and market value adjustments. Distributable Earnings should be considered as supplementary to, and not as a substitute for, the Company's net interest income and total comprehensive income (loss) computed in accordance with GAAP as a measure of the Company's financial performance.
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act.
Exchange Act	Securities Exchange Act of 1934.
Fannie Mae	The Federal National Mortgage Association.
Fed	The U.S. Federal Reserve.
Federal Funds Rate	Federal Funds Effective Rate
FHFA	Federal Housing Finance Agency
FICC	Fixed Income Clearing Corporation. An agency that deals with the confirmation, settlement and delivery of fixed-income assets in the U.S. They ensure the systematic and efficient settlement of MBS and U.S. government securities.
FINRA	The Financial Industry Regulatory Authority. A private corporation that acts as a self-regulatory organization.
Freddie Mac	The Federal Home Loan Mortgage Corporation.
Futures contracts	Eurodollar futures contracts
GAAP	Accounting principles generally accepted in the United States of America.
Ginnie Mae	The Government National Mortgage Administration.
GSE	A U.S. Government Sponsored Entity. Obligations of agencies originally established or chartered by the U.S. government to serve public purposes as specified by the U.S. Congress; these obligations are not explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.
Haircut	The weighted average margin requirement, or the percentage amount by which the collateral value must exceed the loan amount. Among other things, it is a measure of our unsecured credit risk to our lenders.
Hybrid	A mortgage that has a fixed rate for an initial term after which the rate becomes adjustable according to a specific schedule.
IRS	The Internal Revenue Service.
ISDA	International Swaps and Derivatives Association.
JAVELIN	JAVELIN Mortgage Investment Corp., formerly a publicly-traded REIT. Since its acquisition on April 6, 2016, JAVELIN became a wholly-owned, qualified REIT subsidiary of ARMOUR and continues to be managed by ACM pursuant to the pre-existing management agreement between JAVELIN and ACM.
MBS	Mortgage backed securities. A security representing a direct interest in a pool of mortgage loans. The pass-through issuer or servicer collects the payments on the loans in the pool and "passes through" the principal and interest to the security holders on a pro rata basis.
MGCL	Maryland General Corporation Law.
MRA	Master repurchase agreement. A document that outlines standard terms between the Company and counterparties for repurchase agreement transactions.
Multi-Family MBS	MBS issued under Fannie Mae's Delegated Underwriting System (DUS) program.
NYSE	New York Stock Exchange.



Preferred C ATM Sales Agreement	An equity sales agreement that we entered into on January 20, 2020 with B. Riley Securities, Inc. (formerly B. Riley FBR, Inc.) and BUCKLER, as sales agents, as amended on June 20, 2024 to add BTIG, LLC as a sales agent, pursuant to which we may offer and sell, over a period of time and from time to time, through one or more of the agents, up to 6,550 shares of Series C Preferred Stock.
REIT	Real Estate Investment Trust. A special purpose investment vehicle that provides investors with the ability to participate directly in the ownership or financing of real-estate related assets by pooling their capital to purchase and manage mortgage loans and/or income property.
Reverse Stock Split	The one-for-five reverse stock split which was effective September 29, 2023.
Sarbanes-Oxley Act	A U.S. federal law that set new or enhanced standards for all U.S. public company boards, management and public accounting firms. Section 302 requires senior management to certify the accuracy of the financial statements. Section 404 requires that management and auditors establish internal controls and reporting methods on the adequacy of those controls.
SEC	The Securities and Exchange Commission.
S&P 500	Standard and Poor's 500 Stock Index.
SOFR	Secured overnight financing rate. A measure of the cost of borrowing cash overnight collateralized by U.S. Treasury Securities.
TBA Agency Securities	Forward contracts for the purchase ("long position") or sale ("short position") of Agency Securities at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date.
TBA Drop Income	The discount associated with TBA Agency Securities contracts which reflects the expected interest income on the underlying deliverable Agency Securities, net of an implied financing cost, which would have been earned by the buyer if the TBA Agency Securities contract had settled on the next regular settlement date instead of the forward settlement date specified. TBA Drop Income is calculated as the difference between the forward settlement price of the TBA Agency Securities contract and the spot price of similar TBA Agency Securities contracts for regular settlement. The Company generally accounts for TBA Agency Securities contracts as derivatives and TBA Drop Income is included as part of the periodic changes in fair value of the TBA Agency Securities that the Company recognizes in the Other Income (Loss) section of its Consolidated Statement of Operations.
TRS	Taxable REIT subsidiary.
U.S.	United States.
1940 Act	The Investment Company Act of 1940.



