

Ellington Financial Inc. Announces the Income Tax Treatment of its 2019 Distributions on Common Stock

January 30, 2020

OLD GREENWICH, Conn.--(BUSINESS WIRE)--Jan. 30, 2020-- Ellington Financial Inc. (NYSE: EFC) (the "Company") today announced the federal income tax treatment of the distributions on the Company's common stock paid in 2019. This information is being provided to assist stockholders with tax reporting requirements related to distributions by the Company.

Stockholders should review their Forms 1099 as well as other 2019 tax statements that they will receive from their brokerage firms or other institutions to ensure that the statements agree with the information provided below. Additionally, stockholders are encouraged to consult with their own professional tax advisors with respect to their individual tax consequences.

During 2019, the Company paid total distributions of \$1.67000 per share, of which \$1.41139 will be treated as Qualified REIT Dividends under Section 199A for the tax year 2019, \$0.00274 will be treated as Qualified Dividends, \$0.09353 will be treated as Capital Gain Distributions, and \$0.16234 will be treated as Return of Capital. The distribution of \$0.14000 per share, declared on December 06, 2019 and paid on January 27, 2020, will be reportable to our stockholders as part of their 2020 dividend income. The Federal income tax classification of distributions paid in 2019, as they are expected to be reported on Form 1099-DIV, is set forth in the following table:

| Declaration Date | Record Date | Payable Date | Total Distribution Per Share | Box 1a Total Ordinary Dividends | Box 1b Total Qualified Dividends (Included in Box 1a) | Box 2a Total Capital Gain Distributions | Box 3 Total Return of Capital ¹ | Box 5 199A Dividends (Included in Box 1a) |
|------------------|-------------|--------------|------------------------------|---------------------------------|-------------------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------------|
| 02/14/2019 | 03/01/2019 | 03/15/2019 | \$0.41000 | \$0.34718 | \$0.00067 | \$0.02297 | \$0.03985 | \$0.34651 |
| 03/11/2019 | 03/29/2019 | 04/25/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 04/05/2019 | 04/30/2019 | 05/28/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 05/07/2019 | 05/31/2019 | 06/25/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 06/07/2019 | 06/28/2019 | 07/25/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 07/08/2019 | 07/31/2019 | 08/26/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 08/07/2019 | 08/30/2019 | 09/25/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 09/09/2019 | 09/30/2019 | 10/25/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 10/07/2019 | 10/31/2019 | 11/25/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |
| 11/07/2019 | 11/29/2019 | 12/26/2019 | \$0.14000 | \$0.11855 | \$0.00023 | \$0.00784 | \$0.01361 | \$0.11832 |

¹ Reported as nondividend distributions on Form 1099

No portion of the Company's 2019 distributions is expected to consist of unrelated business taxable income (UBTI), which is subject to special tax reporting for certain tax exempt investors, or is expected to consist of excess inclusion income.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from the Company's beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "believe," "expect," "anticipate," "estimate," "project," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may," "seek," or similar expressions or their negative forms, or by references

to strategy, plans, or intentions. Examples of forward-looking statements in this press release include, without limitation, statements regarding the expected tax treatment of the Company's dividends. The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940, the Company's ability to qualify and maintain its qualification as a real estate investment trust, or "REIT," and other changes in market conditions and economic trends. Due to known and unknown risks, including the risk that the assumptions on which the forward-looking statements are based prove to be inaccurate, actual results may differ materially from expectations or projections. No assurance can be given that the offering discussed above will be completed on the terms described or at all, or that the net proceeds of the offering will be used as indicated. Completion of the offering on the terms described, and the application of the net proceeds of the offering, are subject to numerous possible events, factors and uncertainties, including, among other things, those described under Item 1A of the Company's Annual Report on Form 10-K filed on March 14, 2019, which can be accessed through the Company's website at www.ellingtonfinancial.com or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected or implied may be described from time to time in reports that the Company files with the SEC, including reports on Forms 10-Q, 10-K and 8-K. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

About Ellington Financial Inc.

Ellington Financial Inc. invests in a diverse array of financial assets, including residential and commercial mortgage loans, residential and commercial mortgage-backed securities, consumer loans and asset-backed securities backed by consumer loans, collateralized loan obligations, non-mortgage and mortgage-related derivatives, equity investments in loan origination companies, and other strategic investments. Ellington Financial is externally managed and advised by Ellington Financial Management LLC, an affiliate of Ellington Management Group, L.L.C.

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