Ellington Financial to Acquire Longbridge Financial

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Ellington to Gain Controlling Interest in Industry-Leading Reverse Mortgage Lender

Commitment Validates Growth and Performance of Longbridge Operating Platform and Proprietary Products

OLD GREENWICH, Conn. & MAHWAH, N.J.--(BUSINESS WIRE)--Feb. 23, 2022-- Ellington Financial Inc. (NYSE: EFC) ("Ellington Financial"), a real estate investment trust investing in a diverse array of financial assets including residential and commercial mortgage loans, and Longbridge Financial, LLC ("Longbridge"), an industry-leading, national reverse mortgage loan originator and servicer, today announced that Ellington Financial has entered into a definitive agreement to purchase an additional 49.6% ownership interest in Longbridge from Home Point Capital Inc. for approximately $75 million. Following the closing of the transaction, Ellington Financial, which has been an investor in Longbridge since 2014, will hold substantially all of Longbridge's equity.

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Founded in 2012, Longbridge originates and services reverse mortgages to help the growing demographic of U.S. homeowners aged 55 and over manage their retirement and improve their financial future. From 2019 to 2021, Longbridge more than tripled its annual loan volume to $2.2 billion, and increased its net income over fivefold. Since November 2021, Longbridge ranks as the third largest reverse mortgage lender, both by FHA endorsements and by HMBS securitization volume of new loans (where it has an 18% market share). Additionally, Longbridge is one of only two companies to be awarded a Morningstar "MOR RVO2" ranking for reverse mortgage origination.

Laurence Penn, Chief Executive Officer and President of Ellington Financial, said, "Longbridge has cemented its position as a thought leader in reverse mortgage lending, with a proven track record, strong operations, and a commitment to highly ethical practices and best-in-class servicing. Significant synergies exist between the Longbridge and Ellington Financial businesses, and we are confident in our ability to work with Longbridge to develop new proprietary products and programs and meaningfully grow its platform in the years ahead. We are excited to continue supporting Longbridge through the next phase of its development and together help build long-term value for shareholders."

Building on its eight-year operating history with Ellington Financial, Longbridge will continue to leverage Ellington Financial's data analysis and modeling capabilities, securitization and capital markets expertise, and permanent capital base. These will prove invaluable as Longbridge further scales its business, operational resources, and extensive customer relationships, all of which have seen tremendous growth and profitability in recent years. The transaction will also solidify Ellington Financial's foothold in the reverse mortgage market, while continuing the growth of Ellington Financial's loan origination businesses and further diversifying its earnings stream.

Chris Mayer, Chief Executive Officer of Longbridge, said, "We are incredibly excited that Ellington Financial has increased its commitment to Longbridge – a testament not only to the growth and strength of our company, but also to the opportunities ahead in the reverse mortgage industry. With ever-rising home prices, reverse mortgages enable the growing population of senior homeowners, many of whom are struggling with higher debt payments and inflating expenses, to gain access to their more than $10.2 trillion of home equity. Ellington Financial's strategic and financial support, coupled with their deep understanding of the industry and capital markets, has helped Longbridge advance from a start-up to the fastest-growing major reverse mortgage lender in the space today. Following this transaction, we will work even closer with the Ellington Financial team to capture additional market share and bring innovative, compliant, and cost-effective products and solutions to our clients and partners while opportunistically executing on strategic initiatives."

The transaction is anticipated to close in the second quarter of 2022, subject to customary closing conditions, including regulatory approvals.

About Longbridge Financial, LLC

Longbridge Financial is a highly rated national reverse mortgage lender and servicer that helps seniors responsibly utilize their hard-earned home equity to improve their retirement and address the financial challenges affecting so many older Americans. Founded in 2012 and led by an Ivy-league professor, Longbridge works every day to expand the reverse mortgage market by educating homeowners about how they can take advantage of this powerful financial instrument. The company is committed to serving its customers with transparency, unparalleled expertise and efficiency, the highest level of personal service, and its industry-leading pricing. For more information about Longbridge Financial, see www.longbridge-financial.com.

About Ellington Financial Inc.

Ellington Financial 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. For additional information, please visit www.ellingtonfinancial.com.

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