Item 15. Exhibits and Financial Statement Schedules

(1) Financial Statements

See Part II, Item 8 – Financial Statements and Supplementary Data. Reference is made to the Index to Consolidated Financial Statements that appears on page 69 of this Annual Report on Form 10-K. The Report of Independent Registered Public Accounting Firm, the Consolidated Financial Statements and the Financial Statement Notes, listed in the Index to Consolidated Financial Statements, which appear beginning on page 70 of this Annual Report on Form 10-K, are incorporated by reference to this Item 15.

(2) Financial Statement Schedules

All supplemental schedules have been omitted since the required information is not present in amounts sufficient to require submission of the schedule, or because the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits

Exhibit Number	Exhibit Index
3.1	Articles of Amendment and Restatement of Articles of Incorporation of ARMOUR Residential REIT, Inc. (Incorporated by reference to Exhibit 3.4 to ARMOUR's Current Report on Form 8-K filed with the SEC on November 12, 2009).
3.2	Articles of Amendment to Articles of Amendment and Restatement (Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 8, 2011).
3.3	Articles of Amendment to Articles of Amendment and Restatement (Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on December 1, 2011).
3.4	Articles of Amendment to Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc. (Incorporated by reference to Exhibit 3.3 to ARMOUR's Quarterly Report on Form 10-Q filed with the SEC on November 1, 2012).
3.5	Articles of Amendment to the Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc. effective July 31, 2015 (Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 3, 2015).
3.6	Articles of Amendment to the Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc. effective July 31, 2015 (Incorporated by reference to Exhibit 3.2 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 3, 2015).
3.7	Articles Supplementary of 7.00% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.11 to ARMOUR's Registration Statement on Form 8-A (Reg. No. 001-34766), filed with the SEC on January 28, 2020).
3.8	Articles of Amendment to Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc., effective August 20, 2021. (Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 20, 2021).
3.9	Articles of Amendment (incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K, filed on July 27, 2022).
3.10	Articles of Amendment to Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc., effective February 14, 2023 (incorporated by reference to Exhibit 3.10 to ARMOUR's Annual Report on Form 10-K, filed February 15, 2023).



ARMOUR Residential REIT, Inc.
Exhibits and Financial Statement Schedules (continued)

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- 3.11 [Articles of Amendment to Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc. \(Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on October 2, 2023\).](#)
- 3.12 [Articles of Amendment to the Articles of Amendment and Restatement of ARMOUR Residential REIT, Inc. \(Incorporated by reference to Exhibit 3.2 to ARMOUR's Current Report on Form 8-K filed with the SEC on October 2, 2023\).](#)
- 3.13 [Articles of Amendment to Articles of Amendment and Restatement \(Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 23, 2024\).](#)
- 3.14 [Amended and Restated Bylaws of ARMOUR Residential REIT, Inc., as amended on October 28, 2014 \(incorporated by reference to Exhibit 3.1 to ARMOUR's Quarterly Report on Form 10-Q filed with the SEC on October 29, 2014\).](#)
- 3.15 [Articles of Amendment to Articles of Amendment and Restatement \(Incorporated by reference to Exhibit 3.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 5, 2025\).](#)
- 3.16 [First Amendment to Amended and Restated Bylaws \(incorporated by reference to Exhibit 3.1 to ARMOUR's Quarterly Report on Form 10-Q filed with the SEC on April 25, 2018\).](#)
- 4.1 [Description of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 †](#)
- 4.2 [Specimen Common Stock Certificate of ARMOUR Residential REIT, Inc. \(incorporated by reference to Exhibit 4.2 of ARMOUR's Registration Statement on Form S-4 \(Reg. No. 333-160870\) filed with the SE on October 13, 2009\).](#)
- 4.3 [Specimen 7.00% Series C Cumulative Redeemable Preferred Stock Certificate of ARMOUR Residential REIT, Inc. \(incorporated by reference to Exhibit 4.3 to ARMOUR's Registration Statement on Form 8-A \(Reg. No. 001-34766\) filed with the SEC on January 28, 2020\)](#)
- 10.1 [ARMOUR Residential REIT, Inc.'s Third Amended and Restated 2009 Stock Incentive Plan \(incorporated by reference to Appendix A to ARMOUR's Definitive Proxy Statement on Schedule 14A, filed April 1, 2021\).](#)
- 10.2 [First Amended and Restated Sub-Management Agreement, dated February 23, 2015, by and among Staton Bell Blank Check LLC, ARMOUR Capital Management LP and ARMOUR Residential REIT, Inc. \(Incorporated by reference to Exhibit 10.6 to ARMOUR's Annual Report on Form 10-K filed with the SEC on February 24, 2015\).](#)
- 10.3 [Equity Sales Agreement, dated January 29, 2020, among ARMOUR Residential REIT, Inc., ARMOUR Capital Management LP, B. Riley FBR, Inc. and BUCKLER Securities LLC \(incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K, filed by ARMOUR Residential REIT, Inc. with the SEC on January 31, 2020\).](#)
- 10.4 [Amendment No. 1, dated June 20, 2024, among ARMOUR Residential REIT, Inc., ARMOUR Capital Management LP, B. Riley Securities, Inc., BUCKLER Securities LLC and BTIG, LLC \(Incorporated by reference to Exhibit 1.2 to ARMOUR's Current Report on Form 8-K filed with the SEC on June 21, 2024\).](#)
- 10.5 [Equity Sales Agreement, dated July 26, 2023, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, JonesTrading Institutional Services LLC, JMP Securities LLC, Ladenburg Thalmann & Co. Inc., and B. Riley Securities, Inc. \(Incorporated by reference to Exhibit 10.1 to ARMOUR's Quarterly Report on Form 10-Q filed with the SEC on July 26, 2023\).](#)
- 10.6 [Amendment No. 1, dated October 25, 2023, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, JonesTrading Institutional Services LLC, Citizens JMP Securities, LLC, Ladenburg Thalmann & Co. Inc., B. Riley Securities, Inc. and StockBlock Securities LLC \(Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q, filed by ARMOUR Residential REIT, Inc. with the SEC on October 25, 2023\).](#)
- 10.7 [Amendment No. 2, dated June 20, 2024, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, JonesTrading Institutional Services LLC, Citizens JMP Securities, LLC, Ladenburg Thalmann & Co. Inc., B. Riley Securities, Inc., StockBlock Securities LLC and BTIG, LLC \(Incorporated by reference to Exhibit 1.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on June 21, 2024\).](#)



ARMOUR Residential REIT, Inc.
Exhibits and Financial Statement Schedules (continued)

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- 10.8 [Amendment No. 3, dated August 23, 2024, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, JonesTrading Institutional Services LLC, Citizens JMP Securities, LLC, Ladenburg Thalmann & Co. Inc., B. Riley Securities, Inc., StockBlock Securities LLC and BTIG, LLC \(Incorporated by reference to Exhibit 1.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on August 23, 2024\).](#)
- 10.9 [Amendment No. 4, dated September 20, 2024, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, JonesTrading Institutional Services LLC, Citizens JMP Securities, LLC, Ladenburg Thalmann & Co. Inc., B. Riley Securities, Inc., StockBlock Securities LLC, BTIG, LLC and Janney Montgomery Scott LLC \(Incorporated by reference to Exhibit 1.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on September 20, 2024\).](#)
- 10.10 [Amendment No. 5, dated February 13, 2025, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, B. Riley Securities, Inc., BTIG, LLC, Citizens JMP Securities, LLC, Janney Montgomery Scott LLC, JonesTrading Institutional Services LLC, Ladenburg Thalmann & Co. Inc. and StockBlock Securities LLC \(Incorporated by reference to Exhibit 1.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on February 13, 2025\).](#)
- 10.11 [Amendment No. 6, dated July 25, 2025, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, B. Riley Securities, Inc., BTIG, LLC, Citizens JMP Securities, LLC, Janney Montgomery Scott LLC, JonesTrading Institutional Services LLC, Ladenburg Thalmann & Co. Inc. and StockBlock Securities LLC \(Incorporated by reference to Exhibit 1.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on July 28, 2025\).](#)
- 10.12 [Amendment No. 7, dated January 28, 2026, by and among ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP, and BUCKLER Securities LLC, B. Riley Securities, Inc., BTIG, LLC, Citizens JMP Securities, LLC, JonesTrading Institutional Services LLC, Ladenburg Thalmann & Co. Inc., StockBlock Securities LLC, and Huntington Securities, Inc. \(Incorporated by reference to Exhibit 1.1 to ARMOUR's Current Report on Form 8-K filed with the SEC on January 28, 2026\).](#)
- 10.13 [Eighth Amended and Restated Management Agreement, dated and effective as of February 14, 2023, by and between ARMOUR Residential REIT, Inc. and ARMOUR Capital Management LP †\(incorporated by reference to Exhibit 10.2 to ARMOUR's Annual Report on Form 10-K, filed on February 15, 2023\).](#)
- 10.14 [Advisory Agreement, dated June 20, 2024, between ARMOUR Residential REIT, Inc. and Jeffrey Zimmer \(Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q, filed by ARMOUR Residential REIT, Inc. with the SEC on July 24, 2024\).](#)
- 19.1 [Amended and Restated Insider Trading Policy of ARMOUR Residential REIT, Inc. \(Incorporated by reference to Exhibit 19.1 to ARMOUR's Annual Report of Form 10-K, filed on February 12, 2025\).](#)
- 23.1 [Consent of Deloitte & Touche LLP †](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14\(a\)/15d-14\(a\) †](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to SEC Rule 13a-14\(a\)/15d-14\(a\) †](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. §1350 ††](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. §1350 ††](#)
- 97.1 [ARMOUR Residential REIT, Inc. Policy Regarding the Mandatory Recovery of Compensation \(Incorporated by reference to Exhibit 97.1 to ARMOUR's Annual Report on Form 10-K, filed on March 15, 2024\)](#)
- 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.DEF XBRL Taxonomy Extension Definition Linkbase Document †
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document †
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document †
- 104 Cover Page Interactive Data (formatted as Inline XBRL and contained in Exhibit 101)



ARMOUR Residential REIT, Inc.
Exhibits and Financial Statement Schedules (continued)

- † Filed herewith.
- †† Furnished herewith.
- ††† Management contract or compensatory plan, contract or arrangement.



None.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

February 18, 2026

ARMOUR RESIDENTIAL REIT, INC.

/s/ Gordon M. Harper

Gordon M. Harper

Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
<u>/s/ Scott J. Ulm</u> Scott J. Ulm	Chief Executive Officer, Head of Risk Management and Vice Chairman (Principal Executive Officer)	February 18, 2026
<u>/s/ Gordon M. Harper</u> Gordon M. Harper	Chief Financial Officer and Secretary (Principal Financial Officer and Principal Accounting Officer)	February 18, 2026
<u>/s/ Daniel C. Staton</u> Daniel C. Staton	Chairman of the Board of Directors	February 17, 2026
<u>/s/ Marc H. Bell</u> Marc H. Bell	Director	February 17, 2026
<u>/s/ Z. Jamie Behar</u> Z. Jamie Behar	Director	February 17, 2026
<u>/s/ Carolyn Downey</u> Carolyn Downey	Director	February 17, 2026
<u>/s/ Robert C. Hain</u> Robert C. Hain	Director	February 17, 2026
<u>/s/ John P. Hollihan, III</u> John P. Hollihan, III	Director	February 17, 2026
<u>/s/ Stewart J. Paperin</u> Stewart J. Paperin	Director	February 17, 2026

**Description of ARMOUR Residential REIT, Inc.’s Securities Registered Pursuant to Section 12
of the Securities and Exchange Act of 1934**

The following is a brief description of the securities of ARMOUR Residential REIT, Inc. (“we,” “us,” “our,” or “ARMOUR”), registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This description of the terms of our stock does not purport to be complete and is subject to and qualified in its entirety by reference to the applicable provisions of the Maryland General Corporation Law (the “MGCL”), the full text of our charter, including the articles supplementary designating the outstanding series of preferred stock, and our bylaws.

Capital Stock

General

As of December 31, 2025, our charter provided that we may issue up to 175,000,000 shares of common stock, \$0.001 par value per share, and 50,000,000 shares of preferred stock, \$0.001 par value per share. Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of shares of stock of any class or series without stockholder approval. Under Maryland law, stockholders are not generally liable for our debts or obligations.

Our capital stock does not represent any interest in or obligation of our external manager, ARMOUR Capital Management LP (“ACM”). Further, the shares are not a deposit or other obligation of any bank, are not an insurance policy of any insurance company and are not insured or guaranteed by the Federal Deposit Insurance Company, any other governmental agency or any insurance company. Our capital stock does not benefit from any insurance guaranty association coverage or any similar protection.

Transfer Agent and Registrar

Our transfer agent and registrar for our common stock and preferred stock is Continental Stock Transfer & Trust Company. The principal business address for Continental Stock Transfer and Trust Company is One State Street, 30th Floor, New York, NY 10004.

Common Stock, \$0.001 par value per share

Trading Symbol

Our common stock is traded on the New York Stock Exchange (the “NYSE”) under the symbol, “ARR.”

Dividends Rights

Subject to the preferential rights of any other class or series of shares of stock and to the provisions of our charter regarding the restrictions on ownership and transfer of shares of stock, holders of shares of common stock are entitled to receive dividends on such shares of common stock out of assets legally available for such purposes if, as and when authorized by our board of directors and declared by us.

No Maturity

The common stock has no stated maturity and not subject to any sinking fund. Shares of the common stock remain outstanding indefinitely unless we decide to repurchase them.

No Redemption

Holders of shares of common stock have no redemption or repurchase rights and the shares of common stock are not subject to mandatory redemption.

No Conversion

Holders of share of common stock have no conversion or exchange rights.

Liquidation

Holders of shares of our common stock are entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all our known debts and liabilities and outstanding preferential capital stock.

Ranking

The shares of common stock have no preference rights and rank junior to our existing and future preferred stock and indebtedness.

Voting Rights

Subject to the provisions of our charter regarding the restrictions on transfer of shares of stock and except as may otherwise be specified in the terms of any class or series of shares of common stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of shares of stock, the holders of such shares of common stock will possess exclusive voting power. There is no cumulative voting in the election of our board of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge with another entity, transfer all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides that these matters (other than certain amendments to the provisions of our charter related to the removal of directors, the restrictions on ownership and transfer of shares of our stock and the requirement of a two-thirds vote for amendment to these provisions) may be approved by a majority of all of the votes entitled to be cast on the matter. Our by-laws provide that directors shall be elected by a majority of all votes entitled to be cast on the matter; provided, however, that directors shall be elected by a plurality of all the votes entitled to be cast on the matter for which we determine that the number of nominees exceeds the number of directors to be elected. A majority of the votes entitled to be cast on any other matter which may properly come before the stockholders shall be sufficient to approve it.

No Preemptive Rights

Holders of shares of common stock have no preemptive rights to subscribe for any of our securities.

7.00% Series C Cumulative Redeemable Preferred Stock, Liquidation Preference \$25.00 per share, \$0.001 par value per share

Trading Symbol

Our Series C Preferred Stock is traded on the NYSE under the symbol, "ARR PRC."

Dividend Rights

Holders of the 7.00% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock") will be entitled to receive cumulative cash dividends at a rate of 7.00% per annum of the \$25.00 per share liquidation preference (equivalent to \$1.75 per annum per share). Dividends will be payable monthly on the 27th day of each month, provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends will accrue and be cumulative from, and including, the date of original issuance. Dividends will be payable to holders of record as they appear in our stock records for the Series C Preferred Stock at the close of business on the applicable record date, which shall be the 15th day of the calendar month, whether or not a business day, in which the applicable dividend payment date falls.

No Maturity

The Series C Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series C Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below.

Optional Redemption

The Series C Preferred Stock were redeemable by us prior to January 28, 2025 except under circumstances intended to preserve our qualification as a real estate investment trust ("REIT") for federal income tax purposes and except as described below. Since January 28, 2025 we may, at our option, upon no less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption.

Special Optional Redemption

Upon the occurrence of a Change of Control (as defined in the articles supplementary designating the terms and conditions of the Series C Preferred Stock attached as an exhibit to our registration statement on Form 8-A filed with the Commission on January 28, 2020 (the "Articles Supplementary")), we may, at our option, upon no less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption. If, prior to the Change of Control Conversion Date (as defined in the Articles Supplementary), we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock (whether pursuant to our optional redemption right described above or this special optional redemption right), the holders of Series C Preferred Stock will not have the conversion right described below.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series C Preferred Stock will have the right, subject to our election to redeem the Series C Preferred Stock in whole or part, prior to the Change of Control Conversion Date, to convert some or all of the Series C Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series C Preferred Stock equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per share of Series C Preferred Stock plus the amount of any accumulated and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series C Preferred Stock, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Common Stock Price (as defined in the Articles Supplementary); and
- 0.5227392, subject to certain adjustments; in each case, on the terms and subject to the conditions described in the Articles Supplementary, including provisions for the receipt, under specified circumstances, of alternative consideration as described in the Articles Supplementary.

Liquidation Preference

If we liquidate, dissolve or wind up, holders of the Series C Preferred Stock will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to the holders of our common stock.

Ranking

The Series C Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with all other equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series C Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series C Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up. The Series C Preferred Stock will effectively rank junior to all of our existing and future

indebtedness (including indebtedness convertible to our common stock or preferred stock) and to the indebtedness of our existing subsidiaries and any future subsidiaries.

Voting Rights

Holders of Series C Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series C Preferred Stock for eighteen or more monthly dividend periods (whether or not consecutive), the holders of the Series C Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our board of directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series C Preferred Stock, subject to certain limitations described in the Articles Supplementary. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock is required for us to authorize or issue any class or series of stock ranking prior to the Series C Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our charter so as to materially and adversely affect any rights of the Series C Preferred Stock, or to take certain other actions. If any such amendments to our charter would be material and adverse to holders of the Series C Preferred Stock and any other series of parity preferred stock upon which similar voting rights have been conferred and are exercisable, a vote of at least two-thirds of the outstanding shares of Series C Preferred Stock and the shares of the other applicable series materially and adversely affected, voting together as a class, would be required. On each matter on which holders of Series C Preferred Stock are entitled to vote, each share of Series C Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock have the right to vote with the Series C Preferred Stock as a single class on any matter, the Series C Preferred Stock and the shares of each such other class or series will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends).

No Preemptive Rights

No holders of the Series C Preferred Stock will, as holders of Series C Preferred Stock, have any preemptive rights to purchase or subscribe for our preferred stock, common stock or any other security.

Restrictions on Transfer and Ownership of our Capital Stock

In order for us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), shares of our stock must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, after the first year for which an election to be a REIT has been made, not more than 50% of the value of the outstanding shares of stock may be owned, directly, indirectly, or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (which we have referred to as the 5/50 test).

Our charter contains restrictions limiting the ownership and transfer of shares of our common stock and other outstanding shares of stock, warrants, and options. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% by value or number, whichever is more restrictive, of our outstanding shares of common stock (the common share ownership limit), or 9.8% by value or number of shares, whichever is more restrictive, of our outstanding capital stock (the aggregate share ownership limit). The common share ownership limit and the aggregate share ownership limit are collectively referred to herein as the "ownership limits." For the purposes of determining the percentage ownership of our capital stock by any person, shares of capital stock that may be acquired upon conversion, exchange or exercise of any of our securities directly or constructively held by such person, but not capital stock issuable with respect to the conversion, exchange or exercise of our securities held by other persons, shall be deemed to be outstanding prior to conversion, exchange or exercise. Therefore, our outstanding series of cumulative redeemable preferred stock owned directly or indirectly by each holder (but not such preferred stock held by the other holders) will be counted as common stock (on an as-converted basis) for purposes of the 9.8% ownership limitation applicable to our common stock with respect to such holder. All outstanding series of cumulative redeemable preferred stock will be counted as capital stock for purposes of the 9.8% ownership limitation applicable to our capital stock.

A person or entity that becomes subject to the ownership limits by virtue of a violative transfer that results in a transfer to a trust, as set forth below, is referred to as a "purported beneficial transferee" if, had the violative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of shares of our stock, or is referred to as a "purported record transferee" if, had the violative transfer been effective, the person or entity would have been solely a record owner of shares of our stock.

The constructive ownership rules under the Code are complex and may cause shares of stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. They also cause shares underlying warrants or options to purchase our stock if any, to be treated as if they were owned by the holder or beneficial owner of such warrants or options. As a result, the acquisition of less than 9.8% by value or number, whichever is more restrictive, of our outstanding shares of common stock (or the acquisition of an interest in an entity that owns, actually or constructively, shares of our stock) by an individual or entity, could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% by value or number, whichever is more restrictive, of our outstanding shares of common stock, and thereby subject the shares of common stock, total shares of stock or warrants to the applicable ownership limit.

Our board of directors may, in its sole discretion, exempt a person from the above-referenced ownership limits. However, the board of directors may not exempt any person whose ownership of our outstanding stock would result in our being “closely held” within the meaning of Section 856(h) of the Code or otherwise would result in our failing to qualify as a REIT. In order to be considered by the board of directors for exemption, a person also must not own, directly or indirectly, an interest in a tenant (or a tenant of any entity which we own or control) that would cause us to own, directly or indirectly, more than a 9.9% interest in the tenant. The person seeking an exemption must represent to the satisfaction of our board of directors that such person will not violate these two restrictions. The person also must agree that any violation or attempted violation of these restrictions will result in the automatic transfer of the shares of stock causing the violation to a trust for the benefit of a charitable beneficiary. As a condition of its waiver, our board of directors may require an opinion of counsel or Internal Revenue Service ruling satisfactory to the board of directors with respect to our qualification as a REIT.

There have been holders of our capital stock whose ownership exceeds the ownership limits set forth in our charter. We have granted waivers from the ownership limits for such holders where, based on representations, covenants and agreements received from such holders, we determined that such waivers would not jeopardize our status as a REIT.

In connection with an exemption from the ownership limits or at any other time, our board of directors may from time to time increase or decrease the ownership limits for one or more persons and entities; provided, however, that any decrease may be made only prospectively as to existing holders; and provided further that the ownership limit may not be increased if, after giving effect to such increase, five or fewer individuals could own or constructively own in the aggregate, more than 49.9% in value of the shares then outstanding. Prior to the modification of the ownership limit, our board of directors may require such opinions of counsel, affidavits, undertakings or agreements as the board of directors may deem necessary or advisable in order to determine or ensure our qualification as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership in shares of our common stock or total shares of stock, as applicable, is in excess of such decreased ownership limit until such time as such person’s or entity’s percentage of shares of our common stock or total shares of stock, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of shares of our common stock or total shares of stock, as applicable, in excess of such percentage ownership of shares of our common stock or total shares of stock will be in violation of such ownership limit. Additionally, the new ownership limit may not allow five or fewer individuals to own more than 49.9% in value of our outstanding shares of stock.

Our charter provisions further prohibit:

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, shares of our stock, which includes ownership of warrants, if any, that would result in our being “closely held” under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT; and
- any person from transferring shares of our stock if such transfer would result in shares of our stock being owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give written notice immediately of such event to us or, in the case of a proposed or attempted transaction, at least 15 days prior written notice to us, and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing provisions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Pursuant to our charter, if any transfer of shares of our stock would result in shares of our stock being owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of shares of our stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors or in our being “closely held” under Section 856(h) of the Code or otherwise failing to qualify as a REIT, then that number of shares (rounded up to the nearest whole share) that

would cause such person to violate such restrictions will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferee will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the purported transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the purported record transferee, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary by the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or our being “closely held” under Section 856 (h) of the Code or otherwise failing to qualify as a REIT, then our charter provides that the transfer of the shares will be null and void and the intended transferee will acquire no rights in such shares.

Shares of stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price paid by the purported record transferee for the shares (or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares of stock at market price, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the market price on the date we or our designee, accept such offer. We have the right to accept such offer until the trustee has sold the shares of stock held in the trust pursuant to the clauses discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates, the trustee must distribute the net proceeds of the sale to the purported record transferee and any dividends or other distributions held by the trustee with respect to such shares of stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits or such other limit as established by our board of directors. After that, the trustee must distribute to the purported record transferee an amount equal to the lesser of (1) the price paid by the purported record transferee for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the sales proceeds (net of commissions and other expenses of the sale) received by the trust for the shares. Any net sales proceeds in excess of the amount payable to the purported record transferee will be immediately paid to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if prior to discovery by us that shares of stock have been transferred to a trust, such shares of stock are sold by a purported record transferee, then such shares will be deemed to have been sold on behalf of the trust and to the extent that the purported record transferee received an amount for or in respect of such shares that exceeds the amount that such purported record transferee was entitled to receive, such excess amount must be paid to the trustee upon demand. The purported beneficial transferee or purported record transferee shall have no rights in the shares held by the trustee.

The trustee will be designated by us and will be unaffiliated with us and with any purported record transferee or purported beneficial transferee. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to the shares held in trust and may also exercise all voting rights with respect to the shares held in trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority, at the trustee’s sole discretion:

- to rescind as void any vote cast by a purported record transferee prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible action, then the trustee may not rescind and recast the vote. If our board of directors determines in good faith that a proposed transfer would violate the restrictions on ownership and transfer of shares of our stock set forth in the charter, the board of directors will take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem the shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, is required to give us written notice, stating the name and address of such owner, the number of shares of our stock which he, she or it beneficially owns and a description of the

manner in which the shares are held. Each such owner shall provide ARMOUR with such additional information as we may request in order to determine the effect, if any, of his, her or its beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder shall upon demand be required to provide us with such information as we may request in good faith in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These ownership limits could delay, defer or prevent a transaction or a change in control that might involve a premium price for the common stock or otherwise be in the best interests of the stockholders.

Certain Provisions of our Charter and Bylaws and of Maryland Law

As described below, our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interests of our stockholders, including business combination provisions, supermajority vote requirements and advance notice requirements for director nominations and stockholder proposals. Likewise, if the provision in the bylaws opting out of the control share acquisition provisions of the MGCL were rescinded or if we were to opt into the classified board or other provisions of Subtitle 8, these provisions of the MGCL could have similar anti-takeover effects.

Removal of Directors

Our charter provides that a director may be removed, with or without cause, and only by the affirmative vote of the holders of shares entitled to cast at least two thirds of all the votes of common stockholders entitled to be cast generally in the election of directors. This provision, when coupled with the power of our board of directors to fill vacancies on the board of directors, precludes stockholders from (1) removing incumbent directors except upon a substantial affirmative vote and (2) filling the vacancies created by such removal with their own nominees.

Business Combinations

Under the MGCL, certain “business combinations” (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (defined generally as any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation’s outstanding voting stock or an affiliate or associate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding stock of the corporation) or an affiliate of such an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting shares of stock of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation’s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. Our board of directors may provide that the board’s approval is subject to compliance with any terms and conditions determined by the board of directors.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has by resolution exempted business combinations (1) between us and any person, provided that such business combination is first approved by our board of directors (including a majority of its directors who are not affiliates or associates of such person) and (2) between us and ACM or its affiliates. Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and such persons. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interest of our stockholders without compliance by us with the supermajority vote requirements and other provisions of the statute.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

The MGCL provides that “control shares” of a Maryland corporation acquired in a “control share acquisition” have no voting rights except to the extent approved at a special meeting of stockholders by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. “Control shares” are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (A) one-tenth or more but less than one-third; (B) one-third or more but less than a majority; or (C) a majority or more of all voting power. Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A “control share acquisition” means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an “acquiring person statement” as described in the MGCL), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an “acquiring person statement” as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There is no assurance that such provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board of directors be filled only by the remaining directors in office and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a special meeting of stockholders.

Our charter provides that, pursuant to Subtitle 8, vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter for the removal of any director from the board of directors, which removal will be allowed with or without cause, (2) vest in the board of directors the exclusive power to fix the number of directorships and (3) require, unless called by the chairman of the board of directors, chief executive

officer, president or the board of directors, the written request of stockholders of not less than a majority of all the votes entitled to be cast at such a meeting to call a special meeting.

Meetings of Stockholders

Pursuant to our bylaws, a meeting of our stockholders for the election of directors and the transaction of any business will be held annually on a date and at the time set by our board of directors. In addition, the chairman of the board of directors, chief executive officer, president or board of directors may call a special meeting of our stockholders. Subject to the provisions of our bylaws, a special meeting of our stockholders will also be called by the secretary upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting.

Amendment to Our Charter and Bylaws

Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of shares of stock of any class or series without stockholder approval. Otherwise, except for amendments related to removal of directors, the restrictions on ownership and transfer of shares of our stock and the requirement of a two-thirds vote for amendments to these provisions (each of which require the affirmative vote of the holders of not less than two-thirds of all the votes entitled to be cast on the matter and the approval of our board of directors), our charter may be amended only with the approval of the board of directors and the affirmative vote of the holders of a majority of all of the votes entitled to be cast on the matter.

Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

Dissolution

Our dissolution must be approved by a majority of the entire board of directors and the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of other business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) by a stockholder who was a stockholder of record both at the time of giving his notice and at the time of the meeting and who is entitled to vote at the meeting on the election of directors or on the proposal of other business, as the case may be, and has complied with the advance notice provisions set forth in our bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of directors may be made only (1) by or at the direction of our board of directors or (2) provided that the board of directors has determined that directors will be elected at such meeting, by a stockholder who was a stockholder of record both at the time of giving his notice and at the time of the meeting and who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in our bylaws.

Indemnification and Limitation of Directors' and Officers' Liability

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires us (unless our charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or in the right of the corporation in which the director or officer was adjudged liable to the corporation or in a proceeding in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that a personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that a personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter authorizes us to obligate ourselves and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer of ours who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of ours and at our request, serves or has served another corporation, REIT, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee of such corporation, REIT, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of ours or a predecessor of ours.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act of 1933, as amended (the "Securities Act"), we have been informed that, in the opinion of the Securities and Exchange Commission, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-278327 on Form S-3 and Registration Statement Nos. 333-262864, 333-256462, 333-196055, 333-175712, and 333-291815 on Form S-8 of our reports dated February 18, 2026 relating to the financial statements of ARMOUR Residential REIT, Inc. and the effectiveness of ARMOUR Residential REIT, Inc.'s internal control over financial reporting, appearing in the Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ Deloitte & Touche LLP
Miami, Florida

February 18, 2026

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Scott J. Ulm of ARMOUR Residential REIT, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2025 of ARMOUR Residential REIT, Inc. (the “registrant”);
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 officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting

Date: February 18, 2026

ARMOUR RESIDENTIAL REIT, INC.

By: /s/ Scott J. Ulm
Scott J. Ulm
Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gordon M. Harper of ARMOUR Residential REIT, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2025 of ARMOUR Residential REIT, Inc. (the “registrant”);
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 officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting

Date: February 18, 2026

ARMOUR RESIDENTIAL REIT, INC.

By: /s/ Gordon M. Harper
Gordon M. Harper
Chief Financial Officer

**Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ARMOUR Residential REIT, Inc. (the "Company") on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott J. Ulm, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2026

ARMOUR RESIDENTIAL REIT, INC.

By: /s/ Scott J. Ulm
Scott J. Ulm
Chief Executive Officer

**Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ARMOUR Residential REIT, Inc. (the "Company") on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gordon M. Harper, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2026

ARMOUR RESIDENTIAL REIT, INC.

By: /s/ Gordon M. Harper

Gordon M. Harper

Chief Financial Officer